

PARKLAND COUNTY
CONSOLIDATED FINANCIAL STATEMENTS
Year Ended December 31, 2016

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Year Ended December 31, 2016

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CORPORATE SERVICES

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 Governance and Priorities Committee. This Committee consists of the mayor and six councilors 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 the County. The accompanying Auditors' Report outlines their responsibilities, the scope of their examination and their opinion on the County's consolidated financial statements.



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



Tracy Kibblewhite, CPA, CMA, CLGM
Chief Financial Officer

April 25, 2017



KPMG LLP
2200, 10175 – 101 Street
Edmonton AB T5J 0H3
Canada
Telephone (780) 429-7300
Fax (780) 429-7379

INDEPENDENT AUDITORS' REPORT

To His Worship the Mayor and Members of Council of Parkland County

We have audited the accompanying consolidated financial statements of Parkland County, which comprise the consolidated statement of financial position as at December 31, 2016, the consolidated statements of operations and accumulated surplus, change in net financial assets, and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

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

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

*Opinion*

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Parkland County as at December 31, 2016, and its consolidated results of operations, its consolidated change in net financial assets, and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

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Chartered Professional Accountants

April 25, 2017
Edmonton, Canada

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PARKLAND COUNTY

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at December 31, 2016, with comparative figures for 2015

	<u>2016</u>	<u>2015</u>
Financial Assets		
Cash and cash equivalents (Note 2)	\$ 21,348,423	\$ 28,315,413
Accounts receivable (Note 3)	10,823,086	18,793,064
Investments (Note 4)	80,822,874	58,899,219
Inventories for resale	5,565	6,879
	<u>112,999,948</u>	<u>106,014,575</u>
Liabilities		
Accounts payable and accrued liabilities	6,643,270	5,881,511
Deposit liabilities	2,156,927	3,360,206
Employee benefits and other liabilities (Note 5)	2,812,178	2,736,214
Deferred revenue (Note 6)	35,588,082	35,319,259
Long-term debt (Note 7)	19,435,300	9,982,521
Landfill liability (Note 8)	512,311	557,391
	<u>67,148,068</u>	<u>57,837,102</u>
Net Financial Assets	<u>45,851,880</u>	<u>48,177,473</u>
Non-Financial Assets		
Tangible capital assets (Note 9)	461,305,622	430,204,894
Consumable inventories (Note 10)	11,592,175	12,307,985
Prepaid expenses	1,005,101	760,809
	<u>473,902,898</u>	<u>443,273,688</u>
Accumulated Surplus (Note 11)	<u>\$ 519,754,778</u>	<u>\$ 491,451,161</u>
Contingent liabilities (Note 12)		
Commitments (Note 13)		

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, 2016, with comparative figures for 2015

	Budget (Note 22)	2016	2015
Revenues			
Taxation (Note 14)	\$ 54,901,100	\$ 54,983,978	\$ 50,638,904
User fees and sales	9,219,786	10,347,369	10,337,638
Penalties	663,575	800,262	896,798
Investment income	1,479,730	1,510,865	1,552,959
Government transfers for operating (Note 15)	5,029,120	5,029,404	3,037,447
Licenses and permits	2,621,000	815,216	1,491,066
Other revenue - operating	356,733	546,388	819,209
Gain on disposal of tangible capital assets	53,000	130,959	264,394
Total Revenues	<u>74,324,044</u>	<u>74,164,441</u>	<u>69,038,415</u>
Expenses			
General government	17,054,862	14,837,745	13,656,137
Protective services	11,114,765	12,464,557	9,756,654
Transportation and roadway services	27,602,393	25,915,906	23,955,520
Utilities	7,300,528	6,734,435	6,466,503
Community services	12,732,433	11,847,821	9,591,408
Development services	7,420,959	5,249,468	5,109,867
Total Expenses	<u>83,225,940</u>	<u>77,049,932</u>	<u>68,536,089</u>
Surplus (Shortfall) of Revenues over Expenses Before Other	(8,901,896)	(2,885,491)	502,326
Other			
Developer contributed - capital	-	19,747,495	33,702,011
Government transfers for capital (Note 15)	25,610,449	9,613,135	16,578,180
Developer and customer contributions - capital	3,160,069	1,828,478	5,485,397
Annual Surplus	<u>19,868,622</u>	<u>28,303,617</u>	<u>56,267,914</u>
Accumulated Surplus, Beginning of the Year	491,451,161	491,451,161	435,183,247
Accumulated Surplus, End of the Year	<u><u>\$ 511,319,783</u></u>	<u><u>\$ 519,754,778</u></u>	<u><u>\$ 491,451,161</u></u>

