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## **COUNTY OF STETTLER #6**

### **FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED DECEMBER 31, 2018**

# COUNTY OF STETTLER #6

## FINANCIAL STATEMENTS

AS AT DECEMBER 31, 2018

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## INDEPENDENT AUDITORS' REPORT

TO: The Reeve and Council  
County of Stettler #6

### Opinion

We have audited the financial statements of County of Stettler #6, which comprise the statement of financial position as at December 31, 2018 and the statements of operations, changes in net financial assets (debt) and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the county as at December 31, 2018, the results of its operations, change in accumulated surplus and cash flows for the year then ended in accordance with Canadian public sector accounting standards.

### Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the county in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Emphasis of Matter

A significant area requiring the use of management's estimates was the gravel inventory and the gravel reclamation valuations. Significant changes in the value of gravel and its reclamation costs could result in changes in inventory and liability amounts.

### Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

In preparing the financial statements, management is responsible for assessing the ability of the county to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the county's financial reporting process.

## Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of the county's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the county's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of the auditors' report. However, future events or conditions may cause the county to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Stettler, Alberta  
April 10, 2019

*Gitzel & Company*  
CHARTERED PROFESSIONAL ACCOUNTANTS

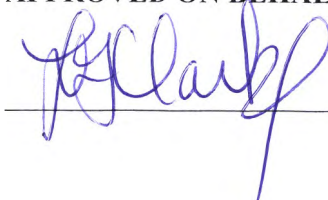
**COUNTY OF STETTLER #6**  
**STATEMENT OF FINANCIAL POSITION**

**AS AT DECEMBER 31, 2018**

	<b>2018</b>	<b>2017</b>
<b>FINANCIAL ASSETS</b>		
Cash and short-term investments (Note 3)	\$ 9,709,578	\$ 7,250,614
Taxes receivable (Note 4)	1,822,987	1,419,442
Trade and other receivables (Note 5)	1,780,853	1,564,989
Local Improvement levies receivable (Note 6)	563,717	629,334
Land held for resale	1,300,129	1,308,082
Debt charges recoverable (Note 7)	311,086	910,255
Long-term investments (Note 8)	<u>3,025,343</u>	<u>2,853,347</u>
	<u>18,513,693</u>	<u>15,936,063</u>
 <b>LIABILITIES</b>		
Accounts payable and accrued liabilities	1,068,021	1,032,048
Deposit liabilities	21,475	22,375
Employee benefit obligations (Note 9)	135,008	147,355
Deferred revenue (Note 10)	1,269,552	621,099
Bank term debt (Note 11)	894,106	1,330,142
Other long term liabilities (Note 12)	4,414,125	4,234,686
Debenture term debt (Note 13)	<u>311,086</u>	<u>456,231</u>
	<u>8,113,373</u>	<u>7,843,936</u>
 <b>NET FINANCIAL ASSETS (DEBT)</b>	 <u>10,400,320</u>	 <u>8,092,127</u>
 <b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (Schedule 2)	96,186,104	98,038,895
Inventory of materials and supplies	5,492,222	5,694,409
Prepaid expenses	<u>255,290</u>	<u>233,927</u>
	<u>101,933,616</u>	<u>103,967,231</u>
 <b>ACCUMULATED SURPLUS (Schedule 1)</b>	 \$ <u>112,333,936</u>	 \$ <u>112,059,358</u>

Contingencies - See Note 19

**APPROVED ON BEHALF OF THE BOARD:**

  
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# COUNTY OF STETTLER #6

## STATEMENT OF OPERATIONS

FOR THE YEAR ENDED DECEMBER 31, 2018

	Budget (Unaudited)	2018	2017
<b>REVENUES</b>			
Net municipal property taxes (Schedule 3)	\$ 14,413,395	\$ 14,403,954	\$ 14,369,587
Sales and user fees	1,152,619	1,389,426	1,294,574
Government transfers (Schedule 4)	628,562	643,184	601,276
Investment income	71,150	135,497	79,339
Penalties and costs on taxes	40,000	331,190	326,460
Rentals	100,000	124,854	111,946
Licenses, permits and fines	26,001	17,599	41,042
Other	279,840	60,237	4,127
Recovery of amortization to capital projects	-	-	128,148
Gain on disposal of tangible capital assets	-	14,593	-
<b>Total revenue</b>	<u>16,711,567</u>	<u>17,120,534</u>	<u>16,956,499</u>
<b>EXPENSES (Schedule 5)</b>			
Legislative	426,300	382,864	347,583
Administration	2,903,200	2,878,073	2,497,803
Protective services	1,332,515	1,237,595	981,516
Roads, streets, walks, lighting	12,465,543	11,548,842	10,726,973
Water and wastewater	1,525,900	1,555,590	1,496,178
Waste management	419,612	411,540	395,553
Family and community support	241,894	258,803	228,647
Ag services	778,150	761,918	644,859
Subdivision land and development	587,259	647,170	529,701
Recreation, parks and culture	953,101	944,202	926,325
Provision for allowances	5,000	1,043,991	162,470
Other	48,550	46,982	50,644
<b>Total expenses</b>	<u>21,687,024</u>	<u>21,717,570</u>	<u>18,988,252</u>
<b>EXCESS (SHORTFALL) OF REVENUES OVER EXPENSES – BEFORE OTHER</b>	<u>(4,975,457)</u>	<u>(4,597,036)</u>	<u>(2,031,753)</u>
<b>OTHER</b>			
Government transfers for capital (Schedule 4)	4,536,249	4,856,614	3,169,342
Local improvements levies for capital	45,000	15,000	290,920
	<u>4,581,249</u>	<u>4,871,614</u>	<u>3,460,262</u>
<b>EXCESS (SHORTFALL) OF REVENUES OVER EXPENSES</b>	<u>\$ (394,208)</u>	<u>274,578</u>	<u>1,428,509</u>
<b>ACCUMULATED SURPLUS - BEGINNING OF YEAR</b>		112,059,358	108,589,563
<b>DISSOLUTION OF THE VILLAGE OF BOTHA INTO THE COUNTY OF STETTLER (Note24)</b>		-	2,041,286
<b>ACCUMULATED SURPLUS - END OF YEAR</b>		<u>\$ 112,333,936</u>	<u>\$ 112,059,358</u>

