

**CLEARWATER COUNTY COUNCIL AGENDA**  
**April 11, 2017**  
**9:00 AM**  
Council Chambers  
4340 – 47 Avenue, Rocky Mountain House, AB

**9:45 am Pine Beetle Resilience Project:**

**Rob Friberg, Phd Student, University of British Columbia**

**10:30 am Auditor's Report:**

**Hawkings Epp Dumont LLP, Chartered Accountants**

**A. CALL TO ORDER**

**B. AGENDA ADOPTION**

**C. CONFIRMATION OF MINUTES**

1. March 28, 2017 Regular Meeting Minutes

**D. AG SERVICES & LANDCARE**

1. Summer Tour

**E. COMMUNITY & PROTECTIVE SERVICES**

1. Clearwater Regional Fire Rescue Services – Fire Station

**F. PLANNING**

1. Nordegg's Historic CIBC Bank Building
2. 9:45 am Pine Beetle Resilience Project

**G. CORPORATE SERVICES**

1. 2017-18 Federal Budget Update
2. Reserve Transfers for Year Ending December 31, 2016
3. 10:30 am 2016 Audited Financial Statements and Auditor's Report
4. 2017 Tax Rate Bylaw

**H. MUNICIPAL**

1. Clearwater County Taxpayers' Association Regular Meeting Invitation

**I. INFORMATION**

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

**J. IN CAMERA\***

1. Legal

\* 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, Section 17(1) and Section 24(1)(a).

**K. ADJOURNMENT**

**TABLED ITEMS**

<u>Date</u>	<u>Item, Reason and Status</u>
03/14/17	<b>094/17 Clearwater County Hamlet Residential Chicken Bylaw</b>
STATUS:	Draft bylaw under administrative review



## AGENDA ITEM

<b>PROJECT:</b> Summer Tour		
<b>PRESENTATION DATE:</b> April 11 <sup>th</sup>		
<b>DEPARTMENT:</b> Ag. Services and Landcare	<b>WRITTEN BY:</b> Matt Martinson	<b>REVIEWED BY:</b> Ron Leaf
<b>BUDGET IMPLICATION:</b> <input type="checkbox"/> N/A <input checked="" type="checkbox"/> Funded by Dept. <input type="checkbox"/> Reallocation		
<b>LEGISLATIVE DIRECTION:</b> <input checked="" type="checkbox"/> None <input type="checkbox"/> Provincial Legislation (cite) <input type="checkbox"/> County Bylaw or Policy (cite)		
<b>STRATEGIC PLAN THEME:</b> 1 Managing our growth	<b>PRIORITY AREA:</b> 1.4 Value and protect the natural environment	<b>STRATEGIES:</b> 1.4.6 Support activities of Landcare and partnering agencies
<b>RECOMMENDATION:</b> That Council confirms Administration's understanding of Council's expectations for the upcoming summer tour.		

### BACKGROUND:

At their last meeting on March 28<sup>th</sup> Council discussed organizing a summer tour for the Government of Alberta's Rural Caucus members.

The interest for another tour was generated from the successful tour held last year by the NSWA (North Saskatchewan Water Shed Alliance) and Clearwater County which included a canoe trip and bus tour. The NSWA has expressed a willingness to assist with this year's tour though the majority of the planning and organizing will be handled by County Staff.

Based on our understanding of Council's current priorities the key messaging for the tour will be:

1. That Public Land Use Zones (PLUZ) are an effective way to responsibly manage parts of the west country and can still be considered protected based on the commitments the federal government has made by signing the Convention on Biological Diversity.

2. A change to the Land Use Designation for the Rig Street area to a PLUZ will assist and empower the Clearwater Trails Initiative, and partnering stakeholders, in further managing and protecting the Rig Street area.
3. Further awareness of the programs and projects Clearwater County and partners have implemented in the West Country to protect land and water resources.

Administration is recommending the tour take place on or around the same dates as last year, August 10<sup>th</sup>. If councils key messaging priorities are as stated above administration recommends an ATV tour for this year, which could take place in either the Big Horn or Rig Street area. If council chooses the ATV tour, we believe we can accommodate 12 to 20 participants. Administration recommends that invitations go to the Rural Caucus members first and then work through the Municipal Affairs ministers offices to fill remaining spots with MLA's outside of the Rural Caucus.



## AGENDA ITEM

<b>PROJECT: Clearwater Regional Fire Rescue Services – Fire Station</b>		
<b>PRESENTATION DATE: April 11, 2017</b>		
<b>DEPARTMENT: CRFRS</b>	<b>WRITTEN BY: Ted Hickey</b>	<b>REVIEWED BY: Ron Leaf</b>
<b>BUDGET IMPLICATION:</b> <input type="checkbox"/> N/A <input checked="" type="checkbox"/> Funded by Dept. <input type="checkbox"/> Reallocation		
<b>LEGISLATIVE DIRECTION:</b> <input type="checkbox"/> None <input checked="" type="checkbox"/> Provincial Legislation <u>New West Partnership Trade Agreement</u> <input type="checkbox"/> County Bylaw		
<b>STRATEGIC PLAN THEME:</b> 2: Well Governed and Leading Organization 3: Community Well-Being	<b>PRIORITY AREA:</b> 2.1, 2.2, 3.2	<b>STRATEGIES:</b> 2.1.1, 2.1.2, 2.1.3, 2.2.1, 2.2.2, 2.2.3 3.2.1, 3.2.2
<b>RECOMMENDATION: That Council receives as information.</b>		

**BACKGROUND:**

Clearwater County has retained PIVOTAL Project to fulfill the project management role in completion of the new Fire Station replacing Station 10 and Station 20. A Request for Proposal for the Primary Consultant has been advertised and replied to. PIVOTAL Project received six proposals and has completed a Summary Evaluation for the RFP replies

<b>FIRM</b>	<b>SCORE</b>
• Group 2 Architecture Interior Design Ltd.	3.74
• S2 Architecture	4.01
• BRZ Partnership Architecture Inc.	4.13
• Riddell Kurczaba	4.34
• SAHURI + Partners Architecture Inc.	4.48
• BR2 Architecture	4.62

Administration has awarded the RFP to the firm of BR2 Architecture based upon the highest scoring of all submissions. As per RFP document:

Section 1.8 of the RFP states the that the County is not bound by lowest bid in evaluation and award of the RFP.	
1.8.6. Weighting of selection criteria will be based on the following:	
<b>CRITERIA</b>	<b>WEIGHTING</b>
Project Understanding and Risks	10%
Design Approach, Methodology, and Innovation	15%
Project Schedule	10%
Project Experience	20%
Project Team	10%
Fee Proposal	35%
<b>Interview Bonus (top 3-4 proponents may be interviewed and eligible for bonus)</b>	<b>10%</b>



## AGENDA ITEM

<b>PROJECT:</b> Historic CIBC Bank / Nordegg		
<b>PRESENTATION DATE:</b> April 11 <sup>th</sup> , 2017		
<b>DEPARTMENT:</b> Planning & Development	<b>WRITTEN BY:</b> Rick Emmons	<b>REVIEWED BY:</b> Ron Leaf
<b>BUDGET IMPLICATION:</b> <input type="checkbox"/> N/A <input checked="" type="checkbox"/> Funded by Dept. <input type="checkbox"/> Reallocation		
<b>LEGISLATIVE DIRECTION:</b> <input type="checkbox"/> None <input type="checkbox"/> Provincial Legislation (cite) <input checked="" type="checkbox"/> County Bylaw or Policy (cite) Bylaw: _____ Policy: <u>Nordegg Community Outline Plan, Nordegg Development Plan, Nordegg Development Design Guidelines, MDP, AB Gov't Land Use Policy, &amp; Integrated Resource Plan</u>		
<b>Strategic Area:</b> #1: Managing Our Growth	<b>Priority Area:</b> Objective – 1.1 Plan for a well designed and built community.	<b>STRATEGY #1.1.1:</b> Ensure appropriate land use planning for public infrastructure, rural subdivisions, hamlets and commercial and industrial lands.
<b>RECOMMENDATION:</b> For Council to approve the preservation of the historic CIBC Bank in Nordegg.		

### BACKGROUND:

Previously Council directed Administration to de-construct selected buildings in Nordegg that were deemed beyond salvaging, one of those buildings being the old CIBC Bank. Funds were allocated in 2017 to de-construct the old bank while preserving the facade for historical purposes.

Tdb Construction has offered to preserve the CIBC for the same cost as de-constructing it. Ted Deboer has offered to place the building on a new foundation, replace the back wall and paint the building; making the structure to a stable state for some other opportunity (perhaps a coffee shop, etc).

With this generous offer, Administration is recommending Council accepts Tdb Construction offer regarding the preservation of the building.



## AGENDA ITEM - Delegation

<b>PROJECT:</b> 9:45 am Delegation - Pine Beetle Resilience Project		
<b>PRESENTATION DATE:</b> April 11 <sup>th</sup> , 2017		
<b>DEPARTMENT:</b> Planning & Development	<b>WRITTEN BY:</b> Rick Emmons	<b>REVIEWED BY:</b> Ron Leaf
<b>BUDGET IMPLICATION:</b> <input checked="" type="checkbox"/> N/A <input type="checkbox"/> Funded by Dept. <input type="checkbox"/> Reallocation		
<b>LEGISLATIVE DIRECTION:</b> <input checked="" type="checkbox"/> None <input type="checkbox"/> Provincial Legislation (cite) <input type="checkbox"/> County Bylaw or Policy (cite) Bylaw: _____ Policy: _____		
<b>Strategic Area:</b> #1: Managing Our Growth	<b>Priority Area:</b> Objective – 1.1 Plan for a well designed and built community.	<b>STRATEGY:</b> 1.1.4 Partner with stakeholders to take sustain the natural beauty and environmental attributes through conservation, protection and enhancement.
<b>ATTACHMENT:</b> Presentation Summary		
<b>RECOMMENDATION:</b> For Council to receive the information as presented.		