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, 2016 , with comparative figures for 2015

	Budget (Note 22)	2016	2015
Annual Surplus	\$ 19,868,622	\$ 28,303,617	\$ 56,267,914
Acquisition of tangible capital assets	(61,267,200)	(28,888,623)	(36,465,285)
Contributed tangible capital assets	-	(19,747,495)	(33,702,011)
Proceeds on disposal of tangible capital assets	1,046,418	1,099,637	592,987
Amortization of tangible capital assets	14,827,800	15,743,327	13,912,138
Loss on disposal of tangible capital assets	319,900	692,426	593,637
	<u>(45,073,082)</u>	<u>(31,100,728)</u>	<u>(55,068,534)</u>
Acquisition of consumable inventories	-	(4,032,367)	(5,188,113)
Acquisition of prepaid expenses	-	(1,117,864)	(3,156,971)
Consumption of consumable inventories	-	4,748,177	4,606,675
Use of prepaid expenses	-	873,572	3,157,093
	<u>-</u>	<u>471,518</u>	<u>(581,316)</u>
Change in Net Financial Assets	(25,204,460)	(2,325,593)	618,064
Net Financial Assets, Beginning of Year	48,177,473	48,177,473	47,559,409
Net Financial Assets, End of Year	<u>\$ 22,973,013</u>	<u>\$ 45,851,880</u>	<u>\$ 48,177,473</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, 2016, with comparative information for 2015

	<u>2016</u>	<u>2015</u>
Operating Activities:		
Annual Surplus	\$ 28,303,617	\$ 56,267,914
Items not involving cash:		
Amortization of tangible capital assets	15,743,327	13,912,138
Amortization of investment premium/discounts	411,297	465,618
Loss on disposal of tangible capital assets	692,426	593,637
Contributed tangible capital assets	(19,747,495)	(33,702,011)
Change in non cash items:		
Accounts receivable	7,969,978	(9,275,714)
Inventories for resale	1,314	3,743
Accounts payable and accrued liabilities	761,759	1,228,174
Deposit liabilities	(1,203,279)	(1,552,995)
Employee benefits and other liabilities	75,964	151,185
Deferred revenue	268,823	(9,944,129)
Landfill liability	(45,080)	(44,376)
Consumable inventories	715,810	(581,438)
Prepaid expenses	(244,292)	122
	<u>33,704,169</u>	<u>17,521,868</u>
Capital Activities:		
Acquisition of tangible capital assets	(28,888,623)	(36,465,285)
Proceeds from disposals of tangible capital assets	1,099,637	592,987
	<u>(27,788,986)</u>	<u>(35,872,298)</u>
Investing Activities:		
Acquisition of investments	(91,481,938)	(85,979,017)
Maturity of investments	69,146,986	110,926,897
	<u>(22,334,952)</u>	<u>24,947,880</u>
Financing Activities:		
Long-term debt issued	10,500,000	7,250,000
Long-term debt repaid	(1,047,221)	(772,522)
	<u>9,452,779</u>	<u>6,477,478</u>
Net Change in Cash and Cash Equivalents	(6,966,990)	13,074,928
Cash and Cash Equivalents, Beginning of Year	28,315,413	15,240,485
Cash and Cash Equivalents, End of Year	\$ 21,348,423	\$ 28,315,413
Cash paid for interest	414,066	193,061
Cash received from interest	2,189,001	2,310,559

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

PARKLAND COUNTY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2016

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 reporting entity. The 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.

The taxes levied for education and senior's lodges that are not controlled by the County are not included in these consolidated financial statements.

(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 are term deposits and guaranteed investment certificates that are convertible to cash in less than three months and are recorded at cost.

PARKLAND COUNTY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2016

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 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:

	YEARS
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 available for productive use.

PARKLAND COUNTY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2016**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 CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2016

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

(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 accrued liabilities and the landfill liability. Actual results could differ from those estimates.

(l) Future Accounting Standard Pronouncements

The following summarizes upcoming changes to public sector accounting standards issued by the public sector accounting standards board. In 2017, the County will continue to assess the impact and prepare for the adoption of these 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.

