



Annual Report

2018



The Wilderness is our back yard

Mail RR1 Spirit River, Alberta, T0H 3G0 | Tel 780-864-3760 | Fax 780-864-3904 | Web www.saddlehills.ab.ca

saddlehills.ab.ca

INSIDE



Table of Contents

- 3. MESSAGE FROM THE REEVE
- 4. COUNCILLORS & WARDS
- 5. BOARDS & COMMITTEES
- 6. OUR ORGANIZATION
- 7. INTER-MUNICIPAL PARTNERSHIPS
- 8. 2018 FINANCIAL STATEMENTS
- 29. 2018 ACTIVITIES HIGHLIGHTS
 - 29 ⇒ Operations
 - 33 ⇒ Environmental Services
 - 37 ⇒ Planning & Information Services
 - 42 ⇒ Community & Protective Services
 - 45 ⇒ Economic & Rural Development
 - 47 ⇒ Agricultural Service Board
 - 49 ⇒ Community Grants
- 52. 2019 BUDGET HIGHLIGHTS
- 54. 2019 CAPITAL PROJECTS



MESSAGE FROM THE REEVE

OUR REPORT TO YOU

2018 was a productive year for Saddle Hills County. I believe through the dedicated work of our staff much was achieved.

Our road network remains our top priority so we continued making investments and improvements to the roads while also repairing significant damages from the 2018 spring floods.

Potable Water

The Bonanza to Bay Tree potable water main line was completed and services will be connected to individual residences in 2019. The first shovels went into the ground for the Savanna water treatment plant reservoirs and in Woking the Lift Station upgrade was an important accomplishment.

Communications

Communications, an important area in our strategic plan, was bolstered with the County's partnership with TELUS. Good progress was made improving access to internet and mobility coverage for our residents.

Fire Fighters & First Responders

We value the services of our volunteer fire fighters and medical first responders. We remain committed to providing them with the best in equipment and facilities and, as such, the new Savanna fire hall was completed in 2018 and plans were finalized for Woking's fire hall.

Recreation

Significant steps were taken in recreation and as always our support for community organizations remains strong.

County staff spent time talking to local business own-

ers to help us better understand their needs so that programs and workshops could be developed with them in mind.

Financial Position

While we continue to invest in the future of our County, we remain conscious of our financial position and it remains strong.

Resident Participation

We are especially thankful that so many of you, our residents, participated in our open houses and events held throughout the year. We appreciated visiting with you and hearing your concerns and suggestions.

Please don't hesitate to contact me or your local councillor about anything you see or read in this report.



Reeve Alvin Hubert



Council and CAO: Back Row (l to r) Councillors Lawrence Andruchiw, Willis Fitzsimmons, Ed Armagost, Ken Titford and John Moen. Front row: Deputy Reeve Kristen Smith, Reeve Alvin Hubert, CAO Joulia Whittleton.

