

## Independent Auditors' Report

To the Reeve and Members of Council of Rocky View County:

We have audited the accompanying financial statements of Rocky View County, which comprise the statement of financial position as at December 31, 2017, and the statements of operations, change in net financial assets (net debt), cash flows and schedules 1 through 6 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 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 from 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' judgment, including the assessment of the risks of material misstatement of the 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 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, the financial statements present fairly, in all material respects, the financial position of Rocky View County as at December 31, 2017 and the results of its operations, change in net financial assets (net debt) and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Red Deer, Alberta

April 24, 2018



Chartered Professional Accountants

**ROCKY VIEW COUNTY**  
**Statement of Financial Position**  
**As at December 31, 2017**

	2017 \$	2016 \$ (Note 23)
<b>FINANCIAL ASSETS</b>		
Investments (Note 2)	85,005,067	82,167,796
Receivables		
Taxes and grants in place of taxes (Note 4)	3,244,999	3,345,194
Trade and other receivables (Note 4)	9,163,208	7,559,638
Debt charges recoverable (Note 5)	700,892	752,416
	<u>98,114,166</u>	<u>93,825,044</u>
<b>LIABILITIES</b>		
Bank indebtedness (Note 3)	5,492,855	2,822,885
Accounts payable and accrued liabilities	8,106,173	4,652,566
Deposit liabilities	5,050,623	5,817,165
Deferred revenue (Note 6)	15,669,053	12,740,025
Employee benefit obligations (Note 7)	1,076,909	1,045,394
Landfill closure and post-closure costs (Note 17)	518,921	545,206
Long-term debt (Note 8)	54,681,047	58,917,378
Capital lease obligations (Note 9)	120,133	199,484
	<u>90,715,714</u>	<u>86,740,103</u>
<b>NET FINANCIAL ASSETS (DEBT)</b>	<u>7,398,452</u>	<u>7,084,941</u>
<b>NON- FINANCIAL ASSETS</b>		
Tangible capital assets (Schedule 2)	584,458,612	566,481,982
Resource asset	16,375,000	16,375,000
Inventory for consumption	1,948,337	1,366,565
Prepaid expenses	529,194	548,609
	<u>603,311,143</u>	<u>584,772,156</u>
<b>ACCUMULATED SURPLUS</b> (Schedule 1, Note 14)	<u>610,709,595</u>	<u>591,857,097</u>

*Commitments and contingencies - See Note 11 and 12*

*The accompanying notes are an integral part of these financial statements*

**ROCKY VIEW COUNTY**  
**Statement of Operations**  
**For the Year Ended December 31, 2017**

	Budget \$ (Note 21)	2017 \$	2016 \$ (Note 23)
<b>REVENUE</b>			
Net municipal taxes (Schedule 3)	66,088,700	<b>66,838,355</b>	62,924,813
User fees and sales of goods	9,033,400	<b>10,092,852</b>	9,788,878
Cash-In-Lieu of Public Reserve	663,000	<b>706,133</b>	581,073
Government transfers for operating (Schedule 4)	4,111,400	<b>4,324,555</b>	3,502,271
Investment income	550,000	<b>1,348,412</b>	1,045,916
Penalties and cost of taxes	1,029,000	<b>982,618</b>	923,147
Development agreements and levies	8,935,800	<b>6,215,530</b>	4,363,621
Licenses and permits	2,838,000	<b>2,989,451</b>	3,957,631
Fines	722,200	<b>1,220,207</b>	1,099,984
Other	723,100	<b>1,685,698</b>	845,575
<b>Total Revenue</b>	<u>94,694,600</u>	<u><b>96,403,811</b></u>	<u>89,032,909</u>
<b>EXPENSES</b>			
Legislative	840,600	<b>814,550</b>	778,746
Administration	17,949,700	<b>30,937,517</b>	16,027,304
Fire	12,055,200	<b>11,704,028</b>	11,692,466
Disaster services	203,500	<b>98,588</b>	56,304
Bylaw enforcement	5,890,700	<b>5,497,394</b>	5,278,617
Transportation and field services	38,942,000	<b>36,752,615</b>	35,799,948
Water supply and distribution	3,641,200	<b>4,091,322</b>	3,811,644
Wastewater treatment and disposal	6,015,200	<b>6,335,356</b>	6,026,095
Waste management	2,853,800	<b>2,453,930</b>	2,228,399
Family and community support	1,068,500	<b>1,035,033</b>	1,084,773
Cemetery	1,575,200	<b>1,412,389</b>	1,166,004
Planning and development	5,120,800	<b>4,053,236</b>	4,143,274
Community services	2,268,400	<b>2,099,625</b>	2,005,395
Recreation and parks	5,913,400	<b>3,851,700</b>	4,715,787
<b>Total Expenses</b>	<u>104,338,200</u>	<u><b>111,137,283</b></u>	<u>94,814,756</u>
<b>EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES BEFORE OTHER</b>	<u>(9,643,600)</u>	<u><b>(14,733,472)</b></u>	<u>(5,781,847)</u>
<b>OTHER</b>			
Contributed assets	-	<b>13,055,635</b>	45,871,170
Government transfers for capital (Schedule 4)	61,497,000	<b>20,530,335</b>	11,811,271
<b>Total Other</b>	<u>61,497,000</u>	<u><b>33,585,970</b></u>	<u>57,682,441</u>
<b>EXCESS OF REVENUE OVER EXPENSES</b>	51,853,400	<b>18,852,498</b>	51,900,594
<b>ACCUMULATED SURPLUS, BEGINNING OF YEAR (Note 23)</b>	591,857,097	<b>591,857,097</b>	539,956,503
<b>ACCUMULATED SURPLUS, END OF YEAR</b>	<u>643,710,497</u>	<u><b>610,709,595</b></u>	<u>591,857,097</u>