Public Sector Accounting Standard	Name	Effective date (fiscal years beginning on or after)
PS2200	Related Party Transactions	April 1, 2017
PS3420	Inter-Entity Transactions	April 1, 2017
PS3210	Assets	April 1, 2017
PS3320	Contingent Assets	April 1, 2017
PS3380	Contractual Rights	April 1, 2017
PS3430	Restructuring Transactions	April 1, 2018
PS1201	Financial Statement Presentation	April 1, 2019

PARKLAND COUNTY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2016

1. SIGNIFICANT ACCOUNTING POLICIES (continued)**(I) Future Accounting Standard Pronouncements (continued)**

Public Sector Accounting Standard	Name	Effective date (fiscal years beginning on or after)
PS3450	Financial Instruments	April 1, 2019
PS2601	Foreign Currency Translation	April 1, 2019
PS3041	Portfolio Investments	April 1, 2019

2. CASH AND CASH EQUIVALENTS

	2016	2015
Cash	\$ 4,338,095	\$ 7,073,514
Cash equivalents	<u>17,010,328</u>	<u>21,241,899</u>
Cash and Cash equivalents	<u>\$ 21,348,423</u>	<u>\$ 28,315,413</u>

Cash equivalents include investments that have effective interest rates of 1.40% to 1.50% (2015 - 1.18% to 1.67%) that mature in less than three months.

3. ACCOUNTS RECEIVABLE

	2016	2015
Taxes - current	\$ 1,963,118	\$ 1,936,853
Taxes - arrears	772,002	717,841
Government transfers receivable	2,372,471	10,211,393
Local improvements	1,536,272	1,782,228
Accrued interest receivable - investments	755,627	601,106
Trade and other	<u>3,458,221</u>	<u>3,616,000</u>
	10,857,711	18,865,421
Less: Valuation allowance	<u>34,625</u>	<u>72,357</u>
	<u>\$ 10,823,086</u>	<u>\$ 18,793,064</u>

PARKLAND COUNTY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2016

4. INVESTMENTS

Investments have carrying and market values as follows:

	2016		2015	
	Carrying Amount	Market Value	Carrying Amount	Market Value
Notes and Deposits	\$ 11,090,986	\$ 11,078,718	\$ 42,757,236	\$ 43,284,549
Other				
Bank & Callable Bonds	9,343,892	9,476,237	7,797,077	7,915,279
Fixed/floater	16,268,018	16,118,926	2,768,822	2,699,148
Guaranteed Investment Certificate	40,335,000	40,540,910	2,469,000	2,530,142
Growth Index Deposit	3,581,644	3,695,798	2,903,767	2,813,580
Memberships/shares	203,334	203,334	203,317	203,317
	<u>\$ 80,822,874</u>	<u>\$ 81,113,923</u>	<u>\$ 58,899,219</u>	<u>\$ 59,446,015</u>

Notes, term deposits, and other investments have effective interest rates of 1.55% to 4.86% (2015 - 1.20% to 3.45%) while the growth index deposits have variable interest and are linked to the performance of an equity market index with maturity dates between March 2020 to November 2022 (2015 - March 2020 to May 2022).

The market value of the bonds is based on quoted market values received on December 31, 2016. 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 carry amounts exclude accrued interest receivable in the amount of \$755,627 (2015 - \$601,106) which has been included in accounts receivable.

5. EMPLOYEE BENEFITS AND OTHER LIABILITIES

The employee benefits and other liabilities is made up of the following:

	2016	2015
Wages	\$ 476,382	\$ 511,704
Vacation	1,417,873	1,200,066
Overtime	147,994	151,552
Early retirement incentive	57,451	194,316
Payroll benefits	608,566	584,865
Accrued sick leave	103,912	93,711
	<u>\$ 2,812,178</u>	<u>\$ 2,736,214</u>

PARKLAND COUNTY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2016

6. DEFERRED REVENUE

	<u>2016</u>	<u>2015</u>
Balance, Beginning of Year:		
Prepaid local improvement charges	\$ 11,503	\$ 11,503
Government transfers	20,911,633	26,343,256
Offsite levies	13,867,826	18,422,629
Other	528,297	486,000
	<u>35,319,259</u>	<u>45,263,388</u>
Additions:		
Government transfers - grants	11,580,212	12,056,006
Government transfers - interest	201,951	222,040
Offsite levies	2,666,241	925,128
Other	2,232,685	2,342,523
	<u>16,681,089</u>	<u>15,545,697</u>
Used:		
Prepaid local improvement charges	(11,503)	-
Government transfers	(13,093,193)	(17,709,669)
Offsite levies	(1,219,756)	(5,479,931)
Other	(2,087,814)	(2,300,226)
	<u>(16,412,266)</u>	<u>(25,489,826)</u>
Balance, End of Year:		
Prepaid local improvement charges	-	11,503
Government transfers	19,600,603	20,911,633
Offsite levies	15,314,311	13,867,826
Other	673,168	528,297
	<u>\$ 35,588,082</u>	<u>\$ 35,319,259</u>