SADDLE HILLS COUNTY WARDS



WARD 2
Reeve
Alvin Hubert



WARD 3
Deputy Reeve
Kristen Smith



WARD 4
Councillor
Ed Armagost



WARD 5
Councillor
Willis Fitzsimmons



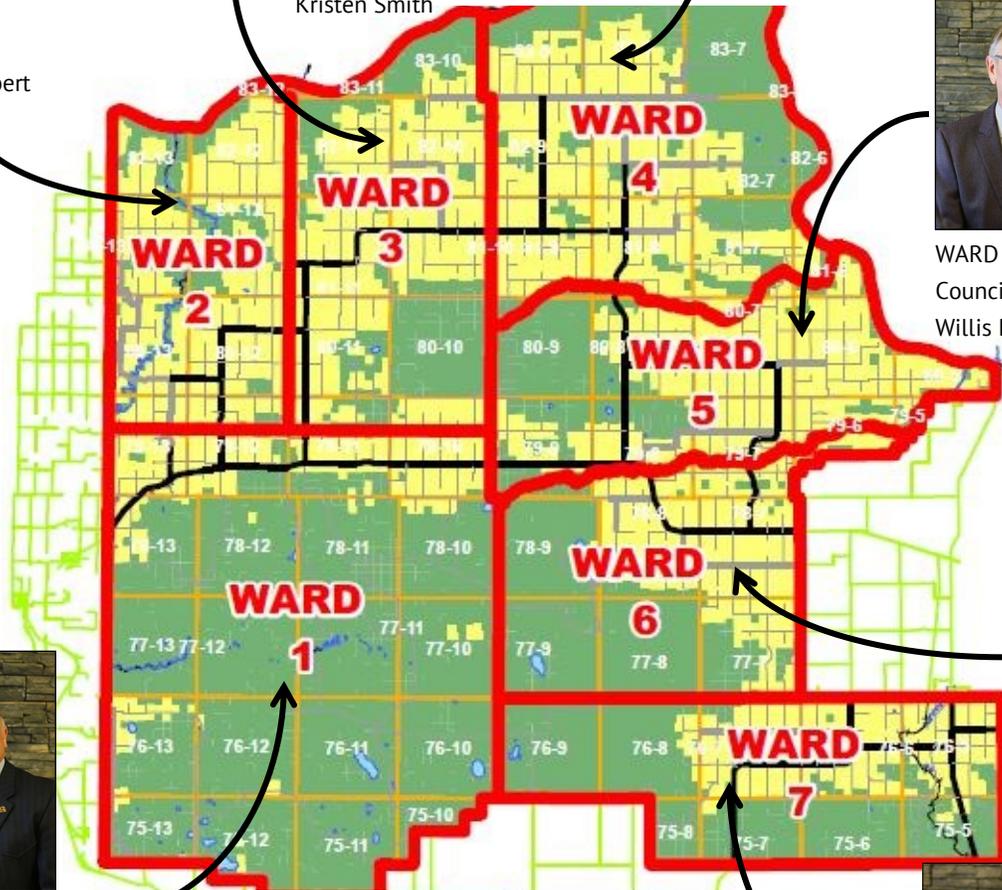
WARD 6
Councillor
Lawrence Andruchiw



WARD 1
Councillor
Ken Titford



WARD 7
Councillor
John Moen



BOARDS & COMMITTEES

Governance & Leadership

- ⇒ Audit Committee
- ⇒ Central Peace Assessment Review Board

Municipal Services

- ⇒ AUPE Negotiating Committee
- ⇒ Agricultural Service
- ⇒ Agricultural Appeal Committee
- ⇒ Central Peace Emergency Management Committee
- ⇒ Central Peace Regional Waste Management Commission
- ⇒ G5/Central Peace Medical Clinic Committee
- ⇒ Central Peace Medical Services Corporation
- ⇒ Grande Spirit Foundation
- ⇒ Peace Library System Board
- ⇒ Saddle Hills County Municipal Library Board



Environmental Stewardship

- ⇒ Municipal Planning Commission
- ⇒ Subdivision % Development Appeal Board

Community Development

- ⇒ Community Development Advisory Committee
- ⇒ Oil & Gas Liaison Committee

External

- ⇒ Central Peace Health Council
Doctors Recruitment & Retention Committee
- ⇒ Forestry Issues, Weyehaeuser Ainsworth, Canfor
- ⇒ Grande Prairie Regional Tourism Association
- ⇒ Mighty Peace Watershed Alliance
- ⇒ Northern Alberta Elected Leaders
- ⇒ Northern Alberta Mayors and Reeves Committee
- ⇒ Peace Air Shed Zone Association
- ⇒ Peace Regional Water Study Committee
- ⇒ Peace Region Economic Development Alliance,
Northwest Transportation Advisory Council
- ⇒ Peace Valley Conservation, Recreation and Tourism
Society
- ⇒ Seniors Assisted Living Committee
- ⇒ V.S.I Service (1980) LTD.
- ⇒ Water North Coalition

