

**PARKLAND COUNTY**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**Year Ended December 31, 2018**

**PARKLAND COUNTY**  
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**Year Ended December 31, 2018**

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**MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS**

The accompanying consolidated financial statements of Parkland County (the "County") are the responsibility of the County's management and have been approved by Council.

These consolidated financial statements have been prepared by management using Canadian Public Sector Accounting Standards. A summary of the significant accounting policies are described in Note 1 to the consolidated financial statements. Financial statements are not precise since they include certain amounts based on estimates and judgments. Management has determined such amounts on a reasonable basis in order to ensure that the consolidated financial statements are presented fairly, in all material aspects.

To assist in its responsibility, management maintains accounting, budget and other controls to provide reasonable assurance that transactions are appropriately authorized, that assets are properly accounted for and safeguarded, and that financial records are reliable for preparation of the consolidated financial statements.

County Council fulfills responsibility for financial reporting through its Committee of the Whole. This Committee consists of the mayor and six councillors who meet regularly to deal with budget related issues and to review financial reports.

The consolidated financial statements have been audited by KPMG LLP, independent external auditors appointed by Council. The accompanying independent Auditors' Report outlines their opinion, the responsibilities of management and those charged with governance for the consolidated financial statements and their responsibilities for the audit of the County's consolidated financial statements.

M.A. (Mike) Heck, MBA, ADGM  
Chief Administrative Officer

Tracy Kibblewhite, CPA, CMA, CLGM  
Chief Financial Officer

# INDEPENDENT AUDITORS' REPORT

To the Mayor and Members of Council of Parkland County

## ***Opinion***

We have audited the consolidated financial statements of Parkland County (the "Entity"), which comprise:

- the consolidated statement of financial position as at December 31, 2018
- the consolidated statement of operations and accumulated surplus for the year then ended
- the consolidated statement of changes in net financial assets for the year then ended
- the consolidated statement of cash flows for the year then ended
- and notes to the consolidated financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Entity as at December 31, 2018, and its consolidated results of operations, its consolidated changes in net financial assets and its consolidated 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 auditors' report.

We are independent of the Entity 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.

## ***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 Entity's ability 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 liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity'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 the 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 control.

- 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 purpose of expressing an opinion on the effectiveness of the Entity'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 Entity'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 our auditors' report. However, future events or conditions may cause the Entity 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.
- 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.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group Entity to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

Edmonton, Canada  
April 23, 2019

Draft

**PARKLAND COUNTY**

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**As at December 31, 2018, with comparative figures for 2017**

	<u>2018</u>	<u>2017</u>
<b>Financial Assets</b>		
Cash and cash equivalents (Note 2)	\$ 4,199,311	\$ 14,779,572
Accounts receivable (Note 3)	11,058,774	13,157,701
Investments (Note 4)	131,023,433	100,262,267
Inventories for resale	2,775	5,405
	<u>146,284,293</u>	<u>128,204,945</u>
<b>Liabilities</b>		
Accounts payable and accrued liabilities (Note 5)	9,214,901	8,074,317
Deposit liabilities	3,198,094	3,230,501
Deferred revenue (Note 6)	47,737,683	40,835,343
Long-term debt (Note 7)	29,480,148	24,689,404
Environmental liability (Note 8)	5,629,718	6,204,422
	<u>95,260,544</u>	<u>83,033,987</u>
<b>Net Financial Assets</b>	<u>51,023,749</u>	<u>45,170,958</u>
<b>Non-Financial Assets</b>		
Tangible capital assets (Note 9)	490,213,916	483,789,996
Consumable inventories (Note 10)	9,568,027	10,571,303
Prepaid expenses	1,240,271	1,173,745
	<u>501,022,214</u>	<u>495,535,044</u>
<b>Accumulated Surplus (Note 11)</b>	<u>\$ 552,045,963</u>	<u>\$ 540,706,002</u>
Contingent liabilities (Note 13)		
Commitments (Note 14)		

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

Rod Shaigec  
Mayor

Phyllis Kobasiuk  
Deputy Mayor

**PARKLAND COUNTY**

**CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS**  
**Year Ended December 31, 2018, with comparative figures for 2017**

	Budget (Note 25)	<b>2018</b>	2017
<b>Revenues</b>			
Taxation (Note 15)	\$ 59,707,500	\$ <b>59,811,675</b>	\$ 57,224,245
User fees and sales	11,350,164	<b>11,356,972</b>	11,092,161
Penalties	763,600	<b>973,537</b>	824,784
Investment income	1,770,850	<b>2,353,278</b>	1,889,173
Government transfers for operating (Note 16)	9,728,422	<b>6,912,683</b>	5,326,284
Licenses and permits	1,833,600	<b>1,658,971</b>	1,486,315
Other revenue - operating	796,781	<b>759,240</b>	803,187
Gain on disposal of tangible capital assets	30,300	<b>36,010</b>	539,926
<b>Total Revenues</b>	<b>85,981,217</b>	<b>83,862,366</b>	79,186,075
<b>Expenses</b>			
General government	22,560,500	<b>18,287,939</b>	19,399,308
Protective services	11,402,200	<b>11,097,301</b>	10,569,804
Transportation and roadway services	31,630,300	<b>28,832,087</b>	32,855,094
Utilities	7,351,900	<b>7,753,261</b>	7,406,269
Community services	12,440,935	<b>10,000,506</b>	10,722,306
Development services	10,496,300	<b>9,838,500</b>	6,472,318
<b>Total Expenses</b>	<b>95,882,135</b>	<b>85,809,594</b>	87,425,099
<b>Deficiency of Revenues over Expenses Before Other</b>	<b>(9,900,918)</b>	<b>(1,947,228)</b>	(8,239,024)
<b>Other</b>			
Contributed tangible capital assets	6,520,200	<b>4,850,992</b>	15,382,660
Government transfers for capital (Note 16)	19,969,170	<b>8,408,904</b>	12,502,877
Developer and customer contributions - capital	1,500	<b>27,293</b>	1,304,711
<b>Annual Surplus</b>	<b>16,589,952</b>	<b>11,339,961</b>	20,951,224
<b>Accumulated Surplus, Beginning of the Year</b>	540,706,002	<b>540,706,002</b>	519,754,778
<b>Accumulated Surplus, End of the Year</b>	<b>\$ 557,295,954</b>	<b>\$ 552,045,963</b>	\$ 540,706,002

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



PARKLAND COUNTY

**CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS**  
**Year Ended December 31, 2018 , with comparative figures for 2017**