PARKLAND COUNTY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2016

7. LONG-TERM DEBT

	2016	2015
Debentures - user pay	\$ 18,394,605	\$ 8,729,257
Debentures - tax supported	1,040,695	1,253,264
	<u>\$ 19,435,300</u>	<u>\$ 9,982,521</u>

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 6.63% (2015 - 1.38% to 9.00%).

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

	Principal	Interest	Total
2017	\$ 1,474,916	\$ 527,349	\$ 2,002,265
2018	1,460,007	476,412	1,936,419
2019	1,439,029	427,651	1,866,680
2020	1,447,153	380,755	1,827,908
2021	1,493,626	334,281	1,827,907
Thereafter	12,120,569	1,446,371	13,566,940
	<u>\$ 19,435,300</u>	<u>\$ 3,592,819</u>	<u>\$ 23,028,119</u>

Total interest on long-term debt which is reported on the consolidated statement of operations and accumulated surplus amounted to \$437,254 in 2016 (2015 - \$192,809).

PARKLAND COUNTY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2016

8. LANDFILL LIABILITY

Pursuant to the Alberta Environmental Protection and Enhancement Act, the County is required to provide post closure care of closed 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. Parkland County currently has no active landfill sites.

The total net present value for the estimated costs of post closure care have been fully accrued.

	2016	2015
Estimated post-closure costs	<u><u>\$ 512,311</u></u>	<u><u>\$ 557,391</u></u>

Landfill post closure costs are recognized over 25 years using a net present value calculation with an interest rate of 2.43% (2015 - 2.43%) in excess of the assumed inflation rate.

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PARKLAND COUNTY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2016

9. TANGIBLE CAPITAL ASSETS**2016**

	Land	Land Improvements	Buildings	Engineered Structures	Machinery & Equipment	Vehicles	Construction in Progress	Total
Cost:								
Balance, beginning of year	\$ 143,325,871	\$ 6,033,990	\$ 41,197,578	\$ 445,867,156	\$ 23,268,714	\$ 14,855,991	\$ 16,139,152	\$ 690,688,452
Acquired	109,875	81,463	422,804	6,277,644	4,802,198	505,796	16,688,843	28,888,623
Contributed	6,455,540	-	(627,643)	13,919,598	-	-	-	19,747,495
Disposals	-	-	-	(1,681,777)	(3,233,253)	(551,015)	(90,545)	(5,556,590)
Retirement	-	-	(423,279)	-	-	-	-	(423,279)
Transfers	-	492,728	111,260	24,982,953	1,428,275	14,820	(27,030,036)	-
Balance, end of year	149,891,286	6,608,181	40,680,720	489,365,574	26,265,934	14,825,592	5,707,414	733,344,701
Accumulated Amortization:								
Balance, beginning of year	-	1,553,335	9,306,464	236,733,773	8,366,878	4,523,108	-	260,483,558
Amortization expense	-	267,568	865,112	11,812,822	1,808,846	988,979	-	15,743,327
Disposals	-	-	-	(1,456,673)	(1,811,414)	(496,440)	-	(3,764,527)
Retirement	-	-	(423,279)	-	-	-	-	(423,279)
Balance, end of year	-	1,820,903	9,748,297	247,089,922	8,364,310	5,015,647	-	272,039,079
Net Book Value, end of year	\$ 149,891,286	\$ 4,787,278	\$ 30,932,423	\$ 242,275,652	\$ 17,901,624	\$ 9,809,945	\$ 5,707,414	\$ 461,305,622