Our Organization

Governance

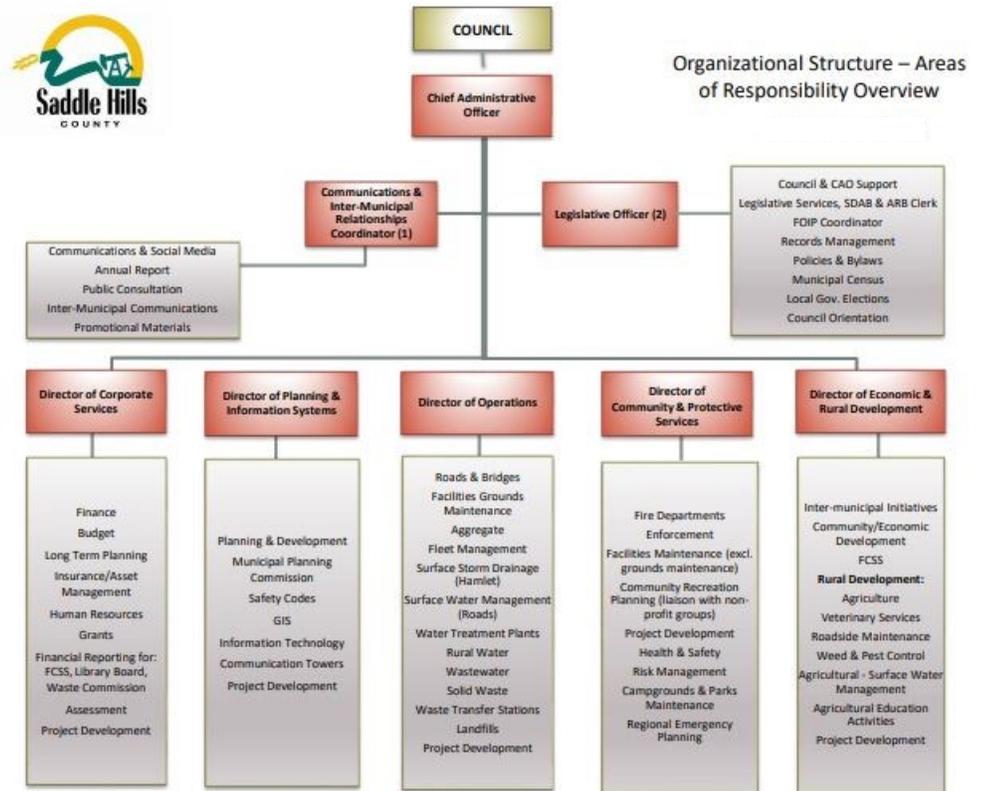
Saddle Hills County provides services and operations as determined by policies, priorities and programs established by the elected Council.

Responsibilities

Council is responsible for providing overall governance for our community including establishing municipal service levels, approving the annual budget and local taxation levels.

Council has seven members and is headed by the Reeve. The Reeve is the Chief Elected Officer (CEO) and is elected from within Council.

It is the Reeve's responsibility to chair all Council meetings and speak on behalf of Council and the community.



Along with its participation on a variety of regional boards and committee, Council appoints a number of local boards and committees to advise and assist it in its governance role.

Council provides direction to its Administration through the Chief Administrative Officer (CAO). The CAO is responsible for the overall administration of the County and for advising and making recommendations to Council on matters concerning the municipality.

Inter-municipal Partnerships

G5 Formalizes Health Center Agreements

On December 11, 2019, the G5* municipalities entered into a 99-year operating lease agreement with the Central Peace Medical Services Corporation for the purpose of operating the Central Peace Medical Health Center.

The municipalities have also entered into a 99-year Memorandum of Agreement which sets out their respective duties, ownership and principles uses for the Central Peace Medical Health Center.



**The G5 is made up of Saddle Hills County, the Municipal District of Spirit River No. 133, Birch Hills County, Town of Spirit River, and Village of Rycroft*

Working Together

The G5 worked on a number of projects for the benefit of the region in 2018. Meetings with the Minister of Health and Housing and Seniors moved the possibility of more assisted living spaces for the Central Peace forward.

The G5 is also in the process of developing an Intermunicipal Economic Development Advisory Committee in order to more effectively work together in promoting economic growth.