## COUNTY OF STETTLER #6

### STATEMENT OF CHANGES IN FINANCIAL ASSETS (DEBT)

FOR THE YEAR ENDED DECEMBER 31, 2018

	2018	2017
<b>EXCESS (SHORTFALL) OF REVENUES OVER EXPENSES</b>	\$ <u>274,578</u>	\$ <u>1,428,509</u>
Acquisition of tangible capital assets from the Village of Botha (Note 24)	-	(1,725,888)
Acquisition of tangible capital assets	(2,142,227)	(5,680,613)
Proceeds on disposal of tangible capital assets	148,500	8,420
Amortization of tangible capital assets	3,693,266	3,753,851
Net (gain) loss on sale of tangible capital assets	<u>153,252</u>	<u>16,836</u>
	<u>1,852,791</u>	<u>(3,627,394)</u>
Net use (acquisition) of supplies inventories	202,187	758,462
Net use (acquisition) of prepaid assets	<u>(21,363)</u>	<u>(45,933)</u>
	<u>180,824</u>	<u>712,529</u>
<b>INCREASE (DECREASE) IN NET FINANCIAL ASSETS</b>	2,308,193	(1,486,356)
<b>NET FINANCIAL ASSETS (DEBT) - BEGINNING OF YEAR</b>	8,092,127	7,537,197
<b>DISSOLUTION OF THE VILLAGE OF BOTHA INTO THE COUNTY OF STETTLER (Note 24)</b>	<u>-</u>	<u>2,041,286</u>
<b>NET FINANCIAL ASSETS (DEBT) - END OF YEAR</b>	\$ <u>10,400,320</u>	\$ <u>8,092,127</u>

# COUNTY OF STETTLER #6

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2018

	2018	2017
<b>OPERATING ACTIVITIES</b>		
Excess (shortfall) of revenues over expenses	\$ 274,578	\$ 1,428,509
Non-cash items included in excess (shortfall) of revenues over expenses:		
Amortization of tangible capital assets	3,693,266	3,753,851
Net (gain) loss on disposal of tangible capital assets	153,252	16,836
Non-cash changes to operations (net change):		
Taxes receivables	(403,545)	(738,426)
Trade and other receivables	(215,864)	694,944
Improvement levies receivable	65,617	39,265
Land held for resale	7,953	(600,192)
Other financial assets	-	(22)
Payables and accrued liabilities	35,973	(2,818,294)
Deferred revenue	648,453	621,099
Other liabilities	(13,247)	20,957
Gravel reclamation liability	95,790	-
Inventory of materials and supplies	202,187	758,462
Prepaid expenses	(21,363)	(45,933)
Net cash provided by (used in) operating activities	<u>4,523,050</u>	<u>3,131,056</u>
<b>CAPITAL ACTIVITIES</b>		
Acquisition of tangible capital assets	(2,142,227)	(5,680,613)
Proceeds on sale of tangible capital assets	<u>148,500</u>	<u>8,420</u>
Net cash provided by (used) in capital activities	<u>(1,993,727)</u>	<u>(5,672,193)</u>
<b>INVESTING ACTIVITIES</b>		
Decrease (increase) in restricted cash and short-term investments	(814,057)	(253,186)
Net financial assets acquired from the Village of Botha (Note 24)	-	315,398
Repayment of loan (advances) to development	454,024	1,680,990
Investment in SMRWSC	(171,996)	-
Repayment of loan to Stettler Housing Authority	<u>145,145</u>	<u>136,546</u>
Net cash provided by (used in) investing activities	<u>(386,884)</u>	<u>1,879,748</u>
<b>FINANCING ACTIVITIES</b>		
Bank term debt borrowed	-	-
Bank term debt repaid	(436,036)	(2,378,103)
Debenture repayment for Stettler Housing Authority	(145,145)	(136,546)
Improvements levied – SMRWSC	171,995	-
Payment of local improvement levies – SMRWSC	<u>(88,346)</u>	<u>(85,773)</u>
Net cash provided by (used in) financing activities	<u>(497,532)</u>	<u>(2,600,422)</u>
<b>CHANGE IN CASH AND EQUIVALENTS DURING THE YEAR</b>	1,644,907	(3,261,811)
<b>CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR</b>	<u>6,997,428</u>	<u>10,259,239</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u><u>8,642,335</u></u>	<u><u>6,997,428</u></u>
<b>CASH AND CASH EQUIVALENTS IS MADE UP OF:</b>		
Cash and short-term investments	9,709,578	7,250,614
Less: restricted portion of cash (Note 3)	<u>(1,067,243)</u>	<u>(253,186)</u>
\$	<u><u>8,642,335</u></u>	\$ <u><u>6,997,428</u></u>



