

CLEARWATER COUNTY COUNCIL AGENDA
July 26, 2016
9:00 A.M.
Council Chambers
4340 – 47 Avenue, Rocky Mountain House, AB

9:30 a.m. Delegation - Hawkings Epp Dumont

A. CALL TO ORDER

B. AGENDA ADOPTION

C. CONFIRMATION OF MINUTES

1. July 12, 2016 Regular Meeting Minutes

D. PUBLIC WORKS

1. Draft Road License Agreement - Ramage

E. Corporate Services

1. Village of Caroline Lending Bylaw 1017/16
2. 9:30 a.m. Delegation - Clearwater County Consolidated Financial Statements

F. INFORMATION

1. CAO Report
2. Public Works Director's Report
3. Councillor's Verbal Report
4. Accounts Payable Listing
5. Councillor Remuneration

G. In Camera*

1. Labour – Health and Safety

* For discussions relating to and in accordance with: a) the Municipal Government Act, Section 197(2) and b) the Freedom of Information and Protection of Privacy Act, Sections 21(1)(ii); 24(1)(a)(c) and (g); 25(1)(c)(iii); and 27(1)(a)

H. Adjournment

POSTPONED ITEMS

Date

Item, Reason and Status

03/08/16

087/16 Condor Community Centre Grant Request

STATUS: Pending Information, Community & Protective Services/Public Works



AGENDA ITEM

PROJECT: Draft Road License Agreement- Ramage		
PRESENTATION DATE: July 26, 2015		
DEPARTMENT: Public Works	WRITTEN BY: Erik Hansen	REVIEWED BY: Marshall Morton
BUDGET IMPLICATION: <input checked="" type="checkbox"/> N/A <input type="checkbox"/> Funded by Dept. <input type="checkbox"/> Reallocation		
LEGISLATIVE DIRECTION: <input type="checkbox"/> None <input type="checkbox"/> Provincial Legislation (cite) <input checked="" type="checkbox"/> County Bylaw or Policy (cite) Permitting of Road Allowance Policy		
STRATEGIC PLAN THEME: Infrastructure & Asset Management	PRIORITY AREA:	STRATEGIES: To effectively manage the financial and physical assets of the County in order to support the growth and development of the County while obtaining maximum value from County owned infrastructure and structures.
ATTACHMENT(S): Revised Draft Road License Agreement		
RECOMMENDATION: That Council review the information provided and approve the Draft Road License Agreement in principle		

BACKGROUND: Background: During the July 14, 2015 Council Meeting, Bill and Kathy Ramage as well as Bob Bryant attended as a delegation. The delegation was in regards to a chain link power gate that had been constructed where the approach off Hwy 12 meets a County owned service road. This service road provides access to the Ramages residence as well their business (Eldorado Pressure Services) located on the SE 29- 40- 6 W5M.

As gates are not typically allowed on Municipal service roads, the delegation stated there case for the gate to remain in place. Upon the conclusion of the Ramages presentation Council made a motion (240/15). **That Administration consults with Alberta Transportation and pending their response, draft an agreement for Council's consideration.**

In December 2015, the County received an email response from Carly Cowles with Alberta Transportation. In summary, the provinces response was "Although Alberta Transportation does not typically support a gate of this nature that would essentially close

off a public road, we are willing to make an exception based on the specifics of this application.

Therefore, upon receipt of an approved permit along with conditions from Clearwater County, Alberta Transportation will issue approval for the operation of the electric gate.”

Following this response, the Administration retained legal aid to assist in providing an agreement template that would facilitate an agreement of this nature. It was determined that the best course of action include drafting a Road License Agreement.

Highlights of the agreement include:

Permitted Use-

- a) Maintenance and use of the roadway; and
- b) Maintenance and use of a gate

Term and Termination-

- a) The term of this License shall be for a period of 10 years
- b) The Municipality shall have the right to terminate this agreement upon 30 days notice in writing to the Licensee

Option to Renew-

- a) The Licensee shall have 2 options to renew this agreement for an additional term of 5 years each.

Licensee's Insurance

- a) Comprehensive general liability insurance with insurable limits of no less than \$5,000,000.00 for each occurrence or incident;

General Maintenance

- a) Maintaining, repairing, resurfacing and otherwise operating the roadway;
- b) Clearing snow and ice from the roadway;
- c) Maintenance of any signs, maintenance and operation of the gate etc.

All at the sole expense of the Licensee, and as reasonably required by the Municipality.

See Attached

Upon the review of our current Permitting of Road Allowance Policy, our lawyers recommended that the policy be updated and amended. Staff is currently reviewing the recommended changes to the policy and the associated bylaws. This item is scheduled to be brought to Council for review in August. Upon review and acceptance of the revised policy and associated bylaws by Council, the Ramage Licence Agreement will then be ratified.



ROAD LICENSE AGREEMENT

THIS AGREEMENT MADE this ____ day of _____, 20____.

BETWEEN:

CLEARWATER COUNTY
(hereinafter referred to as the "Municipality")

- and -

WILLIAM AND KATHLEEN RAMAGE
(hereinafter collectively referred to as the "Licensee")

ROAD LICENSE AGREEMENT

WHEREAS:

- A.** The Municipality has direction, control and management of that certain public roadway created under the registration of Subdivision Plan 9922128 (hereinafter referred to as the "**Roadway**");
- B.** The Licensee is the registered owner of lands and premises which are adjacent to the Roadway legally described as Plan 1522180, Block 1, Lot 3 (hereinafter referred to as the "**Licensee's Land**");
- C.** The Licensee requires access to and use of the Roadway for the purposes of gaining access to and from the Licensee's Lands and for the purposes of maintaining a gate across the Roadway as shown within the diagram attached as **Schedule "A"** hereto (hereinafter referred to as the "**Gate**");
- D.** The Licensee is willing to attend to the maintenance requirements of the Roadway and the Gate, upon and subject to the terms, covenants and conditions contained within this Agreement.

NOW THEREFORE THIS AGREEMENT WITNESSETH that in consideration of the payments set forth herein, and the mutual covenants contained within this Agreement, the Municipality and the Licensee hereby agree as follows:

GRANT OF LICENSE

- 1. License.** The Municipality hereby grants to the Licensee the right to non-exclusive use of the Roadway, subject to the terms, covenants and conditions contained within this Agreement.

TERM AND TERMINATION

- 2. Term.** The Term of this License shall be for a period of Ten (10) years, commencing on the _____ day of _____, 20____ (the "**Commencement Date**"), and expiring on the _____ day of _____, 20____, subject to the renewal of this Agreement, and subject to the earlier termination of this Agreement for breach of contract or as provided for within this Agreement (the "**Term**").
- 3. Termination.** Notwithstanding anything contained within this Agreement, the Licensee acknowledges and

agrees that the Municipality shall have the absolute right to terminate this Agreement, together with all rights and privileges granted to the Licensee under this Agreement, upon thirty (30) days notice in writing to the Licensee. The Licensee further agrees that no compensation shall be payable by the Municipality to the Licensee or any other party if the Agreement is terminated in accordance with this clause.

4. Option to Renew. Provided that the Licensee has duly and punctually performed its obligations under this Agreement, the Licensee shall have two (2) **options to renew** this Agreement for an additional term of five (5) **year(s) each**, upon the same terms and conditions as contained within this Agreement, except that the Rent payable during the renewal term shall be established by council for the Municipality under any general or specific rates and fees bylaw or policy.

RENT/FEES

5. Compensation. In consideration of the rights herein conferred upon the Licensee, for the duration of the first Term of this Agreement, the Licensee shall pay to the Municipality the sum of \$50.00, annually, plus applicable Goods and Services Tax (the "Rent"), to be paid no later than thirty (30) days after the execution of this Agreement by the parties and no later than thirty (30) days prior to the anniversary date of the Commencement Date each year. For clarification, the fees charged and payable hereunder are for the purposes of compensating the Municipality for costs incurred with respect to the creation of this agreement, the supervision of the Licensee, and the administration of this Agreement.

6. Net License. The Municipality and the Licensee hereby covenant and agree that for all purposes this Agreement shall be a net license for the Municipality, and that save and except for as specifically set forth within this Agreement, the Municipality shall not be responsible for any cost, charge, expense or outlay of any nature whatsoever arising from or relating to the use or enjoyment of the Roadway by the Licensee under this Agreement. All such costs shall be the responsibility of the Licensee to pay promptly when due or upon demand. Without restricting any of the foregoing, the Licensee shall be solely responsible for all costs, damages and repairs caused by the use or abuse of the Roadway by the Licensee and any persons invited or permitted by the Licensee to be upon the Roadway from time to time. To the extent that any such costs are paid by the Municipality, the Licensee shall reimburse the Municipality immediately upon demand.

USE AND OCCUPATION

7. Permitted Use. The Licensee shall be permitted to use the Roadway throughout the Term of this Agreement for the following purposes:

- (a) **Maintenance and use of a roadway; and**
- (b) **Maintenance and use of a gate,**

(the "**Permitted Use**") and for no other purposes whatsoever.

8. Non-Exclusive Rights. The Licensee acknowledges and agrees that:

- (a) its rights to enter upon and use the Roadway granted under this Agreement shall not confer upon the Licensee any exclusive right whatsoever with respect to the use or occupation of the Roadway, and that the Licensee shall have no claim to the Roadway other than as herein provided; and
- (b) its rights are only personal in nature, and that nothing contained within this Agreement shall be interpreted so as to confer upon the Licensee any legal or equitable estate or interest in the Roadway.

9. Quiet Enjoyment. The Licensee, upon performing and observing the covenants and conditions contained herein, shall be entitled to reasonably exercise the rights herein granted to the Licensee without any unreasonable hindrance, molestation or interruption from the Municipality.

10. Right to Occupy and Access. The Municipality shall have the full right to occupy and use the Roadway in any manner whatsoever deemed appropriate by the Municipality, including but not limited to inspection of the Roadway to ensure that the Licensee is adhering to the terms and conditions of this Agreement, provided that the Municipality shall not unreasonably interfere with the rights conferred upon the Licensee. The Licensee shall ensure that access by and through the Roadway is maintained for all other properties adjacent to the Roadway, and as reasonably required by the Municipality.

11. Fencing. At its sole cost and expense, the Licensee shall erect cattle guards, gates and perimeter fences along the Roadway as directed by the Municipality from time to time.

12. Noxious Weeds. The Licensee shall not permit noxious weeds to grow on the Roadway, or to allow noxious weeds to spread from the Roadway to neighbouring lands.