Mutual Aid

Saddle Hills County and its neighbours have also invested in mutual aid, inter-municipal cost-sharing, protective services and emergency management agreements and Saddle Hills County has provided supportive grants to the Town of Spirit River and the Village of Rycroft.

In addition the County has occasionally provided a variety of services and shared resources to other members of the G5.

Inter-municipal Collaboration

Alberta municipalities which share a common boundary are required to create Intermunicipal Collaboration Frameworks (ICF) and Intermunicipal Development Plans (IDP) with each other.

In 2018 work continued with the County of Grande Prairie, Birch Hills County, the MD of Fairview, Clear Hills County and the MD of Spirit River No. 133 on both ICFs and IDPs.



2018 Financial Statements

Independent Auditors' Report

To the Reeve and Council of
Saddle Hills County

Opinion

We have audited the consolidated financial statements of Saddle Hills County, which comprise the statement of financial position as at December 31, 2018, and the statements of operations, change in net financial assets, cash flows and schedules 1 through 6 for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Saddle Hills County as at December 31, 2018, and the results of its operations, change in net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of Saddle Hills County in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

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

In preparing the financial statements, management is responsible for assessing the Municipality's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Municipality or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing Saddle Hills County's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

2018 Financial Statements

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Saddle Hills County's internal control.

Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Saddle Hills County's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause Saddle Hills County to cease to continue as a going concern.

Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Peace River, Alberta
April 9, 2019

MNP LLP

Chartered Professional Accountants

MNP
LLP

saddlehills.ab.ca

2018 Financial Statements

**SADDLE HILLS COUNTY
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED DECEMBER 31, 2018**

	2018 \$	2017 \$ <i>(Restated Note 18)</i>
FINANCIAL ASSETS		
Cash and cash equivalents (Note 2)	16,142,660	15,156,731
Accounts receivable (Note 3)	5,632,886	5,276,225
Long-term investments (Note 4)	63,580,293	62,692,580
	<u>85,355,839</u>	<u>83,125,536</u>
LIABILITIES		
Accounts payable and accrued liabilities (Note 5)	3,198,276	4,355,186
Deferred revenue (Note 6)	2,351,687	2,544,773
Landfill closure and post-closure costs (Note 7)	5,463,356	5,261,678
	<u>11,013,319</u>	<u>12,161,637</u>
NET FINANCIAL ASSETS	<u>74,342,520</u>	<u>70,963,899</u>
NON-FINANCIAL ASSETS		
Tangible capital assets (Schedule 2)	124,919,912	115,236,866
Inventory for consumption (Note 8)	555,555	1,124,390
Prepaid expenses	357,088	130,842
	<u>125,832,555</u>	<u>116,492,098</u>
ACCUMULATED SURPLUS (Schedule 1, Note 9)	<u>200,175,075</u>	<u>187,455,997</u>