The accompanying notes are an integral part of these financial statements

**ROCKY VIEW COUNTY**  
**Statement of Change in Net Financial Assets (Debt)**  
**For the Year Ended December 31, 2017**

	Budget \$ (Note 21)	2017 \$	2016 \$ (Note 23)
<b>EXCESS OF REVENUE OVER EXPENSES</b>	51,853,400	<b>18,852,498</b>	51,900,594
Acquisition of tangible capital assets	(85,224,300)	<b>(27,066,027)</b>	(20,893,629)
Contributed tangible capital assets	-	<b>(13,055,635)</b>	(45,871,170)
Proceeds on disposal of tangible capital assets	108,400	<b>329,570</b>	274,958
Amortization of tangible capital assets	19,777,000	<b>21,983,993</b>	21,101,652
Loss (gain) on sale of tangible capital assets	-	<b>(168,531)</b>	(263,028)
	<u>(65,338,900)</u>	<u><b>(17,976,630)</b></u>	<u>(45,651,217)</u>
Use of (acquisition of) supplies inventories	-	<b>(581,772)</b>	369,081
Use of (acquisition of) prepaid assets	-	<b>19,415</b>	910
Use of (acquisition of) resource assets	-	-	-
	<u>-</u>	<u><b>(562,357)</b></u>	<u>369,991</u>
<b>DECREASE (INCREASE) IN NET DEBT</b>	(13,485,500)	<b>313,511</b>	6,619,368
<b>NET FINANCIAL ASSET (DEBT), BEGINNING OF YEAR</b>	7,084,941	<b>7,084,941</b>	465,573
<b>NET FINANCIAL ASSETS (DEBT), END OF YEAR</b>	<u>(6,400,559)</u>	<u><b>7,398,452</b></u>	<u>7,084,941</u>

*The accompanying notes are an integral part of these financial statements*

**ROCKY VIEW COUNTY**  
**Statement of Cash Flows**  
**For the Year Ended December 31, 2017**

	2017 \$	2016 \$ (Note 23)
<b>NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:</b>		
<b>OPERATING ACTIVITIES</b>		
Excess of revenue over expenses	18,852,498	51,900,594
Non-cash items included in excess of revenue over expenses:		
Amortization of tangible capital assets	21,983,993	21,101,652
Loss (gain) on disposal of tangible capital assets	(168,531)	(263,028)
Tangible capital assets received as contributions	(13,055,635)	(45,871,170)
Non-cash charges to operations (net change):		
Decrease (Increase) in taxes and grants in place of taxes	100,195	(40,482)
(Increase) decrease in trade and other receivables	(1,603,570)	2,477,124
(Increase) decrease in inventory for consumption	(581,772)	369,081
Decrease in prepaid expenses	19,415	910
Increase in accounts payable and accrued liabilities	3,453,607	1,646,852
Increase in accounts payable amount applied to capital	1,055,634	731,142
Decrease in deposit liabilities	(766,542)	(315,968)
Increase in deferred revenue	2,929,028	1,231,699
Increase (decrease) in employee benefit obligations	31,515	(9,245)
Decrease in provision for landfill closure and post-closure costs	(26,285)	(16,435)
Cash provided by (applied to) operating transactions	<u>32,223,550</u>	<u>32,942,726</u>
<b>CAPITAL</b>		
Accounts payable amount applied to capital	(1,055,634)	(731,142)
Acquisition of assets	(27,066,027)	(20,893,629)
Sale of tangible assets	329,570	274,958
Cash provided by (applied to) capital transactions	<u>(27,792,091)</u>	<u>(21,349,813)</u>
<b>INVESTING</b>		
Decrease (Increase) in investments	(2,837,271)	(21,254,963)
<b>FINANCING</b>		
Debt charges recovered	51,524	72,895
Capital lease paid	(79,351)	(75,114)
Long-term debt repaid	(4,236,331)	(6,463,413)
Long-term debt raised	-	5,416,793
Cash provided by (applied to) financing transactions	<u>(4,264,158)</u>	<u>(1,048,839)</u>
<b>CHANGE IN CASH DURING YEAR</b>	<b>(2,669,970)</b>	<b>(10,710,889)</b>
<b>(BANK INDEBTEDNESS) CASH AT BEGINNING OF YEAR</b>	<b>(2,822,885)</b>	<b>7,888,004</b>
<b>BANK INDEBTEDNESS AT END OF YEAR</b>	<b><u>(5,492,855)</u></b>	<b><u>(2,822,885)</u></b>

*Bank Indebtedness - See Note 3*

*The accompanying notes are an integral part of these financial statements*

**ROCKY VIEW COUNTY**  
**Schedule of Changes in Accumulated Surplus**  
**For the Year Ended December 31, 2017**  
**Schedule 1**