13. Hazardous Substances. The Licensee hereby represents, covenants and warrants to and in favour of the Municipality that he:

- (a) shall not allow any Hazardous Substance to be placed, held, located or disposed of on, under or at the Roadway without the prior written consent of the Municipality, which consent may be arbitrarily or unreasonably withheld;
- (b) shall not allow the Roadway to be utilized in any manner in contravention of any applicable laws intended to protect the environment, including without limitation, laws respecting the handling, disposal and emission of Hazardous Substances;
- (c) to the extent that Hazardous Substances are, with the Municipality's consent, placed, held, located or disposed of on, under or at the Roadway in accordance with the terms hereof, the Licensee shall:
 - (i) comply with, or cause to be complied with, all applicable laws and regulations relating to the use, storage and disposal of the Hazardous Substances, as well as all terms or conditions required by the Municipality; and
 - (ii) at the request of the Municipality, provide evidence to the Municipality of compliance with all applicable laws and regulations, such evidence to include inspection reports and such tests as the Municipality may reasonably require, all at the Licensee's expense.

14. Indemnification for Hazardous Substances. The Licensee agrees that he will indemnify and save harmless the Municipality and its successors and assigns from and against any and all losses, liabilities, damages, costs and expense of any kind whatsoever including, without limitation:

- (a) the costs of defending, counter-claiming or claiming over against third parties in respect of any action or matter including fees, costs and disbursements on a solicitor and his own client full indemnity basis and at all court levels;
- (b) any cost, liability or damage arising out of a settlement of any action entered into by the Municipality with or without the consent of the Licensee; and
- (c) the costs of repair, clean-up or restoration paid by the Municipality and any fines levied against the Municipality or the Licensee,

which at any time or from time to time may be paid, incurred or asserted against the Municipality as a direct or indirect result of the presence on or under, or the escape, seepage, leakage, spillage, discharge, emission or release, of Hazardous Substances from the Roadway onto adjacent lands or into the atmosphere or into any water. This indemnification shall survive the expiration of the term of this Agreement, the termination of this Agreement for

whatever cause, and any renewal of this Agreement.

15. Definition of Hazardous Substances. That for the purposes of this Agreement, the term "Hazardous Substances" shall mean any substance which is hazardous to persons or property and includes, without limiting the generality of the foregoing:

- (a) any form of radioactive materials;
- (b) explosives;
- (c) any substance that, if added to any water, would degrade or alter or form part of a process of degradation or alteration of the quality of that water to the extent that it is detrimental to its use by man or by any animal, fish or plant;
- (d) any solid, liquid, gas or odour or combination of any of them that, if emitted into the air, would create or contribute to the creation of a condition of the air that:
 - (i) endangers the health, safety, or welfare of persons or the health of animal life,
 - (ii) interferes with normal enjoyment of life or property, or
 - (iii) causes damage to plant life or to property; and
- (e) substances declared to be hazardous or toxic under any law or regulation now or hereafter enacted or promulgated by any governmental authority having jurisdiction over the Roadway.

THE ROADWAY

16. "As Is, Where Is". The Municipality shall provide, and the Licensee shall accept, the Roadway in an "as is, where is" condition, with respect to topography, vegetation, geotechnical and hydrological conditions.

17. Satisfactory Condition. Without limiting the foregoing but subject to the proviso contained in Section 13, the Licensee agrees:

- (a) that no warranties or representations whatsoever respecting the Roadway (including, without restriction, the condition or quality of the Roadway, or its suitability for the Permitted Use or any other collateral or other purpose or use by the Licensee or any party permitted upon the Roadway by the Licensee) have been made by the Municipality or its agents or employees; and
- (b) that the Licensee has examined the Roadway and as at the date of this Agreement the Roadway is in good order and in satisfactory condition.

18. No Interference. The Licensee acknowledges and agrees that the Municipality may deem it necessary or appropriate, from time to time, to cause or allow third parties to construct or install permanent underground or above ground utility lines, pipeline facilities and transmission lines which will cross the Roadway, or to perform such other work upon the Roadway as may be deemed necessary in the sole discretion of the Municipality, and the Licensee acknowledges and agrees that the Licensee shall in no way interfere or hinder the construction, installation, repair or maintenance undertaken by the Municipality or any person to whom the Municipality has granted such permission. Furthermore, the Licensee shall forthwith upon receiving reasonable notice of the request of the Municipality, perform such acts and execute such further documentation as deemed appropriate in the sole discretion of the Municipality for the purposes of expediting or permitting any such work within the Roadway by the Municipality or the nominee of the Municipality, without compensation.

INDEMNITY, INSURANCE AND SECURITY

19. Indemnity to the Municipality. The Licensee shall indemnify and save harmless the Municipality from any and all liabilities, damages, expenses, costs, fees (including all legal and other professional costs on a solicitor and his own client full indemnity basis), claims, suits or actions arising out of the use and occupation of the Roadway by the Licensee and its invitees including, without restriction:

- (a) any breach, violation, or non-performance of any covenant, condition or agreement in this Agreement on the part of the Licensee to be fulfilled, kept, observed and performed;
- (b) any damage to property occasioned by the use or occupation of the Roadway or any part thereof by the Licensee, any occupant of the Roadway, or any of their respective invitees;
- (c) any injury to any person or persons including death resulting at any time arising in connection with or out of the use or occupation of the Roadway or any part thereof by the Licensee, any occupant of the Roadway, or any of their respective invitees;
- (d) any act or omission of the Licensee, or their respective agents, employees, licensees, servants, invitees or other persons from time to time in, on or about the Roadway; and
- (e) any deductible payable by the Municipality as a result of any insurance claim made against the insurance policies maintained by the Municipality arising from or out of the Roadway including, without restriction, the use and occupation of the Roadway by the Licensee and its invitees, and the construction, operation, maintenance, repair and replacement of the Roadway by the Licensee.

This indemnity shall specifically exclude any and all such claims, costs and expenses arising solely from the negligence of the Municipality, or those for whose actions the Municipality is legally responsible for. This indemnity shall survive the expiry or sooner termination of this Agreement.

20. Licensee's Insurance. Throughout the existence of this Agreement, the Licensee shall take out and maintain insurance in such form and in such amounts as may be satisfactory to the Municipality, acting reasonably, and upon request provide the Municipality with written confirmation of the existence of such insurance (including but not limited to providing copies of the insurance policies). Without limiting the generality of the forgoing, the insurance shall have at least the following coverage, and contain the following terms:

- (a) comprehensive general liability insurance with insurable limits of no less than **\$5,000,000.00** for each occurrence or incident;
- (b) comprehensive general liability insurance covering all risks associated with the use and occupation of the Roadway by the Licensee, its agents, employees, invitees or contractors including, without limitation, extended coverage, coverage for public liability, and such other coverage and in such amounts as the Municipality may reasonably require;
- (c) such policies shall name the Municipality as an additional loss payable with respect to the Roadway; and
- (d) such policies of insurance shall contain an undertaking by the insurers to notify the Municipality in writing of any material change, cancellation or termination of any provision of any policy not less than Thirty (30) days prior to the material change, cancellation or termination thereof.

21. Damage to Municipality's Property. The Licensee shall compensate the Municipality for all damage to property of the Municipality arising out of the activities of the Licensee on or adjacent to the Roadway, whether or not such activities are in pursuance or purported pursuance of the rights herein granted to the Licensee.

DEFAULT

22. Remedies upon Default. If in the sole opinion of the Municipality the Licensee undertakes or permits any activity whatsoever within the Roadway which is outside of the permitted uses contemplated herein, or which may be a nuisance or cause damage, or if the Licensee is in default of any of the terms, covenants or conditions of this Agreement, the Municipality may, in its absolute discretion:

- (a) give the Licensee Ten (10) days written notice to rectify or remedy any such nuisance, improper activity, or default, and failing the Licensee remedying or rectifying same this Agreement and the rights herein conferred upon the Licensee shall automatically terminate and the Licensee shall forthwith vacate the Roadway; or
- (b) give the Licensee notice of immediate termination of this Agreement and the rights and privileges grant to the Licensee, and the Licensee shall forthwith vacate the Roadway.

The Licensee acknowledges and agrees that all property of the Licensee which may hereafter be located on, under, or over to the Roadway shall be at the sole risk of the Licensee, and the Municipality shall not be liable for any loss or damage thereto, howsoever occurring and the Licensee hereby releases the Municipality from all actions, claims, demands, suits or proceedings whatsoever in respect of any such loss or damage.

23. Municipality May Perform the Licensee's Covenants. If the Licensee fails or neglects to perform any of its obligations under this Agreement, the Municipality shall have the right, but shall not be obligated, to take such action as is reasonably necessary in the sole discretion of the Municipality to perform such obligations. In such event, the Licensee shall be responsible for the payment of all costs incurred by the Municipality forthwith to the Municipality.

24. Collection of Costs. In addition to any other rights available to the Municipality pursuant to this Agreement, the Municipality shall be entitled to collect from the Licensee the following costs as Rent:

- (a) all payments made by the Municipality or costs incurred by the Municipality which ought to have been paid or incurred by the Licensee, or for which the Municipality is entitled to be paid or to be reimbursed by the Licensee pursuant to the terms of this Agreement;
- (b) all disbursements and costs (including legal and other professional costs on a solicitor and his own client full indemnity basis) and all fees and costs related to recovery or collection of such sums or the enforcement of the terms of this Agreement generally; and
- (c) interest, being 12% per annum, calculated compounded monthly, not in advance, from the date the costs are invoiced by the Municipality to the Licensee to the date of payment in full to the Municipality.

25. Overlooking and Condoning. Any condoning, excusing or overlooking by the Municipality of any default, breach or non-observance by the Licensee at any time or times in respect of any covenant, proviso or condition contained in this Agreement shall not operate as a waiver of the Municipality's rights under this Agreement in respect of any subsequent default, breach or non-observance nor so as to defeat or affect in any way the rights of the Municipality in respect of any subsequent default, breach or non-observance.

26. Remedies Generally. Mention in this Agreement of any particular remedy of the Municipality in respect of the default by the Licensee does not preclude the Municipality from any other remedy in respect of any such default, whether available at law or in equity or by statute or expressly provided for in this Agreement. No remedy shall be exclusive or dependent upon any other remedy, but the Municipality may from time to time exercise any one or more of such remedies generally or in combination, such remedies being cumulative and not alternative. Whenever the Licensee seeks a remedy in order to enforce the observance or performance of one of the terms, covenants, agreements and conditions contained in this Agreement on the part of the Municipality to be observed or performed, the Licensee's only remedy, if any, shall be for such damages as the Licensee shall be able to prove in a court of competent

jurisdiction that it has suffered as a result of a breach of this Agreement by the Municipality.