### BACKGROUND:

Mr. Rob Friberg is an RPF, PhD Student at the University of British Columbia and has requested to speak to Council about the possible economic effect seen from the pine beetle. Rob is visiting Clearwater County, the Town of Rocky Mountain House, and the Town of Sundre informing communities on the subject and increasing awareness.

Rob invited Mr. Tom Daniels from West Fraser to attend as well to add industry's perspective along with his and provide Council the opportunity to answer any questions Council may have.

## **Pine Beetle Resilience Project**

**Presentation by:** Rob Friberg, RPF, PhD student – The University of British Columbia Okanagan.

**Date:** April 11, 2017

**Topic:** Research to support community resilience to potential mountain pine beetle attack (and other types of natural disturbance across forested landscapes in Alberta).

**Purpose:** To briefly introduce the project and seek Council's feedback, including input toward focusing the study on priorities that are important and relevant to the community and area.

**Context, funding and support for the project:** the study is funded and supported by the Mountain Pine Beetle Ecology Program of fRI Research based in Hinton. fRI is supported by partners including local industry (e.g. West Fraser Mills Ltd.) with the goal of doing practical research that seeks answers to land and resource management questions related to the local ecology, economy, society, and culture. Additional partners in the mountain pine research program include The University of Alberta and The University of British Columbia.

**Resilience project brief background:** The community resilience component of the pine beetle research program will explore key characteristics that can contribute to the resilience of Albertan communities to potential mountain pine beetle epidemic. This will be done with participation and input from community members through interviews and a focus group. Results from the study, including a framework for assessing resilience, and strategies for fostering resilience, will be made available directly to communities and research partners in the form of practical reports and summaries, as well as presentations to interested community members.

### **Presentation outline:**

- Brief update on state of the beetle epidemic and the beetle research program.
- Background on the practical focus of the resilience study, working directly with community stakeholders to identify and explore locally relevant factors.
- Brief background on how a resilience framework is viewed as potentially helpful for strategizing about community responses to a wide range of natural disturbances, including climate change.
- Background on the interviews and focus group process, including purpose and time commitments.
- Commitment to providing regular updates and a practical end product.





## AGENDA ITEM

<b>PROJECT: 2017-18 Federal Budget Update</b>		
<b>PRESENTATION DATE: April 11, 2017</b>		
<b>DEPARTMENT:</b> Finance	<b>WRITTEN BY:</b> Rodney Boyko	<b>REVIEWED BY:</b> Ron Leaf
<b>BUDGET IMPLICATION:</b> <input checked="" type="checkbox"/> N/A <input type="checkbox"/> Funded by Dept. <input type="checkbox"/> Reallocation		
<b>LEGISLATIVE DIRECTION:</b> <input checked="" type="checkbox"/> None <input type="checkbox"/> Provincial Legislation		
<b>STRATEGIC PLAN THEME:</b> Well Governed and Leading Organization	<b>PRIORITY AREA:</b> Socially Responsible Governance for Long Term Sustainability	<b>STRATEGIES:</b> Fiscal Management
<b>RECOMMENDATION: That Council receives the 2017-18 Federal Budget Update for information as presented.</b>		

### BACKGROUND:

The Federal Government delivered their budget for 2017-18 on March 22. The federal budget is a deficit budget of \$28.5 billion. The main themes of the Federal Budget 2017 are:

- “Skills, innovation, and middle class jobs”, which focuses on supporting and promoting learning, skill development and innovation;
- “Communities built for change”, focusing on creating sustained economic growth, inclusive communities and middle class jobs for Canadians through investments in infrastructure;
- “Tax Fairness for the middle class” which involves improving tax fairness for Canadian families and cracking down on tax evasion; and,
- “A strong Canada at home and in the World”, focusing on improving access to mental health and home care services, opportunities for Indigenous People, support for veterans and upholding Canada’s place in the world.

The announcement highlighted a few programs that may affect Alberta municipalities:

- Transit Infrastructure – Announced in 2016 to commit \$3.4 billion (over 3years) to upgrade and improve public transit throughout Canada. Federal budget 2017 allocates 20.1 billion (over 11 years).

- The new Public Transit Infrastructure Fund allocated \$285 million in 2017 to Alberta municipalities to support the rehabilitation of transit systems, new capital projects and planning studies for future transit expansion.
  - Funding will flow through the province (this funding was included in the 2017 Provincial budget announcement).
- Green infrastructure – Announced in 2016 to commit \$5.0 billion (over 5 years) for investments in water, wastewater and green infrastructure projects. Further to this, Federal budget 2017 announced 21.9 billion (over 11 years) for green infrastructure.
  - Included in this is the new Clean Water and Wastewater Fund (\$165 million was allocated to Alberta in 2017) to provide communities with more reliable water and wastewater systems so that they are able to meet legislated standards.
    - Funding will flow through the province (this funding was included in the 2017 Provincial budget announcement).
- Social infrastructure – Announced in 2016 to commit \$3.4 billion (over 5 years) for social infrastructure initiatives including investments in First Nations, Inuit and Northern Communities, affordable housing, early learning and childcare. Federal budget 2017 expanded on this, announcing \$11.2 billion (over 11 years) for social housing initiatives and \$7 billion (over 10 years) in support of affordable and quality childcare.
- Budget 2017 will continue to fund projects through the Gas Tax Fund and provide incremental Goods and Services Tax Rebates for Municipalities.
  - \$222 million of the Gas Tax Fund has been allocated to Alberta in 2017.

Other budget highlights include:

- \$35 billion over 11 years to fund a new Canada Infrastructure Bank which will invest in large infrastructure projects. This investment will take the form of loans, loan guarantees and equity. \$5 billion has been allocated for green and public transit projects. Unknown how this affects Alberta projects as communities already have access to low interest loans through Alberta Capital Finance Authority.
- The Federal Government announced the funding of \$30 million (one-time payment) to the Alberta provincial government to help stimulate economic growth in Alberta's resource sector.
- \$300 million (over 11 years) has been committed to launch a Smart Cities Challenge Fund in support of the development of ambitious plans to improve the quality of life for urban residents.
- Changes to parental leave which will provide for an extension of leave and benefits to 18 months. The offset is a decrease in the EI benefit rate from 55 percent of average weekly earnings to 33 percent over that period.

The direct effect on Clearwater County is not yet know, as most of the above projects must first be funneled through the provincial grant processes. The focus of the municipal granting appears to be targeted primarily to urban municipalities, however there are joint projects that meet the criteria of the budget. Administration will continue to monitor the programs and ensure applications are brought forward.

Of note for elected officials is the “Tax Fairness for the Middle Class” category. While it is unclear what changes are being made, it is stated that the “non-accountable allowances” will be removed from the tax act. There is concern among some municipalities that this change will result in the removal of the allowance for elected officials that results in a non-taxable portion of honorariums. The change is scheduled to come into effect in 2019.



## AGENDA ITEM

<b>PROJECT:</b> Reserve Transfers for Year Ending December 31, 2016		
<b>PRESENTATION DATE:</b> April 11, 2017		
<b>DEPARTMENT:</b> Corporate Services	<b>WRITTEN BY:</b> Rhonda Serhan	<b>REVIEWED BY:</b> Rodney Boyko/Ron Leaf
<b>BUDGET IMPLICATION:</b> <input checked="" type="checkbox"/> N/A <input type="checkbox"/> Funded by Dept. <input type="checkbox"/> Reallocation		
<b>LEGISLATIVE DIRECTION:</b> <input type="checkbox"/> None <input type="checkbox"/> Provincial Legislation (cite) <input type="checkbox"/> County Bylaw or Policy (cite) Bylaw: _____ Policy: _____		
<b>STRATEGIC PLAN THEME:</b>	<b>PRIORITY AREA:</b>	<b>STRATEGIES:</b>
<b>ATTACHMENT(S):</b> Surplus Summary, December 31, 2016		
<b>RECOMMENDATION:</b> 1 – That council approve reserve transfers as attached 2 – That council approve the following budget adjustments as listed		

### BACKGROUND:

Corporate Services is currently wrapping up things with our audit team, from Hawkings Epp Dumont, and one of the last steps to finalizing the financial statements is to allocate any surplus from 2016. There were a number of budgeted reserve transfers that were identified and discussed during the 2017 budget deliberations. I have attached a list of these transfers for 2016, both in and out. We currently have an unallocated amount of just over \$600,000 in 2016. It is administrations recommendation that the surplus be left in the unallocated reserve. Note that while our current reserve policy states that we should allocate any amounts over \$100,000, administration will be bringing forward an updated reserve policy. As the new policy will address all the reserve balances and make recommendations for minimum and maximum thresholds for all reserves, including the unallocated surplus, administration recommends waiting until this new policy is presented before allocating this amount for 2017.

The net total of all of the reserve transfers is \$5,261,454 going into reserves

We have 5 new transfers that will require budget adjustments to the 2017 budget. When budget is being prepared, staff do their best to project which projects will be completed by the end of 2016 and which ones will need to continue into 2017. With budget for 2017 being passed before the end of 2016, we just had a few things that

were not completed by 2016, that need to be carried forward into 2017. These projects are:

- 1- Flood projects \$140,000
- 2- NE 3 40 7 W5 development for \$183,421
- 3- Land purchase for the Leslieville/Condor Firehall \$403,992
- 4- Budget Software \$70,000
- 5- Camera Project \$130,000

The total of these changes is \$927,413, coming from the Work in Progress reserve, this amount is included in the \$5,261,454 amount. I have also attached a summary of the reserve accounts, with the net transfer amount as well as a detailed sheet of each transfer in and out of each reserve.