	Unrestricted Surplus	Restricted Surplus	Equity in Other Assets	Equity in Tangible Capital Assets	2017 \$	2016 (Note 23) \$
<b>BALANCE, BEGINNING OF YEAR, as restated (Note 23)</b>	<b>246,243</b>	<b>67,118,318</b>	<b>16,375,000</b>	<b>508,117,536</b>	<b>591,857,097</b>	<b>539,956,503</b>
Excess (deficiency) of revenue over expenses	18,852,498	-	-	-	18,852,498	51,900,594
Unrestricted funds designated for future use	(18,185,799)	18,185,799	-	-	-	-
Restricted funds used for operations	18,682,006	(18,682,006)	-	-	-	-
Restricted funds use for tangible capital assets	-	(3,958,652)	-	3,958,652	-	-
Current year funds used for assets	(23,107,375)	-	-	23,107,375	-	-
Contributed tangible capital assets	(13,055,635)	-	-	13,055,635	-	-
Disposal of tangible capital assets	161,039	-	-	(161,039)	-	-
Annual amortization expenses	21,983,993	-	-	(21,983,993)	-	-
Capital lease paid	(79,351)	-	-	79,351	-	-
Long term debt repaid net of debt charges recovered	(4,184,807)	-	-	4,184,807	-	-
Change in accumulated surplus	1,066,569	(4,454,859)	-	22,240,788	18,852,498	51,900,594
<b>BALANCE, END OF YEAR</b>	<b>1,312,812</b>	<b>62,663,459</b>	<b>16,375,000</b>	<b>530,358,324</b>	<b>610,709,595</b>	<b>591,857,097</b>

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**ROCKY VIEW COUNTY**  
**Schedule of Tangible Capital Assets**  
**For the Year Ended December 31, 2017**  
**Schedule 2**

	Land		Buildings	Engineered	Machinery and	Vehicles	2017	2016 (Note 23)
	Land	Improvements		Structures	Equipment		\$	\$
<b>COST:</b>								
BALANCE, BEGINNING OF YEAR (Note 23)	108,952,634	530,728	56,853,164	879,282,617	13,815,079	15,671,967	1,075,106,189	1,009,692,822
Acquisition of tangible capital assets	3,379,101	221,429	376,900	13,080,830	858,545	785,206	18,702,011	56,248,391
Acquisition of tangible capital assets, capital lease	-	-	-	-	-	-	-	-
Construction-in-progress, net	2,846,752	-	16,172,258	2,659,770	71,102	(330,231)	21,419,651	10,516,408
Disposal of tangible capital assets	(17,021)	-	-	(145,406)	(172,574)	(506,216)	(841,217)	(1,351,432)
BALANCE, END OF YEAR	115,161,466	752,157	73,402,322	894,877,811	14,572,152	15,620,726	1,114,386,634	1,075,106,189
<b>ACCUMULATED AMORTIZATION:</b>								
BALANCE, BEGINNING OF YEAR	-	28,764	7,947,732	483,227,991	9,743,252	7,676,468	508,624,207	488,862,057
Annual Amortization	-	33,242	970,349	19,087,361	839,297	1,021,944	21,952,193	21,069,852
Annual Amortization, capital lease	-	-	-	-	31,800	-	31,800	31,800
Accumulated amortization on disposals	-	-	-	(36,140)	(148,147)	(495,891)	(680,178)	(1,339,502)
BALANCE, END OF YEAR	-	62,006	8,918,081	502,279,212	10,466,202	8,202,521	529,928,022	508,624,207
<b>NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS</b>	115,161,466	690,151	64,484,241	392,598,599	4,105,950	7,418,205	584,458,612	566,481,982
2016 NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS (Note 23)	108,952,634	501,964	48,905,432	396,054,626	4,071,827	7,995,499	566,481,982	

*The accompanying notes are an integral part of these financial statements*

**ROCKY VIEW COUNTY**  
**Schedule of Property and Other Taxes**  
**For the Year ended December 31, 2017**  
**Schedule 3**

	Budget \$ (Note 21)	2017 \$	2016 \$
<b>TAXATION</b>			
Real property taxes	97,558,333	<b>98,174,857</b>	91,970,359
Linear property taxes	13,283,277	<b>13,367,220</b>	12,279,984
Governments grants in place of property taxes	206,790	<b>208,098</b>	205,321
Special assessments and local improvement taxes	434,000	<b>429,286</b>	508,360
	<u>111,482,400</u>	<u><b>112,179,461</b></u>	<u>104,964,024</u>
<b>REQUISITIONS FROM OTHER AUTHORITIES</b>			
Alberta School Foundation Fund	41,374,500	<b>41,261,416</b>	38,250,555
Calgary Roman Catholic Separate School District	3,394,900	<b>3,455,408</b>	3,160,147
Rocky View Seniors Foundation	624,300	<b>624,282</b>	628,509
	<u>45,393,700</u>	<u><b>45,341,106</b></u>	<u>42,039,211</u>
<b>NET MUNICIPAL TAXES</b>	<u>66,088,700</u>	<u><b>66,838,355</b></u>	<u>62,924,813</u>

*The accompanying notes are an integral part of these financial statements*



**ROCKY VIEW COUNTY**  
**Schedule of Government Transfers**  
**For the Year Ended December 31, 2017**  
**Schedule 4**

	Budget \$ (Note 21)	2017 \$	2016 \$
<b>TRANSFERS FOR OPERATING:</b>			
Provincial Government	4,111,400	<b>4,324,555</b>	3,502,271
Federal Government	-	-	-
	<u>4,111,400</u>	<u><b>4,324,555</b></u>	<u>3,502,271</u>
<b>TRANSFERS FOR CAPITAL:</b>			
Provincial Government	61,497,000	<b>20,530,335</b>	11,811,271
Federal Government	-	-	-
	<u>61,497,000</u>	<u><b>20,530,335</b></u>	<u>11,811,271</u>
<b>TOTAL GOVERNMENT TRANSFERS</b>	<u>65,608,400</u>	<u><b>24,854,890</b></u>	<u>15,313,542</u>