PARKLAND COUNTY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2016

9. TANGIBLE CAPITAL ASSETS (CONTINUED)**2015**

	Land	Land Improvements	Buildings	Engineered Structures	Machinery & Equipment	Vehicles	Construction in Progress	Total
Cost:								
Balance, beginning of year	\$ 124,025,142	\$ 5,213,852	\$ 35,790,001	\$ 412,958,599	\$ 20,609,300	\$ 11,170,471	\$ 15,167,062	\$ 624,934,427
Acquired	339,242	109,149	229,075	14,163,488	3,860,242	4,195,435	13,568,654	36,465,285
Contributed	18,578,392	-	-	15,123,619	-	-	-	33,702,011
Disposals	(713,264)	-	-	(1,354,313)	(1,229,054)	(1,116,640)	-	(4,413,271)
Transfers	1,096,359	710,989	5,178,502	4,975,763	28,226	606,725	(12,596,564)	-
Balance, end of year	143,325,871	6,033,990	41,197,578	445,867,156	23,268,714	14,855,991	16,139,152	690,688,452
Accumulated Amortization:								
Balance, beginning of year	-	1,305,920	8,421,216	227,018,077	7,991,587	5,061,267	-	249,798,067
Amortization expense	-	247,415	885,248	11,070,011	1,404,966	304,498	-	13,912,138
Disposals	-	-	-	(1,354,315)	(1,029,675)	(842,657)	-	(3,226,647)
Balance, end of year	-	1,553,335	9,306,464	236,733,773	8,366,878	4,523,108	-	260,483,558
Net Book Value, end of year	\$ 143,325,871	\$ 4,480,655	\$ 31,891,114	\$ 209,133,383	\$ 14,901,836	\$ 10,332,883	\$ 16,139,152	\$ 430,204,894

PARKLAND COUNTY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2016

9. TANGIBLE CAPITAL ASSETS (CONTINUED)**(a) Construction in Progress**

Construction in progress having a value of \$5,707,414 (2015 - \$16,139,152) 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 \$19,747,495 (2015 - \$33,702,011).

(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

	2016	2015
Gravel - pit run	\$ 9,083,087	\$ 9,466,033
Gravel - crushed	2,110,596	2,333,698
Gas, oil and parts	205,146	306,219
Other	193,346	202,035
	<u><u>\$ 11,592,175</u></u>	<u><u>\$ 12,307,985</u></u>

11. ACCUMULATED SURPLUS

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

	2016	2015
Restricted surplus	\$ 74,027,705	\$ 66,442,757
Invested in tangible capital assets	442,884,810	422,203,474
Unrestricted surplus	2,842,263	2,804,930
	<u><u>\$ 519,754,778</u></u>	<u><u>\$ 491,451,161</u></u>

PARKLAND COUNTY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2016

11. ACCUMULATED SURPLUS (CONTINUED)**RESTRICTED SURPLUS**

	2015	Increases	Decreases	2016
Benefit premium stabilization	\$ 125,871	\$ -	\$ -	\$ 125,871
Contingency	5,924,416	96,079	1,245,421	4,775,074
County facilities	6,242,838	55,299	299,339	5,998,798
Development charges	212,481	-	21,496	190,985
Disaster	800,416	1,462,900	800,000	1,463,316
Environmental	997,582	62,385	197,708	862,259
Entwistle community development	374,999	-	-	374,999
Equipment lifecycle	3,424,234	4,453,990	3,495,453	4,382,771
Facilities maintenance	1,657,161	377,596	125,027	1,909,730
Fire services equipment lifecycle	489,238	491,218	115,070	865,386
Future capital	810,557	180,218	175,461	815,314
Future operating	4,200,299	1,809,279	588,359	5,421,219
Future transportation	2,557,227	81,398	466,857	2,171,768
Granular aggregates	1,089,327	158,103	513,015	734,415
Hamlet Sustainability	700,000	105,000	-	805,000
Information technology	444,874	35,000	276,027	203,847
Internal financing	1,573,475	927,166	25,171	2,475,470
Local improvements	503,162	-	129,909	373,253
Long term sustainability	5,702,414	1,759,941	57,105	7,405,250
Municipal operations	1,525,524	674,926	319,906	1,880,544
Municipal park	4,714,195	597,318	291,401	5,020,112
Office systems	1,133,484	403,487	120,805	1,416,166
Overland drainage	506,690	-	-	506,690
Protective services lifecycle	681,913	543,043	30,135	1,194,821
Recreation facilities	2,115,466	1,133,577	373,401	2,875,642
Rural community network lifecycle	30,000	301,639	-	331,639
Survey equipment lifecycle	81,123	15,100	-	96,223
Waste management	7,049,916	1,503,352	502,805	8,050,463
Water and wastewater	4,596,851	702,307	211,739	5,087,419
Winter maintenance	800,000	-	-	800,000
Working capital	5,000,000	-	-	5,000,000
	66,065,733	17,930,321	10,381,610	73,614,444
Partnership interests	377,024	36,237	-	413,261
	<u>\$ 66,442,757</u>	<u>\$ 17,966,558</u>	<u>\$ 10,381,610</u>	<u>\$ 74,027,705</u>