MAINTENANCE AND ALTERATIONS

27. General Maintenance. During the Term of this License, the Licensee shall maintain and keep the Roadway in a safe and tidy condition, which shall include, but not be limited to:

- (a) maintaining, repairing, resurfacing, and otherwise operating the Roadway;
- (b) clearing snow and ice from the Roadway;
- (c) installing, maintaining, repairing, replacing, and otherwise operating any and all traffic signs, traffic control devices, lighting, or security gating installed from time to time upon the Lands for the purposes of ensuring:
 - i. compliance with the requirements of the Municipality as the authority having direction, control and management of the Roadway; and
 - ii. the safety and/or security of the Lands; and
- (d) maintaining, repairing, replacing, and otherwise operating the Gate;

all at the sole cost and expense of the Licensee, and as reasonably required by the Municipality.

28. Improvements. The Licensee agrees that it shall not dig or excavate, nor erect any buildings, fences, improvements or structures, upon or in the Roadway without the express written consent of the Municipality.

29. Drainage. The Licensee shall ensure that the drainage from the Roadway or the Roadway is not in any way interrupted as a result of the Licensee's occupation or use of the Roadway.

30. Removal upon Termination. Upon the expiration or earlier termination of this Agreement, the Licensee shall remove the Gate, all chattels, fences, and other property or improvements of any kind whatsoever belonging to or installed by the Licensee from the Roadway, and restore the Roadway to a level and condition equivalent to that which existed prior to the commencement of this Agreement. If the Licensee fails or neglects to restore the Roadway and remove any and all property and fences of the Licensee from the Roadway within Sixty (60) days of the expiration or termination of this License, the Municipality shall have the right, but shall not be obligated, to take such action as is reasonably necessary in the sole discretion of the Municipality to remove all property and fences of the Licensee from the Roadway, and to restore the Roadway to the required condition. The Licensee agrees that the Municipality shall not be responsible for any property, trees or fences of the Licensee thereby removed from the Roadway, and further agrees to reimburse the Municipality forthwith without demand for the cost of any and all such action performed by the Municipality, its servants, contractors or agents pursuant to this clause.

GENERAL

31. Taxes. The Licensee shall be responsible for the payment of the proportionate share of the property taxes to the local taxing authority assessed with respect to the Roadway.

32. Rights Conferred. The rights conferred upon the Licensee are not, and shall not be construed as covenants running within the land. The Licensee shall not register at the Land Titles Office any instrument whatsoever which claims any interest, legal or equitable, in the Roadway.

33. Assignment. The Licensee shall not be entitled to assign this Agreement, either in whole or in part, without the prior written consent of the Municipality, which consent may be withheld for any reason whatsoever.

34. Amendments. All amendments to this Agreement shall be in writing and shall be executed by all parties to the Agreement.

35. Compliance with Laws. The Licensee shall at all times and in all respects abide by all laws, bylaws, legislative and regulatory requirements of any governmental or other competent authority relating to the use and occupation of the Roadway.

36. Governing Law. This Agreement shall be construed and governed by the laws of the Province of Alberta. All of the provisions of this Agreement are to be construed as covenants and agreements as though the words importing such covenants and agreements were used in each separate article, paragraph and sub-paragraph of this Agreement.

37. Survival of Obligations. The Licensee's obligations contained this Agreement shall survive the expiration or termination of this Agreement for any reason whatsoever until satisfied in full, and shall not be merged upon the execution of any other documentation by the parties.

38. Time of Essence. Time shall be of the essence throughout this Agreement.

39. Notices. Any notice to be given by the parties hereto shall be in writing and shall either be delivered personally or mailed by prepaid registered mail as follows:

- | | | |
|------------|----------------------|---|
| (a) | to the Municipality: | Clearwater County
P.O. Box 550
4340 - 47 Avenue
Rocky Mountain House, AB T4T 1A4
Attention: _____ |
| (b) | to the Licensee: | William and Kathleen Ramage
P.O. Box 581
Rocky Mountain House, AB T4T 1A4 |

Notice given in any such manner shall be deemed to have been received by the party on the day of delivery or upon the Seventh (7th) day after the day of mailing. Any party may change its address for service from time to time upon written notice to that effect.

40. Entire Agreement. The terms and conditions set forth within this Agreement, together with the Schedules, shall constitute all of the terms and conditions of this Agreement, and there are not other terms, conditions, covenants, agreements, representations or warranties, either express or implied, arising between the parties hereto except as expressly set forth herein. If any provision of this Agreement is illegal or unenforceable it shall be considered separate and severable from the remaining provisions, which shall remain in force as if the unenforceable provisions had never been included.

41. Binding Effect. This Agreement and everything contained within this Agreement shall enure to the benefit of and be binding upon the heirs, executors, administrators, successors, permitted assigns and other legal representatives, as the case may be, of each of the Municipality and the Licensee, subject to the granting of consent by the Municipality as provided to any assignment or sublease. Where the Licensee is comprised of more than one legal entity, this Agreement shall be binding upon all such parties on a joint and several basis.

IN WITNESS WHEREOF the parties hereto have executed this Agreement as of the day and year first above written.

CLEARWATER COUNTY

Per: _____

Per: _____

c/s

Witness:

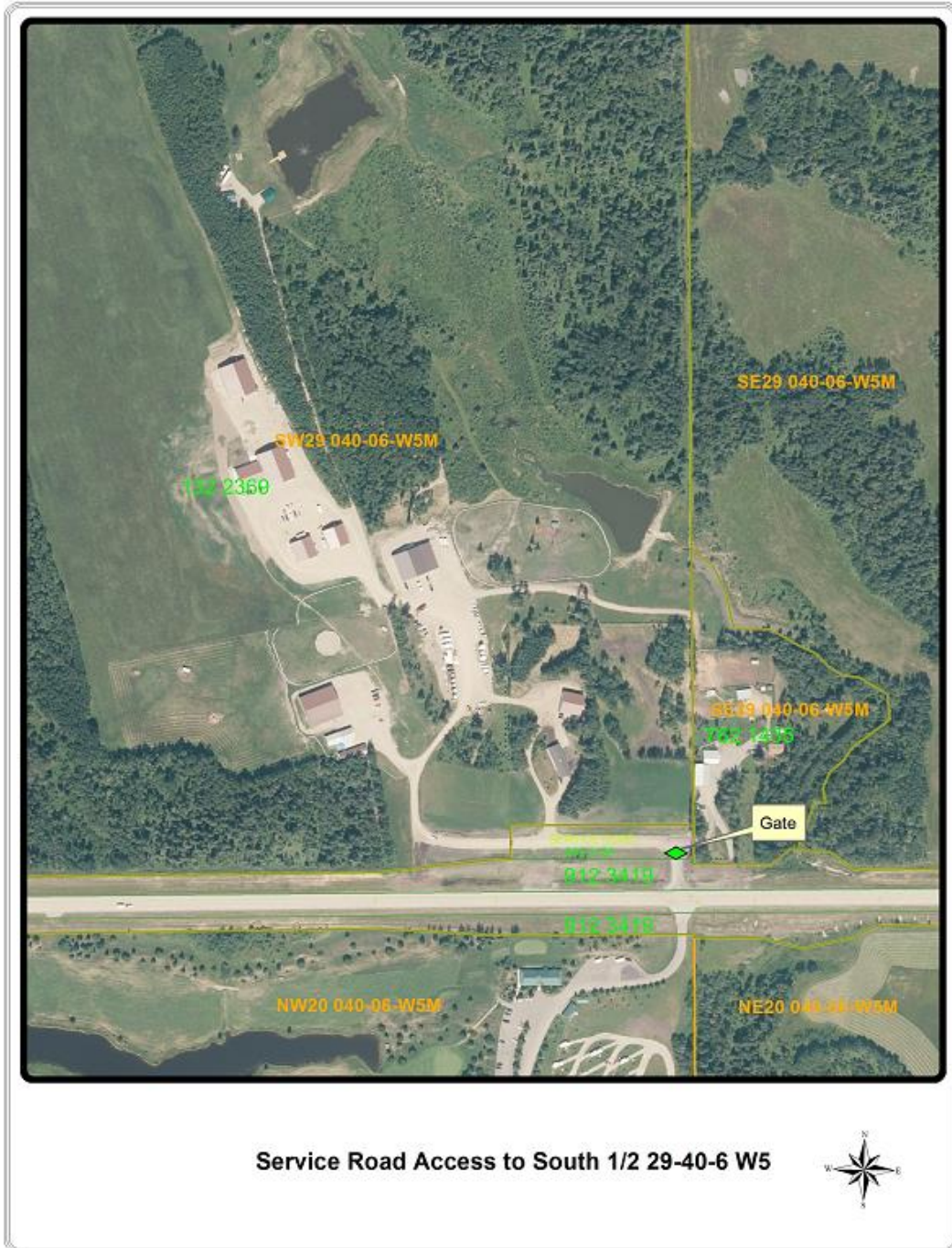
WILLIAM RAMAGE

Witness:

KATHLEEN RAMAGE

SCHEDULE "A"

The Gate



Service Road Access to South 1/2 29-40-6 W5





AGENDA ITEM

PROJECT: Village of Caroline Lending Bylaw 1017/16		
PRESENTATION DATE: July 26, 2016		
DEPARTMENT: Corporate Services	WRITTEN BY: Rhonda Serhan	REVIEWED BY: Ron Leaf
BUDGET IMPLICATION: <input checked="" type="checkbox"/> N/A <input type="checkbox"/> Funded by Dept. <input type="checkbox"/> Reallocation		
LEGISLATIVE DIRECTION: <input type="checkbox"/> None <input checked="" type="checkbox"/> Provincial Legislation (cite) <input type="checkbox"/> County Bylaw or Policy (cite) Bylaw: ____1017/16____ Policy: _____ MGA Section 231, 265 & 606		
STRATEGIC PLAN THEME:	PRIORITY AREA:	STRATEGIES:
ATTACHMENT(S): Bylaw 1017/16 and Loan agreement with the Village of Caroline		
RECOMMENDATION: Second and Third reading of Bylaw 1017/16		

BACKGROUND:

As Council is aware, the Village of Caroline is entering into a partnership with Alberta Transportation, enabling them to rehabilitate critical infrastructure within the Village. The Village is the organizer of said work, and is therefore responsible for the payment of all invoices for this project. Alberta Transportation is co-funding some of this project, totaling approximately \$1,000,000. Alberta Transportation may not be able to provide funding in a timely enough manner, to pay invoices due without the Village incurring penalty charges.

The Village sat before Council requesting that Clearwater County temporarily fund Alberta Transportations share of the work, thus enabling the Village to pay these invoices without incurring penalty. The Village is also working with Alberta Transportation to mitigate the time between when the invoices are received until which time Alberta Transportation could have funds to the Village.