*The accompanying notes are an integral part of these financial statements*

**ROCKY VIEW COUNTY**  
**Schedule of Expenses by Object**  
**For the Year Ended December 31, 2017**  
**Schedule 5**

	Budget \$ (Note 21)	2017 \$	2016 \$
<b>EXPENSES BY OBJECT</b>			
Salaries, wages and benefits	37,212,300	<b>36,592,268</b>	35,409,461
Contracted and general services	30,488,200	<b>38,137,884</b>	24,151,728
Materials, goods and supplies	7,478,600	<b>6,680,308</b>	5,820,473
Interest on long-term debt	1,409,850	<b>1,596,885</b>	1,497,569
Interest on capital lease	9,400	<b>8,989</b>	13,225
Purchased from other Governments	905,600	<b>673,187</b>	637,879
Grants to organizations	4,678,800	<b>3,473,508</b>	4,594,365
Grants to Municipal agencies	2,141,800	<b>1,472,961</b>	1,365,290
Other	236,650	<b>517,300</b>	223,114
Amortization of tangible capital assets	19,777,000	<b>21,983,993</b>	21,101,652
Loss on disposal of tangible capital assets	-	-	-
<b>TOTAL EXPENSES</b>	<u>104,338,200</u>	<u><b>111,137,283</b></u>	<u>94,814,756</u>

*The accompanying notes are an integral part of these financial statements*

**ROCKY VIEW COUNTY**  
**Schedule of Segmented Disclosure**  
**For the Year Ended December 31, 2017**  
**Schedule 6**

	<b>General Government</b>	<b>Emergency Services</b>	<b>I &amp; O Services</b>	<b>Planning &amp; Development</b>	<b>Community Services</b>	<b>Total \$</b>
<b>REVENUE</b>						
Net municipal taxes	66,838,355	-	-	-	-	<b>66,838,355</b>
Government transfers	16,101,307	72,057	7,214,630	191,720	1,275,176	<b>24,854,890</b>
User fees and sales of goods	284,188	531,563	6,284,376	1,530,822	1,461,903	<b>10,092,852</b>
Investment income	1,348,412	-	-	-	-	<b>1,348,412</b>
Contributed assets	-	-	13,055,635	-	-	<b>13,055,635</b>
Other revenues	1,276,112	1,418,155	7,409,798	2,989,439	706,133	<b>13,799,637</b>
	<b>85,848,374</b>	<b>2,021,775</b>	<b>33,964,439</b>	<b>4,711,981</b>	<b>3,443,212</b>	<b>129,989,781</b>
<b>EXPENSES</b>						
Salaries, wages and benefits	8,602,186	10,167,160	12,120,611	5,248,491	453,820	<b>36,592,268</b>
Contracted and general services	18,581,966	601,833	16,707,506	1,631,072	615,507	<b>38,137,884</b>
Materials, goods and supplies	206,755	223,339	6,158,705	59,455	32,054	<b>6,680,308</b>
Transfers to local boards	2,175,652	79,000	-	-	2,691,817	<b>4,946,469</b>
Long-term debt interest	-	59,995	1,536,890	-	-	<b>1,596,885</b>
Capital lease interest	-	-	8,989	-	-	<b>8,989</b>
Other expenses	419,513	673,187	97,787	-	-	<b>1,190,487</b>
	<b>29,986,072</b>	<b>11,804,514</b>	<b>36,630,488</b>	<b>6,939,018</b>	<b>3,793,198</b>	<b>89,153,290</b>
<b>NET REVENUE, BEFORE AMORTIZATION</b>	<b>55,862,302</b>	<b>(9,782,739)</b>	<b>(2,666,049)</b>	<b>(2,227,037)</b>	<b>(349,986)</b>	<b>40,836,491</b>
Amortization expenses	216,264	887,228	20,877,343	3,158	-	<b>21,983,993</b>
<b>EXCESS (DEFFICIENCY) OF REVENUE OVER EXPENSES</b>	<b>55,646,038</b>	<b>(10,669,967)</b>	<b>(23,543,392)</b>	<b>(2,230,195)</b>	<b>(349,986)</b>	<b>18,852,498</b>

*The accompanying notes are an integral part of these financial statements*

**ROCKY VIEW COUNTY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2017**

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**NOTE 1: SIGNIFICANT ACCOUNTING POLICIES**

These financial statements of Rocky View County (the “County”) are the representations of management prepared in accordance with generally accepted accounting principles for local governments established by the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Professional Accountants. Significant aspects of the accounting policies adopted by the County are outlined as follows:

**Reporting Entity**

The financial statements reflect the assets, liabilities, revenues and expenditures, changes in fund balances and change in financial position of Rocky View County.

The schedule of taxes levied also includes requisitions for education, health, social and other external organizations that are not part of Rocky View County.

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

**Basis of Accounting**

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

**Revenue Recognition**

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

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

**Tax Revenue**

The County recognized taxes as assets and revenue when they meet the definition of an asset, are authorized by bylaw, and the taxable event has occurred. Tax Revenue is initially measured at administrations best estimate of the amount resulting from the original taxable event in accordance with legislation. The related tax receivable is initially recognized at its realizable value at the date of acquisition.