Unrestricted surplus

Restricted surplus (Reserves):

Work in Progress  
 County Facilities  
 Tax rate stabilization  
 Nordegg Development  
 Recreation Facility  
 NSRP  
 High speed internet  
 Airport  
 Fire - capital  
 Disaster  
 Regional Fire  
 PW - capital  
 PW - paving  
 PW - gravel  
 PW - gravel reclamation  
 Resource roads  
 Sewer  
 Leslieville Sewer  
 Bridge deficit  
 GIS  
 West Country Roads  
 ASB  
 Rental Income Facility Reserve  
 SAR Equipment Reserve

	Balance Dec 31, 2015	Net Change 2016	Projected Balance Dec 31, 2016
Unrestricted surplus	\$ 2,875,717	\$ (2,246,589)	\$ 629,128
Work in Progress	9,015,522	(984,667)	8,030,855
County Facilities	3,268,975	450,000	3,718,975
Tax rate stabilization	9,935,500	4,096,919	14,032,419
Nordegg Development	(2,830,972)	102,026	(2,728,946)
Recreation Facility	164,540	23,025	187,565
NSRP	500,000	-	500,000
High speed internet	2,250,000	1,650,000	3,900,000
Airport	64,500	-	64,500
Fire - capital	1,157,118	1,820,000	2,977,118
Disaster	2,100,000	(100,000)	2,000,000
Regional Fire	41,723	(14,250)	27,473
PW - capital	6,343,184	159,811	6,502,995
PW - paving	8,470,046	-	8,470,046
PW - gravel	4,407,953	-	4,407,953
PW - gravel reclamation	4,391,714	265,319	4,657,033
Resource roads	3,000,000	-	3,000,000
Sewer	6,321,055	-	6,321,055
Leslieville Sewer	-	6,216	6,216
Bridge deficit	2,925,000	(1,400,014)	1,524,986
GIS	76,000	76,000	152,000
West Country Roads	900,000	300,000	1,200,000
ASB	1,660,000	1,000,000	2,660,000
Rental Income Facility Reserve	-	55,000	55,000
SAR Equipment Reserve	-	-	-
	64,161,858	7,505,385	71,667,243
<b>Total</b>	<b>\$ 67,037,575</b>	<b>5,258,796</b>	<b>\$ 72,296,371</b>





## AGENDA ITEM

<b>PROJECT: 2016 Audited Financial Statements</b>		
<b>PRESENTATION DATE: April 11, 2017</b>		
<b>DEPARTMENT:</b> Finance	<b>WRITTEN BY:</b> Rhonda Serhan	<b>REVIEWED BY:</b> Rodney Boyko/Ron Leaf
<b>BUDGET IMPLICATION:</b> <input checked="" type="checkbox"/> N/A <input type="checkbox"/> Funded by Dept. <input type="checkbox"/> Reallocation		
<b>LEGISLATIVE DIRECTION:</b> <input type="checkbox"/> None <input checked="" type="checkbox"/> Provincial Legislation MGA 276 - 279		
<b>STRATEGIC PLAN THEME:</b> Well Governed and Leading Organization	<b>PRIORITY AREA:</b> Socially Responsible Governance for Long Term Sustainability	<b>STRATEGIES:</b> Fiscal Management
<b>ATTACHMENT(S): Audited Financial Statements, Audit Findings Letter</b>		
<b>RECOMMENDATION: Approve the 2016 Audited Financial Statement as attached.</b>		

### BACKGROUND:

Annually each municipality must prepare audited financial statements as per MGA Sec 276. The auditor appointed by council is Phil Dirks of Hawkings Epp Dumont. Administration will present the financial statements and Hawkings Epp Dumont will be attending to present the audit findings report.

The attached Draft Financial statements show Clearwater County in a healthy position with Net Assets of \$67.8 million and total Accumulated Surplus of \$424.4 million. Revenue for the year is \$51.3 million which is \$3.3 million higher than originally budgeted. This is mainly due to the assessment that was deemed to be at risk during budget. Expenses totaled \$31.5 million not including amortization compared to a budgeted \$36 million. Government transfers for Capital were down significantly due to the deferral of the administration building project.

During the annual audit, the auditors prepare a letter for council with their findings for councils review and consideration. The only item that the auditors found a concern with is the preparation of the statements for the Regional Waste Authority. In 2016 and prior years, it has been the practice of the Authority to prepare independent statements and report to the board instead of reporting to the council as a whole. With the change in structure in late 2016, it is the County's intention to correct this reporting process for the



2017 financial statements. This change will result in compliance with Public Sector Accounting Standards, and meet the auditors request in the audit findings letter.

Once the attached statements are approved, administration will forward the statements and the Financial Information Return to Municipal affairs for compliance with the submission deadline of April 30 of the year.

**CLEARWATER COUNTY  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016**

DRAFT

## INDEPENDENT AUDITORS' REPORT

To the Reeve and Council of Clearwater County

We have audited the statement of financial position of Clearwater County as at December 31, 2016 and the statements of operations and accumulated surplus, changes in net financial assets, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditors' Responsibility*

Our responsibility is to express an opinion on these 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 financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, 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 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 financial statements present fairly, in all material respects, the financial position of Clearwater County as at December 31, 2016 and the results of its operations, changes in its net financial assets, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Edmonton, Alberta  
April 11, 2017

  
Hawking Epp Dumont LLP  
Chartered Accountants

**MANAGEMENT'S RESPONSIBILITY  
FOR FINANCIAL REPORTING**

To His Worship the Reeve and Members of Council of Clearwater County

The integrity, relevance and comparability of the data in the accompanying financial statements are the responsibility of management.

The financial statements are the responsibility of management, prepared in accordance with Canadian public sector accounting standards. They necessarily include some amounts that are based on the best estimates and judgments of management.

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

Hawkings Epp Dumont LLP, Chartered Accountants, have been appointed by County Council to express an opinion on the County's financial statements.

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Ron Leaf  
County Manager

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Rodney Boyko, CPA, CMA  
Director, Finance and Corporate Services

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

	<u>2016</u>	<u>2015</u>
<b>FINANCIAL ASSETS</b>		
Cash and cash equivalents (Note 2)	\$ 78,107,487	\$ 69,807,899
Accounts receivable (Note 3)	3,883,090	3,106,260
Land held for resale	2,278,818	2,409,046
Investments (Note 4)	<u>233,478</u>	<u>230,224</u>
	<u>84,502,873</u>	<u>75,553,429</u>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities (Note 5)	7,336,780	8,644,104
Deposit liabilities	29,970	25,800
Deferred revenue (Note 6)	6,021,692	840,465
Long-term debt (Note 7)	<u>3,254,994</u>	<u>3,570,700</u>
	<u>16,643,436</u>	<u>13,081,069</u>
<b>NET FINANCIAL ASSETS</b>	<u>67,859,437</u>	<u>62,472,360</u>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (Note 8)	352,106,669	357,224,177
Inventories for consumption (Note 9)	4,067,272	4,070,967
Prepaid expenses	<u>451,297</u>	<u>494,247</u>
	<u>356,625,238</u>	<u>361,789,391</u>
<b>ACCUMULATED SURPLUS (NOTE 10) (Schedule 1)</b>	<u>\$ 424,484,675</u>	<u>\$ 424,261,751</u>

ON BEHALF OF COUNCIL:

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## STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS

FOR THE YEAR ENDED DECEMBER 31, 2016

	<u>2016</u> (Budget) (Note 19)	<u>2016</u> (Actual)	<u>2015</u> (Actual)
<b>REVENUE</b>			
Net municipal taxes (Schedule 2)	\$ 43,384,735	\$ 45,177,816	\$ 43,982,546
Well drilling taxes	2,000,000	1,818,462	4,625,263
User fees and sale of goods	794,275	1,431,807	933,552
Investment income	660,000	1,118,904	977,742
Government transfers for operating (Schedule 3)	440,717	573,439	652,976
Fines	210,000	372,522	355,977
Other	118,250	254,837	105,913
Rentals	232,500	304,609	185,278
Penalties on taxes	100,000	139,758	172,923
Developer Levies	90,000	107,391	108,128
Licenses, permits, rentals and fines	<u>45,600</u>	<u>54,262</u>	<u>88,398</u>
	<u>48,076,077</u>	<u>51,353,807</u>	<u>52,188,696</u>
<b>EXPENSES</b>			
Legislative	484,250	590,896	375,695
Administration	3,324,125	3,144,072	2,883,268
Assessment	804,885	712,827	696,295
Fire, ambulance, and protective services	3,436,848	2,968,448	2,636,769
Public works - general	2,006,054	1,651,984	1,667,881
Roads, streets, walks and lighting	11,081,395	9,436,251	9,066,527
Facilities	1,162,670	809,752	1,072,188
Water supply and distribution	121,000	87,178	81,912
Wastewater treatment and disposal	311,600	254,119	140,404
Waste management	1,926,596	1,936,532	1,274,694
Airport	77,817	31,629	40,746
Family and community support services	764,316	748,358	613,994
Agricultural services	2,316,741	2,310,194	2,268,278
Land use planning, zoning and development	3,450,735	2,895,101	3,050,306
Parks and recreation	4,349,933	3,564,646	5,088,089
Culture	443,107	426,760	470,716
Amortization	<u>-</u>	<u>18,936,909</u>	<u>18,764,352</u>
	<u>36,062,072</u>	<u>50,505,656</u>	<u>50,192,114</u>
<b>ANNUAL SURPLUS BEFORE OTHER REVENUE (EXPENSES)</b>	<u>12,014,005</u>	<u>848,151</u>	<u>1,996,582</u>
<b>OTHER REVENUE (EXPENSES)</b>			
Government transfers for capital (Schedule 3)	6,096,102	661,944	7,354,342
Loss on disposal of tangible capital assets	-	(1,287,171)	(843,065)
Contributed tangible capital assets	<u>-</u>	<u>-</u>	<u>1,787,018</u>
	<u>6,096,102</u>	<u>(625,227)</u>	<u>8,298,295</u>
<b>ANNUAL SURPLUS</b>	18,110,107	222,924	10,294,877
<b>ACCUMULATED SURPLUS, BEGINNING OF YEAR</b>	<u>424,261,751</u>	<u>424,261,751</u>	<u>413,966,874</u>
<b>ACCUMULATED SURPLUS, END OF YEAR</b>	<u>\$ 442,371,858</u>	<u>\$ 424,484,675</u>	<u>\$ 424,261,751</u>