The MGA requirement (section 265) of the lending of funds from Clearwater County is that a bylaw is required. We have had Brownlee draw up the bylaw which must, and does, include the amount of money to be borrowed, the terms of repayment and the source of the money to be loaned. The other requirement for a lending bylaw is that it must be advertised (section 606). Advertising of the bylaw has been completed as required by section 606. If Clearwater County intends to go forward with the bylaw, the next steps are to pass second and third reading.

**CLEARWATER COUNTY
BYLAW 1017/16**

BEING A BYLAW OF CLEARWATER COUNTY IN THE PROVINCE OF ALBERTA TO AUTHORIZE AN INTEREST FREE INTERIM FINANCING LOAN TO THE VILLAGE OF CAROLINE FOR THE PURPOSE OF PROVIDING FUNDS FOR THE VILLAGE OF CAROLINE'S MAIN STREET PAVING PROJECT.

WHEREAS pursuant to Section 264(1)(a)(2) of the *Municipal Government Act*, R.S.A. 2000, Chapter M-26, as amended, a municipality may lend money to a non-profit organization if the municipality's council considers that the money loaned will be used for a purpose that will benefit the municipality;

AND WHEREAS this Bylaw was advertised in accordance with Section 265(3) of the *Municipal Government Act*, R.S.A. 2000 Chapter M-26;

AND WHEREAS Clearwater County Council is satisfied that the Loan will not impact the Clearwater County debt limit in accordance with Section 268 of the *Municipal Government Act*, R.S.A. 2000 Chapter M-26;

AND WHEREAS the Village of Caroline has reached an Agreement with Alberta Transportation (the "**Province**") to share the cost of completing the paving upgrade of the Village of Caroline's Main Street (Provincial Highway 54) (the "**Project**") whereby the Province has agreed to contribute one third of the total Project costs (the "**Province Contribution Amount**");

AND WHEREAS the Province Contribution Amount is approximately One Million Dollars (\$1,000,000.00);

AND WHEREAS the Village of Caroline has requested that Clearwater County provide One Million Dollars (\$1,000,000.00) in interim financing to be used by the Village of Caroline to fund the Project costs in the event that the Province Contribution Amount has not been received by the Village of Caroline within the time frame that the Village of Caroline is contractually obligated to pay contractors working on the Project and the Village of Caroline has no other available funds for the Project (the "**Loan Amount**");

AND WHEREAS the Village of Caroline is a "non-profit organization" within the meaning of Section 241(f)(iii) of the *Municipal Government Act*, R.S.A. 2000 Chapter M-26, as amended;

AND WHEREAS Clearwater County Council considers that the Loan Amount will be used for a purpose that will benefit Clearwater County on the basis that the Village of Caroline's Main Street (Provincial Highway 54) handles regional traffic including traffic from and to Clearwater County;

NOW THEREFORE the Council of Clearwater County, duly assembled, hereby enacts as follows:

1. Name of the Bylaw

- a. This bylaw may be cited as the "Village of Caroline Interest Free Interim Financing Loan Bylaw".

2. Definitions

- a. **Costs** means costs incurred by the Village of Caroline in the Project;
- b. **Council** means the Clearwater County Council;
- c. **Loan** means the loan from Clearwater County to the Village of Caroline in the maximum amount of One Million Dollars (\$1,000,000.00) to be used by the Village of Caroline to fund the Project costs;
- d. **Loan Agreement** means that agreement attached to this Bylaw as Schedule "A";
- e. **Loan Amount** means One Million Dollars (\$1,000,000.00); and
- f. **Project** means the Village of Caroline Main Street (Provincial Highway 54) paving project.

3. Terms of Loan

- a. Clearwater County will lend to the Village of Caroline the Loan Amount for the purpose of funding the Costs.
- b. The applicable interest rate is 0.0%.
- c. The Loan Amount will be repaid by the Village of Caroline in full upon the earlier of:
 - i. Receipt by the Village of Caroline of the Province Contribution Amount; or
 - ii. December 31, 2016.

(the "**Due Date**")

in accordance with the terms of the Loan Agreement.

- d. Clearwater County and the Village of Caroline shall enter into the Loan Agreement.
- e. Any portion of the Loan Amount which is not used by the Village of Caroline for the purposes set out in this Bylaw or the Loan Agreement shall be immediately returned to Clearwater County.

4. Source of Loan Amount

- a. The source of the Loan Amount is the "Tax Rate Stabilization Reserve Account" held by Clearwater County. All repayments received from the Village of Caroline shall be returned to this reserve account.

5. Effective Date

- a. This Bylaw comes into full force and effect upon it receiving third reading.

Councillor Earl Graham MOVED first reading of Bylaw 1017/16 on the 14th day of June, 2016 in a duly assembled Council meeting and this motion was

CARRIED

_____ **MOVED** second reading of Bylaw 1017/16 on the ____ day of _____, 2016 in a duly assembled Council meeting and this motion was

_____ **MOVED** permission for third and final reading of Bylaw 1017/16 on the ____ day of _____, 2016 in a duly assembled Council meeting and this motion was

_____ **MOVED** third and final reading of Bylaw 2016-__ on the ____ day of _____, 2016 in a duly assembled Council meeting and this motion was

Reeve

Chief Administrative Officer

Schedule "A"

Loan Agreement

THIS LOAN AGREEMENT entered into as of the * day of *, 2016

BETWEEN:

CLEARWATER COUNTY

a municipal corporation pursuant to the *Municipal Government Act*, R.S.A. 2000 Chapter M-26

(hereinafter referred to as the "**Lender**")

- and -

VILLAGE OF CAROLINE

a municipal corporation pursuant to the *Municipal Government Act*, R.S.A. 2000 Chapter M-26

(hereinafter referred to as the "**Borrower**")

WHEREAS the Borrower has requested that the Lender lend to the Borrower amounts up to the aggregate amount of ONE MILLION (\$1,000,000.00) DOLLARS;

AND WHEREAS the Lender agrees to make the aforementioned loan on the terms and subject to the conditions hereinafter set forth;

NOW THEREFORE THIS AGREEMENT WITNESSETH THAT, in consideration of the mutual covenants and agreements hereinafter set forth, the parties hereto covenant and agree with each other, except as otherwise stated, as follows:

1.0 Loan

1.1 The Borrower acknowledges the Lender shall advance to the Borrower, from time to time in one or more advances, funds to a maximum sum of ONE MILLION (\$1,000,000.00) DOLLARS (Cdn.) (the "**Loan**"). The Borrower shall provide the Lender with the amount of each advance required from time to time.

1.2 The Borrower acknowledges and agrees that it shall use all other funds available to the Borrower for the purpose of funding the Village of Caroline Main Street (Provincial Highway 54) paving project (the "**Project**") before making a request to the Lender for an advance in accordance with Paragraph 1.1 including but not limited to funds available for the Project held by the Borrower and funds received from the Province of Alberta by the Borrower (the "**Province Contribution Amount**").

1.3 The Borrower promises to pay to the Lender the aggregate amount of the Loan, together with interest on the Loan calculated from the date of each advance on the advance, at a rate equal to zero percent (0%) per annum both before and after maturity, default and judgment, calculated daily and compounded and payable annually, on the earlier of:

1.3.1 within 30 days of receipt of the Province Contribution Amount by the Borrower; or

1.3.2 December 31, 2016.

1.4 Notwithstanding the foregoing, the Borrower may prepay any portion of the Loan at any time without penalty or bonus.

2.0 Security

2.1 There will be no security granted by the Borrower for the repayment of the Loan and the performance of all of the Borrower's obligations under this Agreement.

3.0 Use

3.1 The Loan is to be used exclusively for the costs incurred by the Borrower in relation to the Village of Caroline Main Street (Provincial Highway 54) paving project (the "**Project**").

3.2 Any portion of the Loan which is not used by the Borrower for the Project shall be immediately repayable to Clearwater County.

4.0 General

4.1 The Borrower agrees to pay to the Lender all expenses, including legal expenses, on a solicitor-client full indemnity basis, incurred by the Lender in enforcing payment of the Loan, as set out in Section 1.3 hereof.

4.2 Each of the parties shall, upon the reasonable request of the other party, make, do, execute or cause to be made, done, or executed all such further and other lawful acts, deeds, things, documents and assurances of whatsoever nature and kind for the better or more perfect or absolute performance of the terms and conditions of this Agreement.

4.3 This Agreement shall enure to the benefit of and shall be binding upon the parties hereto and their respective successors and assigns. The Borrower shall not assign this Agreement without the prior written consent of the Lender. The Lender may assign this Agreement without the consent of the Borrower.

4.4 Time shall be of the essence of this Agreement.

4.5 This Agreement shall be governed by and construed in accordance with the laws of the Province of Alberta and the federal laws of Canada applicable therein.

4.6 This Agreement may be executed in one or more counterparts by facsimile or by PDF electronic transmission, each of which shall be deemed to be original and which counterparts together shall constitute one and the same agreement of the parties hereto.

4.7 Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part by a court of competent jurisdiction shall not affect the validity or enforceability of any other provision of this Agreement.

4.8 The division of this Agreement into articles, sections and subsections and the insertion of headings is for convenience of reference only and shall not affect the interpretation of this Agreement.

4.9 The Borrower acknowledges that it has had the opportunity to receive independent legal advice with regard to this Agreement, and confirms that it has received such advice or voluntarily waived such right.

4.10 All notices sent pursuant to the terms of this Agreement shall be served by one of the following means:

- a) Personally, by delivering it to the party on whom it is to be served at the address set out herein, provided that such delivery shall be made during normal business hours (8:30 a.m. - 4:30 p.m. on a normal business day excluding weekends and statutory holidays). Personally delivered notice shall be deemed received when actually delivered as aforesaid;
- b) By facsimile or email or by any other like method by which a written or recorded message may be sent, directed to the party upon whom it is to be served at that address set out herein. Notice so served shall be deemed received on the earlier of:
 - i) Upon transmission with answer back confirmation if received within the normal hours of the business day; or
 - ii) At the commencement of the next ensuing business day following transmission with answer back confirmation thereof if not received within the normal hours of the business day;
- c) By single registered mail in a prepaid envelope. Notice shall be deemed received five (5) days after mailing. In the event of postal interruption, no notice sent by means of the postal

system during or within seven (7) days prior to the commencement of such postal interruption or seven (7) days after the cessation of the postal interruption shall be deemed to have been received unless actually received.

4.11 Notices shall be sent to the following addresses:

(a) To the Lender:

Clearwater County
550
Rocky Mountain House, AB T4T 1A4

Box
4340-47 Avenue

Via Fax: 403-845-7330
Via E-Mail: rleaf@clearwatercounty.ca

Attention: Chief Administrative Officer

(b) To the Borrower:

Village of Caroline
Avenue

5004-50
Caroline, AB T0M 0M0

Via Fax: 403-722-4050
Via E-Mail: cao@caroline.ca

Attention: Chief Administrative Officer

IN WITNESS WHEREOF the parties have executed this Agreement under seal as evidenced by the signatures of their properly authorized officers and representatives in that behalf, as of the day and year first above written.