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

**ROCKY VIEW COUNTY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2017**

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**Government Transfers**

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

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

**Use of Estimates**

The preparation of financial statements in conformity with Canadian Generally Accepted Accounting Principles (GAAP) and in conjunction with the Public Services Accounting Board (PSAB) requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenditure during the period. Where measurement uncertainty exists, the financial statements have been prepared within reasonable limits of materiality. Actual results could differ from those estimates.

Accounts receivable are stated after evaluation as to their collectability. Amortization is based on the estimated useful lives of tangible assets. Reclamation, closure and post-closure liabilities are calculated based on management's best estimates of costs and timing.

**Investments**

Investments are recorded at amortized cost. Investment premiums and discounts are amortized on the net present value basis over the term of the respective investments. When there has been a loss in value that is other than a temporary decline, the respective investment is written down to recognize the loss.

**Debt Charges Recoverable**

Debt charges recoverable consist of amounts that are recoverable from municipal agencies or other local governments with respect to outstanding debentures or other long-term debt pursuant to annexation orders or joint capital undertakings. These recoveries are recorded at a value that equals the offsetting portion of the un-matured long-term debt.

**Local Improvement Charges**

Construction and borrowing costs associated with local improvement projects are recovered through annual special assessments during the period of related borrowings. These levies are collectable from property owners for work performed by Rocky View County.

**Inventories**

Inventories held for consumption are recorded at the lower of cost or net realizable value with the cost determined by the average cost method.

**ROCKY VIEW COUNTY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2017**

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**Landfill Closure and Post-Closure Liability**

Pursuant to the Alberta Environment Protection and Enhancement Act, the County is required to fund the closure of its landfill sites and provide for post-closure care of the facility. Closure and post-closure activities include the final clay cover, landscaping, as well as surface and ground water monitoring, leachate control, and visual inspection. The requirement is being provided for over the estimated remaining life of the landfill sites based on usage.

**Liability for 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.

**Non-Financial Assets**

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

**i) Tangible Capital Assets**

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

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	<b>YEARS</b>
Land Improvements	15-20
Buildings	10-50
Engineered structures	
Water system	30-75
Wastewater system	30-75
Other engineered structures	5-25
Machinery and equipment (owned and leased)	3-10
Vehicles	8-20

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

**ii) Contributions of Tangible Capital Assets**

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

**ROCKY VIEW COUNTY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2017**

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**iii) Resource Asset**

The water licenses are recorded at cost and have been assessed with an indefinite life. The assets will not be amortized and impairment will be reviewed when there are indicators of a decline in value.

**iv) Capital Leases**

Leases are classified as capital or operating leases. A lease that transfers substantially all of the benefits and risks incidental to ownership of property are accounted for as capital leases. At the inception of a capital lease, an asset and payment obligation is recorded at an amount equal to the lesser of the present value of the minimum lease payments and the property's fair market value. All other leases are accounted for as operating leases and the related lease payments are charged to expenses as incurred.

An arrangement contains a lease where the arrangement conveys a right to use the underlying tangible asset, and whereby its fulfilment is dependent on the use of the specific tangible asset. After the inception of the arrangement, a reassessment of whether the arrangement contains a lease is made only in the event that:

- There is a change in contractual terms;
- A renewal option is exercised or an extension is agreed upon by the parties to the arrangement;
- There is a change in the determination of whether the fulfilment of the arrangement is dependent on the use of the specific tangible asset; or
- There is a substantial physical change to the specified tangible asset.

**Requisition Over-levy and Under-levy**

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

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

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

**Pensions**

The County participates in two multi-employer pension plans. The plan is accounted for as a defined contribution plan. Contributions for current services are recorded as expenditures in the year in which they become due.

**Funds Held in Trust**

The County held \$ 381,328 in a Cemetery Perpetual Care Trust Account as at December 31, 2017 (2016 - \$ 432,493).

**ROCKY VIEW COUNTY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2017**

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**Segmented Disclosure**

The County conducts its business through a number of reportable segments. The operating segments are established by management and facilitate the achievement of long-term objectives and aid in resource allocation decision. 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.

**NOTE 2: INVESTMENTS**

	<b>2017</b>	<b>2016</b>
Investments	<u>\$ 85,005,067</u>	<u>\$ 82,167,796</u>

Investments have effective interest rates of 1.50% to 2.00% (2016 – 1.21% to 1.85%) and mature in less than one year.

Investments include funds that are designated for developer’s refundable deposits, public reserve funds and grant funds for capital and operating expenditures.

**NOTE 3: BANK INDEBTEDNESS**

	<b>2017</b>	<b>2016</b>
Cash in bank	\$ 4,391,536	\$ 2,502,797
Outstanding cheques	<u>(9,884,391)</u>	<u>(5,325,682)</u>
	<u>\$ (5,492,855)</u>	<u>\$ (2,822,885)</u>

The County has a \$5,000,000 (2016 - \$5,000,000) unsecured operating line of credit with ATB Financial. This line of credit bears interest, when utilized, at ¼ % below the prime lending rate as established by ATB Financial. The outstanding balance at year end is \$ Nil (2016 - \$ Nil).