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

	<u>2016</u> (Budget) (Note 19)	<u>2016</u> (Actual)	<u>2015</u> (Actual)
<b>ANNUAL SURPLUS</b>	\$ <u>18,110,107</u>	\$ <u>222,924</u>	\$ <u>10,294,877</u>
Purchase of tangible capital assets	(31,627,922)	<b>(16,156,746)</b>	(19,614,779)
Contributed tangible capital assets	-	-	(1,787,018)
Proceeds on disposal of tangible capital assets	-	<b>1,050,174</b>	475,361
Amortization of tangible capital assets	-	<b>18,936,909</b>	18,764,352
Loss on disposal of tangible capital assets	-	<b>1,287,171</b>	<u>843,065</u>
	<u>(31,627,922)</u>	<b><u>5,117,508</u></b>	<u>(1,319,019)</u>
Use (acquisition) of supplies inventory	-	<b>3,695</b>	(273,013)
Use (acquisition) of prepaid expenses	-	<b>42,950</b>	<u>27,010</u>
	-	<b>46,645</b>	<u>(246,003)</u>
<b>INCREASE IN NET FINANCIAL ASSETS</b>	(13,517,815)	<b>5,387,077</b>	8,729,855
<b>NET FINANCIAL ASSETS, BEGINNING OF YEAR</b>	<u>62,472,360</u>	<b><u>62,472,360</u></b>	<u>53,742,505</u>
<b>NET FINANCIAL ASSETS, END OF YEAR</b>	\$ <u>48,954,545</u>	\$ <b><u>67,859,437</u></b>	\$ <u>62,472,360</u>

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

	<u>2016</u>	<u>2015</u>
<b>OPERATING ACTIVITIES</b>		
Annual surplus	\$ 222,924	\$ 10,294,877
Non-cash items included in annual surplus		
Loss on disposal of tangible capital assets	1,287,171	843,065
Contributed tangible capital assets	-	(1,787,018)
Amortization of tangible capital assets	<u>18,936,909</u>	<u>18,764,352</u>
	<b>20,447,004</b>	28,115,276
Change in non-cash working capital balances:		
Accounts receivable	(776,830)	2,362,797
Prepaid expenses	42,950	27,010
Accounts payable and accrued liabilities	(1,307,324)	4,728,534
Land held for resale	130,228	-
Deferred revenue	5,181,227	(1,093,577)
Inventories for consumption	3,695	(273,013)
Deposit liabilities	<u>4,170</u>	<u>17,500</u>
	<u>23,725,120</u>	<u>33,884,527</u>
<b>CAPITAL ACTIVITIES</b>		
Purchase of tangible capital assets	(16,156,746)	(19,614,779)
Proceeds on disposal of tangible capital assets	<u>1,050,174</u>	<u>475,361</u>
	<u>(15,106,572)</u>	<u>(19,139,418)</u>
<b>FINANCING ACTIVITIES</b>		
Long-term debt principal repayments	<u>(315,706)</u>	<u>(303,428)</u>
<b>INVESTING ACTIVITIES</b>		
Purchase of investments	<u>(3,254)</u>	<u>(42,420)</u>
<b>INCREASE IN CASH AND CASH EQUIVALENTS DURING THE YEAR</b>	<b>8,299,588</b>	14,399,261
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<u>69,807,899</u>	<u>55,408,638</u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b>\$ <u>78,107,487</u></b>	<b>\$ <u>69,807,899</u></b>



**CLEARWATER COUNTY**  
**SCHEDULE OF ACCUMULATED SURPLUS**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

	<u>Unrestricted Surplus</u>	<u>Restricted Surplus</u>	<u>Equity in Tangible Capital Assets</u>	<b><u>2016</u></b>	<b><u>2015</u></b>
<b>BALANCE, BEGINNING OF YEAR</b>	\$ 2,875,716	\$ 64,161,858	\$357,224,177	<b>\$424,261,751</b>	\$413,966,874
Annual surplus	222,924	-	-	<b>222,924</b>	10,294,877
Unrestricted funds designated for future use	(14,690,227)	14,690,227	-	-	-
Restricted funds used for operations	186,338	(186,338)	-	-	-
Restricted funds used for tangible capital assets	-	(6,916,868)	6,916,868	-	-
Current year funds used for tangible capital assets	(9,239,878)	-	9,239,878	-	-
Disposal of tangible capital assets	2,337,345	-	(2,337,345)	-	-
Annual amortization expenses	<u>18,936,909</u>	<u>-</u>	<u>(18,936,909)</u>	<u>-</u>	<u>-</u>
<b>BALANCE, END OF YEAR</b>	<b><u>\$ 629,127</u></b>	<b><u>\$ 71,748,879</u></b>	<b><u>\$352,106,669</u></b>	<b><u>\$424,484,675</u></b>	<b><u>\$424,261,751</u></b>

CLEARWATER COUNTY  
 SCHEDULE OF PROPERTY AND OTHER TAXES  
 FOR THE YEAR ENDED DECEMBER 31, 2016

Schedule 2

	<u>2016</u> (Budget) (Note 19)	<u>2016</u> (Actual)	<u>2015</u> (Actual)
<b>TAXATION</b>			
Real property taxes	\$ 13,930,284	\$ <b>15,731,764</b>	\$ 13,822,921
Linear property taxes	46,900,420	<b>47,704,942</b>	47,605,594
Grants in place of property taxes	<u>77,002</u>	<u><b>41,946</b></u>	<u>77,002</u>
	<u>60,907,706</u>	<u><b>63,478,652</b></u>	<u>61,505,517</u>
<b>REQUISITIONS</b>			
Alberta School Foundation Fund	16,847,888	<b>17,595,675</b>	16,840,259
Westview Lodge	488,519	<b>500,814</b>	488,519
Seniors Foundation	<u>186,564</u>	<u><b>204,347</b></u>	<u>194,193</u>
	<u>17,522,971</u>	<u><b>18,300,836</b></u>	<u>17,522,971</u>
<b>NET MUNICIPAL TAXES</b>	<u>\$ 43,384,735</u>	<u>\$ <b>45,177,816</b></u>	<u>\$ 43,982,546</u>

CLEARWATER COUNTY  
 SCHEDULE OF GOVERNMENT TRANSFERS  
FOR THE YEAR ENDED DECEMBER 31, 2016

	<u>2016</u> (Budget) (Note 19)	<u>2016</u> (Actual)	<u>2015</u> (Actual)
<b>TRANSFERS FOR OPERATING</b>			
Provincial government	\$ 440,717	\$ 573,439	\$ 652,976
<b>TRANSFERS FOR CAPITAL</b>			
Provincial government	<u>6,096,102</u>	<u>661,944</u>	<u>7,354,342</u>
<b>TOTAL GOVERNMENT TRANSFERS</b>	<u>\$ 6,536,819</u>	<u>\$ 1,235,383</u>	<u>\$ 8,007,318</u>

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**CLEARWATER COUNTY**  
**SCHEDULE OF SEGMENTED INFORMATION**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

Schedule 4

	General Government	Community Services	Emergency & Protective Services	Transportation Services	Planning & Development	Recreation & Culture	Environmental Services	Agricultural Services	Total
<b>REVENUE</b>									
Net municipal taxes	\$ 45,177,816	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 45,177,816
User fees and sales of goods	14,278	-	-	377,799	436,229	9,434	120,790	473,277	1,431,807
Government transfers	7,900	-	139,259	-	-	209,921	-	216,359	573,439
Investment income	1,118,904	-	-	-	-	-	-	-	1,118,904
Oil well drilling taxes	1,818,462	-	-	-	-	-	-	-	1,818,462
All other	356,755	-	495,287	5,269	280,781	81,635	6,100	7,552	1,233,379
	<u>48,494,115</u>	<u>-</u>	<u>634,546</u>	<u>383,068</u>	<u>717,010</u>	<u>300,990</u>	<u>126,890</u>	<u>\$ 697,188</u>	<u>\$ 51,353,807</u>
<b>EXPENSES</b>									
Salaries, wages and benefits	\$ 3,021,383	\$ 86,312	\$ 1,753,459	\$ 3,693,514	\$ 789,395	\$ 130,492	\$ 71,583	\$ 1,141,080	\$ 10,687,218
Contract and general services	1,323,132	90,371	372,200	5,656,819	423,964	7,057	2,137,278	444,272	10,455,093
Materials, goods and supplies	208,895	4,215	831,740	2,547,654	18,937	5,797	69,483	718,191	4,404,912
Transfers to other governments	1,614	31,629	-	-	-	-	-	-	33,243
Transfers to individuals/organizations	1,499,109	350,454	11,050	-	-	3,848,060	-	6,652	5,715,325
Transfers to local boards & agencies	-	77,648	-	-	-	-	-	-	77,648
Interest on long-term debt	-	139,357	-	-	-	-	-	-	139,357
Other expenses (recovery)	55,951	-	-	-	-	-	-	-	55,951
	<u>6,110,084</u>	<u>779,986</u>	<u>2,968,449</u>	<u>11,897,987</u>	<u>1,232,296</u>	<u>3,991,406</u>	<u>2,278,344</u>	<u>2,310,195</u>	<u>31,568,747</u>
<b>NET REVENUE (DEFICIT) BEFORE AMORTIZATION</b>	42,384,031	(779,986)	(2,333,903)	(11,514,919)	(515,286)	(3,690,416)	(2,151,454)	(1,613,007)	19,785,060
Amortization	280,209	30,196	316,835	17,730,433	35,372	57,645	339,601	146,618	18,936,909
<b>NET REVENUE (DEFICIT)</b>	<u>\$ 42,103,822</u>	<u>\$ (810,182)</u>	<u>\$ (2,650,738)</u>	<u>\$ (29,245,352)</u>	<u>\$ (550,658)</u>	<u>\$ (3,748,061)</u>	<u>\$ (2,491,055)</u>	<u>\$ (1,759,625)</u>	<u>\$ 848,151</u>