## COUNTY OF STETTLER #6

### SCHEDULE 1 - CHANGES IN ACCUMULATED SURPLUS

FOR THE YEAR ENDED DECEMBER 31, 2018

	Unrestricted Surplus	Restricted Surplus	Equity in Tangible Capital Assets	2018	2017
<b>BALANCE - BEGINNING OF YEAR</b>	\$ <u>7,526,566</u>	\$ <u>6,493,897</u>	\$ <u>98,038,895</u>	\$ <u>112,059,358</u>	\$ <u>108,589,563</u>
Dissolution of the Village of Botha into the County of Stettler (Note 24)	-	-	-	-	2,041,286
Excess (deficiency) of revenues over expenses	274,578	-	-	274,578	1,428,509
Unrestricted funds designated for future use	(3,332,630)	3,332,630	-	-	-
Restricted funds used for operations	450,223	(450,223)	-	-	-
Restricted funds used for tangible capital assets	-	(148,500)	148,500	-	-
Current year funds used for tangible capital assets	(1,993,727)	-	1,993,727	-	-
Disposal of tangible capital assets	153,252	148,500	(301,752)	-	-
Annual amortization expense	<u>3,693,266</u>	<u>-</u>	<u>(3,693,266)</u>	<u>-</u>	<u>-</u>
Change in accumulated surplus	<u>(755,038)</u>	<u>2,882,407</u>	<u>(1,852,791)</u>	<u>274,578</u>	<u>3,469,795</u>
<b>BALANCE - END OF YEAR</b>	\$ <u>6,771,528</u>	\$ <u>9,376,304</u>	\$ <u>96,186,104</u>	\$ <u>112,333,936</u>	\$ <u>112,059,358</u>

## COUNTY OF STETTLER #6

### SCHEDULE 2 – SCHEDULE OF TANGIBLE CAPITAL ASSETS

FOR THE YEAR ENDED DECEMBER 31, 2018

	Land	Land Improvements	Buildings	Engineered Structures	Machinery and Equipment	Vehicles	2018	2017
<b>COST:</b>								
BALANCE - BEGINNING OF YEAR	\$ 1,282,337	\$ 412,598	\$ 13,635,556	\$ 155,119,878	\$ 14,122,410	\$ 6,910,753	\$ 191,483,532	\$ 181,695,965
Dissolution of the Village of Botha into the County of Stettler (Note 24)	-	-	-	-	-	-	-	4,439,716
Acquisition of tangible capital assets	447,305	7,450	10,613	1,010,605	462,874	203,380	2,142,227	5,680,613
Reclassification of assets	-	-	-	-	-	-	-	-
Construction in progress	-	-	-	-	-	-	-	-
Disposal of tangible capital assets	-	-	(331,191)	-	(45,843)	(51,833)	(428,867)	(332,762)
<b>BALANCE - END OF YEAR</b>	<u>1,729,642</u>	<u>420,048</u>	<u>13,314,978</u>	<u>156,130,483</u>	<u>14,539,441</u>	<u>7,062,300</u>	<u>193,196,892</u>	<u>191,483,532</u>
<b>ACCUMULATED AMORTIZATION:</b>								
BALANCE - BEGINNING OF YEAR	-	116,736	1,599,584	79,897,981	8,075,288	3,755,048	93,444,637	87,284,463
Dissolution of the Village of Botha into the County of Stettler (Note 24)	-	-	-	-	-	-	-	2,713,828
Annual amortization	-	16,711	258,842	2,172,202	924,298	321,213	3,693,266	3,753,851
Reclassification of assets	-	-	-	-	-	-	-	-
Accumulated amortization on disposals	-	-	(48,575)	-	(41,495)	(37,045)	(127,115)	(307,505)
<b>BALANCE - END OF YEAR</b>	<u>-</u>	<u>133,447</u>	<u>1,809,851</u>	<u>82,070,183</u>	<u>8,958,091</u>	<u>4,039,216</u>	<u>97,010,788</u>	<u>93,444,637</u>
<b>NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS</b>	<u>1,729,642</u>	<u>286,601</u>	<u>11,505,127</u>	<u>74,060,300</u>	<u>5,581,350</u>	<u>3,023,084</u>	<u>96,186,104</u>	<u>\$ 98,038,895</u>
<b>2017 NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS</b>	<u>\$ 1,282,337</u>	<u>\$ 295,862</u>	<u>\$ 12,035,972</u>	<u>\$ 75,221,897</u>	<u>\$ 6,047,122</u>	<u>\$ 3,155,705</u>	<u>\$ 98,038,895</u>	

# COUNTY OF STETTLER #6

## SCHEDULE 3 – PROPERTY AND OTHER TAXES

FOR THE YEAR ENDED DECEMBER 31, 2018

	Budget (Unaudited)	2018	2017
<b>TAXATION</b>			
Real property taxes	\$ 10,739,338	\$ 10,736,618	\$ 10,378,980
Linear property taxes	<u>8,466,507</u>	<u>8,451,948</u>	<u>8,870,232</u>
	<u>19,205,845</u>	<u>19,188,566</u>	<u>19,249,212</u>
<b>REQUISITIONS</b>			
Seniors' Lodges	602,332	602,332	587,129
Alberta School Foundation Fund	<u>4,190,118</u>	<u>4,182,280</u>	<u>4,292,496</u>
	<u>4,792,450</u>	<u>4,784,612</u>	<u>4,879,625</u>
<b>NET MUNICIPAL TAXES</b>	\$ <u>14,413,395</u>	\$ <u>14,403,954</u>	\$ <u>14,369,587</u>