	Budget (Note 25)	2018	2017
<b>Annual Surplus</b>	<u>\$ 16,589,952</u>	<u>\$ 11,339,961</u>	<u>\$ 20,951,224</u>
Acquisition of tangible capital assets	(41,533,649)	<b>(19,723,365)</b>	(28,498,325)
Contributed tangible capital assets	(6,520,200)	<b>(4,850,992)</b>	(15,382,660)
Proceeds on disposal of tangible capital assets	478,600	<b>452,165</b>	1,496,742
Amortization of tangible capital assets	16,674,000	<b>17,220,041</b>	15,419,460
Loss on disposal of tangible capital assets, net	211,700	<b>478,231</b>	4,480,409
	<u>(30,689,549)</u>	<u><b>(6,423,920)</b></u>	<u>(22,484,374)</u>
Acquisition of consumable inventories	-	<b>(10,622,279)</b>	(6,134,445)
Acquisition of prepaid expenses	-	<b>(1,240,271)</b>	(1,107,541)
Consumption of consumable inventories	-	<b>11,625,555</b>	7,155,317
Use of prepaid expenses	-	<b>1,173,745</b>	938,897
	<u>-</u>	<u><b>936,750</b></u>	<u>852,228</u>
<b>Change in Net Financial Assets</b>	<b>(14,099,597)</b>	<b>5,852,791</b>	<b>(680,922)</b>
<b>Net Financial Assets, Beginning of Year</b>	<u>45,170,958</u>	<u><b>45,170,958</b></u>	<u>45,851,880</u>
<b>Net Financial Assets, End of Year</b>	<u><b>\$ 31,071,361</b></u>	<u><b>\$ 51,023,749</b></u>	<u><b>\$ 45,170,958</b></u>

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

**PARKLAND COUNTY**

**CONSOLIDATED STATEMENT OF CASH FLOWS**

**For the Year Ended December 31, 2018, with comparative information for 2017**

	<u>2018</u>	<u>2017</u>
<b>Operating Activities:</b>		
Annual Surplus	\$ 11,339,961	\$ 20,951,224
Items not involving cash:		
Amortization of tangible capital assets	17,220,041	15,419,460
Amortization of investment premium/discounts	2,846,258	1,101,018
Loss on disposal of tangible capital assets, net	478,231	4,480,409
Contributed tangible capital assets	(4,850,992)	(15,382,660)
Change in non cash items:		
Accounts receivable	2,098,927	(2,334,615)
Inventories for resale	2,630	160
Accounts payable and accrued liabilities	1,140,584	(1,381,131)
Deposit liabilities	(32,407)	1,073,574
Deferred revenue	6,902,340	5,247,261
Environmental liability	(574,704)	5,692,111
Consumable inventories	1,003,276	1,020,872
Prepaid expenses	(66,526)	(168,644)
	<u>37,507,619</u>	<u>35,719,039</u>
<b>Capital Activities:</b>		
Acquisition of tangible capital assets	(19,723,365)	(28,498,325)
Proceeds from disposal of tangible capital assets	452,165	1,496,742
	<u>(19,271,200)</u>	<u>(27,001,583)</u>
<b>Investing Activities:</b>		
Acquisition of investments	(98,002,940)	(91,924,801)
Maturity of investments	64,395,516	76,205,760
	<u>(33,607,424)</u>	<u>(15,719,041)</u>
<b>Financing Activities:</b>		
Long-term debt issued	6,471,528	6,733,565
Long-term debt repaid	(1,680,784)	(1,479,461)
	<u>4,790,744</u>	<u>5,254,104</u>
<b>Net Change in Cash and Cash Equivalents</b>	<b>(10,580,261)</b>	<b>(1,747,481)</b>
<b>Cash and Cash Equivalents, Beginning of Year</b>	<b>14,779,572</b>	<b>16,527,053</b>
<b>Cash and Cash Equivalents, End of Year</b>	<b>\$ 4,199,311</b>	<b>\$ 14,779,572</b>
 Cash paid for interest	 741,739	 536,832
Cash received from interest	3,042,576	2,429,923

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

**PARKLAND COUNTY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended December 31, 2018**

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**Parkland County is a municipality in the Province of Alberta, Canada and operates under the provisions of the *Municipal Government Act*.**

**1. SIGNIFICANT ACCOUNTING POLICIES**

The consolidated financial statements of Parkland County (the "County") are prepared by management in accordance with Canadian public sector accounting standards. Significant accounting policies adopted by the County are as follows:

**(a) *Reporting Entity***

The consolidated financial statements reflect the assets, liabilities, revenues and expenses of the government reporting entity. The government reporting entity is comprised of all the organizations, committees and local boards accountable for the administration of their financial affairs and resources to the County and which are owned or controlled by the County.

The County's consolidated financial statements include the proportionate share of assets, liabilities, revenues and expenses for the Tri-Municipal Leisure Facility Corporation (a Part 9 company operating as the TransAlta Tri Leisure Centre).

The financial statements of Parkland County Library Board are fully consolidated in the County's financial statements.

The County is also a member of boards and commissions that are not included in the government reporting entity.

Interdepartmental and inter-organizational transactions and balances between these entities and organizations are eliminated.

Property taxes levied also include requisitions for education and seniors housing; organizations that are not part of the government reporting entity.

**(b) *Basis of Accounting***

The County follows the accrual basis of accounting. Revenues are recognized in the year in which they are earned and measurable. Funds from external parties and earnings thereon restricted by agreement or legislation are accounted for as deferred revenue until used for the specified purpose. Expenses are recognized as they are incurred and measurable as a result of receipt of goods or services and/or the creation of legal obligation to pay.

**(c) *Cash and Cash Equivalents***

Cash equivalents consist of term deposits, guaranteed investment certificates (GIC's), and other investments that are generally convertible to cash in less than three months and are recorded at cost.

**PARKLAND COUNTY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended December 31, 2018**

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**1. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**(d) Investments**

Investments consist of term deposits, growth index deposits, notes, bonds and guaranteed investment certificates. Term deposits, market equity growth index deposits, guaranteed investment certificates, notes and bonds are recorded at amortized cost. Investment premiums and discounts are amortized over the term of the respective investments. When there has been a loss in the value that is other than a temporary decline, the respective investment is written down to recognize the loss.

**(e) Employee Future Benefits**

The costs of multi-employer defined benefit pension plan benefits such as LAPP and APEX pensions are the employer's contributions to the plan in the period. Health/vision and dental benefits are administered by Blue Cross on an administrative services only basis. The County is responsible for the employer share of benefit premiums throughout the year as well as any shortfall or surplus at the end of the period. Accumulated sick days are set up as a liability to the extent to which the days are expected to be paid out and/or used by employees.

**(f) 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.

**i. Tangible Capital Assets**

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

	<b>YEARS</b>
Land Improvements	15-30
Buildings	5-50
Engineering Structures	10-75
Roadway systems	10-60
Storm systems	50-75
Water systems	45-75
Wastewater systems	45-75
Machinery & Equipment	5-40
Vehicles	10-20

Annual amortization is pro-rated in the year of acquisition and in the year of disposal. Assets under construction are not amortized until the asset is put into service.

**PARKLAND COUNTY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended December 31, 2018**

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**1. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**(f) Non-Financial Assets (continued)**

**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. Works of Art and Cultural and Historic Assets**

Works of art and cultural and historic assets are not recorded as assets in these consolidated financial statements.

**iv. Interest Capitalization**

The County does not capitalize interest costs associated with the acquisition or construction of a tangible capital asset.

**v. Consumable Inventories**

Inventories of materials and supplies for consumption are valued at the lower of cost and replacement cost with cost determined using the average cost method.

**vi. Leases**

Leases are classified as capital or operating leases. Leases which transfer substantially all 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.