**CLEARWATER COUNTY**  
**SCHEDULE OF SEGMENTED INFORMATION**  
**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
<b>REVENUE</b>									
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	292,816	-	70,501	-	68,800	-	-	220,859	652,976
Investment income	977,742	-	-	-	-	-	-	-	977,742
Well drilling taxes	4,625,263	-	-	-	-	-	-	-	4,625,263
All other	<u>271,606</u>	<u>-</u>	<u>430,378</u>	<u>3,705</u>	<u>281,688</u>	<u>48</u>	<u>20,900</u>	<u>8,293</u>	<u>1,016,618</u>
	<u>50,160,268</u>	<u>-</u>	<u>500,879</u>	<u>316,047</u>	<u>356,351</u>	<u>903</u>	<u>131,952</u>	<u>722,296</u>	<u>52,188,696</u>
<b>EXPENSES</b>									
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 individuals/organizations	1,396,206	302,979	24,647	-	-	2,596,215	-	9,837	4,329,884
Transfers to local boards & agencies	-	70,631	-	-	-	-	-	-	70,631
Interest on long-term debt	-	151,656	-	-	-	-	-	-	151,656
Other expenses (recovery)	<u>195,504</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>250</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>195,754</u>
	<u>5,474,172</u>	<u>654,740</u>	<u>2,636,769</u>	<u>11,806,596</u>	<u>1,531,394</u>	<u>5,558,802</u>	<u>1,497,011</u>	<u>2,268,278</u>	<u>31,427,762</u>
<b>NET REVENUE (DEFICIT) BEFORE AMORTIZATION</b>	44,686,096	(654,740)	(2,135,890)	(11,490,549)	(1,175,043)	(5,557,899)	(1,365,059)	(1,545,982)	20,760,934
Amortization	<u>203,217</u>	<u>26,007</u>	<u>426,738</u>	<u>17,594,332</u>	<u>26,242</u>	<u>57,645</u>	<u>308,780</u>	<u>121,391</u>	<u>18,764,352</u>
<b>NET REVENUE (DEFICIT)</b>	<u>\$ 44,482,879</u>	<u>\$ (680,747)</u>	<u>\$ (2,562,628)</u>	<u>\$ (29,084,881)</u>	<u>\$ (1,201,285)</u>	<u>\$ (5,615,544)</u>	<u>\$ (1,673,839)</u>	<u>\$ (1,667,373)</u>	<u>\$ 1,996,582</u>

**CLEARWATER COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2016**

Clearwater County (the County) is a municipality in the Province of Alberta, Canada and operates under the provisions of the *Municipal Government Act*, R.S.A., 2000, c. M-26, as amended.

**1. SIGNIFICANT ACCOUNTING POLICIES**

These financial statements are the representations of Clearwater County (the "County") management prepared in accordance with Canadian public sector accounting standards. Significant aspects of the accounting policies adopted by the County are as follows:

(a) Reporting Entity

These financial statements include the assets, liabilities, revenue and expenses and changes in equity balances and in financial position of the County. This entity is comprised of all the organizations that are owned or controlled by the County and are, therefore, accountable to the Council for the administration of their financial affairs and resources.

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 and senior foundations that are not part of the municipal reporting entity.

The financial 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, which is reported as an expense in the County's financial statements. The County does not proportionately consolidate the financial results of the Authority.

(b) Basis of Accounting

The financial statements are prepared using the accrual basis of accounting. Revenues are accounted for in the period in which the transactions or events occurred that gave rise to the revenues. Expenses are recognized in the period the goods and services are acquired and a liability is incurred or transfers are due.

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

(c) Cash and Cash Equivalents

Cash and temporary investments include items that are readily convertible to known amounts of cash, are subject to an insignificant risk of change in value, and have a maturity of one year or less at acquisition.

**CLEARWATER COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2016**

**1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

(d) Investments

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

Investment income is reported as revenue in the period earned. When required by the funding government or related act, investment income earned on deferred revenue is added to the investment, and forms part of the deferred revenue balance.

(e) Land Held for Resale

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

(f) Inventories for Consumption

Inventories held for consumption are valued at the lower of cost and 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.

(g) 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 their estimated useful lives as follows:

Buildings	10 - 50 years
Engineered structures	
Roadway systems	3- 80 years
Water systems	45 - 75 years
Wastewater systems	34 - 75 years
Machinery and equipment	5 - 40 years
Vehicles	10 - 25 years

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.

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

Works of art for display are not recorded as tangible capital assets but are disclosed.

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

**CLEARWATER COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2016**

**1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

(h) Tax Revenue

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

Construction and borrowing costs associated with local improvement projects are recovered through annual special property tax assessments during the period of the related borrowings. These levies are collectible from property owners for work performed by the County and are recognized as revenue in the year they are levied.

(i) Requisition Over-levy and Under-levy

Over-levies and under-levies arise from the difference between the actual 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 reflected as property tax revenue.

(j) Pensions

The County participates in three multi-employer defined benefit pension plans. Contributions for current and past service pension benefits are recorded as expenses in the year in which they become due. See *Note 13* for details of these pension plans.

(k) Contaminated Sites

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

(l) Use of Estimates

The preparation of the 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 consolidated financial statements, and the reported amounts of revenue and expenses during the period. Where measurement uncertainty exists, the consolidated financial statements have been prepared within reasonable limits of materiality. Actual results could differ from those estimates.

The County has used estimates to determine an allowance for doubtful accounts, accrued liabilities, and the useful lives of tangible capital assets.



CLEARWATER COUNTY  
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2016

**2. CASH AND CASH EQUIVALENTS**

	<u>2016</u>	<u>2015</u>
Operating bank accounts	\$ 329,065	\$ 11,185,389
Cash on hand	500	500
Revolving loan (Note 12)	(1,300,000)	-
Savings accounts	55,910,244	30,112,332
Guaranteed Investment Certificates	<u>23,167,678</u>	<u>28,509,678</u>
	<u>\$ 78,107,487</u>	<u>\$ 69,807,899</u>

Guaranteed Investment Certificates bear interest at rates ranging from 1.90% - 2.20% and maturing October 2017 and January 2020.

The above amounts include grant funding of \$6,021,690 (2015- \$840,463) which is externally restricted per Note 6.

**3. ACCOUNTS RECEIVABLE**

	<u>2016</u>	<u>2015</u>
Trade and other	\$ 2,725,582	\$ 1,949,390
Taxes and grants in place of taxes	717,226	539,108
Goods and Services Tax	<u>440,282</u>	<u>617,762</u>
	<u>\$ 3,883,090</u>	<u>\$ 3,106,260</u>
Taxes and grants in lieu consist of the following:		
Current taxes	\$ 600,952	\$ 565,776
Tax arrears	<u>355,920</u>	<u>179,944</u>
	956,872	745,720
Less: Allowance for doubtful accounts	<u>(239,646)</u>	<u>(206,612)</u>
	<u>\$ 717,226</u>	<u>\$ 539,108</u>

**4. INVESTMENTS**

	<u>2016</u>	<u>2015</u>
Muniserp Pension Assets	\$ 143,890	\$ 121,390
Rocky Credit Union Ltd. common shares	82,018	82,019
Rocky Mountain House Co-op Association Limited	7,500	26,745
Alberta Capital Finance Authority shares	<u>70</u>	<u>70</u>
	<u>\$ 233,478</u>	<u>\$ 230,224</u>

**CLEARWATER COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2016**

**5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

	<u>2016</u>	<u>2015</u>
Trade payables and accrued liabilities	\$ <b>6,047,443</b>	\$ 7,571,429
Accrued wages and benefits	<u>1,289,337</u>	<u>1,072,675</u>
	<u>\$ <b>7,336,780</b></u>	<u>\$ <b>8,644,104</b></u>

**6. DEFERRED REVENUE**

Deferred revenue is comprised of the following amounts which have been received from third parties for a specified purpose. Additions are comprised of both contributions and interest earned during the year. These amounts are recognized as revenue in the period in which the related costs are incurred.

	<u>2015</u>	<u>Additions</u>	<u>Revenue Recognized</u>	<u>2016</u>
Municipal Sustainability Initiative	\$ -	\$ 5,267,338	\$ -	\$ <b>5,267,338</b>
Flood Recovery Erosion Control	782,300	7,190	(63,301)	<b>726,189</b>
Penn West Environmental	8,163	-	-	<b>8,163</b>
Shell regional fire training	20,000	20,000	(20,000)	<b>20,000</b>
Land sales	<u>30,000</u>	<u>-</u>	<u>(30,000)</u>	<u>-</u>
	<u>\$ <b>840,463</b></u>	<u>\$ <b>5,294,528</b></u>	<u>\$ <b>(113,301)</b></u>	<u>\$ <b>6,021,690</b></u>

**7. LONG-TERM DEBT**

	<u>2016</u>	<u>2015</u>
Alberta Capital Finance Authority debenture repayable in semi-annual instalments of \$227,808 including interest at 4.006% maturing in 2025.	<u>\$ <b>3,254,994</b></u>	<u>\$ <b>3,570,700</b></u>

Principal and interest payments are due as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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
2021	384,956	70,661	455,617
Thereafter	<u>1,474,205</u>	<u>120,455</u>	<u>1,594,660</u>
	<u>\$ <b>3,254,994</b></u>	<u>\$ <b>617,751</b></u>	<u>\$ <b>3,872,745</b></u>

Interest on long-term debt amounted to \$139,357 (2015 - \$151,656).