**COUNTY OF STETTLER #6**  
**SCHEDULE 4 – GOVERNMENT TRANSFERS**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**

	<b>Budget (Unaudited)</b>	<b>2018</b>	<b>2017</b>
<b>TRANSFER FOR OPERATING</b>			
Federal government	\$ -	\$ 6,528	\$ -
Provincial government	590,447	599,447	567,503
Other local government	<u>38,115</u>	<u>37,209</u>	<u>33,773</u>
	<u>628,562</u>	<u>643,184</u>	<u>601,276</u>
<b>TRANSFERS FOR CAPITAL</b>			
Federal government	355,620	339,327	187,750
Provincial government	<u>4,180,629</u>	<u>4,517,287</u>	<u>2,981,592</u>
	<u>4,536,249</u>	<u>4,856,614</u>	<u>3,169,342</u>
	\$ <u>5,164,811</u>	\$ <u>5,499,798</u>	\$ <u>3,770,618</u>

**COUNTY OF STETTLER #6**  
**SCHEDULE 5 –EXPENDITURES BY OBJECT**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**

	<b>Budget (Unaudited)</b>	<b>2018</b>	<b>2017</b>
<b>EXPENDITURES</b>			
Salaries, wages and benefits	\$ 7,612,300	\$ 7,387,135	\$ 7,067,737
Contracted and general services	3,569,768	3,412,062	2,968,886
Materials, goods, supplies and utilities	5,026,499	4,234,322	3,228,700
Provision for allowances	6,500	1,043,991	162,470
Interest on term debt	29,050	24,850	97,327
Bank charges and short term interest	13,000	16,085	18,633
Transfers to other governments, boards and agencies	1,833,907	1,738,014	1,673,812
Amortization of tangible capital assets	3,596,000	3,693,266	3,753,851
Loss on disposal of tangible capital assets	<u>-</u>	<u>167,845</u>	<u>16,836</u>
<b>TOTAL EXPENDITURES</b>	<b>\$ <u>21,687,024</u></b>	<b>\$ <u>21,717,570</u></b>	<b>\$ <u>18,988,252</u></b>

## COUNTY OF STETTLER #6

### SCHEDULE 6 - SEGMENTED DISCLOSURE

FOR THE YEAR ENDED DECEMBER 31, 2018

	General Government	Protective Services	Transportation Services	Water and Wastewater	Agricultural Services	Planning & Development	Recreation & Culture	Other	Total
<b>REVENUE</b>									
Net municipal taxes	\$ 14,403,954	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 14,403,954
Sales and user fees	442,717	119,937	129,659	575,848	39,833	23,902	818	-	1,332,714
Government transfers	254,563	26,019	4,177,960	678,654	189,887	56,712	-	172,715	5,556,510
Investment income	97,666	-	-	12,981	-	-	-	24,850	135,497
Other revenues	<u>529,151</u>	<u>5,449</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,150</u>	<u>2,130</u>	<u>-</u>	<u>548,880</u>
	<u>15,728,051</u>	<u>151,405</u>	<u>4,307,619</u>	<u>1,267,483</u>	<u>229,720</u>	<u>92,764</u>	<u>2,948</u>	<u>197,565</u>	<u>21,977,555</u>
<b>EXPENSES</b>									
Salaries, wages and benefits	1,682,532	351,923	4,054,137	526,209	321,218	420,970	25,186	4,960	7,387,135
Contract and general services	1,370,774	193,275	1,367,322	232,608	104,519	120,935	4,158	18,471	3,412,062
Materials, goods, supplies and Utilities	137,930	319,742	3,099,774	240,144	287,127	76,055	4,622	68,928	4,234,322
Transfers	588	158,455	-	59,905	3,000	5,714	910,236	600,116	1,738,014
Provisions for allowances	1,043,991	-	-	-	-	-	-	-	1,043,991
Interest and charges	<u>16,085</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>24,850</u>	<u>40,935</u>
	<u>4,251,900</u>	<u>1,023,395</u>	<u>8,521,233</u>	<u>1,058,866</u>	<u>715,864</u>	<u>623,674</u>	<u>944,202</u>	<u>717,325</u>	<u>17,856,459</u>
<b>NET REVENUE, BEFORE AMORTIZATION</b>									
	<u>11,476,151</u>	<u>(871,990)</u>	<u>(4,213,614)</u>	<u>208,617</u>	<u>(486,144)</u>	<u>(530,910)</u>	<u>(941,254)</u>	<u>(519,760)</u>	<u>4,121,096</u>
Gain (Loss) on disposal of capital assets	(2,234)	(880)	(150,138)	-	-	-	-	-	(153,252)
Amortization expense	<u>(45,059)</u>	<u>(213,320)</u>	<u>(2,862,829)</u>	<u>(496,722)</u>	<u>(46,055)</u>	<u>(23,495)</u>	<u>(5,786)</u>	<u>-</u>	<u>(3,693,266)</u>
	<u>(47,293)</u>	<u>(214,200)</u>	<u>(3,012,967)</u>	<u>(496,722)</u>	<u>(46,055)</u>	<u>(23,495)</u>	<u>(5,786)</u>	<u>-</u>	<u>(3,846,518)</u>
<b>NET REVENUE</b>	<u>\$ 11,428,858</u>	<u>\$ (1,086,190)</u>	<u>\$ (7,226,581)</u>	<u>\$ (288,105)</u>	<u>\$ (532,199)</u>	<u>\$ (554,405)</u>	<u>\$ (947,040)</u>	<u>\$ (519,760)</u>	<u>\$ 274,578</u>

# COUNTY OF STETTLER #6

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED DECEMBER 31, 2018

#### 1. SIGNIFICANT ACCOUNTING POLICIES

The financial statements are the representations of management prepared in accordance with generally accepted accounting principles for local governments established by the Public Sector Accounting and Auditing Board of the Chartered Professional Accountants of Canada.