CLEARWATER COUNTY

Chief Elected Official

Chief Administrative Officer

VILLAGE OF CAROLINE

Chief Elected Official

Chief Administrative Officer



AGENDA ITEM

PROJECT: Clearwater County Consolidated Financial Statements		
PRESENTATION DATE: July 26, 2016		
DEPARTMENT: Corporate Services	WRITTEN BY: Rhonda Serhan	REVIEWED BY: Ron Leaf
BUDGET IMPLICATION: <input checked="" type="checkbox"/> N/A <input type="checkbox"/> Funded by Dept. <input type="checkbox"/> Reallocation		
LEGISLATIVE DIRECTION: <input type="checkbox"/> None <input checked="" type="checkbox"/> Provincial Legislation (cite) <input type="checkbox"/> County Bylaw or Policy (cite) Bylaw: _____ Policy: _____ MGA Section 276		
STRATEGIC PLAN THEME:	PRIORITY AREA:	STRATEGIES:
ATTACHMENT(S): 2015 Consolidated Financial Statements		
RECOMMENDATION: Approve the 2015 Consolidated Financial Statements		

BACKGROUND:

Clearwater County has brought another fiscally responsible year to a close, ending 2015 in a strong financial position. Net financial assets have increased by approximately \$10,500,000. Part of this increase includes projects that were not able to be completed in 2015, that are going forward in 2016. Some of these projects include, the salt and sand facilities at both the north development and the Caroline development areas, the last of the 2013 flood repair projects, the bridge rehab at the entrance to Clearwater Estates, and a portion of the arena project. The total of these projects is just shy of \$6,700,000. Council will be discussing the designation of the balance of the surplus at their project priorities meeting and will finalize these decisions during 2017 budget deliberations.

Operating revenue was higher than budgeted mostly due to the well drilling tax revenue. Clearwater County's philosophy has always been to budget conservatively in this area, as not to depend on these revenues for critical infrastructure construction and maintenance.

Operating expenses are below budget, some planning projects did not go forward in 2015, as well as some dust control. This is also where you see the 2013 flood projects not going forward, affecting the Fire ambulance and protective services line, and a

portion of the arena project affecting the parks and recreation line. Some savings were realized with contingency being left at the end of 2015 as well.

On the income statement under **Other** you will notice a line labeled contributed tangible capital assets, and this has a significant number of just over \$1.7M. This is the value of the roads the County has assumed responsibility for in the Meadow Ponds estates subdivision.

There are other statements, schedules and notes giving more detail to the numbers on the main statements and we will be happy to answer any questions you may have.

Chris Pan from Hawkings Epp Dumont will also be here on Tuesday to provide some insight into the audit process.



INDEPENDENT AUDITORS' REPORT

To the Reeve and Council of the Municipality of Clearwater County:

We have audited the consolidated statement of financial position of Clearwater County as at December 31, 2015 and the consolidated statements of operations, changes in net financial assets, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Managements' Responsibility for the 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 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 have 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 of 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 the auditors' 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, the auditor considers 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, these consolidated financial statements present fairly, in all material respects, the consolidated financial position of Clearwater County as at December 31, 2015 and the consolidated results of its operations, the consolidated changes in its net financial assets, and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Edmonton, Alberta
July 26, 2016

Hawkings Epp Dumont LLP
Chartered Accountants

EDMONTON

Mayfield Square I
10476 – Mayfield Road
Edmonton, AB T5P 4P4
T: 780.489.9606
F: 780.484.9689

STONY PLAIN

#101, 5300 – 50 Street
PO Box 3188, Station Main
Stony Plain, AB T7Z 1T8
T: 780.963.2727
F: 780.963.1294

LLOYDMINSTER

5102 – 48 Street
PO Box 10099
Lloydminster, AB T9V 3A2
T: 780.875.7433
F: 780.875.5304

HAWKINGS.COM



Clearwater County
Consolidated Statement of Financial Position
As at December 31, 2015

	2015	2014
	<u>\$</u>	<u>\$</u>
FINANCIAL ASSETS		
Cash and temporary investments (Note 2)	\$69,807,899	\$55,408,638
Receivables		
Taxes and grants in place of taxes (Note 3)	\$539,108	\$459,965
Trade and other receivables	\$2,567,152	\$5,009,091
Land held for resale inventory	\$2,409,046	\$2,409,046
Investments (Note 4)	<u>\$230,224</u>	<u>\$187,804</u>
	<u>\$75,553,429</u>	<u>\$63,474,544</u>
LIABILITIES		
Accounts payable and accrued liabilities	\$7,571,429	\$3,035,574
Deposits	\$25,800	\$8,300
Deferred revenue (Note 7)	\$840,465	\$1,934,039
Employee Wage & Benefit Liabilities	\$1,072,675	\$879,996
Long-term debt (Note 5)	<u>\$3,570,700</u>	<u>\$3,874,128</u>
	<u>\$13,081,069</u>	<u>\$9,732,037</u>
NET FINANCIAL ASSETS	<u>\$62,472,360</u>	<u>\$53,742,507</u>
NON-FINANCIAL ASSETS		
Tangible capital assets (Schedule 2)	\$357,224,177	\$355,905,157
Inventory for consumption	\$4,070,967	\$3,797,954
Prepaid expenses	<u>\$494,247</u>	<u>\$521,257</u>
	<u>\$361,789,391</u>	<u>\$360,224,368</u>
ACCUMULATED SURPLUS (Schedule 1, Note 8)	<u>\$424,261,751</u>	<u>\$413,966,875</u>

Clearwater County
Consolidated Statement of Operations
For the Year Ended December 31, 2015

	BUDGET		
	2015 \$	2015 \$	2014 \$
REVENUE			
Net municipal property taxes (Schedule 3)	43,927,606	43,982,546	38,624,418
User fees and sales of goods	1,300,275	933,552	1,455,177
Government transfers for operating (Schedule 4)	1,113,525	652,976	495,261
Investment income	710,000	977,742	776,440
Penalties and costs of taxes	100,000	172,923	167,514
Development levies	55,000	108,128	26,338
Licenses and permits	45,600	88,398	71,000
Well drilling taxes	2,000,000	4,625,263	6,790,372
Fines	200,000	355,977	272,678
Rentals	192,500	185,278	202,426
Other	182,250	105,913	297,280
Total Revenue	49,826,756	52,188,696	49,178,904
EXPENSES			
Legislative	484,750	375,695	439,110
Administration	2,896,283	2,883,268	2,420,958
Assessment	815,747	696,295	618,424
Fire, ambulance and protective services	3,172,515	2,636,769	2,350,208
Public works - general	1,851,141	1,667,881	1,779,264
Roads, streets, walks and lighting	9,934,053	9,066,527	9,968,073
Facilities	1,290,103	1,072,188	653,863
Water supply and distribution	113,948	81,912	103,873
Wastewater treatment and disposal	164,948	140,404	958,469
Waste management	1,266,114	1,274,694	923,879
Airport	69,092	40,746	46,409
Community Programming (SRO, FCSS, Senior Funding etc)	695,475	613,994	563,069
Agricultural services	2,122,770	2,268,278	1,949,503
Land use planning, zoning and development	4,052,436	3,050,306	1,964,848
Parks and recreation	5,792,362	5,088,089	3,188,760
Culture	466,490	470,716	462,705
Amortization		18,764,352	18,412,388
Contingency	360,500		
Total Expenses	35,548,727	50,192,114	46,803,803
ANNUAL SURPLUS BEFORE OTHER	14,278,029	1,996,582	2,375,101
OTHER			
Contributed tangible capital assets (note 15)		1,787,018	12,670
Government transfers for capital (Schedule 4)	7,806,278	7,354,342	7,428,492
Loss on disposal of tangible capital assets		(843,065)	(2,370,059)
ANNUAL SURPLUS	22,084,307	10,294,877	7,446,204
ACCUMULATED SURPLUS, BEGINNING OF YEAR	413,966,874	413,966,874	406,520,670
ACCUMULATED SURPLUS, END OF YEAR	436,051,181	424,261,751	413,966,874

Clearwater County
Consolidated Statement of Cash Flows
For the Year Ended December 31, 2015

	2015	2014
	\$	\$
	<hr/>	<hr/>
NET OUTFLOW OF CASH RELATED TO THE FOLLOWING ACTIVITIES:		
OPERATING		
Annual Surplus	10,294,877	7,446,204
Non-cash items included in excess of revenue over expenses:		
Amortization of tangible capital assets	18,764,352	18,412,388
Contributed tangible capital assets	(1,787,018)	(12,670)
Loss on disposal of tangible capital assets	843,065	2,370,059
Non-cash charges to operations - net change:		
Decrease (Increase) in taxes & grants in place of taxes	(79,143)	237,420
Decrease (Increase) in trade & other receivables	2,429,314	(1,822,316)
Decrease (Increase) in land held for resale		34,048
Decrease (increase) in inventory for consumption	(273,013)	29,074
Decrease (increase) in prepaid expenses	27,010	(167,686)
Increase (Decrease) in accounts payable and accrued liabilities	4,548,480	(29,667)
Increase (Decrease) in deposits	17,500	(750)
Increase (Decrease) in deferred revenue	(1,093,576)	1,724,713
Increase (Decrease) in wages & benefits payable	192,679	115,485
	<hr/>	<hr/>
Cash provided by operating transactions	33,884,527	28,336,302
CAPITAL		
Acquisition of tangible capital assets	(19,614,779)	(16,683,612)
Proceeds on the sale of tangible capital assets	475,361	289,519
	<hr/>	<hr/>
Cash applied to capital transactions	(19,139,418)	(16,394,093)
INVESTING		
Decrease (increase) in investments	(42,420)	(35,315)
	<hr/>	<hr/>
FINANCING		
Long-term debt repaid	(303,428)	(291,628)
	<hr/>	<hr/>
CHANGE IN CASH AND TEMPORARY INVESTMENTS DURING THE YEAR	14,399,261	11,615,266
CASH AND TEMPORARY INVESTMENTS, BEGINNING OF YEAR	55,408,638	43,793,372
	<hr/>	<hr/>
CASH AND TEMPORARY INVESTMENTS, END OF YEAR	69,807,899	55,408,638
	<hr/>	<hr/>

Clearwater County
Consolidated Statement of Changes in Net Financial Assets
For the Year Ended December 31, 2015