The County's total cash payments for interest in 2016 were \$139,912 (2015 - \$152,189).

**CLEARWATER COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2016**

**8. TANGIBLE CAPITAL ASSETS**

	<u>2016</u> Net Book Value	<u>2015</u> Net Book Value
Engineered structures		
Roadways	\$ 262,887,743	\$ 270,614,564
Wastewater systems	10,440,745	10,679,431
All other	9,046,963	8,642,603
Water systems	<u>5,326,525</u>	<u>5,421,206</u>
	<b>287,701,976</b>	295,357,804
Land	43,151,730	43,161,652
Buildings	10,772,193	8,873,932
Machinery and equipment	9,238,175	8,646,572
Vehicles	<u>1,242,595</u>	<u>1,184,217</u>
	<b><u>\$ 352,106,669</u></b>	<b><u>\$ 357,224,177</u></b>

	Cost Beginning of Year	Additions	Disposals	Transfers	Cost End of Year
Engineering structures					
Roadways	\$ 612,348,055	\$ 10,989,422	\$ (6,667,688)	\$ -	\$ 616,669,789
Wastewater systems	12,495,500	-	-	-	12,495,500
All other	11,687,964	488,775	-	-	12,176,739
Water systems	<u>5,910,254</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,910,254</u>
	642,441,773	11,478,197	(6,667,688)	-	647,252,282
Machinery and equipment	13,711,013	2,208,174	(997,177)	-	14,922,010
Vehicles	2,149,586	322,271	(55,136)	-	2,416,721
Buildings	10,622,513	2,127,097	-	-	12,749,610
Land	<u>43,161,652</u>	<u>21,007</u>	<u>(30,929)</u>	<u>-</u>	<u>43,151,730</u>
	<b><u>\$ 712,086,537</u></b>	<b><u>\$ 16,156,746</u></b>	<b><u>\$ (7,750,930)</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 720,492,353</u></b>

	Accumulated Amortization Beginning of Year	Current Amortization	Disposals	Transfers	Accumulated Amortization End of Year
Engineered structures					
Roadways	\$ 341,733,491	\$ 17,091,695	\$ (5,043,140)	\$ -	\$ 353,782,046
Wastewater systems	1,816,069	238,686	-	-	2,054,755
All other	3,045,361	84,415	-	-	3,129,776
Water systems	<u>489,048</u>	<u>94,681</u>	<u>-</u>	<u>-</u>	<u>583,729</u>
	347,083,969	17,509,477	(5,043,140)	-	359,550,306
Machinery, equipment, and furnishings	5,064,441	934,715	(315,321)	-	5,683,835
Vehicles	965,369	263,881	(55,124)	-	1,174,126
Buildings	<u>1,748,581</u>	<u>228,836</u>	<u>-</u>	<u>-</u>	<u>1,977,417</u>
	<b><u>\$ 354,862,360</u></b>	<b><u>\$ 18,936,909</u></b>	<b><u>\$ (5,413,585)</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 368,385,684</u></b>

Construction of tangible capital assets in progress for 2016 totals \$8,406,254 (2015 - \$8,351,067). These amounts are not being amortized.

CLEARWATER COUNTY  
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2016

**9. INVENTORIES FOR CONSUMPTION**

	<u>2016</u>	<u>2015</u>
Gravel	\$ 3,704,953	\$ 3,684,672
Parts, chemicals, and other	<u>362,319</u>	<u>386,295</u>
	<u>\$ 4,067,272</u>	<u>\$ 4,070,967</u>

**10. ACCUMULATED SURPLUS**

	<u>2016</u>	<u>2015</u>
Unrestricted surplus	\$ 629,127	\$ 2,875,716
Restricted surplus (Note 11)	71,748,879	64,161,858
Equity in tangible capital assets (Schedule 1)	<u>352,106,669</u>	<u>357,224,177</u>
	<u>\$ 424,484,675</u>	<u>\$ 424,261,751</u>

**11. RESTRICTED SURPLUS**

	<u>2016</u>	<u>2015</u>
Municipal, recreation, and school	\$ 187,565	\$ 164,540
County facilities - capital	3,718,975	3,268,975
Work in progress	8,030,855	9,015,522
Nordegg	(2,728,946)	(2,830,972)
Tax rate stabilizaton	14,032,419	9,935,500
Airport	64,500	64,500
Fire - capital	2,977,118	1,157,118
Disaster	2,000,000	2,100,000
Public works - capital	6,502,995	6,343,184
Paving	8,470,046	8,470,046
Gravel	4,407,953	4,407,953
Gravel reclamation	4,657,033	4,391,714
Resource roads	3,000,000	3,000,000
Sewer	6,321,055	6,321,055
Agricultural services	2,660,000	1,660,000
Regional fire	27,473	41,723
Bridge deficit	1,524,986	2,925,000
North Saskatchewan River park	500,000	500,000
High speed internet	3,900,000	2,250,000
GIS air photo's	152,000	76,000
West country roads	1,200,000	900,000
Facility - Operaing Rental Income	55,000	-
Leslieville Sewer	6,216	-
Nordegg Historic	<u>81,636</u>	<u>-</u>
	<u>\$ 71,748,879</u>	<u>\$ 64,161,858</u>

**12. CREDIT FACILITY**

The County has a demand revolving operating credit facility to a maximum of \$4,920,000 bearing interest at prime less 0.25% per annum.

**CLEARWATER COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2016**

**13. PENSION PLANS**

(a) Local Authorities Pension Plan

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

The County is required to make current service contributions to the LAPP of 11.39% of pensionable earnings up to the year's 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 earnings up to the year's maximum pensionable earnings and 14.84% on pensionable earnings above this amount.

Total current service contributions by the County to the LAPP in 2016 were \$996,750 (2015 - \$787,649). Total current service contributions by the employees of the County to the LAPP in 2016 were \$919,234 (2015 - \$727,116).

At December 31, 2015 the Plan disclosed an actuarial deficit of \$923.4 million (2014 - \$2,454.6 million).

(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.

Contributions by the County to APEX in 2016 were \$4,883 (2015 - \$4,228). Contributions by the employees of the County to the APEX in 2016 were \$3,712 (2015 - \$3,424).

(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.

Contributions by the County to in 2016 were \$13,760 (2015 - \$14,010).

**14. FINANCIAL INSTRUMENTS**

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

The County is exposed to credit risk with respect to receivables. Credit risk arises from the possibility that customers may experience financial difficulty and be unable to fulfill their obligations. The County is exposed to the credit risk associated with fluctuations in the oil and gas industry as a significant portion of the property taxes outstanding relate to linear property and are receivable from companies in the oil and gas industry. The large number and diversity of customers minimizes the County's credit risk.

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

**CLEARWATER COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2016**

**15. REMUNERATION AND BENEFITS DISCLOSURE**

Disclosure of remuneration and benefits for elected municipal officials, the County Manager and designated officers as required by Alberta Regulation 313/2000 is as follows:

	<u>Salary</u>	<u>Benefits and Allowances</u>	<u>2016</u> <u>Total</u>	<u>2015</u> <u>Total</u>
<b>Reeve and Councilors</b>				
Duncan (Division 1)	\$ 40,629	\$ 6,249	\$ 46,878	\$ 46,371
Greenwood (Division 2)	33,025	5,998	39,023	37,486
Maki (Division 3)	28,734	5,828	34,562	30,975
Vandermeer (Division 4)	24,711	5,533	30,244	34,451
Laing (Division 5)	31,266	5,940	37,206	39,885
Graham (Division 6)	28,138	4,922	33,060	30,358
Alexander (Division 7)	<u>45,219</u>	<u>6,434</u>	<u>51,653</u>	<u>51,625</u>
	<u>\$ 231,722</u>	<u>\$ 40,904</u>	<u>\$ 272,626</u>	<u>\$ 271,151</u>
<b>County Manager</b>				
Leaf	<u>\$ 237,029</u>	<u>\$ 50,222</u>	<u>\$ 287,251</u>	<u>\$ 282,898</u>

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

**CLEARWATER COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2016**

**16. SEGMENTED INFORMATION**

The County provides a wide 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 County 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 throughout Alberta through a shared funding model between the Province of Alberta, the County, the Town of Rocky Mountain House, and the Village of Caroline.

(c) Emergency and Protective Services

Emergency and 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 the authorities granted by the Solicitor General of Alberta.

(d) Transportation Services

Transportation is comprised of services in the Public Works areas. This includes the County's infrastructure (roads and bridges), facilities and maintenance 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 Collieries 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.

(g) Environmental Services

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

**CLEARWATER COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2016**

**17. SEGMENTED INFORMATION (CONT'D)**

(h) Agricultural Services and Landcare

Agricultural Services and Landcare administers programs that strengthen 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.

**18. DEBT LIMITS**

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

	<u>2016</u>	<u>2015</u>
Total debt limit	\$ <b>77,030,711</b>	\$ 78,283,044
Total debt	<u>(3,254,994)</u>	<u>(3,570,700)</u>
Amount of debt limit unused	<u>\$ <b>73,775,717</b></u>	<u>\$ <b>74,712,344</b></u>
Service on debt limit	\$ <b>12,838,452</b>	\$ 13,047,174
Service on debt	<u>(455,617)</u>	<u>(455,617)</u>
Amount of debt servicing limit unused	<u>\$ <b>12,382,835</b></u>	<u>\$ <b>12,591,557</b></u>

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



## CLEARWATER COUNTY

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2016**19. BUDGET FIGURES**

The budget figures are presented for information purposes only. The 2016 budget, prepared by the County, reflects all municipal activities including capital projects, debt repayments, and reserve transfers. The reconciliation below is provided to encompass these items.