**(g) Government Transfers**

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

A transfer with or without eligibility criteria but with stipulations is recognized in the period the transfer is authorized and all eligibility criteria have been met, except when and to the extent that the transfer gives rise to an obligation that meets the definition of a liability.

**(h) Requisition Over-Levies and Under-Levies**

Over-levies and under-levies arise from the difference between the actual property tax levy made to cover each requisition and the actual amount requisitioned.

If the actual levy exceeds the requisition, the over-levy is accrued as a liability and property tax revenue is reduced. Where the actual levy is less than the requisition amount, the under-levy is accrued as a receivable and as property tax revenue.

**PARKLAND COUNTY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended December 31, 2018**

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**1. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**(h) *Requisition Over-Levies and Under-Levies (continued)***

Requisition tax rates in the subsequent year are adjusted for any over-levies or under-levies of the prior year.

**(i) *Tax Revenue Recognition***

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

**(j) *Liability for Contaminated Sites***

Contaminated sites are defined as the result of contamination being introduced in soil, water or sediment of a chemical, organic or radioactive material or live organism that exceeds an environmental standard. A liability for remediation of contaminated sites is based on management's estimate of the cost of post remediation including operation, maintenance, and monitoring. The liability is recorded net of any expected recoveries. A liability is applicable to sites that are not in productive use or where an unexpected event has caused contamination in the year.

**(k) *Use of Estimates***

The preparation of financial statements 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 revenues and expenses during the period. Significant estimates include assumptions used in estimating provisions for amortization, accrued liabilities including environmental liabilities. Actual results could differ from those estimates.

**(l) *Adoption of New Accounting Standards***

The following summarizes changes to Canadian Public Sector Accounting Standards that came into effect for fiscal years beginning on or after April 1, 2017. The adoption of these standards resulted in changes to the disclosures of the consolidated financial statements:

**PS2200** - Related party disclosures which defines a related party and identifies disclosures for related parties, including key management personnel and close family members.

**PS3420** - Inter-entity transactions establishes standards on how to account for and report transactions between public sector entities that comprise inter-entity County's reporting entity from both a provider and recipient perspective.

**PS3210** - Assets provides guidance for applying the definition of assets set out in PS1000, Financial Statement Concepts, and establishes general disclosure standards for assets.

**PS3320** - Contingent assets are possible assets arising from existing conditions or situations involving uncertainty.

**PS3380** - Contractual rights are rights to economic resources arising from contracts, commitments, or

**PARKLAND COUNTY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Year Ended December 31, 2018

**1. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**(l) Adoption of New Accounting Standards (continued)**

agreements that will result in both an asset and revenue in the future.

**(m) Future Accounting Standard Pronouncements**

The following summarizes upcoming changes to Public Sector Accounting Standards. While the timing of standard adoption may vary, certain standards must be adopted concurrently. The requirements in *Financial Statement Presentation* (PS1201), *Financial Instruments* (PS3450), *Foreign Currency Translation* (PS2601) and *Portfolio Investments* (PS3041) must be implemented at the same time.

<b>Public Sector Accounting Standard</b>	<b>Name</b>	<b>Effective date (fiscal years beginning on or after)</b>
PS3430	Restructuring Transactions	April 1, 2018
PS1201	Financial Statement Presentation	April 1, 2021
PS3450	Financial Instruments	April 1, 2021
PS2601	Foreign Currency Translation	April 1, 2021
PS3041	Portfolio Investments	April 1, 2021
PS3280	Asset Retirement Obligations	April 1, 2021
PS3400	Revenue	April 1, 2022

Management is currently assessing the impact of these new standards on the consolidated financial statements.

**2. CASH AND CASH EQUIVALENTS**

	<b>2018</b>	<b>2017</b>
Cash	<b>\$ 3,912,649</b>	\$ 8,362,099
Cash equivalents	<b>286,662</b>	6,417,473
<b>Cash and cash equivalents</b>	<b><u>\$ 4,199,311</u></b>	<b><u>\$ 14,779,572</u></b>

Cash equivalents include investments that have effective interest rates of 1.61% to 1.85% (2017 - 1.60% to 1.85%) that mature in less than three months.

**PARKLAND COUNTY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended December 31, 2018**

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**3. ACCOUNTS RECEIVABLE**

	<u>2018</u>	<u>2017</u>
Taxes - current	\$ 2,216,437	\$ 2,292,534
Taxes - arrears	1,047,163	1,133,102
Government transfers receivable	954,127	4,066,878
Local improvements	1,047,740	1,323,737
Accrued interest receivable - investments	595,102	1,938,169
Trade and other	<u>5,221,282</u>	<u>2,426,958</u>
	11,081,851	13,181,378
Less: Valuation allowance	<u>23,077</u>	<u>23,677</u>
	<u><u>\$ 11,058,774</u></u>	<u><u>\$ 13,157,701</u></u>



**PARKLAND COUNTY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended December 31, 2018**

**4. INVESTMENTS**

Investments have carrying and market values as follows:

	<b>2018</b>		<b>2017</b>	
	<b>Carrying Amount</b>	<b>Market Value</b>	<b>Carrying Amount</b>	<b>Market Value</b>
Cash invested	\$ 2,419,246	\$ 2,419,246	\$ 4,319,103	\$ 4,319,103
Other				
Notes and deposits	5,425,425	5,425,425	11,033,982	11,109,674
Bank and callable bonds	81,859,451	81,333,217	58,180,972	58,037,753
Principal protected notes	15,780,977	15,002,184	8,122,876	8,034,692
Guaranteed investment certificate	25,335,000	25,492,977	18,402,000	18,468,727
Memberships/shares	203,334	203,334	203,334	203,334
	<b>\$ 131,023,433</b>	<b>\$ 129,876,383</b>	<b>\$ 100,262,267</b>	<b>\$ 100,173,283</b>

Investments have effective interest rates of 1.85% to 4.86% (2017 - 1.61% to 4.86%) while the growth index deposits have variable interest and are linked to the performance of an equity market index with maturity dates between March 2019 to August 2028 (2017 - January 2018 to March 2028).

The market value of the bonds is based on quoted market values received on December 31, 2018. The market value of the bonds fluctuate with changes in market interest rates. Should there be a loss in value that is not considered temporary, the respective investment is written down to recognize the loss. The carrying amounts exclude accrued interest receivable in the amount of \$595,102 (2017 - \$1,938,169) which has been included in accounts receivable.