PARKLAND COUNTY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2016

11. ACCUMULATED SURPLUS (CONTINUED)**INVESTED IN TANGIBLE CAPITAL ASSETS**

	2016	2015
Tangible capital assets	\$ 461,305,622	\$ 430,204,894
Long-term debt	(19,435,300)	(9,982,521)
Long-term debt not yet invested in tangible capital assets	1,014,488	1,981,101
	<u>\$ 442,884,810</u>	<u>\$ 422,203,474</u>

12. CONTINGENT LIABILITIES

The County is defendant in various lawsuits as at December 31, 2016. 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.

13. COMMITMENTS

The County has outstanding contractual obligations of approximately \$12,149,314 (2015 - \$20,121,679). Significant commitments included in this balance are road upgrades to the Highway 60 intersection, renovations to the Agriculture building, waste hauling costs, remaining construction of Acheson Storm Water Outfall, 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:

2017	\$ 46,268
2018	46,268
2019	46,268
2020	46,268
2021	47,143
Thereafter	511,394
	<u>\$ 743,609</u>

PARKLAND COUNTY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2016

14. TAXATION

Taxation revenue is made up of the following:

	Budget (Note 22)	2016	2015
Taxation			
Residential	\$ 37,658,236	\$ 37,579,165	\$ 36,017,258
Non-residential	38,662,765	38,839,709	33,949,593
Government grants in place of property taxes	<u>17,927</u>	<u>17,927</u>	<u>18,020</u>
	76,338,928	76,436,801	69,984,871
Requisitions			
Alberta School Foundation Fund	(20,162,284)	(20,431,865)	(18,873,021)
Senior's Foundation	(561,445)	(561,445)	(468,440)
Evergreen Separate School	(2,010,056)	(1,741,400)	(1,602,608)
St. Thomas Aquinas	<u>(8,043)</u>	<u>(7,118)</u>	<u>(6,734)</u>
	<u>(22,741,828)</u>	<u>(22,741,828)</u>	<u>(20,950,803)</u>
Net Municipal Property Taxes	53,597,100	53,694,973	49,034,068
Other Taxes			
Community aggregate levy	720,000	667,110	1,028,516
Special taxes and frontages	<u>584,000</u>	<u>621,895</u>	<u>576,320</u>
Net Municipal Taxes	<u><u>\$ 54,901,100</u></u>	<u><u>\$ 54,983,978</u></u>	<u><u>\$ 50,638,904</u></u>

PARKLAND COUNTY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2016

15. GOVERNMENT TRANSFERS

	Budget (Note 22)	2016	2015
<hr/>			
Operating Transfers			
Federal	\$ 20,399	\$ 28,704	\$ -
Provincial	4,289,997	4,359,743	2,495,788
Local	718,724	640,957	541,659
	<hr/>	<hr/>	<hr/>
	5,029,120	5,029,404	3,037,447
 Capital Transfers			
Federal	660,906	309,229	12,890
Provincial	24,830,548	9,184,911	15,389,648
Local	118,995	118,995	1,175,642
	<hr/>	<hr/>	<hr/>
	25,610,449	9,613,135	16,578,180
 Total Government Transfers	 \$ 30,639,569	 \$ 14,642,539	 \$ 19,615,627
	<hr/>	<hr/>	<hr/>

PARKLAND COUNTY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2016

16. 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.