**NOTE 4: RECEIVABLES**

	<b>2017</b>	<b>2016</b>
Property Taxes		
Current taxes and grants in place of taxes	\$ 2,222,592	\$ 2,275,054
Arrears taxes	<u>1,022,407</u>	<u>1,070,140</u>
	<u>\$ 3,244,999</u>	<u>\$ 3,345,194</u>



**ROCKY VIEW COUNTY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2017**

Other		
Trade Accounts	\$ 8,465,550	\$ 7,034,652
Fuel Tax Rebate	12,453	8,334
GST	<u>685,205</u>	<u>516,652</u>
	<u>\$ 9,163,208</u>	<u>\$ 7,559,638</u>
Total	<u>\$ 12,408,207</u>	<u>\$ 10,904,832</u>

**NOTE 5: DEBT CHARGES RECOVERABLE**

	<u>2017</u>	<u>2016</u>
Current debt charges recoverable	\$ 54,140	\$ 51,524
Non-current debt charges recoverable	<u>646,752</u>	<u>700,892</u>
	<u>\$ 700,892</u>	<u>\$ 752,416</u>

The County has secured long-term financing on behalf of several community organizations for joint projects within the County. This debt is recoverable from the organizations at interest rates from 4.758% to 5.250%. The debts mature and will be fully recovered starting in the year 2023 and ending in 2032.

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 54,140	\$ 34,246	\$ 88,386
2019	56,888	31,498	88,386
2020	59,777	28,610	88,387
2021	62,812	25,574	88,386
2022	66,001	22,385	88,386
Thereafter	<u>401,274</u>	<u>97,102</u>	<u>498,376</u>
	<u>\$ 700,892</u>	<u>\$ 239,415</u>	<u>\$ 940,307</u>

**NOTE 6: DEFERRED REVENUE**

	<u>2017</u>	<u>2016</u>
Prepaid property tax	\$ 123,103	\$ 188,350
Deferred grant revenue	12,961,667	10,052,355
Developer contributions	80,825	180,825
Other deferred revenue	<u>2,503,458</u>	<u>2,318,495</u>
	<u>\$ 15,669,053</u>	<u>\$ 12,740,025</u>

**NOTE 7: EMPLOYEE BENEFIT OBLIGATIONS**

	<u>2017</u>	<u>2016</u>
Vacation	<u>\$ 1,076,909</u>	<u>\$ 1,045,394</u>

The vacation liability is comprised of the vacation that employees are deferring to future years.

**ROCKY VIEW COUNTY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2017**

Employees have either earned the benefit (and are vested) or are entitled to these benefits within the next budgetary year.

**NOTE 8: LONG-TERM DEBT**

	<b>2017</b>	<b>2016</b>
Operating debt, maturing between 2023 and 2032, bearing interest at rates between 4.758% and 5.250%	\$ 700,892	\$ 752,416
Capital debt, maturing between 2018 and 2046, bearing variable and fixed interest rates at between 1.637% and 4.057%	<u>53,980,155</u> <u>\$ 54,681,047</u>	<u>58,164,962</u> <u>\$ 58,917,378</u>
Funding for future payments from:		
General Tax	\$ 206,330	\$ 234,970
Emergency Services Tax	1,843,579	2,441,598
Local Improvement Tax	5,938,399	6,043,348
Special Levy	46,592,720	50,080,774
User Fees	<u>100,019</u>	<u>116,688</u>
	<u>\$ 54,681,047</u>	<u>\$ 58,917,378</u>

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

Principal and interest repayments are as follows, assuming debt will be renewed at similar terms as it comes due:

	<b>Capital</b>	<b>Interest</b>	<b>Operating</b>	<b>Interest</b>	<b>Total</b>
2018	\$ 3,901,357	\$ 1,378,814	\$ 54,140	\$ 34,246	\$ 5,368,557
2019	3,882,196	1,283,820	56,888	31,498	5,254,402
2020	3,417,523	1,191,441	59,777	28,610	4,697,351
2021	3,428,340	1,104,533	62,812	25,574	4,621,259
2022	3,439,539	1,017,244	66,001	22,385	4,545,169
Remainder	<u>35,911,200</u>	<u>7,528,170</u>	<u>401,274</u>	<u>97,102</u>	<u>43,937,746</u>
Total	<u>\$ 53,980,155</u>	<u>\$ 13,504,022</u>	<u>\$ 700,892</u>	<u>\$ 239,415</u>	<u>\$ 68,424,484</u>

Of the \$ 700,892 in principal payments to be made in future years on operating debt, all will be paid from tax levies and local improvement tax.

Of the \$ 53,980,155 in principal payments to be made in future years on capital debt, all will be paid from user fees, special levies, local improvement tax and tax levies.

Interest expense on long-term debt amounted to \$ 1,596,885 (2016 - \$ 1,497,569). The County's total cash payments for interest were \$ 1,611,016 (2016 - \$ 1,488,705).

**ROCKY VIEW COUNTY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2017**

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**NOTE 9: CAPITAL LEASE OBLIGATIONS**

	<b>2017</b>	<b>2016</b>
Obligation under capital lease payable in monthly instalments of \$ 7,362 including interest at 5.499%, due at every month end	120,133	199,484

Future minimum lease payments related to obligations under capital lease are as follows:

	2018	88,340
	2019	<u>36,808</u>
		125,148
Less: imputed interest		<u>(5,015)</u>
		<u>\$ 120,133</u>

Capital lease obligations are secured by related property, plant and equipment having a net book value of \$ 238,500 in 2017 (\$ 270,300 in 2016).

**NOTE 10: PENSION PLANS**

**Local Authorities Pension Plan (LAPP)**

Employees of the County participate in the Local Authorities Pension Plan (“LAPP” or the “Plan”), which is covered by the Public Sector Pension Plans Act. This plan is financed by employer and employee contributions and by investment earnings of the LAPP Fund. Contributions for current service are recorded as expenditures in the year in which they become due.