**5. ACCOUNTS PAYABLE & ACCRUED LIABILITIES**

The accounts payable and accrued liabilities is made up of the following:

	<b>2018</b>	<b>2017</b>
Trade payables and accrued liabilities	\$ 5,711,493	\$ 4,268,364
Earned vacation and overtime liability	1,579,136	1,555,339
Wage and benefit obligations	1,066,994	1,272,263
Holdbacks	679,893	581,110
Other payables	-	208,756
Other government payables	99,332	139,503
Accrued interest on long term debt	78,053	48,982
	<b>\$ 9,214,901</b>	<b>\$ 8,074,317</b>

**PARKLAND COUNTY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended December 31, 2018**

**6. DEFERRED REVENUE**

	<u>2018</u>	<u>2017</u>
<b>Balance, Beginning of Year:</b>		
Government transfers	\$ 16,789,321	\$ 19,600,603
Offsite levies	23,322,998	15,314,311
Other	<u>723,024</u>	<u>673,168</u>
	<u>40,835,343</u>	<u>35,588,082</u>
<b>Additions:</b>		
Government transfers - grants	15,914,794	11,633,107
Government transfers - interest	339,153	199,411
Offsite levies	1,065,993	8,711,864
Other	<u>3,279,529</u>	<u>2,090,540</u>
	<u>20,599,469</u>	<u>22,634,922</u>
<b>Used:</b>		
Government transfers	(10,641,442)	(14,643,800)
Offsite levies	-	(703,177)
Other	<u>(3,055,687)</u>	<u>(2,040,684)</u>
	<u>(13,697,129)</u>	<u>(17,387,661)</u>
<b>Balance, End of Year:</b>		
Government transfers	22,401,826	16,789,321
Offsite levies	24,388,991	23,322,998
Other	<u>946,866</u>	<u>723,024</u>
	<u>\$ 47,737,683</u>	<u>\$ 40,835,343</u>

**PARKLAND COUNTY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended December 31, 2018**

**7. LONG-TERM DEBT**

	<b>2018</b>	<b>2017</b>
Long term debt - user pay	<b>\$ 28,902,096</b>	\$ 23,873,544
Long term debt - tax supported	<b>578,052</b>	815,860
	<b><u>\$ 29,480,148</u></b>	<b><u>\$ 24,689,404</u></b>

Debenture debt is repayable to Alberta Capital Finance Authority. The debentures have been issued on the credit and security of the County at large. It is payable and due over various periods up to the year 2031 with effective interest rates ranging from 2.15% to 6.25% (2017 - 2.15% to 6.63%).

The County entered into an infrastructure loan facility agreement with Servus Credit Union with a maximum of \$16,500,000 for a term of 20 years, bearing interest at the Credit Union's prime rate less 0.5% (2017 - 2.70%). The outstanding balance is \$12,979,771 (2017 - \$6,729,020). The loan can be paid in full prior to maturity and is provided on the faith and credit of the County.

Principal and interest amounts due on debentures and loans in each of the next five years are as follows:

	Principal	Interest	Total
2019	\$ 1,439,029	\$ 845,053	\$ 2,284,082
2020	2,073,540	414,088	2,487,628
2021	2,128,913	365,988	2,494,901
2022	1,931,654	316,076	2,247,730
2023	1,873,646	278,907	2,152,553
Thereafter	20,033,366	1,139,189	21,172,555
	<b><u>\$ 29,480,148</u></b>	<b><u>\$ 3,359,301</u></b>	<b><u>\$ 32,839,449</u></b>

Total interest on long-term debt which is reported on the consolidated statement of operations and accumulated surplus amounted to \$734,465 in 2018 (2017 - \$536,831).

**PARKLAND COUNTY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended December 31, 2018**

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**8. ENVIRONMENTAL LIABILITY**

**i. Landfill Liability**

Under Provincial legislation, the County is required to provide for closure and post closure care for its landfill sites. Post closure activities include surface and ground water monitoring, leachate control and visual inspection for a period of 25 years after the landfill has been closed. The County currently has no active landfill sites. The costs for post closure care have been adjusted by applying a discount rate based on the County's average long term borrowing rate of 3.33% (2017 - 3.12%) plus an assumed inflation rate of 2.00%. An amount of \$468,767 (2017 - \$468,768) has been accrued.

**ii. Salt Contamination**

Under Provincial legislation, the County is required to remediate lands with salt contamination in excess of Provincial Environmental Standards. Reclamation requirements have been defined in accordance with industry standards and include ongoing environmental monitoring, site inspections and maintenance. The County Service Building yard contains a salt storage site where contamination is in excess of environmental standards. The costs for remediation have been adjusted by applying a discount rate based on the County's average long term borrowing rate of 3.33% plus an assumed inflation rate of 2.00%. An amount of \$2,925,051 (2017 - \$2,925,051) has been accrued.

**iii. Aggregates Reclamation**

Under Provincial legislation, the County is required to reclaim lands used for the extraction of aggregate material. Reclamation requirements have been defined in accordance with industry standards and include re-vegetation of sites upon closure. The County owns and operates a number of aggregate extraction sites. The aggregate is used for road maintenance and construction projects within the County. The costs for reclamation have been adjusted by applying a discount rate based on the County's average long term borrowing rate of 3.33% plus an assumed inflation rate of 2.00%. An amount of \$2,235,900 (2017 - \$2,810,603) has been accrued.

The reported liabilities are based on estimates and assumptions using the best information available at the end of the reporting period. Future events, such as changes to regulatory requirements, may result in significant changes to the estimated total liabilities and will be recognized prospectively, as a change in estimate, when applicable.

**PARKLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS**  
For the Year Ended December 31, 2018

**9. TANGIBLE CAPITAL ASSETS**

**2018**

	Land	Land Improvements	Buildings	Engineered Structures	Machinery & Equipment	Vehicles	Assets Under Construction	Total
<b>Cost:</b>								
Balance, beginning of year	\$ 155,143,597	\$ 7,688,588	\$ 43,492,367	\$ 504,745,085	\$ 27,844,486	\$ 15,497,371	\$ 13,074,208	<b>\$ 767,485,702</b>
Acquired	184,065	13,694	213,101	6,710,833	1,679,980	550,273	10,371,419	<b>19,723,365</b>
Contributed	1,917,780	-	149,058	2,784,154	-	-	-	<b>4,850,992</b>
Disposals	-	(144,477)	(529,105)	-	(1,206,725)	(510,828)	-	<b>(2,391,135)</b>
Transfers	271,060	-	286,206	3,001,076	654,068	294,368	(4,506,778)	<b>-</b>
<b>Balance, end of year</b>	<b>157,516,502</b>	<b>7,557,805</b>	<b>43,611,627</b>	<b>517,241,148</b>	<b>28,971,809</b>	<b>15,831,184</b>	<b>18,938,849</b>	<b>789,668,924</b>
<b>Accumulated Amortization:</b>								
Balance, beginning of year	-	2,130,450	10,562,734	256,500,142	9,084,418	5,417,962	-	<b>283,695,706</b>
Amortization expense	-	366,183	1,506,980	11,869,053	2,377,235	1,100,590	-	<b>17,220,041</b>
Disposals	-	(101,801)	(281,361)	-	(688,750)	(388,827)	-	<b>(1,460,739)</b>
<b>Balance, end of year</b>	<b>-</b>	<b>2,394,832</b>	<b>11,788,353</b>	<b>268,369,195</b>	<b>10,772,903</b>	<b>6,129,725</b>	<b>-</b>	<b>299,455,008</b>
<b>Net Book Value, end of year</b>	<b>\$ 157,516,502</b>	<b>\$ 5,162,973</b>	<b>\$ 31,823,274</b>	<b>\$ 248,871,953</b>	<b>\$ 18,198,906</b>	<b>\$ 9,701,459</b>	<b>\$ 18,938,849</b>	<b>\$ 490,213,916</b>