	Salary	Benefits	Allowances	2016	2015
Mayor	\$ 101,120	\$ 12,058	\$ 8,339	\$ 121,517	\$ 124,646
Councillor - Division 1	67,320	9,848	4,189	81,357	84,773
Councillor - Division 2	61,366	9,208	3,290	73,864	83,128
Councillor - Division 3	59,962	7,238	2,658	69,858	64,340
Councillor - Division 4	53,592	8,423	3,275	65,290	71,293
Councillor - Division 5	66,438	9,786	4,850	81,074	85,256
Councillor - Division 6	61,468	7,742	10,545	79,755	86,045
	\$ 471,266	\$ 64,303	\$ 37,146	\$ 572,715	\$ 599,481
CAO / Interim CAO	\$ 216,603	\$ 41,692	\$ 144,045	\$ 402,340	\$ 242,237
Designated Officer	\$ 149,238	\$ 34,858	\$ 840	\$ 184,936	\$ 180,377
Designated Officer	\$ 145,519	\$ 34,858	\$ 840	\$ 181,217	\$ 179,649

Salary for Council includes regular base pay and honoraria and the Deputy Mayor receives an additional amount per month (\$1,027).

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 CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2016

17. 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 39 in 2016). The plan supplements the Local Authorities Pension Plan.

Contributions are made by the prescribed class of employees and the County, at a rate of 2.5% and 3.0% (2015 - 2.5% and 3.0%) respectively of pensionable earnings up to \$144,500 in 2016 (2015 - \$140,945).

Total current service contributions by the County to APEX in 2016 were \$122,747 (2015 - \$114,598). Total current service contributions by the employees of the County were \$102,287 (2015 - \$95,496).

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 244,621 people and 426 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 11.39% (2015 - 11.39%) of pensionable earnings up to the Canada Pension Plan Year's Maximum Pensionable Earnings and 15.84% (2015 - 15.84%) for the excess. Employees of the County are required to make current service contributions of 10.39% (2015 - 10.39%) of pensionable salary up to the year's maximum pensionable salary and 14.84% (2015 - 14.84%) on pensionable salary above this amount.

Total current service contributions by Parkland County to the LAPP in 2016 were \$2,356,364 (2015 - \$2,163,456). Total current service contributions by the employees of Parkland County to the LAPP in 2016 were \$2,185,153 (2015 - \$1,997,978).

At December 31, 2015 the Plan disclosed an actuarial deficit of \$923 million.

PARKLAND COUNTY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2016

18. 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>2016</u>	<u>2015</u>
Debt		
Maximum allowable debt	\$ 113,989,379	\$ 111,785,718
Total debt	<u>(19,435,300)</u>	<u>(9,982,521)</u>
Remaining Allowable Debt	<u><u>\$ 94,554,079</u></u>	<u><u>\$ 101,803,197</u></u>
 Debt Payment		
Maximum annual payment on allowable debt	\$ 18,998,230	\$ 18,630,953
Annual payments on existing debt	<u>(2,002,265)</u>	<u>(1,183,043)</u>
Remaining Allowable Annual Payment	<u><u>\$ 16,995,965</u></u>	<u><u>\$ 17,447,910</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 financial statements must be interpreted as a whole.

PARKLAND COUNTY**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2016**

19. 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 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 & Roadway Services

Transportation & 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 CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2016

19. 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
2016								
Revenue								
Taxation	\$ 11,822,944	\$ 6,325,753	\$ 25,230,448	\$ 1,767,509	\$ 6,243,159	\$ 3,594,165	\$ 54,983,978	\$ 54,901,100
User fees and sales	120,123	2,474,858	273,398	4,966,837	2,089,808	422,345	10,347,369	9,219,786
Penalties	794,144	-	-	6,118	-	-	800,262	663,575
Investment income	1,345,990	-	-	92,392	72,483	-	1,510,865	1,479,730
Government transfers	171,635	967,151	8,194,779	218,507	4,173,720	916,747	14,642,539	30,639,569
Licenses and permits	-	6,075	8,193	-	-	800,948	815,216	2,621,000
Other revenue - operating	158,434	4,150	47,710	230	276,811	59,053	546,388	356,733
Gain on disposal of tangible capital assets	-	-	130,959	-	-	-	130,959	53,000
Developer and customer contributions - capital	-	-	1,222,399	-	606,079	-	1,828,478	3,160,069
Developer - contributed capital	6,455,541	-	9,141,794	4,777,803	(627,643)	-	19,747,495	-
Total Revenues	20,868,811	9,777,987	44,249,680	11,829,396	12,834,417	5,793,258	105,353,549	103,094,562
Expenses								
Salaries, wages & benefits	9,267,095	5,465,761	7,716,075	1,461,212	3,874,759	3,920,231	31,705,133	33,010,897
Contracted & general services	4,165,242	4,481,928	(31,335)	1,862,638	1,967,997	991,489	13,437,959	17,579,031
Materials, supplies & utilities	716,666	654,717	4,178,903	388,662	764,179	117,866	6,820,993	8,535,119
Bank charges	24,945	-	-	-	223	-	25,168	47,600
Interest on long term debt	1,359	-	296,687	77,323	61,885	-	437,254	476,506
Other	92	(30,089)	20,059	(35,050)	-	-	(44,988)	(16,507)
Transfers to governments, agencies & other organizations	31,381	471,708	6,200	59,252	4,642,654	32,722	5,243,917	6,274,935
Purchases from other governments	70,605	941,160	129,266	1,716,603	150	-	2,857,784	2,117,659
Loss on disposal of tangible capital assets	66,806	-	656,874	-	90,545	9,160	823,385	372,900
Amortization of tangible capital assets	493,554	479,372	12,943,177	1,203,795	445,429	178,000	15,743,327	14,827,800
Total Expenses	14,837,745	12,464,557	25,915,906	6,734,435	11,847,821	5,249,468	77,049,932	83,225,940
Annual Surplus	\$ 6,031,066	\$ (2,686,570)	\$ 18,333,774	\$ 5,094,961	\$ 986,596	\$ 543,790	\$ 28,303,617	\$ 19,868,622