Rocky View County is required to make current service contributions to the Plan of 11.39% of pensionable earnings up to the year’s maximum pensionable earnings under the Canada Pension Plan (CPP), and 15.84% of 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 employer contributions by Rocky View County to the LAPP in 2017 were \$ 2,602,778 (2016 - \$ 2,474,288). Total contributions by the employees of Rocky View County to the LAPP in 2017 were \$ 2,418,237 (2016 - \$ 2,283,638).

At December 31, 2016, the date of the most recent actuarial valuation, the Plan disclosed an actuarial deficiency of \$ 637,357 million (2015 - \$ 923,416 million).

**APEX Supplementary Pension Plan**

The APEX Supplementary Pension Plan, an Alberta Urban Municipality Association (AUMA) sponsored defined benefit pension plan covered under the provisions of the Alberta Employment Pensions Plans Act, commenced in 2008 and provides supplementary pension plan benefits. The plan supplements the Local Authorities Pension Plan.

The County Manager and General Managers of the County can participate in the APEX Supplementary Pension Plan. APEX is financed by Employer and Employee contributions and investment earnings of the APEX fund. Contributions for current service are recorded as expenditures in the year in which they

**ROCKY VIEW COUNTY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2017**

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become due.

Rocky View County makes current service contributions to the plan of 3.78% of pensionable earnings up to the APEX maximum earnings of \$145,722. Eligible employees of the County can make current service contributions of 2.84% of earnings up to the APEX maximum earnings of \$145,722. Total employer contributions by Rocky View County to APEX in 2017 amounted to \$ 22,033 (2016 - \$17,340). Total contributions by employees of the County to APEX amounted to \$ 16,554 for the 2017 year (2016 - \$ 14,450).

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

**NOTE 11: COMMITMENTS & CONTINGENCIES**

No provision has been made on the statement of financial position for the various lawsuits and legal claims filed against the County as the extent of the lawsuits and legal claims are not determinable at December 31, 2017. The amount of any future settlement would be accounted for in the year the losses are determined.

The County has entered into equipment leases. The commitments for the next 5 years are as follows:

	<b>Operating</b>
2018	\$ 686,484
2019	\$ 551,587
2020	\$ 548,505
2021	\$ 548,505
2022	\$ 275,615

The County has entered into architectural building design and construction agreements for the new Administrative Building with an estimated amount payable of \$ 10,309,099. The County has also entered into an agreement to perform Flood Mitigation work in the Bragg Creek area with an estimated amount payable of \$ 891,126.

The County has contributed resources to an aquatic facility located on lands owned 50/50 by the County and the Town of Cochrane. As there is not currently a definitive ownership agreement in place, it is not possible to recognize the contributions as an asset or consider if additional assets have been acquired. Negotiations are expected to occur in 2018 whether an asset has been acquired and the amount of the acquisition.

**NOTE 12: RECIPROCAL INSURANCE EXCHANGE MEMBERSHIPS**

The County was a member of the Genesis Reciprocal Insurance Exchange and the Jubilee Reciprocal Insurance Exchange as at December 31, 2017. Under the terms of the membership, the County could become liable for its proportionate share of any claim losses in excess of the funds held by the exchange. Any liability incurred would be accounted for as a current transaction in the year the losses are determined.

**ROCKY VIEW COUNTY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2017**

**NOTE 13: DEBT LIMITS**

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

	<u>2017</u>	<u>2016</u>
Total debt limit	144,605,717	133,549,364
Total long term debt	<u>(54,801,180)</u>	<u>(59,116,862)</u>
Total amount of debt limit unused	<u>\$ 89,804,537</u>	<u>\$ 74,432,502</u>
Debt Servicing Limit	24,100,953	22,258,227
Debt Servicing	<u>(5,456,897)</u>	<u>(4,777,135)</u>
Amount of Debt Servicing Limit unused	<u>\$ 18,644,056</u>	<u>\$ 17,481,092</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 limitations requires approval by the Minister of Municipal Affairs. These thresholds are guidelines used by Alberta Municipal Affairs to identify municipalities that could be at financial risk if further debt is acquired. The calculation taken alone does not represent the financial stability of the County; rather, the financial statements must be interpreted as a whole.

**NOTE 14: ACCUMULATED SURPLUS**

	<u>2017</u>	<u>2016</u> (Note 23)
Unrestricted surplus	7,211,227	6,144,658
Capital deficit	<u>(5,898,415)</u>	<u>(5,898,415)</u>
	<u>\$ 1,312,812</u>	<u>\$ 246,243</u>
Restricted surplus		
Reserve funds		
General Operating	\$ 3,802,759	\$ 4,259,548
Roads	1,942,661	1,173,733
Offsite Levies	19,767,086	17,444,626
Tax Stabilization	19,791,292	28,588,610
Utility	703,693	539,068
Public	12,206,560	11,741,039
Equipment	3,650,519	2,581,605
Voluntary Recreation	798,889	790,089
Equity in water license	16,375,000	16,375,000
Equity in tangible capital assets (Note 19)	<u>530,358,324</u>	<u>508,117,536</u>
	<u>\$ 610,709,595</u>	<u>\$ 591,857,097</u>

**ROCKY VIEW COUNTY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2017**

**NOTE 15: FINANCIAL INSTRUMENTS**

The County's financial instruments consist of cash and temporary investments, accounts receivable, investments, debt charges recoverable, bank indebtedness, accounts payable and accrued liabilities, employee benefit obligations, deposit liabilities, long-term debt, and capital lease obligations. It is managements' opinion that the County is not exposed to significant interest or currency risks arising from these financial instruments.