PARKLAND COUNTY

NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended December 31, 2018

9. TANGIBLE CAPITAL ASSETS (CONTINUED)

2017

	Land	Land Improvements	Buildings	Engineered Structures	Machinery & Equipment	Vehicles	Assets Under Construction	Total
<b>Cost:</b>								
Balance, beginning of year	\$ 149,891,286	\$ 6,605,147	\$ 40,553,577	\$ 489,524,970	\$ 26,239,876	\$ 14,822,431	\$ 5,707,414	\$ 733,344,701
Acquired	204,307	543,366	1,958,584	9,154,636	3,194,356	1,718,103	11,724,973	28,498,325
Contributed	7,082,414	-	-	8,300,246	-	-	-	15,382,660
Disposals	(2,034,410)	-	-	(4,617,111)	(2,006,961)	(1,081,502)	-	(9,739,984)
Transfers	-	540,075	980,206	2,382,344	417,215	38,339	(4,358,179)	-
<b>Balance, end of year</b>	<b>155,143,597</b>	<b>7,688,588</b>	<b>43,492,367</b>	<b>504,745,085</b>	<b>27,844,486</b>	<b>15,497,371</b>	<b>13,074,208</b>	<b>767,485,702</b>
<b>Accumulated Amortization:</b>								
Balance, beginning of year	-	1,818,992	9,670,039	247,187,619	8,348,678	5,013,751	-	272,039,079
Amortization expense	-	311,458	892,695	11,307,426	1,917,361	990,520	-	15,419,460
Disposals	-	-	-	(1,994,903)	(1,181,621)	(586,309)	-	(3,762,833)
<b>Balance, end of year</b>	<b>-</b>	<b>2,130,450</b>	<b>10,562,734</b>	<b>256,500,142</b>	<b>9,084,418</b>	<b>5,417,962</b>	<b>-</b>	<b>283,695,706</b>
<b>Net Book Value, end of year</b>	<b>\$ 155,143,597</b>	<b>\$ 5,558,138</b>	<b>\$ 32,929,633</b>	<b>\$ 248,244,943</b>	<b>\$ 18,760,068</b>	<b>\$ 10,079,409</b>	<b>\$ 13,074,208</b>	<b>\$ 483,789,996</b>

**PARKLAND COUNTY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended December 31, 2018**

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**9. TANGIBLE CAPITAL ASSETS (CONTINUED)**

**(a) Construction in Progress**

Construction in progress having a value of \$18,938,849 (2017 - \$13,074,208) has not been amortized. Amortization of these assets will commence when the assets are put into service.

**(b) Contributed Tangible Capital Assets**

Contributed tangible capital assets have been recognized at fair value at the date of contribution. Contributed tangible capital assets consisting of land, roads, drainage and water/wastewater infrastructure received during the year have a value of \$4,850,992 (2017 - \$15,382,660).

**(c) Cultural and Historical Tangible Capital Assets**

The County owns original artworks that are on permanent display at the County Centre. The artworks were purchased by the County and have significant cultural and historical value in perpetuity. The artworks are not recorded as tangible capital assets in the financial statements and are not amortized.

**10. CONSUMABLE INVENTORIES**

	<b>2018</b>	<b>2017</b>
Gravel - pit run	<b>\$ 8,304,427</b>	\$ 8,445,877
Gravel - crushed	<b>818,609</b>	1,719,804
Gas, oil and parts	<b>219,039</b>	212,060
Other	<b>225,952</b>	193,562
	<b><u>\$ 9,568,027</u></b>	<b><u>\$ 10,571,303</u></b>

**11. ACCUMULATED SURPLUS**

Accumulated surplus consists of restricted and unrestricted amounts and invested in tangible capital assets as follows:

	<b>2018</b>	<b>2017</b>
Restricted surplus	<b>\$ 90,352,632</b>	\$ 80,636,339
Invested in tangible capital assets	<b>460,733,768</b>	459,145,335
Unrestricted surplus	<b>959,563</b>	924,328
	<b><u>\$ 552,045,963</u></b>	<b><u>\$ 540,706,002</u></b>

**PARKLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS**  
For the Year Ended December 31, 2018

**11. ACCUMULATED SURPLUS (CONTINUED)**

**RESTRICTED SURPLUS**

	2017	Increases	Decreases	2018
Benefit premium stabilization	\$ 196,018	\$ 73,109	\$ -	\$ 269,127
Business attraction fund	2,402,400	353,246	318,023	2,437,623
County facilities	4,671,957	961,941	269,298	5,364,600
Development charges	165,085	2,672	25,900	141,857
Environmental	642,618	3,300	11,000	634,918
Entwistle community development	374,999	-	-	374,999
Equipment lifecycle	4,369,517	2,896,430	1,448,461	5,817,486
Extreme events	7,676,236	18,304	2,021	7,692,519
Facilities maintenance	2,201,747	689,300	174,709	2,716,338
Fire services equipment lifecycle	959,456	265,513	28,819	1,196,150
Future capital	567,398	496,385	45,207	1,018,576
Future operating	9,630,538	1,232,500	3,329,791	7,533,247
Future transportation	2,156,791	98,164	48,234	2,206,721
Granular aggregates	659,808	96,879	405,294	351,393
Hamlet Sustainability	757,742	25,630	93,237	690,135
Information technology	227,347	35,000	-	262,347
Local improvements	246,529	-	68,825	177,704
Long term sustainability	14,193,424	6,624,059	2,716,477	18,101,006
Municipal park	5,314,993	178,057	98,232	5,394,818
Office systems	1,675,067	489,092	308,965	1,855,194
Overland drainage	506,690	-	-	506,690
Protective services lifecycle	1,214,802	379,255	85,842	1,508,215
Recreation facilities	3,143,248	1,704,361	258,153	4,589,456
Rural community network lifecycle	1,050,212	451,200	91,125	1,410,287
Survey equipment lifecycle	111,623	20,300	4,950	126,973
Waste management	9,357,671	1,657,413	70,837	10,944,247
Water and wastewater	5,666,862	907,788	120,319	6,454,331
	<u>80,140,778</u>	<u>19,659,898</u>	<u>10,023,719</u>	<u>89,776,957</u>
Partnership interests	495,561	80,118	-	575,679
	<u>\$ 80,636,339</u>	<u>\$ 19,740,016</u>	<u>\$ 10,023,719</u>	<u>\$ 90,352,636</u>



**PARKLAND COUNTY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended December 31, 2018**

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**11. ACCUMULATED SURPLUS (CONTINUED)**

**INVESTED IN TANGIBLE CAPITAL ASSETS**

	<b>2018</b>	2017
Tangible capital assets	<b>\$ 490,213,916</b>	\$ 483,789,996
Long-term debt	<b>(29,480,148)</b>	(24,689,404)
Long-term debt not yet invested in tangible capital assets	<b>-</b>	44,743
	<b><u>\$ 460,733,768</u></b>	<b><u>\$ 459,145,335</u></b>

**12. CONTINGENT ASSETS AND CONTRACTUAL RIGHTS**

The County has initiated a number of insurance claims that arose from the normal course of operations. The outcomes of these claims may result in assets in the future and cannot be estimated at this time. These amounts are not recorded in the consolidated financial statements.