	2015 Budget	2015 \$	2014 \$
ANNUAL SURPLUS	22,084,307	10,294,877	7,446,204
Acquisition of tangible capital assets	(30,201,150)	(19,614,779)	(16,683,612)
Contributed tangible capital assets		(1,787,018)	(12,670)
Proceeds on disposal of tangible capital assets		475,361	289,519
Amortization of tangible capital assets		18,764,352	18,412,388
Loss on disposal of tangible capital assets		843,065	2,370,059
	<u>(30,201,150)</u>	<u>(1,319,019)</u>	<u>4,375,684</u>
Acquisition of supplies inventories		(3,067,317)	(1,728,876)
Acquisition of prepaid assets		(494,247)	(521,257)
Use of supplies inventories		2,794,304	1,757,951
Use of prepaid assets		521,257	353,571
		<u>(246,003)</u>	<u>(138,611)</u>
INCREASE IN NET FINANCIAL ASSETS	(30,201,150)	8,729,855	11,683,277
NET FINANCIAL ASSETS, BEGINNING OF YEAR	53,742,507	53,742,507	42,059,230
NET FINANCIAL ASSETS, END OF YEAR	23,541,357	62,472,362	53,742,507

Clearwater County
Schedule of Accumulated Surplus
For the Year Ended December 31, 2015
Schedule 1

	Unrestricted Surplus	Restricted Surplus	Equity in Tangible Capital Assets	2015 \$	2014 \$
BALANCE, BEGINNING OF YEAR	61,927	57,999,789	355,905,157	413,966,874	406,520,670
Annual Surplus	10,294,877			10,294,877	7,446,204
Unrestricted funds designated for future use	(16,486,033)	16,486,033		-	-
Restricted funds used for Operations	2,025,000	(2,025,000)		-	-
Restricted funds used for Tangible Capital Assets		(8,298,965)	8,298,965	-	-
Current year funds used for tangible capital assets	(13,102,833)		13,102,833		
Disposal of tangible capital assets	1,318,426		(1,318,426)		
Annual amortization expense	18,764,352		(18,764,352)	-	-
Change in accumulated surplus	2,813,789	6,162,068	1,319,020	10,294,877	7,446,204
BALANCE, END OF YEAR (note 8)	2,875,716	64,161,857	357,224,177	424,261,751	413,966,874

Clearwater County
Schedule of Tangible Capital Assets
For the Year Ended December 31, 2015
Schedule 2

	Land	Buildings	Engineered Structures	Machinery & Equipment	Vehicles	2015 \$	2014 \$
Cost:							
Balance, Beginning of Year	40,949,091	10,022,257	629,145,650	12,330,703	2,025,051	694,472,752	685,401,480
Acquisition of TCA	2,212,561	600,256	14,327,770	2,176,945	297,247	19,614,779	16,683,612
Contributed Assets			1,787,018			1,787,018	12,670
Adjustment in Estimated Cost						-	-
Disposal of TCA			(2,818,665)	(796,635)	(172,712)	(3,788,012)	(7,625,010)
Balance, End of Year (1)	43,161,652	10,622,513	642,441,774	13,711,013	2,149,586	712,086,537	694,472,752
Accumulated Amortization:							
Balance, Beginning of Year	-	(1,541,397)	(331,841,821)	(4,453,118)	(731,258)	(338,567,594)	(325,120,639)
Annual Amortization	-	(207,184)	(17,398,066)	(803,050)	(356,052)	(18,764,352)	(18,412,388)
Accum Amort on Disposals	-		2,155,918	191,727	121,941	2,469,586	4,965,433
Balance, End of Year	-	(1,748,581)	(347,083,969)	(5,064,441)	(965,369)	(354,862,360)	(338,567,595)
Net Book Value of TCA's 2015	43,161,652	8,873,932	295,357,805	8,646,572	1,184,217	357,224,177	
Net Book Value of TCA's 2014	40,949,091	8,480,859	297,303,829	7,877,584	1,293,794		355,905,157

(1) Construction of capital assets in progress for 2015 is \$8,351,067 (2014 - 4,981,533) These amounts are not being amortized.

Clearwater County
Schedule of Property and Other Taxes
For the Year Ended December 31, 2015
Schedule 3

	BUDGET		
	2015 \$	2015 \$	2014 \$
TAXATION			
Real property taxes	13,250,312	13,822,922	12,732,994
Linear property taxes	47,460,496	47,605,594	43,032,959
Grants in place of property taxes	64,183	77,002	64,183
	<u>60,774,991</u>	<u>61,505,517</u>	<u>55,830,135</u>
REQUISITIONS			
Alberta School Foundation	16,178,708	16,840,259	16,178,708
Red Deer Catholic Regional Division No. 39	186,564	194,193	186,564
Westview Lodge	482,113	488,519	840,445
	<u>16,847,385</u>	<u>17,522,971</u>	<u>17,205,717</u>
NET MUNICIPAL PROPERTY TAXES	<u>43,927,606</u>	<u>43,982,546</u>	<u>38,624,418</u>

Clearwater County
Schedule of Government Transfers
For the Year Ended December 31, 2015
Schedule 4

	BUDGET		
	2015 \$	2015 \$	2014 \$
TRANSFERS FOR OPERATING			
Federal government			2,730
Provincial government	1,079,190	582,475	487,531
Other local governments	34,335	70,501	5,000
	<u>1,113,525</u>	<u>652,976</u>	<u>495,261</u>
TRANSFERS FOR CAPITAL			
Federal government	667,000	643,649	667,253
Provincial government	7,139,278	6,710,693	6,761,239
	<u>7,806,278</u>	<u>7,354,342</u>	<u>7,428,492</u>
TOTAL GOVERNMENT TRANSFERS	<u>8,919,803</u>	<u>8,007,318</u>	<u>7,923,753</u>

Clearwater County
Schedule of Segmented Disclosure
For the Year Ended December 31, 2015
Schedule 5

	General Government \$	Community Services \$	Emergency & Protective Services \$	Transportation Services \$	Planning & Development \$	Recreation & Culture \$	Environmental Services \$	Agricultural Services \$	Total \$
REVENUE									
Net municipal taxes	43,982,546								43,982,546
User fees and sales of goods	10,295			312,342	5,863	855	111,052	493,144	933,551
Government transfers for operating	292,816		70,501		68,800			220,859	652,976
Government transfers for capital	5,616,953			1,737,389					7,354,342
Investment income	977,742								977,742
Contributed tangible capital assets	1,787,018								1,787,018
Well drilling taxes	4,625,263								4,625,263
Other revenue	271,606		430,378	3,705	281,688	48	20,900	8,293	1,016,618
	57,564,239		500,879	2,053,436	356,351	903	131,952	722,296	61,330,056
EXPENSES									
Salaries, wages and benefits	2,750,147	67,988	1,634,502	3,569,239	864,511	190,443	67,645	1,103,416	10,247,891
Contracted and general services	920,331	17,365	91,139	5,807,257	644,119	2,767,772	1,364,373	489,890	12,102,246
Materials, goods and utilities	211,984	3,375	886,481	2,430,100	22,514	4,372	64,993	665,135	4,288,954
Transfers to other governments		40,746							40,746
Transfers to local boards and agencies		70,631							70,631
Transfers to individuals and organizations	1,396,206	302,979	24,647			2,596,215		9,837	4,329,884
Interest on long-term debt		151,656							151,656
Loss (gain) on disposal of TCA			(1,496)	870,271				(25,710)	843,065
Other expenses	195,504				250				195,754
	5,474,172	654,740	2,635,273	12,676,867	1,531,394	5,558,802	1,497,011	2,242,568	32,270,827
NET REVENUE (EXPENSE) BEFORE AMORTIZATION	52,090,067	(654,740)	(2,134,394)	(10,623,431)	(1,175,043)	(5,557,899)	(1,365,059)	(1,520,272)	29,059,229
Amortization	203,217	26,007	426,738	17,594,332	26,242	57,645	308,780	121,392	18,764,352
NET REVENUE (EXPENSE)	51,886,850	(680,747)	(2,561,132)	(28,217,763)	(1,201,285)	(5,615,544)	(1,673,839)	(1,641,664)	10,294,877

Clearwater County
Notes to Consolidated Financial Statements
December 31, 2015

1. Significant Accounting Policies

The consolidated financial statements of Clearwater County are the representations of management, prepared in accordance with generally accepted accounting principles for local governments established by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants. Significant aspects of the accounting policies adopted by the County are as follows:

(a) Reporting Entity

The consolidated financial statements reflect the assets, liabilities, revenues and expenses and changes in cash flows of the reporting entity. The entity is comprised of the municipal operations plus all of the organizations that are owned or controlled by the County and are, therefore, accountable for the administration of their financial affairs and resources. Jointly controlled organizations are reported to the extent of the County's proportionate share of ownership or control. Included with the municipality are the following:

Rocky Mountain House Airport Commission	50.0%
Clearwater Regional Fire Rescue Services	47.5%
Clearwater Regional Emergency Management Agency	67.0%

The schedule of taxes levied includes requisitions for education, seniors' lodges, social and other external organizations that are not part of the municipal reporting entity.

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

Pursuant to an agreement entered into in 2001, Clearwater County, the Town of Rocky Mountain House and the Village of Caroline established a regional solid waste authority to manage and operate a solid waste system. The County provides a proportionate share of annual funding to the authority, calculated on a per capita basis. No further accounting information for the authority is included in these financial statements.

(b) Basis of Accounting

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

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

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

Clearwater County
Notes to Consolidated Financial Statements
December 31, 2015

(c) Use of Estimates

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

(d) Investments

Investments are recorded at cost. Where there has been a loss in value that is other than a temporary decline, the respective investment is written down to recognize the loss.

(e) Requisition Over-levy and Under-levy

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.

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

(f) Land Held for Resale

Land held for resale is recorded at the lower cost or net realizable value. Cost includes costs for land acquisitions and improvements required to prepare the land for servicing such as clearing, stripping and leveling charges. Related development costs incurred to provide infrastructure such as water and wastewater services, roads, sidewalks and street lighting are recorded as physical assets under the respective function.

(g) Government Transfers

Government transfers are the transfer of assets from senior levels of government that are not the result of an exchange transaction, are not expected to be repaid in the future, or the result of a direct financial return.

Government transfers are recognized in the financial statements as revenue in the period in which the 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 determined.

(g) Tax Revenue

Property tax revenue is based on market value assessments determined in accordance with the Municipal Government Act. Tax mill rates are established annually. Taxation revenues are recorded at the time tax billings are issued. Assessments are subject to appeal.

Clearwater County
Notes to Consolidated Financial Statements
December 31, 2015

(h) Pension Expenditures

The County participates in three multi-employer defined benefit pension plans. Contributions for current and past service pension benefits are recorded as expenditures in the year in which they become due. See Note 10 for details of these pension plans.