PARKLAND COUNTY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2016

19. SEGMENTED INFORMATION (CONTINUED)

	General Government	Protective Services	Transportation & Roadway Services	Utilities	Community Services	Development Services	Total
2015							
Revenue							
Taxation	\$ 14,018,415	\$ 6,984,013	\$ 18,680,978	\$ 1,990,140	\$ 5,966,179	\$ 2,999,179	\$ 50,638,904
User fees and sales	153,462	2,087,247	195,496	5,434,615	1,975,957	490,861	10,337,638
Penalties	891,976	-	-	4,822	-	-	896,798
Investment income	1,389,223	-	-	95,107	68,629	-	1,552,959
Government transfers	238,497	2,790,420	14,477,074	137,910	1,580,231	391,495	19,615,627
Licenses and permits	-	6,197	11,005	-	-	1,473,864	1,491,066
Other revenue - operating	392,120	-	58,173	36,956	241,877	90,083	819,209
Gain on disposal of tangible capital assets	-	-	264,394	-	-	-	264,394
Developer and customer contributions - capital	-	-	5,482,706	2,310	381	-	5,485,397
Developer - contributed capital	18,578,392	-	9,639,996	5,483,623	-	-	33,702,011
Total Revenues	35,662,085	11,867,877	48,809,822	13,185,483	9,833,254	5,445,482	124,804,003
Expenses							
Salaries, wages & benefits	8,138,088	5,070,256	7,482,703	1,253,565	3,812,022	3,459,728	29,216,362
Contracted & general services	3,811,755	3,017,973	154,770	1,894,478	1,478,965	1,456,178	11,814,119
Materials, supplies & utilities	538,570	695,077	4,819,019	260,770	718,378	21,590	7,053,404
Bank charges	36,641	-	-	-	219	-	36,860
Interest on long term debt	1,825	-	20,886	98,225	70,424	1,450	192,810
Other	337	(30,089)	20,059	10,030	-	16	353
Transfers to governments, agencies & other organizations	18,541	433,560	-	59,113	3,004,258	10,126	3,525,598
Purchases from other governments	13,831	179,827	-	1,732,756	-	-	1,926,414
Loss on disposal of tangible capital assets	713,262	900	143,869	-	-	-	858,031
Amortization of tangible capital assets	383,287	389,150	11,314,214	1,157,566	507,142	160,779	13,912,138
Total Expenses	13,656,137	9,756,654	23,955,520	6,466,503	9,591,408	5,109,867	68,536,089
Annual Surplus	\$ 22,005,948	\$ 2,111,223	\$ 24,854,302	\$ 6,718,980	\$ 241,846	\$ 335,615	\$ 56,267,914

PARKLAND COUNTY**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2016**

20. FINANCIAL INSTRUMENTS

The County's financial instruments consist of cash and cash equivalents, accounts receivable, investments, accounts payable and accrued liabilities, deposit liabilities, employee benefit and other 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.

21. COMPARATIVE INFORMATION

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

22. BUDGET FIGURES

The budget figures presented in these consolidated financial statements are based on the budget approved by council on April 19, 2016. Amortization was included in the budget but was removed for the calculation of the taxation requirement.