The County has a contractual right to Provincial and Federal funds that have been allocated to the County. In 2018, the County was allocated \$11,696,769 (2017 - \$7,743,301) in Municipal Sustainability Initiative (MSI) Capital funding and \$1,818,493 (2017 - \$1,678,941) in Federal Gas Tax (GTF) funding. The future receipt of these assets is dependent on submission and approval of project applications and satisfying subsequent reporting requirements.

The County has a contractual right to future lease revenue from another government organization. This lease revenue is for the use of a County owned facility. The lease term expires January 31, 2035 with an annual lease payment of \$543,459.

**13. CONTINGENT LIABILITIES**

The County is a party in various lawsuits and other proceedings as at December 31, 2018. Where the occurrence of future events is considered likely to result in a loss with respect to an existing condition, and the amount of the loss can be reasonably estimated, amounts have been included within accrued liabilities. Where the resulting losses, if any, cannot be determined or the occurrence of future events is unknown, amounts have not been recorded.

**PARKLAND COUNTY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended December 31, 2018**

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**14. COMMITMENTS**

The County has outstanding contractual obligations of approximately \$12,084,282 (2017 - \$22,296,044). Significant commitments included in this balance are infrastructure costs for the Highlands Business Park, road upgrades to Entwistle 50th Avenue, waste hauling costs, local government cost share agreements, and fire agreements.

The County has also entered into lease agreements for equipment and land. Lease commitments over the next five years and thereafter are as follows:

2019	\$ 46,268
2020	46,268
2021	47,143
2022	49,543
2023	49,543
Thereafter	<u>412,308</u>
	<u>\$ 651,073</u>

**PARKLAND COUNTY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended December 31, 2018**

**15. TAXATION**

Taxation revenue is made up of the following:

	Budget (Note 25)	2018	2017
<b>Taxation</b>			
Residential	\$ 41,069,774	\$ 41,001,171	\$ 39,270,227
Non-residential	43,006,140	43,080,922	41,227,714
Government grants in place of property taxes	22,448	22,448	19,570
	<u>84,098,362</u>	<u>84,104,541</u>	<u>80,517,511</u>
<b>Requisitions</b>			
Alberta School Foundation Fund	(22,978,811)	(23,121,921)	(22,179,480)
Senior's Foundation	(658,771)	(658,771)	(600,264)
Evergreen Separate School	(2,123,512)	(1,981,299)	(1,899,270)
St. Thomas Aquinas	(8,668)	(7,770)	(7,487)
	<u>(25,769,762)</u>	<u>(25,769,761)</u>	<u>(24,686,501)</u>
<b>Net Municipal Property Taxes</b>	58,328,600	58,334,780	55,831,010
<b>Other Taxes</b>			
Community aggregate levy	936,000	1,039,031	835,634
Special taxes and frontages	442,900	437,864	557,601
<b>Net Municipal Taxes</b>	<u>\$ 59,707,500</u>	<u>\$ 59,811,675</u>	<u>\$ 57,224,245</u>

**PARKLAND COUNTY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended December 31, 2018**

**16. GOVERNMENT TRANSFERS**

	Budget (Note 25)	<b>2018</b>	2017
<b>Operating Transfers</b>			
Federal	\$ 113,900	\$ <b>49,983</b>	\$ 44,097
Provincial	8,124,000	<b>6,698,041</b>	4,769,088
Local	1,490,522	<b>164,659</b>	513,099
	<u>9,728,422</u>	<u><b>6,912,683</b></u>	<u>5,326,284</u>
<b>Capital Transfers</b>			
Federal	66,300	<b>4,925</b>	168,691
Provincial	19,832,200	<b>8,403,979</b>	12,186,516
Local	70,670	-	147,670
	<u>19,969,170</u>	<u><b>8,408,904</b></u>	<u>12,502,877</u>
<b>Total Government Transfers</b>	<u><u>\$ 29,697,592</u></u>	<u><u><b>\$ 15,321,587</b></u></u>	<u><u>\$ 17,829,161</u></u>

**PARKLAND COUNTY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**17. SALARY AND BENEFITS**

Councillors attend a number of Council/Committee/Board meetings for which they receive remuneration directly from the County. The remuneration they receive is listed below.

	<b>Salary</b>	<b>Benefits</b>	<b>Allowances</b>	<b>2018</b>	<b>2017</b>
Mayor	\$ 101,963	\$ 12,721	\$ 5,531	<b>\$ 120,215</b>	\$ 119,280
Councillor - Division 1	65,079	10,677	4,200	<b>79,956</b>	90,100
Councillor - Division 2	62,562	10,370	3,062	<b>75,994</b>	72,559
Councillor - Division 3	62,487	6,944	1,670	<b>71,101</b>	76,364
Councillor - Division 4	55,020	9,534	2,854	<b>67,408</b>	70,294
Councillor - Division 5	69,336	11,135	4,042	<b>84,513</b>	76,058
Councillor - Division 6	59,613	8,090	6,104	<b>73,807</b>	76,891
	<b>\$ 476,060</b>	<b>\$ 69,471</b>	<b>\$ 27,463</b>	<b>\$ 572,994</b>	<b>\$ 581,546</b>
CAO/Interim CAO	\$ 250,000	\$ 38,621	\$ 10,800	<b>\$ 299,421</b>	\$ 280,644
Manager, Legislative Services	\$ 118,333	\$ 30,362	\$ 11,154	<b>\$ 159,849</b>	\$ 191,550
Designated Assessor	\$ 145,519	\$ 29,823	\$ 480	<b>\$ 175,822</b>	\$ 194,390

Salary for Council includes regular base pay and honoraria and the Deputy Mayor receives an additional amount per month (\$1,034).

Council benefits include: employer share of all employee benefits (pension or Registered Retirement Savings Plan, health, vision, dental, life insurance, accidental death and dismemberment, Workers' Compensation coverage).

Councillors also serve on a number of other Committees/Boards for which they receive remuneration directly from that organization and which are not included in the above salary and benefits disclosure.

The list of Committees/Boards that Council members are appointed to at the annual organizational meeting are listed on the County's website for public access.

Allowances include costs for internet, phone, mileage to attend Council meetings, car allowance and other cash payments.

**PARKLAND COUNTY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended December 31, 2018**

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**18. PENSION PLAN**

**(a) APEX**

The APEX supplementary pension plan, an Alberta Urban Municipality Association (AUMA) sponsored defined benefit pension plan covered under the provisions of the *Alberta Employment Pension Plans Act*, commenced on January 1, 2006, and provides supplementary pension benefits to a prescribed class of employees (approximately 68 in 2018). The plan supplements the Local Authorities Pension Plan.

Contributions are made by the prescribed class of employees and the County, at a rate of 2.84% and 3.78% (2017 - 2.84% and 3.78%) respectively of pensionable earnings up to \$147,222 in 2018 (2017 - \$145,722).

Total current service contributions by the County to APEX in 2018 were \$205,974 (2017 - \$175,979). Total current service contributions by the employees of the County were \$154,755 (2017 - \$135,321).

The cost of post retirement benefits earned by employees is actuarially determined using the projected benefit method prorated on service and management's best estimate of salary and benefit escalation and retirement ages of employees. The cost of post retirement benefits is fully funded.