(i) Non-Financial Assets

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

i. Tangible Capital Assets

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

	<u>Years</u>
Buildings	10 - 50
Engineered structures	
Roadway systems	3 - 80
Water systems	45 - 75
Wastewater systems	34 - 75
Machinery and equipment	5 - 40
Vehicles	10 - 25

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

ii. Contributions of Tangible Capital Assets

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

Clearwater County
Notes to Consolidated Financial Statements
December 31, 2015

1. Significant Accounting Policies (continued)

(i) Non-Financial Assets (continued)

iii. Leases

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

iv. Inventories

Inventories held for consumption are valued at the lower of cost or net realizable value with cost determined by the average cost method for gravel and sign inventory and the first in first out method for shop inventory.

2. Cash and Temporary Investments

	2015 \$	2014 \$
Cash	11,185,889	38,160,221
Temporary investments	<u>58,622,010</u>	<u>17,248,417</u>
	<u>69,807,899</u>	<u>55,408,638</u>

Cash represents cash on hand and in bank accounts.

Temporary investments are readily convertible to cash, consist of GICs and bear interest rates between 2.20% and 3.00% per annum and mature between October 2016 and June 2020.

The above amounts include grant funding of \$810,465 (2014 - \$1,904,039) which is externally restricted for capital projects.

Clearwater County
Notes to Consolidated Financial Statements
December 31, 2015

3. Taxes and Grants in Place of Taxes Receivable

	2015 \$	2014 \$
Current taxes and grants in place of taxes	565,776	332,317
Arrears taxes	<u>179,944</u>	<u>162,591</u>
	745,720	494,908
Less: Allowance for doubtful accounts	<u>(206,612)</u>	<u>(34,943)</u>
	<u>539,108</u>	<u>459,965</u>

4. Investments

	2015 \$	2014 \$
Equity Shares		
Rocky Credit Union Ltd.	82,019	79,245
Rocky Mountain House Co-op Association Limited	26,745	7,500
Muniserp Pension Assets	121,390	100,989
Alberta Capital Finance Authority	<u>70</u>	<u>70</u>
	<u>230,224</u>	<u>187,804</u>

Clearwater County
Notes to Consolidated Financial Statements
December 31, 2015

5. Long-Term Debt

	2015 \$	2014 \$
Tax supported debentures	<u>3,570,700</u>	<u>3,874,128</u>

Principal and interest repayments are as follows:

	Principal \$	Interest \$	Total \$
2016	315,705	139,912	455,617
2017	328,479	127,138	455,617
2018	341,770	113,847	455,617
2019	355,598	100,019	455,617
2020	369,986	85,631	455,617
Thereafter	<u>1,859,162</u>	<u>191,116</u>	<u>2,050,277</u>
	<u>3,570,700</u>	<u>757,663</u>	<u>4,328,362</u>

Debenture debt is repayable to the Alberta Capital Finance Authority, bears interest at the rate of 4.006% per annum, and matures in 2025.

Debenture debt is issued on the credit and security of the County at large.

Interest on long-term debt amounted to \$151,656 (2014 - \$163,476).

The County's total cash payments for interest in 2015 were \$152,189 (2014 - \$163,988).

Clearwater County
Notes to Consolidated Financial Statements
December 31, 2015

6. Debt Limits

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

	2015 \$	2014 \$
Total debt limit	78,283,044	73,768,356
Total debt	<u>3,570,700</u>	<u>3,874,128</u>
Amount of debt limit unused	<u>74,712,344</u>	<u>69,894,228</u>
Debt servicing limit	13,047,174	12,294,726
Debt servicing	<u>455,617</u>	<u>455,617</u>
Amount of debt servicing limit unused	<u>12,591,557</u>	<u>11,839,109</u>

The debt limit is calculated at 1.5 times revenue of the municipality (as defined in Alberta Regulation 255/00) and the debt service limit is calculated at 0.25 times such revenue. Incurring debt beyond these limitations requires approval by the Minister of Municipal Affairs. These thresholds are guidelines used by Alberta Municipal Affairs to identify municipalities that could be at financial risk if further debt is acquired. The calculations taken alone do not represent the financial stability of the municipality. Rather, the financial statements must be interpreted as a whole.

The County has a revolving line of credit in the amount of \$4,920,000 available through Alberta Treasury Branches. No borrowings were made against the line of credit during the year.

Clearwater County
Notes to Consolidated Financial Statements
December 31, 2015

7. Deferred Revenue

	<u>Dec 31, 2014</u>	<u>Funds</u> <u>Received</u>	<u>Funds Used</u>	<u>Dec 31, 2015</u>
Penn West Environmental Grant	\$18,000	-	\$9,835	\$8,165
Farm Credit Canada	\$10,000		\$10,000	-
FREC Funding	\$1,876,039	\$14,571	\$1,166,334	\$782,300
Land Sales	\$30,000	-	-	\$30,000
Shell Regional Fire Training	-	\$20,000	-	\$20,000
Totals	<u>\$1,934,039</u>	<u>\$34,571</u>	<u>\$1,186,169</u>	<u>\$840,465</u>

FREC (Flood Recovery Erosion Control Program)

These are funds designated to be used in approved projects ongoing from the 2013 Flood damage.

Other Grants

Various other provincial grants are recognized as revenue in the year in which the related expenditure is incurred.

Land Sales

Deposit taken for a land sale that did not finalize in 2015.

Clearwater County
Notes to Consolidated Financial Statements
December 31, 2015

8. Accumulated Surplus

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

	2015	2014
Unrestricted surplus	2,875,716	61,927
Restricted reserves:		
Municipal, Recreation & School	164,540	2,076,142
County Facilities Capital	3,268,975	3,636,455
Work in Progress	9,015,522	2,670,000
Nordegg	(2,830,973)	(1,723,542)
Tax rate stabilization	9,935,500	9,935,500
Airport	64,500	64,500
Fire - capital	1,157,119	936,910
Disaster	2,100,000	2,000,000
Public works - capital	6,343,184	2,725,000
Paving	8,470,046	8,470,046
Gravel	4,407,953	4,407,953
Gravel reclamation	4,391,714	3,972,047
Resource roads	3,000,000	3,000,000
Sewer	6,321,055	6,321,055
Agricultural services	1,660,000	660,000
Regional fire	41,723	22,723
Bridge deficit	2,925,000	5,475,000
North Saskatchewan River Park	500,000	500,000
High speed internet	2,250,000	2,250,000
GIS Air Photo's	76,000	-
West Country Roads	900,000	600,000
	64,161,858	57,999,789
Equity in tangible capital assets	357,224,177	355,905,157
Total Accumulated Surplus	424,261,751	413,966,875

Clearwater County
Notes to Consolidated Financial Statements
December 31, 2015

9. Salary and Benefits Disclosure

Councilors	Division	2015		2014	
		Salary	Benefits and Allowances	Total	Total
Duncan	1	40,221	6,150	46,371	42,795
Greenwood	2	31,536	5,950	37,486	35,841
Maki	3	25,317	5,658	30,975	31,528
Vandermeer	4	28,617	5,834	34,451	55,440
Laing	5	33,942	5,943	39,885	37,138
Graham	6	24,739	5,619	30,358	49,482
Alexander	7	45,263	6,361	51,625	49,676
County Manager					
Leaf		233,190	49,708	282,898	263,519

1. Salary includes regular base pay, bonuses, overtime, lump sum payments, gross honoraria and any other direct cash remuneration.
2. Benefits and allowances include the employer's share of all employee benefits and contributions or payments made on behalf of employees including pension, health care, dental coverage, vision coverage, group life insurance, accidental disability and dismemberment insurance, long and short-term disability plans, professional memberships and tuition.

Clearwater County
Notes to Consolidated Financial Statements
December 31, 2015

10. Pension Plans

(a) Local Authorities Pension Plan

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

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

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

	2015 \$	2014 \$
Employer Contribution	787,649	709,416
Employee Contribution	<u>727,116</u>	<u>654,039</u>
	<u>1,514,765</u>	<u>1,363,455</u>

At December 31, 2014 the Plan disclosed an actuarial deficit of \$2,454,636,000 (2013 - \$4,861,516,000).

Clearwater County
Notes to Consolidated Financial Statements
December 31, 2015

10. Pension Plans (continued)

(b) Alberta Urban Municipalities Association Apex Supplementary Pension Plan

Certain employees of the county are eligible to participate in the Alberta Urban Municipalities Association APEX Supplementary Pension Plan (APEX), a multi-employer pension plan. This plan provides defined pension benefits to employees based on their length of service and rate of pay.

	2015	2014
	\$	\$
Employer Contribution	4,228	4,155
Employee Contribution	<u>3,424</u>	<u>3,462</u>
	<u>7,652</u>	<u>7,617</u>

As this is a multi-employer pension plan, the employer contribution represents the County's pension benefit expense. No pension liability for this type of plan is included in the County's financial statements. The most recent valuation as at December 31, 2014 indicates an asset surplus of \$6,100,000 (\$4,100,000 surplus, December 31, 2013) for basic pension benefits. The notes to their financial statements identify that this pension is in its infancy, and volatility of surplus/deficit can occur year to year.

(c) Alberta Urban Municipalities Association Municipal Supplementary Executive Retirement Plan

Certain employees of the County are eligible to participate in the Alberta Urban Municipalities Association MuniSERP pension plan, a multi-employer pension plan. This plan provides defined pension benefits to employees based on their length of service and rate of pay.

	2015	2014
	\$	\$
Employer Contribution	<u>14,010</u>	<u>20,452</u>

The most recent actuarial estimate was calculated as December 31, 2015. The market value of plan assets at December 31, 2015 was \$121,390 (December 31, 2014—\$100,989). The actuarial liability as at December 31, 2015 was \$116,057 (December 31, 2014—\$96,330).

Clearwater County
Notes to Consolidated Financial Statements
December 31, 2015

11. Financial Instruments

The County's financial instruments consist of cash, temporary investments, receivables, accounts payable and accrued liabilities, deposits, and long-term debt. It is management's opinion that the County is not exposed to significant interest or currency risks arising from these financial instruments.

The County is subject to credit risk with respect to taxes and grants in place of taxes receivable and trade and other receivables. Credit risk arises from the possibility that taxpayers and entities to which the 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.

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

12. Segmented Disclosure

Clearwater County provides a range of services to its ratepayers. For each reported segment, revenues and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. The accounting policies used in these segments are consistent with those followed in the preparation of the financial statements as disclosed in Note 1.

(a) General Government

General Government is comprised of Council, the Office of the CAO, Communications, and Corporate Services. Corporate Services includes Financial Services, Legislative Services, Human Resources, Assessment, and Information Technology Services. Council makes governance decisions regarding service delivery and service levels on behalf of the municipality in order to balance the needs and wants of the County residents in a financially responsible manner.