The financial statements have, in management's opinion, been properly prepared within reasonable limits of materiality and within the framework of significant accounting policies adopted as follows:

##### (a) Reporting Entity

The financial statements reflect the assets, liabilities, revenues and expenditures, and changes in financial position of the reporting entity which comprises all the organizations that are accountable for the administration of their financial affairs and resources to the council and are owned or controlled by the municipality.

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

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

##### (b) Basis of Accounting

The basis of accounting followed in the financial statement presentation includes revenues in the period in which the transactions or events occurred that gave rise to the revenues and expenditures in the period the goods and services are acquired and a liability is incurred with the exception of pension expenditures as disclosed in Note 1.h.

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

Government transfers, contributions and other amounts are received from third parties pursuant to legislation, regulation or agreement and may only be used for certain programs, in the completion of specific work, or for the purchase of tangible capital assets. In addition, certain user charges and fees are collected for which the related services have yet to be performed. Revenue is recognized in the period when the related expenses are incurred, services performed or the tangible capital assets are acquired.

##### (c) Use of Estimates

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

# COUNTY OF STETTLER #6

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2018

### 1. SIGNIFICANT ACCOUNTING POLICIES - Continued

#### (c) Use of Estimates - Continued

Amortization is based on the estimated useful lives of property and equipment. These estimates and assumptions are reviewed periodically and, as adjustments become necessary, they are reported in earnings in the periods in which they become known.

A significant area requiring the use of management's estimates was the gravel inventory and the gravel reclamation valuations. Significant changes in the value of gravel and its reclamation costs could result in changes in inventory and liability amounts.

#### (d) Tax Revenue

Tax revenues are recognized when the tax has been authorized by bylaw and the taxable event has occurred.

Requisitions operate as a flow through and are excluded from municipal revenue.

#### (e) Contaminated Sites Liability

Contaminated sites are a result of contamination being introduced into air, soil, water or sediment of a chemical, organic or radioactive material or live organism that exceeds an environmental standard. The liability is recorded net of any expected recoveries. A liability for remediation of a contaminated site is recognized when a site is not in productive use and is management's estimate of the cost of post – remediation including operation, maintenance and monitoring.

#### (f) 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.

#### (g) Interest on Long-Term Debt

Interest on long-term debt is recorded as an expenditure as payment is made and is accrued for long-term debt interest payable at the end of the year.

#### (h) Pension Expenditure

The county participates in a multi-employer defined benefit pension plan. The plan is accounted for as a defined contribution plan.

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



**COUNTY OF STETTLER #6**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**

**1. SIGNIFICANT ACCOUNTING POLICIES – Continued**

(i) Taxes and Grants in Place of Taxes Receivables

Current and arrears taxes and grants in place of taxes receivables consist of current tax levies and tax levies of prior years which remain outstanding at December 31st.

(j) Investments

Investments are recorded at cost.

(k) Allowances for Operating Assets

Allowances for asset valuations are netted against the related asset. Increases in allowances are recorded as an expenditure while decreases in allowances are recorded as a revenue.

(l) 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. When the actual levy is less than the 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-levies or under-levies of the prior year.

(m) 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 Change in Net Financial Assets (Debt) for the year.

(i) Tangible Capital Assets

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

# COUNTY OF STETTLER #6

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2018

### 1. SIGNIFICANT ACCOUNTING POLICIES – Continued

#### (m) Non-Financial Assets – Continued

##### (i) Tangible Capital Assets - Continued

	YEARS
Land improvements	15 - 25
Buildings	25 - 50
Engineered structures	
Roads	15 - 30
Bridges	Variable
Water system	45
Wastewater system	45
Other engineered structures	75
Machinery and equipment	5 - 40
Vehicles	10 - 25

The annual amortization charge in the year of acquisition is pro-rated based on the number of months that the asset was in use during the year. Assets are not amortized in the year of disposal. Assets under construction are not amortized until the asset is available for productive use.

##### (ii) Inventories of Materials and Supplies

Inventories of materials and supplies are valued at the lower of cost and net realizable value with cost determined by the average cost method.

#### (n) Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand, accounts with banks and short-term, highly liquid investments.

### 2. ACCOUNTING PRONOUNCEMENTS PUBLISHED BUT NOT YET ADOPTED

The following accounting standards have been issued by the Chartered Professional Accountants of Canada but are not yet effective. Management is currently evaluating the effect of adopting these standards on the financial statements.

#### (a) Section PS 1201 - Financial Statement Presentation

This section provides guidance on general reporting principles and disclosure of information in financial statements. Effective April 1, 2021.

#### (b) Section PS 2601 - Foreign Currency Translation

This section establishes standards on how to account for and report transactions that are denominated in foreign currency. Effective April 1, 2021.