	<u>2016</u> (Budget)	<u>2016</u> (Actual)	<u>2015</u> (Actual)
Annual surplus	\$ 18,110,107	\$ 222,924	\$ 10,294,877
Add back (deduct):			
Amortization expense	-	18,936,909	18,764,352
Purchase of tangible capital assets	(31,627,922)	(16,156,746)	(19,614,779)
Net transfers (to) from capital projects	17,494,078	-	-
Net transfers (to) from operations	(3,660,557)	-	-
Loss on disposal of tangible capital assets	-	1,287,171	843,065
Contributed tangible capital assets	-	-	(1,787,018)
Principal debt repayments	<u>(315,706)</u>	<u>(315,706)</u>	<u>(303,428)</u>
Results of Operations	<u>\$ -</u>	<u>\$ 3,974,552</u>	<u>\$ 8,197,069</u>

**20. APPROVAL OF FINANCIAL STATEMENTS**

These financial statements were approved by Council.

**21. COMPARATIVE FIGURES**

Certain comparative figures have been reclassified to conform with the current year's financial statement presentation.

April 11, 2017

***PRIVATE AND CONFIDENTIAL***

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

**Attention: Members of Council**

Dear Council Members:

**RE: 2016 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. The objective of our audit was to obtain reasonable assurance that the financial statements are free of material misstatement. Our audit was not designed for the sole purpose of identifying matters to communicate. Accordingly, our audit would not necessarily identify all such matters that may be of interest to Council and it is inappropriate to conclude that no such matters exist.

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.

#### *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 (jointly or directly). 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 stipulate that the County should proportionately consolidate its share of the Authority's financial results into its financial statements.

### **Uncorrected Misstatements**

Uncorrected misstatements aggregated by our Firm, for the year ended December 31, 2016 amounted to a \$51,247 overstatement of the annual surplus.

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**

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, 2016.

Clearwater County  
April 11, 2017  
Page 3

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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 Chartered Professional Accountants 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, 2016 – April 11, 2017.

The assistance of Rhonda Serhan, Rodney Boyko, and the other County management and staff during the audit was greatly.

Yours truly,

**HAWKINGS EPP DUMONT LLP**



Philip J. Dirks, CPA, CA  
Partner

PJD/law

cc: Ron Leaf, County Manager  
Rodney Boyko, CPA, CMA, Director, Finance and Corporate Services



## AGENDA ITEM

<b>PROJECT: 2017 Tax Rate Bylaw</b>		
<b>PRESENTATION DATE: April 11, 2017</b>		
<b>DEPARTMENT:</b> Finance	<b>WRITTEN BY:</b> Rhonda Serhan	<b>REVIEWED BY:</b> Rodney Boyko/Ron Leaf
<b>BUDGET IMPLICATION:</b> <input checked="" type="checkbox"/> N/A <input type="checkbox"/> Funded by Dept. <input type="checkbox"/> Reallocation		
<b>LEGISLATIVE DIRECTION:</b> <input type="checkbox"/> None <input checked="" type="checkbox"/> Provincial Legislation MGA Part 10 Sec 326 to 343		
<b>STRATEGIC PLAN THEME:</b> Well Governed and Leading Organization	<b>PRIORITY AREA:</b> Socially Responsible Governance for Long Term Sustainability	<b>STRATEGIES:</b> Fiscal Management
<b>ATTACHMENT(S): Tax Rate Bylaw</b>		
<b>RECOMMENDATION: Provide all three readings of Bylaw 1021/17</b>		

### BACKGROUND:

In accordance with Part 10 Section 326 to 343 of the Municipal Government Act, administration has prepared the annual Tax Rate Bylaw for the tax year of 2017. This bylaw is prepared using assessment figures from the 2016 year.

As per direction provided by Council during the budget deliberations, Administration is presenting the bylaw with no change to the municipal tax rates as compared to the previous year. Due to a decrease in overall assessment, the bylaw will show a decrease in the over all tax collected for municipal purposes of just about \$2.2M. Most of this was anticipated at budget, however based on these rates, a \$213,757 deficit will be realized as compared to budget.

Council has a few options to respond to this deficit:

- Increase the tax rates for all classes by approximately 0.5%
- Reduce reserve transfers
- Draw from the Tax Rate Stabilization Fund
- Leave as is and adjust at year end

The provincial school tax portion of the levy has increased by just over \$500,000 over all classes, and the West View Lodge portion of the levy has increased by \$70,000.

**Clearwater County  
Bylaw No. 1021/17**

**A bylaw to authorize the rates of taxation to be levied against assessable property within Clearwater County, in the Province of Alberta, for the 2017 taxation year.**

**WHEREAS**, Clearwater County has prepared and adopted detailed estimates of the municipal revenues and expenditures as required, at the council meeting held on December 19, 2016; and

**WHEREAS**, the estimated municipal expenditures and transfers set out in the budget for Clearwater County for 2017 total **\$66,125,950** and

**WHEREAS**, the estimated municipal revenues and transfers from all sources other than taxation is estimated at **\$23,075,950**, and the balance of **\$43,050,000** is to be raised by general municipal taxation; and

**WHEREAS**, the requisitions are:

Alberta School Foundation Fund (ASFF)	
Residential and Farmland	\$4,835,564
Non-Residential	<u>\$13,273,751</u>
	\$18,109,315
Opted Out School Boards	
Residential and Farmland	\$55,761
Non-Residential	<u>\$153,066</u>
	\$208,827
Total School Requisitions	\$18,318,142
Over/Under School Levy	-70,685
Seniors Foundation	\$571,730

**WHEREAS**, the Council of Clearwater County is required each year to levy on the assessed value of all property, tax rates sufficient to meet the estimated expenditures and the requisitions; and

**WHEREAS**, the Council is authorized to classify assessed property, and to establish different rates of taxation in respect to each class of property, subject to the Municipal Government Act (MGA), Chapter M-26, Revised Statutes of Alberta, 2000; and

**WHEREAS**, the assessed value of all property in Clearwater County as shown on the assessment roll is:

	<u>Assessment</u>
Residential	\$1,783,505,800
Non-residential	3,378,791,060
Farmland	57,933,900
Machinery & Equipment	<u>1,657,607,740</u>
	<b><u>6,877,838,500</u></b>
Exempt	<u>129,837,320</u>
	<b><u>\$7,007,675,820</u></b>

**NOW THEREFORE**, under the authority of the Municipal Government Act (MGA), the Council of Clearwater County, in the Province of Alberta, enacts as follows:

1. That the Chief Administrative Officer is hereby authorized to levy the following rates of taxation on the assessed value of all property as shown on the assessment roll of Clearwater County:

	<b>Tax Levy</b>	<b>Assessment</b>	<b>Tax Rate</b>
Municipal			
Residential	\$4,613,573.	\$1,783,505,800	.0025868
Non-residential	\$25,481,829	3,378,791,060	.0075417
Farmland	\$239,661	57,933,900	.0041368
M&E	\$12,501,180.	1,657,607,740	.0075417
Westview Lodge	\$572,441	6,869,285,030	.0000832

**WHEREAS**, the assessed value of all property in Clearwater County available for the provincial school requisition as shown on the assessment roll is:

	<u>Assessment</u>
Residential	\$1,779,376,400
Non-residential	3,375,037,890
Farmland	57,263,000
Exempt from School Requisition	<u>1,795,998,530</u>
	\$7,007,675,820

ASFF			
Residential/Farmland	\$4,835,658	\$1,815,732,020	.0026632
Non-residential	\$13,273,846	\$3,336,562,457	.0039783
Opted-Out School Boards			
Residential/Farmland	\$55,760	\$20,937,297	.0026632
Non-residential	\$153,066	\$38,475,433	.0039783
School Uncollectable Taxes	\$-70,879	\$5,211,707,207	.0000136-

2. The minimum amount payable as property tax for general municipal purposes shall be \$25.00.

3. That this bylaw shall take effect on the day of the third and final reading.

Read a first time on this 11 day of April, 2017.

Read a second time on this 11 day of April, 2017.

\_\_\_\_\_  
Reeve

\_\_\_\_\_  
Chief Administrative Officer

Read on third time and passed on this 11 day of April, 2017.

\_\_\_\_\_  
Reeve

\_\_\_\_\_  
Chief Administrative Officer

DRAFT





## AGENDA ITEM

<b>PROJECT:</b> Clearwater County Taxpayers' Association Regular Meeting Invitation		
<b>PRESENTATION DATE:</b> April 11, 2017		
<b>DEPARTMENT:</b> COUNCIL	<b>WRITTEN BY:</b> Christine Heggart	<b>REVIEWED BY:</b> Ron Leaf
<b>BUDGET IMPLICATION:</b> <input type="checkbox"/> N/A <input checked="" type="checkbox"/> Funded by Dept. <input type="checkbox"/> Reallocation		
<b>LEGISLATIVE DIRECTION:</b> <input type="checkbox"/> None <input type="checkbox"/> Provincial Legislation (cite): County Bylaw/Policy (cite) Bylaw: __Procedural Bylaw 954/12__    Policy: _____		
<b>STRATEGIC PLAN THEME:</b>	<b>PRIORITY AREA:</b>	<b>STRATEGIES:</b>
<b>ATTACHMENT(S):</b> CCTA Correspondence; Procedural Bylaw 954/12 section 20; Strategic Plan 2015 – 2018 excerpt – section 2.3; draft Public Participation Policy Regulation;		
<b>RECOMMENDATION:</b> 1. That Council provides direction with respect to the CCTA meeting request.		