The County is subject to credit risk with respect to taxes and grants in place of taxes, accounts receivable and debt charges recoverable. Credit risk arises from the possibility that taxpayers and entities to which the County provides services may experience financial difficulty and be unable to fulfil their obligations. The large number and diversity of taxpayers and customers minimizes the credit risk.

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

**NOTE 16: SALARY AND BENEFIT DISCLOSURE**

Salaries and benefits for elected Municipal Officials, the County Manager and the Designated Officers as required by Alberta Regulation 313/2000, is disclosed as follows:

	<b>No. of Persons</b>	<b>Salary \$</b>	<b>Benefits &amp; Allowances \$</b>	<b>Total 2017 \$</b>	<b>No. of Persons</b>	<b>Total 2016 \$</b>
Councillors:						
Division 1	2	46,782	33,097	79,879	1	76,436
Division 2	2	44,932	32,208	77,140	1	75,779
Division 3	2	47,232	28,690	75,922	1	72,517
Division 4	2	44,932	31,961	76,893	1	78,755
Division 5	2	50,016	29,683	79,699	1	78,244
Division 6	1	60,695	40,999	101,694	1	99,799
Division 7	2	44,932	31,451	76,383	1	75,239
Division 8	2	45,532	32,224	77,756	1	75,797
Division 9	2	46,882	33,272	80,154	1	78,156
County Manager	1	244,228	40,977	285,205	1	277,425
Designated Officers	2	227,281	31,836	259,117	2	258,610

- (1) Salary includes regular base pay, bonuses, overtime, lump sum payments, gross honoraria and any other direct cash remuneration.
- (2) Elected Officials: Benefits & Allowances include the County's contribution and payments for Canada Pension Plan (CPP), Workers Compensation Board (WCB), dental coverage, vision coverage, group life insurance, accidental disability and dismemberment insurance, travel allowance and general expense allowance.
- (3) County Manager/Designated Officers: Benefits & Allowances include the County's contribution and payments for Canada Pension Plan (CPP), Workers Compensation Board (WCB), employment insurance, extended health care, dental coverage, vision coverage, group life insurance, accidental disability and dismemberment insurance, local authorities pension plan (LAPP), and APEX Supplementary Pension Plan.

**ROCKY VIEW COUNTY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2017**

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**NOTE 17: LANDFILL CLOSURE AND POST-CLOSURE LIABILITY**

Pursuant to the Alberta Environment Protection and Enhancement Act, the County is required to fund the closure of its landfill sites and provide for post-closure care of the facility. Closure and post-closure activities include the final clay cover, landscaping, pumping of ground water and leachates from the site, and ongoing environmental monitoring, site inspection and maintenance.

The County is responsible for landfill sites which have been capped and closed with no further useful life and capacity. No performance bonds have been paid on the sites and no assets have been specifically allocated to these sites.

The estimated total liability is based on the sum of discounted future cash flows of post closure activities for the remainder of the terms (between 17 years and 20 years) using a discount rate of 3.41 %.

The total estimated liability is \$ 518,921, of which \$ 518,921 has been accrued as a liability.

	<u>2017</u>	<u>2016</u>
Estimated post-closure costs	<u>518,921</u>	<u>545,206</u>
Estimated total liability	<u>\$ 518,921</u>	<u>\$ 545,206</u>

**NOTE 18: CONTAMINATED SITES LIABILITY**

On January 1, 2015, the County adopted PS 3260 Liability for Contaminated Sites. The standard was applied on a retroactive basis and did not result in any adjustments to the financial liabilities, tangible capital assets or accumulated surplus of the County. During 2017 the County did not identify any sites that qualify as contaminated under PS 3260 and therefore no Contaminated Sites Liability was required.

**NOTE 19: EQUITY IN TANGIBLE CAPITAL ASSETS**

	<u>2017</u>	<u>2016</u> <b>(Note 23)</b>
Tangible capital assets (Schedule 2)	\$ 1,114,386,634	\$ 1,075,106,189
Accumulated amortization (Schedule 2)	(529,928,022)	(508,624,207)
Long-term debt (Note 8)	(54,681,047)	(58,917,378)
Capital lease (Note 9)	(120,133)	(199,484)
Debt charges recoverable (Note 5)	<u>700,892</u>	<u>752,416</u>
	<u>\$ 530,358,324</u>	<u>\$ 508,117,536</u>

**ROCKY VIEW COUNTY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2017**

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**NOTE 20: COMPARATIVE FIGURES**

Certain prior year corresponding figures have been restated to conform to the current year's presentation.

**NOTE 21: BUDGET**

The budget figures presented in these financial statements are based on the budget approved by council on April 25, 2017 and subsequent budget adjustments are not included.

**NOTE 22: APPROVAL OF FINANCIAL STATEMENTS**

Council and Management have approved these financial statements.

**NOTE 23: PRIOR PERIOD ADJUSTMENT**

During the year it was determined that land which had been contributed to the County in 2006 – 2016 had not been recorded. As a result, the comparative figures have been restated. The effect of this prior period adjustment is an increase in tangible capital assets of \$20,675,961, an increase in 2016 contributed assets and excess of revenue over expenses of \$9,721,000, an increase in 2016 opening accumulated surplus of \$10,954,961 and an increase in 2016 ending accumulated surplus of \$20,675,961.