# COUNTY OF STETTLER #6

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED DECEMBER 31, 2018

#### 2. ACCOUNTING PRONOUNCEMENTS PUBLISHED BUT NOT YET ADOPTED - Continued

(c) Section PS 3041 - Portfolio Investments

This section establishes standards on how to account for and report portfolio investments in government financial statements. Effective April 1, 2021.

(d) Section PS 3450 – Financial Instruments

This section establishes guidance on the recognition, measurement and disclosure requirements for financial instruments. Effective April 1, 2021.

(e) Section PS 3280 – Asset Retirement Obligations

This section establishes standards on how to account for a liability for retirement of a tangible capital asset and will apply in years beginning on or after April 1, 2021.

(f) Section PS 3430 – Restructuring Transactions

This standard provides guidance on how to account for and report restructuring transactions by both transferors and recipients of assets and/or liabilities, together with related program or operating responsibilities. Effective for fiscal periods beginning on or after April 1, 2018

(g) Section PS 3400 – Revenue (effective April 1, 2022)

Effective April 1, 2022, this new section establishes standards on how to account for and report on revenue. Specifically, it differentiates between revenue arising from transactions that include performance obligations and transactions that do not have performance obligations.

#### 3. CASH AND SHORT-TERM INVESTMENTS

	2018	2017
Cash	\$ <u>9,709,578</u>	\$ <u>7,250,614</u>

Included in cash are the following restricted amounts:

Received from Provincial grants and held exclusively for Capital projects (Note 10)	\$ <u>1,067,243</u>	\$ <u>253,186</u>
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#### 4. TAXES AND GRANTS IN PLACE OF TAXES RECEIVABLE

	2018	2017
Current	\$ 2,422,272	\$ 1,198,460
Arrears	1,217,411	877,884
Allowance for uncollectable taxes	<u>(1,816,696)</u>	<u>(656,902)</u>
	\$ <u>1,822,987</u>	\$ <u>1,419,442</u>

**COUNTY OF STETTLER #6**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED DECEMBER 31, 2018**

**5. TRADE AND OTHER RECEIVABLES**

	<b>2018</b>	<b>2017</b>
Receivable from other governments	\$ 1,274,970	\$ 970,336
Trade and other receivables	472,089	560,859
Reserve for property acquired	<u>33,794</u>	<u>33,794</u>
	\$ <u>1,780,853</u>	\$ <u>1,564,989</u>

**6. LOCAL IMPROVEMENT LEVIES RECEIVABLE**

	<b>2018</b>	<b>2017</b>
Local improvement levies	\$ <u>563,717</u>	\$ <u>629,334</u>

Levies are receivable with various repayment schedules and interest rates from 2.128% to 4.227%.

**7. DEBT CHARGES RECOVERABLE**

	<b>2018</b>	<b>2017</b>
County of Stettler Housing Authority	\$ 311,086	\$ 456,231
Loan for local development	<u>-</u>	<u>454,024</u>
	<u>311,086</u>	<u>910,255</u>

The loan to County of Stettler Housing Authority is repayable in annual payments of \$174,196 including interest ranging from 6.125% to 6.5%.

The loan for local development was repayable with the sale of specific subdivision lots including interest at Royal Bank Prime minus 0.25%.

**8. LONG TERM INVESTMENTS**

	<b>2018</b>	<b>2017</b>
Investment in Shirley McClellan Regional Water		
Services Commission – at cost	\$ 3,019,649	\$ 2,847,653
Other patronage and shares	<u>5,694</u>	<u>5,694</u>
	\$ <u>3,025,343</u>	\$ <u>2,853,347</u>

**9. EMPLOYEE BENEFIT OBLIGATIONS**

	<b>2018</b>	<b>2017</b>
Vacation and wage accruals	\$ <u>135,008</u>	\$ <u>147,355</u>

The vacation liability is comprised of the vacation that employees are deferring to future years. Employees have earned the benefits and are entitled to these benefits within the next budgetary year.

**COUNTY OF STETTLER #6**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**

**10. DEFERRED REVENUE**

	<b>2018</b>	<b>2017</b>
ACP – Restructuring	\$ 538,585	\$ -
Gas Tax Fund grant	202,310	101,359
Municipal Sustainability Initiative – Capital	493,942	485,659
Alberta community partnership	<u>34,715</u>	<u>34,081</u>
	<u>\$ 1,269,552</u>	<u>\$ 621,099</u>

Funding in the amount of 1,269,552 (2017 - \$587,018) is from capital grants. The use of these funds is restricted to eligible capital projects, as approved under the funding agreement, which are scheduled for completion in 2018. Unexpended funds related to the advance are supported by cash of \$1,067,243 (2017 - \$NIL) and accounts receivable of \$202,309 (2017 - \$333,832) held exclusively for these projects (Note 3).

**11. BANK TERM DEBT**

	<b>2018</b>	<b>2017</b>
Gravel loan - repayable at \$30,834 per month plus interest at 4.37%, matures in 2021	\$ 894,106	\$ 1,264,114
Botha subdivision development loan, due \$22,917 annually plus interest at prime + 0% due monthly, maturing August 2019	<u>-</u>	<u>66,028</u>
	<u>\$ 894,106</u>	<u>\$ 1,330,142</u>

Principal repayments are due as follows:

	<b>Principal</b>
2019	\$ 370,008
2020	370,008
2021	<u>154,090</u>
	<u>\$ 894,106</u>

The bank term debts were borrowed for the purposes of acquiring a long term supply of gravel and supporting development within the county.

Bank debt is issued on the credit and security of the municipality.