**(b) 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*. 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.

The County is required to make current service contributions to the Plan of 10.39% (2017 - 11.39%) of pensionable earnings up to the Canada Pension Plan Year's Maximum Pensionable Earnings and 14.84% (2017 - 15.84%) for the excess. Employees of the County are required to make current service contributions of 9.39% (2017 - 10.39%) of pensionable salary up to the year's maximum pensionable salary and 13.84% (2017 - 14.84%) on pensionable salary above this amount.

Total current service contributions by Parkland County to LAPP in 2018 were \$2,531,400 (2017 - \$2,561,349). Total current service contributions by the employees of Parkland County to the LAPP in 2018 were \$2,326,743 (2017 - \$2,364,918).

At December 31, 2017 the Plan disclosed a surplus of \$4.835 billion

**PARKLAND COUNTY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended December 31, 2018**

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**19. DEBT LIMITS**

Provincial legislation (Section 276 (2) of the *Municipal Government Act*) requires that debt and service on debt limits as defined by regulation for the County be disclosed as follows:

	<u>2018</u>	<u>2017</u>
<b>Debt</b>		
Maximum allowable debt	\$ 125,834,489	\$ 120,736,179
Total debt	<u>(29,480,148)</u>	<u>(24,689,404)</u>
<b>Remaining Allowable Debt</b>	<u><u>\$ 96,354,341</u></u>	<u><u>\$ 96,046,775</u></u>
 <b>Debt Payment</b>		
Maximum annual payment on allowable debt	\$ 20,972,415	\$ 20,122,697
Annual payments on existing debt	<u>(2,284,083)</u>	<u>(2,366,140)</u>
<b>Remaining Allowable Annual Payment</b>	<u><u>\$ 18,688,332</u></u>	<u><u>\$ 17,756,557</u></u>

The debt limit is calculated on a consolidated basis at 1.5 times revenue of the municipality (as defined in Alberta Regulation 255/2000) 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 the 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 County. Rather, the consolidated financial statements must be interpreted as a whole.

**PARKLAND COUNTY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended December 31, 2018**

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**20. SEGMENTED INFORMATION**

Segmented information has been identified based upon lines of service provided by the County. County services are provided by departments and their activities are reported by functional area in the body of the consolidated financial statements. Certain lines of service that have been separately disclosed in the segmented information, along with the services they provide, are as follows:

**(a) General Government**

General government is comprised of Council and General Administration. County Council makes decisions regarding service delivery and service levels on behalf of the municipality in order to balance the needs and wants of County residents in a financially responsible manner. General Administration is responsible for the administration of the municipality as a whole.

**(b) Protective Services**

Protective Services is comprised of Enhanced Policing, Patrol and Bylaw Services, Fire, Disaster and Emergency Management. The purpose of Enhanced Policing is to provide additional manpower targeted towards specific enforcement initiatives. Patrol and Bylaw Services provides enforcement in the areas of Provincial Acts and Municipal Bylaws. Fire is responsible to provide fire suppression services; fire prevention programs; training and education related to prevention; and detection or extinguishment of fires. The mandate of Emergency Management is to help maintain safe communities and manage risk. The Emergency Communications Centre provides emergency fire dispatch, community peace officer dispatch, and alarm monitoring.

**(c) Transportation and Roadway Services**

Transportation and Roadway Services is comprised of the Engineering Services and the Public Works departments. They are responsible for the planning, development and maintenance of roadway systems.

**(d) Utilities**

The County is responsible for environmental programs such as the engineering and operation of Water and Wastewater Systems and Waste Management.

**(e) Community Services**

Community Services provides recreational and cultural services, activities which promote the health and well being of its citizens, and activities related to parks and cemetery maintenance and operation.

**(f) Development Services**

Development Services is comprised of Planning and Development Services, and Smart Parkland. Planning and Development Services manages long term planning, current planning and subdivision, development permits and safety code disciplines. Smart Parkland is a comprehensive plan that will see Parkland County become a community in which broadband technology is fully utilized by residents and business.



**PARKLAND COUNTY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended December 31, 2018**

**20. SEGMENTED INFORMATION (CONTINUED)**

Certain allocation methodologies are employed in the preparation of segmented financial information. Taxation and payments in lieu of taxes are allocated to the segments based on the segment's budgeted net expenditures. User charges and other revenue have been allocated to the segment based upon the segment that generated the revenue. Government transfers have been allocated to the segment based upon the purpose for which the transfer was made. Development charges and developer levies are allocated to the segment for which the charge was made.

	General Government	Protective Services	Transportation & Roadway Services	Utilities	Community Services	Development Services	Total	Budget
<b>2018</b>								
<b>Revenue</b>								
Taxation	\$ 13,117,846	\$ 7,947,284	\$ 20,642,087	\$ 5,552,660	\$ 5,505,751	\$ 7,046,047	\$ 59,811,675	\$ 59,707,500
User fees and sales	205,323	2,658,701	405,374	5,495,680	2,060,760	531,134	11,356,972	11,350,164
Penalties	964,657	-	-	8,880	-	-	973,537	763,600
Investment income	1,932,579	-	28,694	193,785	198,220	-	2,353,278	1,770,850
Government transfers	221,129	1,795,012	8,198,395	211,391	1,444,849	3,450,811	15,321,587	29,697,592
Licenses and permits	-	6,085	12,571	-	-	1,640,315	1,658,971	1,833,600
Other revenue - operating	103,102	5,413	165,018	-	355,706	130,001	759,240	796,781
Gain on disposal of tangible capital assets	-	2,422	33,588	-	-	-	36,010	30,300
Developer & customer contributions-capital	-	-	-	-	27,293	-	27,293	1,500
Contributed tangible capital assets	-	-	3,907,974	490,264	452,754	-	4,850,992	6,520,200
<b>Total Revenues</b>	<b>16,544,636</b>	<b>12,414,917</b>	<b>33,393,701</b>	<b>11,952,660</b>	<b>10,045,333</b>	<b>12,798,308</b>	<b>97,149,555</b>	<b>112,472,087</b>
<b>Expenses</b>								
Salaries, wages & benefits	10,814,623	5,676,461	8,445,553	1,573,576	3,987,334	4,283,978	34,781,525	37,134,859
Contracted & general services	5,660,598	2,991,153	29,774	1,774,745	1,875,539	1,455,909	13,787,718	19,666,617
Materials, supplies & utilities	801,275	696,280	6,162,527	223,022	819,132	116,401	8,818,637	9,270,642
Bank charges	39,505	38	19	-	1,575	19	41,156	38,820
Interest on long term debt	-	-	374,630	52,543	43,274	264,018	734,465	866,700
Other	86,130	(30,400)	20,400	10,520	-	87,798	174,448	102,900
Transfers to governments, agencies & organizations	38,601	41,637	6,138	254,569	2,406,753	3,389,870	6,137,568	8,130,597
Purchases from other governments	-	1,185,958	456,200	1,957,637	-	-	3,599,795	3,724,700
Loss on disposal of tangible capital assets	6,073	-	225,649	-	282,519	-	514,241	272,300
Amortization of tangible capital assets	841,134	536,174	13,111,197	1,906,649	584,380	240,507	17,220,041	16,674,000
<b>Total Expenses</b>	<b>18,287,939</b>	<b>11,097,301</b>	<b>28,832,087</b>	<b>7,753,261</b>	<b>10,000,506</b>	<b>9,838,500</b>	<b>85,809,594</b>	<b>95,882,135</b>
<b>Annual Surplus (Deficit)</b>	<b>\$ (1,743,303)</b>	<b>\$ 1,317,616</b>	<b>\$ 4,561,614</b>	<b>\$ 4,199,399</b>	<b>\$ 44,827</b>	<b>\$ 2,959,808</b>	<b>\$ 11,339,961</b>	<b>\$ 16,589,952</b>

**PARKLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended December 31, 2018**

**20. SEGMENTED INFORMATION (CONTINUED)**

	General Government	Protective Services	Tranportation & Roadway Services	Utilities	Community Servcies	Development Services	Total
<b>2017</b>							
<b>Revenue</b>							
Taxation	\$ 17,276,804	\$ 8,484,437	\$ 18,174,834	\$ 2,365,166	\$ 6,518,198	\$ 4,404,806	\$ 57,224,245
User fees and sales	211,245	2,416,347	675,436	5,192,624	2,073,232	523,277	11,092,161
Penalties	817,048	-	-	7,736	-	-	824,784
Investment income	1,653,200	-	-	111,781	124,192	-	1,889,173
Government transfers	307,226	2,469,174	9,420,535	617,844	4,373,487	640,895	17,829,161
Licenses and permits	-	6,471	10,955	-	-	1,468,889	1,486,315
Other revenue - operating	140,498	3,027	432,426	-	218,323	8,913	803,187
Gain on disposal of tangible capital assets	-	-	531,551	-	8,375	-	539,926
Developer and customer contributions - capital	-	-	705,653	-	599,058	-	1,304,711
Contributed tangible capital assets	-	-	13,352,910	2,029,750	-	-	15,382,660
<b>Total Revenues</b>	<b>20,406,021</b>	<b>13,379,456</b>	<b>43,304,300</b>	<b>10,324,901</b>	<b>13,914,865</b>	<b>7,046,780</b>	<b>108,376,323</b>
<b>Expenses</b>							
Salaries, wages & benefits	10,010,403	5,514,085	7,965,985	1,546,348	3,923,873	4,399,379	33,360,073
Contracted & general services	7,755,594	2,897,275	2,148,699	1,716,594	2,163,570	1,428,244	18,109,976
Materials, supplies & utilities	580,204	618,334	5,056,640	272,053	920,477	141,890	7,589,598
Bank charges	33,774	-	-	-	370	-	34,144
Interest on long term debt	227	-	402,175	65,020	52,845	9,483	529,750
Other	197,762	(30,000)	20,000	(33,335)	-	18,927	173,354
Transfers to governments, agencies & other organizations	18,676	25,865	306,840	70,564	3,138,178	196,703	3,756,826
Purchases from other governments	55,116	1,064,830	392,380	1,914,666	4,591	-	3,431,583
Loss on disposal of tangible capital assets	189,223	-	4,280,214	483,188	-	67,710	5,020,335
Amortization of tangible capital assets	558,329	479,415	12,282,161	1,371,171	518,402	209,982	15,419,460
<b>Total Expenses</b>	<b>19,399,308</b>	<b>10,569,804</b>	<b>32,855,094</b>	<b>7,406,269</b>	<b>10,722,306</b>	<b>6,472,318</b>	<b>87,425,099</b>
<b>Annual Surplus</b>	<b>\$ 1,006,713</b>	<b>\$ 2,809,652</b>	<b>\$ 10,449,206</b>	<b>\$ 2,918,632</b>	<b>\$ 3,192,559</b>	<b>\$ 574,462</b>	<b>\$ 20,951,224</b>

# PARKLAND COUNTY

## NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended December 31, 2018

### 21. TRANSALTA TRI LEISURE CENTRE (TLC)

The County, the Town of Stony Plain, and the City of Spruce Grove have jointly developed, constructed, and are now operating the TransAlta Tri Leisure Centre (the "TLC"). The Building is jointly owned by the County, the Town of Stony Plain, and the City of Spruce Grove. The County's proportional ownership of the TLC is 33.5% (2017 – 33.5%); below is a financial summary of the County's proportional share.

The Tri-Municipal Leisure Facility Corporation (the "Corporation") was incorporated on December 19, 2001 under the Companies Act (Alberta) as a not-for-profit Part IX corporation to operate and manage the TLC. The County, the Town of Stony Plain, and the City of Spruce Grove contribute a total of \$1,851,518 (2017 - \$1,985,684) to support the operations of the TLC, with the County's proportionate share being \$588,912 (2017 - \$583,073).

	<u>2018</u>	<u>2017</u>
<b>FINANCIAL POSITION</b>		
Financial Assets	\$ 852,072	\$ 637,546
Financial Liabilities	<u>(510,525)</u>	<u>(367,944)</u>
<b>Net Financial Assets</b>	<b>341,547</b>	269,602
Non-Financial Assets	<u>868,341</u>	<u>625,713</u>
<b>Accumulated Surplus</b>	<b>1,209,888</b>	895,315
<b>OPERATIONS</b>		
Revenue	3,099,266	2,777,412
Expenses	<u>(2,784,693)</u>	<u>(2,715,622)</u>
<b>Annual Surplus</b>	<b>314,573</b>	61,790
Accumulated Surplus, Opening	<u>895,315</u>	<u>833,525</u>
<b>Accumulated Surplus, Closing</b>	<b>1,209,888</b>	895,315
<b>CHANGE IN NET FINANCIAL ASSETS</b>		
Annual Surplus	314,573	61,790
Acquisition of Tangible Capital Assets	<u>(362,798)</u>	<u>(228,175)</u>
Amortization	125,772	129,957
Use (Acquisition) of Inventory	<u>(5,603)</u>	<u>3,988</u>
<b>Change in Net Financial Assets</b>	<b>71,944</b>	(32,440)
Net Financial Assets, Opening	269,601	302,041
Net Financial Assets, Closing	\$ 341,545	\$ 269,601

PARKLAND COUNTY

NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended December 31, 2018

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**22. FINANCIAL INSTRUMENTS**

The County's financial instruments consist of cash and cash equivalents, accounts receivable, 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, currency, or credit risk arising from these financial instruments except as noted below.

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

**23. RELATED PARTIES DISCLOSURE**

As part of the implementation of the Related Parties accounting standard, key management personnel and close family members are defined as follows:

**Key Management Personnel:** Encompass the Council, Chief Administration Officer (CAO), and general managers.

**Close Family Member(s):** An individual's spouse or adult interdependent partner, the individual's children, the parent(s) of the individual, and the parent(s) of the individual's spouse or interdependent partner.

Transactions with these individuals are considered to be in the normal course of operations and are recorded at the exchange amount, which approximates fair value.

**24. COMPARATIVE INFORMATION**

Certain other comparative information have been reclassified to conform with the financial statement presentation adopted for the current year.

**25. BUDGET FIGURES**

The budget figures presented in these consolidated financial statements are based on the budget approved by council on April 10, 2018. Amortization was included in the budget but was removed for the calculation of the taxation requirement.