### BACKGROUND:

Members of Council received an email on March 29, 2017 from the Clearwater County Taxpayers' Association (CCTA) inviting Councillors to attend their regular monthly meetings. Council's existing policies and bylaws provides direction as follows:

- The County's Procedural Bylaw section 20 allows for a group's "Presentation at Council Meetings" and provides criteria for delegations before Council. Previously, the CCTA has appeared before Council as a delegation.
- Objective 2.3 of Council's Strategic Plan indicates the desire to facilitate community engagement through the use of various committees and boards, and with input from industry and business stakeholders and from County residents in various forms.

As Council is aware, once the new *Municipal Government Act* comes into effect (anticipated proclamation by October 1, 2017) Council's will be required to establish a public participation policy for the municipality within 270 days.

As Council considers the CCTA meeting request, staff suggests that Council considers this request in the context of Council's public participation policy.

As identified in Municipal Affairs' draft Public Participation Policy Regulation (attached), public participation provisions need to identify the types and categories of approaches and circumstances for engagement. The June 2016 Discussion Guide also indicated the importance of a public participation policy to:

*“acknowledge the rights of the public to influence municipal decisions that affect them. These provisions also acknowledge the impact that effective public engagement can make in improving the quality of municipal decision-making. However, the development of public participation policy must be balanced with the understanding that councils are elected to make decisions that set the direction for the municipality. While taking into account all of the information available to them, including the input of the public, councils must ultimately bear the burden of making significant and often difficult choices. Furthermore, to allow for timely and efficient governance, public participation policies must be proportional to the scope of the decision to be made. (pg. 3)”*

----- Original message -----

From:

Date: 2017-03-29 10:12 AM (GMT-07:00)

To:

Subject: Invitation

Good morning, ,

I am writing on behalf of the Clearwater County Taxpayers' Association with regards to our desire to improve communication with county council.

Following discussions at our meetings and a subsequent attempt to meet with Pat and Curt to discuss this matter, we are now extending an open invitation to all councillors to attend our regular monthly meetings. They are held the second Thursday of every month at 7:00PM at the Leslieville Elks' Hall.

Our mandate is to work for the benefit of all county taxpayers, promoting causes that are supported by the majority. As such our meetings are open to all county residents. As taxpayers yourselves, you are more than welcome to attend our meetings, to hear the views expressed, and to contribute to the discussions if you wish.

We appreciate that you may have some apprehension about attending in case of potential negative backlash. This concern has been noted at our meetings and it is our sincerest desire to prevent such from happening. Instead we trust that we might provide a mutually beneficial opportunity for an exchange of information.

Regular attendees at our meetings come from each one of the seven divisions of our county and bring with them a valuable variety of expertise and opinion.

We trust that you might realize the value of attending our meetings to connect with your electorate and we certainly extend a warm welcome to our next meeting on Thursday, April 13, 2017.

Yours truly,

Marianne Cole

- a) the financial or other resources required to answer the Inquiry are substantial and a decision of Council or the Chief Administrative Officer is required to approve such allocation of resources; or
  - b) additional time is required to prepare the response or compile the requested information.
- 19.4 Administrative Inquiries made outside a Council meeting will be responded to within two weeks from the date the inquiry was submitted, unless:
- a) the financial or other resources to answer the inquiry are substantial and a decision of Council or the Chief Administrative Officer is required to approve such allocation of resources.
  - b) additional time is required to prepare the response or compile the requested information.
- 19.5 Councillors will be advised as to when the response to an Administrative Inquiry will be provided.
- 19.6 The Chief Administrative Officer may determine if the information acquired in response to an Administrative Inquiry is of benefit to Councillors and may direct that the Administrative Inquiry and the response be distributed to all Councillors.
- 19.7 A Councillor who requested an Administrative Inquiry may request that the Inquiry be abandoned.

## 20. COMMUNICATIONS TO COUNCIL

### *Presentations at Council Meetings*

- 20.1 Requests for an appointment to make a presentation to Council must be received by the Chief Administrative Officer and must:
- a) be in writing and received at least seven (7) days prior to the Council meeting date;
  - b) clearly identify the reason or purpose of the appointment;
  - c) identify the individual or primary contact for a group or organization; and
  - d) include contact information of the individual or organization;
- 20.2 A decision on a request from a delegation will be dealt with after all other new and unfinished business agenda items have been addressed by Council.
- 20.3 If a delegation presents a request and the Chief Administrative Officer has not presented a background report and recommendation, the matter will be referred back to administration for review, preparation of a background report and recommendation from the Chief Administrative Officer. The administrative report and recommendation from the Chief Administrative Officer shall be included on the next Council meeting agenda.
- 20.4 Presentations from sales persons will not be allowed.
- 20.5 Delegations shall not appear before Council if a member of the public has spoken at a public meeting or hearing held by Council in respect of the same matter.
- 20.6 The amount of time allocated for delegations is at the sole discretion of the Chair.

### *Criteria for Written Submissions*

- 20.7 Any communication intended for Council must be forwarded to the Chief Administrative Officer in writing and must:
- a) be legible and coherent;
  - b) be able to identify the writer and the writer's contact information;
  - c) be on paper or, in a printable format; and
  - d) not be libelous, impertinent or improper.

### *Responsibilities of the Chief Administrative Officer*

- 20.8 If the Chief Administrative Officer determines the communication or presentation is within the governance authority of Council, the Chief Administrative Officer will:

**Objective 2.3 Facilitate community engagement in planning and decision-making.**

- | <u>#</u> | <u>Strategies</u>   |
|----------|---|
| 2.3.1    | Inform and educate the community regarding Council’s key priorities, projects and programs.   |
| 2.3.2    | Review the input received from various committees and boards, from industry and business stakeholders, and from County residents.   |
| 2.3.3    | Participate on industry stakeholder groups (e.g. Sundre Petroleum Operators Group (SPOG), West Central Stakeholder, West Fraser, Weyerhaeuser) to remain aware of industry issues and concerns. |

Supporting Plans
<ul style="list-style-type: none"> <li>• 2016 Budget Process Timetable</li> </ul>
<ul style="list-style-type: none"> <li>• Communications and Citizen Engagement Plan (2016)</li> </ul>

Service Delivery Activities
<ul style="list-style-type: none"> <li>• Publish budget timeline on website</li> </ul>
<ul style="list-style-type: none"> <li>• 4 year Committee reporting schedule (2015)</li> </ul>
<ul style="list-style-type: none"> <li>• <i>County Highlights</i> newsletter (4 times annually)</li> </ul>
<ul style="list-style-type: none"> <li>• Regular website and social media updates</li> </ul>
<ul style="list-style-type: none"> <li>• Annual open house meetings</li> </ul>

## FOR DISCUSSION PURPOSES ONLY

### PUBLIC PARTICIPATION POLICY REGULATION

#### Definition

- 1 In this Regulation, "Act" means the *Municipal Government Act*.

#### Public participation policy requirements

- 2 A municipality's public participation policy must identify
  - (a) the types or categories of approaches the municipality will use to engage municipal stakeholders, and
  - (b) the types or categories of circumstances in which the municipality will engage municipal stakeholders.

#### Participation policy must be made public

- 3 A municipality must make its public participation policy available for public inspection and may post it on the municipality's website.

#### Review of public participation policy

- 4 A municipality must review its public participation policy at least once every 3 years.

#### Transitional

- 5 A municipality must establish its public participation policy within 270 days after section 216.1 of the Act comes into force.

#### Coming into force

- 6 This Regulation comes into force on the coming into force of section 24 of the *Municipal Government Amendment Act, 2015*.

# Clearwater County

## Councilor and Board Member Remuneration Statement

For the Year of ...~~2017~~.....

Name of Councilor / Board Member Curt Maki

Payment Periods

- |              |          |          |          |
|--------------|----------|----------|----------|
| January      | February | May      | June     |
| <u>March</u> | 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
March 7	CAPP	✓					70
14	Council				✓		70
15	MPC	✓					70
16	RDRMUG	✓	✓				435
16	WRSD				✓		70
20	AAMDLC	✓	✓				396
21	AAMDLC	✓	✓				
28	Council				✓		70

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### Remuneration Calculation

<u>5</u>	Meetings @ \$159.00=	<u>795.00</u>	<u>1181</u>	Kms @ \$0.54=	<u>637.74</u>
<u>4</u>	Meetings @ \$126.00=	<u>504.00</u>		Lunch @ \$16.00=	<u>          </u>
<u>2</u>	Meetings @ \$288.00=	<u>576.00</u>			<u>          </u>
	Supervision=	<u>550.00</u>			<u>          </u>
	<b>TOTAL=</b>	<u>2425.00</u>		<b>TOTAL=</b>	<u>637.74</u>

Signature {Councilor / Board Member} Curt Maki

# Clearwater County

## Councilor and Board Member Remuneration Statement

For the Year of ...2017.....

Name of Councilor / Board Member .....

EARL GRAHAM

Payment Periods

January	February	May	June
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
03/01/17	TOURISM	✓					92
03/09/17	CAPP	✓					92
03/14/17	COUNCIL				✓		92
03/15/17	MPC	✓					92
03/27/17	RCMP	0					92
03/28/17	COUNCIL				✓		92
03/30/17	SHELL	✓					45

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### Remuneration Calculation

4	Meetings @ \$159.00=	636.00	597	Kms @ \$0.54=	322.38
—	Meetings @ \$126.00=	—	—	Lunch @ \$16.00=	—
2	Meetings @ \$288.00=	576.00			
	Supervision=	550.00			
	<b>TOTAL=</b>	<b>1762.00</b>		<b>TOTAL=</b>	<b>322.38</b>

Signature {Councilor / Board Member} .....

EARL GRAHAM