## COUNTY OF STETTLER #6

### NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2018

#### 12. OTHER LONG-TERM LIABILITIES

	2018	2017
Gravel reclamation liability	\$ 1,813,752	\$ 1,717,963
Payable to Shirley McClellan Water Services Commission:		
- Phase 1	1,781,939	1,850,099
- Phase 2 and 3	646,439	666,624
- Phase 4 and 5	<u>171,995</u>	<u>-</u>
	<u>\$ 4,414,125</u>	<u>\$ 4,234,686</u>
Gravel Reclamation Liability		

Alberta environmental law requires closure and post-closure care of gravel sites, which includes final covering and landscaping, and ongoing environmental monitoring, site inspections and maintenance. This cost has been allocated over the usable tonnes of gravel at these sites and is being accrued at the rate of \$1.00 per tonne and is reduced by reclamation work performed during the year.

Payable to Shirley McClellan Water Services Commission:

- Phase 1 is due at \$124,544 per year including interest at 3.0757%
- Phase 2 is due at \$37,712 per year including interest at 2.649%

#### 13. DEBENTURE TERM DEBT

	2018	2017
Debentures held on behalf of County of Stettler Housing Authority	\$ <u>311,086</u>	\$ <u>456,231</u>

Principal and interest repayments are due as follows:

	Principal	Interest	Total
2019	\$ 154,286	\$ 19,910	\$ 174,196
2020	75,932	10,192	86,124
2021	<u>80,868</u>	<u>5,256</u>	<u>86,124</u>
	<u>\$ 311,086</u>	<u>\$ 35,358</u>	<u>\$ 346,444</u>

The debenture term debt was borrowed for the purpose of a loan to the County of Stettler Housing Authority.

Debenture debt is repayable to Alberta Capital Finance Authority and bears interest at rates ranging from 6.125% to 6.5% per annum, and mature in periods 2019 through 2021. The average annual interest rate is 6.3% for 2018. Debenture debt is issued on the credit and security of the municipality.

Interest on debenture term debt amounted to \$24,850 (2017 - \$33,698).

**COUNTY OF STETTLER #6**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**

**14. DEBT LIMITS**

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

	<b>2018</b>	<b>2017</b>
Total debt limit	\$ 25,703,301	\$ 25,871,129
Total debt	<u>1,205,192</u>	<u>1,786,373</u>
Amount total debt limit available	<u>24,201,109</u>	<u>24,084,756</u>
Service on debt limit	4,283,884	4,311,855
Service on debt	<u>575,865</u>	<u>616,820</u>
Amount service on debt limit available	<u>\$ 3,708,019</u>	<u>\$ 3,695,035</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 such revenue. Incurring debt beyond these limitations requires approval by the Minister of Municipal Affairs. These thresholds are guidelines used by Alberta Municipal Affairs to identify municipalities that could be at financial risk if further debt is acquired. The calculation taken alone does not represent the financial stability of the municipality. Rather, the financial statements must be interpreted as a whole.

**15. EQUITY IN TANGIBLE CAPITAL ASSETS**

	<b>2018</b>	<b>2017</b>
Tangible capital assets (Schedule 2)	\$ <u>96,186,104</u>	\$ <u>98,038,895</u>

## COUNTY OF STETTLER #6

### NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2018

#### 16. RESERVES

Reserves for operating and capital activities changed as follows:

	2017	Increases	Decreases	2018
<b>OPERATING RESERVES:</b>				
Public Trust	\$ 185,332	\$ 9,574	\$ -	\$ 194,906
General	1,398,161	1,548,283	-	2,946,444
Botha	35,000	-	-	35,000
Disaster projects	175,000	-	-	175,000
Bridges	946,960	130,000	-	1,076,960
Gravel	110,000	110,000	-	220,000
Digital services	28,000	-	-	28,000
Road plan registration	100,000	-	-	100,000
F.C.S.S.	17,110	-	17,110	-
Cemetery	-	3,000	-	3,000
Doctor recruitment	56,643	26,962	-	83,605
Agricultural services	10,000	-	-	10,000
Planning and development	107,596	-	-	107,596
Rural development fund	377,946	56,713	27,547	407,112
Municipal reserve	991,474	18,450	-	1,009,924
Recreation	46,168	859	-	47,027
Recreation – Special Projects	342,790	50,000	68,698	324,092
Recreation – Extra Projects	50,000	50,000	-	100,000
	<u>4,978,180</u>	<u>2,003,841</u>	<u>113,355</u>	<u>6,868,666</u>
<b>CAPITAL RESERVES:</b>				
Administration	2,229	1,007,000	-	1,009,229
Fire	441,662	123,000	-	564,662
Protective services	40,000	20,000	-	60,000
Water/Sewer projects	922,826	235	336,868	586,193
Agriculture services	109,000	27,000	-	136,000
Public works	-	151,554	-	151,554
	<u>1,515,717</u>	<u>1,328,789</u>	<u>336,868</u>	<u>2,507,638</u>
<b>TOTAL</b>	<b>\$ <u>6,493,897</u></b>	<b>\$ <u>3,332,630</u></b>	<b>\$ <u>450,223</u></b>	<b>\$ <u>9,376,304</u></b>



## COUNTY OF STETTLER #6

### NOTES TO THE FINANCIAL STATEMENTS

#### FOR THE YEAR ENDED DECEMBER 31, 2018

#### 17. SALARY & BENEFITS DISCLOSURE

Disclosure of salaries and benefits for elected municipal officials, the chief administrative officer and designated officers as required by provincial regulation is as follows:

Division / Ward	Elected Official	Benefits		2018	2017
		Salary (1)	Allowances(2&3)		
Big Valley	Grover, Dave	\$ 37,073	\$ 4,702	\$ 41,775	\$ 36,533
Botha – Gadsby	Jackson, Gregory	-	-	-	21,807
Botha – Gadsby	Clarke, Larry	51,425	4,702	56,127	8,724
Byemoor – Endiang	Stulberg, Les	36,066	4,701	40,767	41,488
Donalda – Red Willow	Nixon, Wayne	32,367	3,042	35,409	37,929
Erskine – Buffalo Lake	Gendre, Joe	-	-	-	23,750
Erskine – Buffalo Lake	Neitz, Cheri	33,978	4,702	38,680	7,099
Erskine – South-Warden	Nibourg, James	38,186	4,702	42,888	40,325
Stettler	Gendre, Ernie	29,183	4,702	33,885	28,981
<b>Chief Administrative Officer:</b> Fox, Tim (2 months)		90,925	1,655	92,580	225,959
<b>Chief Administrative Officer:</b> Cassidy, Yvette (10 months)		139,553	37,038	176,591	-
Other Designated Officers		\$ 102,667	\$ 19,856	\$ 122,523	\$ 118,803

(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, 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 planning services, retirement planning services, concessionary loans, travel allowances, car allowances and club memberships.

#### 18. LOCAL AUTHORITIES PENSION PLAN

Employees of the County of Stettler #6 participate in the Local Authorities Pension Plan (LAPP), which is covered by the Public Sector Pension Plans Act. The plan serves about 259,714 people and 420 employers. It is financed by employer and employee contributions and investment earnings of the LAPP Fund.

In 2018 the County of Stettler #6 was required to make current service contributions to the Plan of 10.39% of pensionable earnings up to the CPP maximum pensionable earnings and 14.84% of any excess earnings. Employees of the County of Stettler were required to make current service contributions of 9.39% of pensionable salary up to the year's maximum pensionable salary and 13.84% on salary above this amount.

# COUNTY OF STETTLER #6

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED DECEMBER 31, 2018

#### 18. LOCAL AUTHORITIES PENSION PLAN - Continued

Total current and past service contributions by the County of Stettler #6 to the Local Authorities Pension Plan in 2018 were \$559,786 (2017 - \$614,193). Total current and past service contributions by the employees of the County of Stettler #6 to the Local Authorities Pension Plan in 2018 were \$512,989 (2017 – \$566,713).

At December 31, 2017, the Plan disclosed an actuarial surplus of \$4.835 billion (2016 - a deficiency of \$637 million).

#### 19. CONTINGENCIES

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

The County of Stettler and all other incorporated municipalities within the geographical boundaries of the County of Stettler provide funds for the operation of the Stettler Waste Management Authority. The Authority is accumulating reserves to fund any future site cleanup obligations. The member municipalities may be liable for future costs in excess of the reserves.

The Town of Stettler and the County of Stettler through joint agreement provide funds for the operation of the Stettler Family and Community Support services. The amounts presented in this financial statement represent only the County of Stettler portion of contributions made to F.C.S.S.

The County of Stettler is also a member of the Shirley McClellan Regional Water Services Commission. Members are responsible for funding the water services provided through this Commission. These statements represent only the contributions made for current water usage and the county's proportionate share of the debentures payable.

The County, along with other municipalities in the geographical area, receives requisitions from the County of Stettler Housing Authority. The Authority unilaterally determines these amounts and they may vary dependent upon projected funding requirements.

#### 20. COMMITMENTS

At year end the County is committed to the following:

- Electricity and gas provider contracts at specified rates to December 31, 2021
- An offer to purchase a specific parcel of land
- Contracts providing administrative services for:
  - Shirley McClellan Regional Water Services Commission
  - Stettler Waste Management Authority
  - Stettler Ambulance Authority

# COUNTY OF STETTLER #6

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2018

### 21. FINANCIAL INSTRUMENTS

The County is exposed to various risks through its financial instruments. The following analysis provides a measure of the County's risk exposure and concentrations at the balance sheet date.

#### Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of the changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. It is management's opinion that the county is not exposed to significant currency or other price risk.

#### Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market rates.

The County is exposed to interest rate risk on temporary bank indebtedness, as the interest rate will fluctuate with changes in the prime lending rate.

The fixed rate debt is subject to interest rate price risk, as the value will fluctuate as a result of changes in market rates.

#### Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

The County's accounts receivable are subject to normal industry credit risks. The carrying value of accounts receivable reflects management's assertion of the credit risk associated with these customers.

#### Operating Line of Credit

At December 31, 2018 the municipality had short-term bank credit facilities aggregating \$3,100,000 (2017 - \$3,100,000) of which \$NIL (2017 - \$ NIL) has been drawn down. Lines of credit are revolving operating and term facilities that bear interest at the prime rate less 0.5%. They are reviewed annually and are supported by a bylaw approved by council.

Unless otherwise noted, the carrying value of the financial instruments approximate fair value.

### 22. BUDGET AMOUNTS

Budget figures for the year ended December 31, 2018 were approved by Council on May 9, 2018 and are for information purposes. These amounts have not been audited.

**COUNTY OF STETTLER #6**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**

**23. APPROVAL OF FINANCIAL STATEMENTS**

Council and Management have approved these financial statements.