(b) Community Services

Community Services consists of seniors' funding, economic development and tourism activities, animal control, shared costs for the airport and special request funding. The Community Services area also provides services mandated by Family and Community Support Services Alberta through a shared funding model between the Province of Alberta, the Town of Rocky Mountain House, the Village of Caroline and the County.

(c) Emergency & Protective Services

Emergency & Protective Services is comprised of Fire, Emergency Management, and Municipal Enforcement Services. The regional fire service provides fire suppression along with fire prevention training and education programs. The regional emergency management agency prepares for emergency situations in order to maintain safe communities. The Municipal Enforcement Services provides infrastructure protection, bylaw enforcement and education programs as well as provincial statute enforcement with authorities granted by the Solicitor General of Alberta.

Clearwater County
Notes to Consolidated Financial Statements
December 31, 2015

d) Transportation Services

Transportation is comprised services in the Public Works areas. This includes the County's infrastructure (roads and bridges), facilities and maintenance and construction programs, including paving and gravel.

e) Planning and Development

This area conducts the County's planning and development functions, working with developers to foster sustainable growth within the County. Planning and Development also oversees the ongoing Nordegg development program, as well as the heritage activities, including the Nordegg Museum and Brazeau Colli Mine Site.

(f) Recreation and Culture

The County contributes to the local recreation programs, libraries and museums in partnership with the Town of Rocky Mountain House, and the Village of Caroline. Through cost-sharing partnerships, the Rocky Mountain House Parks, Recreation and Culture provide recreational and cultural services and activities which promote the well-being of its citizens. A similar partnership exists between with the Village of Caroline and the Caroline & District Athletic & Agricultural Society.

(g) Environmental Services

Environmental Services are comprised of water, waste water and regional solid waste management collection and recycling.

(h) Agricultural Services and Landcare

Agricultural Services and Landcare administers programs that strengthens relationships in the rural areas as well as relationships with urban communities. This includes vegetation and pest management, environmental stewardship programs, educational workshops, specialized equipment rental, cattle data management and awards such as Century Farms, Farm Family and Rural Beautification.

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 segments' 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 levies are allocated to the segment for which the charge was made.

Refer to the Schedule of Segmented Disclosure (Schedule 5)

13. Commitments

Gravel Pit Reclamation Obligation

The County owns gravel pits and is responsible for reclamation costs related to those pits under Alberta environmental law. These costs are expected to be incurred over the life of each pit. The estimated reclamation obligation has not been determined by the County as the information is not reasonably estimable at this time. As a result, no liability has been recorded in these financial statements.

Clearwater County
Notes to Consolidated Financial Statements
December 31, 2015

14. Adoption of new accounting standards

In June 2010, the Public Sector Accounting Board issued PS - 3260 Liability for Contaminated Sites for fiscal years starting on or after April 1, 2014. Contaminated sites are a result of contamination being introduced into the air, soil, water or sediment of a chemical, organic, or radioactive material, or live organism that exceeds an environmental standard. Clearwater County adopted this accounting standard retroactively as of April 1, 2014. There was no impact to the financial statements due to this.

15. Contributed Tangible Capital Assets

	2015	2014
Roadways	\$1,787,018	-
Land	-	\$12,670
	<u>\$1,787,018</u>	<u>\$12,670</u>

16. Budget Figures

The budget figures are presented for information purposes only and have not been audited. The 2015 budget, prepared by the County, reflects all municipal activities including capital projects, debt repayments, and reserves for future use. The reconciliation below is provided to encompass these items and is provided for information purposes only.

	2015 (Budget)	2015 (Actual)	2014 (Actual)
Annual Surplus	\$22,084,307	\$10,294,877	\$7,446,204
Acquisition of TCA	(30,201,150)	(19,614,779)	(16,683,612)
Contributed tangible capital assets		(1,787,018)	(12,670)
Amortization expense		18,764,352	18,412,388
Net transfers to reserves - operations	(1,838,495)		
Net transfers from reserves - TCA	10,258,766		
Loss on disposal of TCA		843,065	2,370,059
Principal debt repayments	(303,428)	(303,428)	(291,629)
Results of Operations	<u>\$ -</u>	<u>\$8,197,069</u>	<u>\$11,240,740</u>

17. Approval of Financial Statements

The financial statements were approved by Council and Management.

July 26, 2016

Clearwater County
4340-47 Avenue
Box 550
Rocky Mountain House, AB
T4T 1A4

Attention: Members of Council

Dear Council Members:

RE: 2015 AUDIT

The purpose of this communication is to summarize certain matters arising from the audit that we believe would be of interest to County Council. This communication should be read in conjunction with the financial statements and our report thereon, and it is intended solely for the use of County Council and should not be distributed to external parties without our prior consent. Hawkings Epp Dumont LLP accepts no responsibility to a third party who uses this communication.

SIGNIFICANT FINDINGS FROM THE AUDIT

Our objective is to communicate appropriately to Council any deficiencies in internal control that we have identified during the audit and that, in our professional judgment, are of sufficient importance to merit being reported to Council.

The audit findings contained in this letter did not have a material effect on the County's financial statements, and as such, our audit report is without reservation with respect to these matters.

Significant Deficiencies in Internal Control

Our audit procedures did not reveal any significant deficiencies in internal control.

Significant Qualitative Aspects of Accounting Practices

Management is responsible for determining the significant accounting policies. The choice of different accounting policy alternatives can have a significant effect on the financial position and results of the County. The application of those policies often involves significant estimates and judgments by management.

We are of the opinion that the significant accounting policies, estimates and judgments made by management, and financial disclosures do not materially misstate the financial statements taken as a whole. However, we provide the following comments.

Land Held for Resale Inventory

At December 31, 2015 (and 2014) the County reported land held for resale inventory (Nordegg lots) in the amount of \$2,409,046 which represents the cost of developing the unsold lots. Canadian public sector accounting standards require the County to report its inventory at the lower of its original cost or net realizable value (current market value). While we currently agree with the County that a write-down is not required in 2015, sales of these lots continue to be sluggish (there were no sales in 2015 but there were some in 2016); therefore, the County will need to monitor this and make an assessment each year as to whether these costs are still recoverable.

Rocky Mountain Regional Solid Waste Authority

Local government financial statements are to include the results of government partnerships and any other entities the local government owns or controls. As we noted previously, in our opinion the Rocky Mountain Regional Solid Waste Authority (Authority) is a government partnership and, as such, Canadian public sector accounting standards dictate that the County should proportionately consolidate its share of the Authority's financial results into its financial statements.

In our opinion, excluding the Authority's results does not materially misstate the County's 2015 financial statements.

Uncorrected Misstatements

There were no significant uncorrected misstatements aggregated by our Firm for the year ended December 31, 2015.

After considering both quantitative and qualitative factors with respect to the uncorrected misstatements we accumulated during the audit, we agree with management that the financial statements are not materially misstated.

Significant Difficulties Encountered During the Audit

Due to computer system problems, which we understand was caused by a lightning strike, the County was delayed in preparing for the 2015 audit. Due to this, we did not start our year-end audit work until the week of June 20, 2016. As a result, the audit was delayed, and not completed by May 1, 2016.

We encountered no significant difficulties during our audit that should be brought to the attention of Council.

Management Representations

Management's representations are integral to the audit evidence we will gather. Prior to the release of our report, we will require management's representations in writing to support the content of our report.

Management Letter

We will be submitting a letter to County management on other matters that we feel should be brought to their attention.

AUDITOR INDEPENDENCE

We have been engaged to audit the financial statements of the County for the year ending December 31, 2015.

We believe it is important that we communicate, at least annually, with County Council regarding all relationships between the County and our firm that, in our professional judgment, may reasonably be thought to bear on our independence.

In determining which relationships to report, these standards require us to consider relevant rules and related interpretations prescribed by CPA Alberta and applicable legislation, covering such matters as:

- a) holding a financial interest, either directly or indirectly, in a client;
- b) holding a position, either directly or indirectly, that gives the right or responsibility to exert significant influence over the financial or accounting policies of a client;
- c) personal or business relationships of immediate family, close relatives, partners or retired partners, either directly or indirectly, with a client;
- d) economic dependence on a client; and
- e) provision of services in addition to the audit engagement.

We have prepared the following comments to facilitate our discussion with you regarding independence matters.

We are not aware of any relationships between the County and ourselves that, in our professional judgment, may reasonably be thought to bear on our independence that have occurred from January 1, 2015 – July 26, 2016.

Clearwater County
July 26, 2016
Page 4

The assistance of Rhonda Serhan and the other County management and staff during the audit was greatly appreciated by our staff.

Yours very truly,

HAWKINGS EPP DUMONT LLP



Philip J. Dirks, CPA, CA
Partner

PJD/law

cc: Ron Leaf, Municipal Manager
Rhonda Serhan, Manager, Financial Services

DRAFT

Clearwater County Councilor and Board Member Renumeration Statement

For the Year of ...2016...

Name of Councilor / Board Member ...Jim Duncan.....

Payment Periods

January	February	May	<u>June</u>
March	April	July	August
September	October	November	December

Supervision Rate – \$550.00 Monthly
Reeve Supervision Rate - \$850.00 Monthly

Date	Type of Meeting Attended	First 4 Hours \$159.00	Next 4 Hours \$126.00	Next 4 Hours \$126.00	Regular Council Meeting \$288.00	Lunch \$16.00	Mileage @ \$0.54 / km
June 1	Rec Board	X					40
June 2	MGA Review Session Byemoor	X	X	X			493
June 7	Rec Board- meet fitness groups	X					40
June 8	FCSS	X					40
June 9	Bighorn Backcountry	X					40
June 13	Tri Council	X					40
June 14	Regular Council				X		40
June 15	NSWA AGM	X	X				443
June 15	Rec Board			X			40
June 17	Provincial ASB Conference call	X					0
June 20	A+P	X	X				40
June 22	MPC	X					40
June 23	Canada 150	X					40
June 28	Canada 150 travel to Toronto	X	X			X	226
June 29	Canada 150 Signature Event	X	X				0

{more Space on Back of Page}

Expenses attached

Remuneration Calculation

<u>14</u>	Meetings @ \$159.00=	<u>2226.00</u>	<u>1782</u>	Kms @ \$0.54=	<u>962.28</u>
<u>9</u>	Meetings @ \$126.00=	<u>1134.00</u>	<u>1</u>	Lunch @ \$16.00=	<u>16.00</u>
<u>1</u>	Meetings @ \$288.00=	<u>288.00</u>	Receipts (ON FILE)		<u>816.40</u>
	Supervision=	<u>550.00</u>			
	TOTAL=	<u>4198.00</u>		TOTAL=	<u>1794.68</u>

Signature {Councilor / Board Member}

Jim Duncan