Contingencies and Commitments - See Note 12 and 13

Approved by

Reeve

Chief Administrative Officer

See accompanying notes to the financial statements

2018 Financial Statements

**SADDLE HILLS COUNTY
CONSOLIDATED STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2018**

	Budget \$	2018 \$	2017 \$ <i>(Restated Note 18)</i>
REVENUE			
Net municipal property taxes (Schedule 3)	30,278,904	30,247,671	28,026,162
Oil well drilling equipment tax	1,500,000	2,621,435	2,526,835
Return on investments	1,217,500	1,690,352	1,601,382
Other	122,255	234,192	802,803
Government transfers for operating (Schedule 4)	671,650	426,365	424,570
User fees and sale of goods	647,746	764,893	487,121
Penalties and costs on taxes	100,000	83,970	137,940
Total revenues	34,538,055	36,068,878	34,006,813
EXPENSES			
Operating			
Road and bridge projects	12,907,275	14,571,513	16,541,197
Administrative	3,357,331	4,179,608	3,200,555
Agriculture and land development	2,544,148	1,958,366	3,139,043
Protective services	1,752,433	1,535,760	1,420,364
Water and wastewater	1,952,862	1,492,901	1,650,095
Recreation and culture	2,166,507	1,477,730	938,008
Legislative	1,500,536	1,435,570	1,466,083
Waste management	981,228	952,501	840,171
Common services	1,102,528	907,786	867,314
Family and community support services	54,448	38,523	64,102
Total Expenses	28,319,296	28,550,258	30,126,932
EXCESS OF REVENUE OVER EXPENSES - BEFORE OTHER	6,218,759	7,518,620	3,879,881
OTHER			
Government transfers for capital (Schedule 4)	9,002,531	5,184,417	223,642
Gain (loss) on disposal of tangible capital assets	-	16,041	(12,456)
EXCESS OF REVENUE OVER EXPENSES	15,221,290	12,719,078	4,091,067
ACCUMULATED SURPLUS, BEGINNING OF YEAR AS PREVIOUSLY STATED	189,513,074	189,513,074	183,364,930
PRIOR PERIOD ADJUSTMENT (Note 18)	(2,057,077)	(2,057,077)	-
ACCUMULATED SURPLUS, BEGINNING OF YEAR AS RESTATED	187,455,997	187,455,997	183,364,930
ACCUMULATED SURPLUS, END OF YEAR	202,677,287	200,175,075	187,455,997

See accompanying notes to the financial statements

2018 Financial Statements

**SADDLE HILLS COUNTY
CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2018**

	Budget \$	2018 \$	2017 \$ <i>(Restated Note 18)</i>
EXCESS OF REVENUES OVER EXPENSES	<u>15,221,290</u>	<u>12,719,078</u>	<u>4,091,067</u>
Acquisition of tangible capital assets	(39,339,210)	(15,316,324)	(8,661,119)
Proceeds on disposal of tangible capital assets	(1,414,999)	1,425,311	60,989
Amortization of tangible capital assets	-	4,224,004	4,218,006
(Gain) loss on sale of tangible capital assets	-	(16,041)	12,456
	<u>(40,754,209)</u>	<u>(9,683,050)</u>	<u>(4,369,668)</u>
Acquisition of supplies inventories	-	(555,555)	(1,124,390)
Use of supplies inventories	-	1,124,394	936,753
Acquisition of prepaid assets	-	(357,088)	(130,842)
Use of prepaid assets	-	130,842	120,802
	<u>-</u>	<u>342,593</u>	<u>(197,677)</u>
INCREASE IN NET FINANCIAL ASSETS	(25,532,919)	3,378,621	(476,278)
NET FINANCIAL ASSETS, BEGINNING OF YEAR AS PREVIOUSLY STATED	73,020,976	73,020,976	71,440,177
PRIOR PERIOD ADJUSTMENT (Note 18)	<u>(2,057,077)</u>	<u>(2,057,077)</u>	<u>-</u>
NET FINANCIAL ASSETS, BEGINNING OF YEAR AS RESTATED	<u>70,963,899</u>	<u>70,963,899</u>	<u>71,440,177</u>
NET FINANCIAL ASSETS, END OF YEAR	<u><u>45,430,980</u></u>	<u><u>74,342,520</u></u>	<u><u>70,963,899</u></u>

2018 Financial Statements

**SADDLE HILLS COUNTY
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2018**

	2018 \$	2017 \$ <i>(Restated Note 18)</i>
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:		
OPERATING		
Excess of revenues over expenses	12,719,078	4,091,067
(Gain) loss on sale of tangible capital assets	(16,041)	12,456
Non-cash items included in excess (shortfall) of revenues over expenses:		
Amortization of tangible capital assets	4,224,004	4,218,006
Non-cash charges to operations (net change):		
Decrease (increase) in trade and other receivables	(356,661)	199,650
Decrease (increase) in inventory for consumption	568,841	(187,637)
Decrease (increase) in prepaid expenses	(226,246)	(10,040)
Increase (decrease) in accounts payable and accrued liabilities	(1,156,912)	(1,567,575)
Increase (decrease) in deferred revenue	(193,086)	2,169,175
Increase (decrease) in provision for landfill closure and post-closure (Note 2)	201,678	101,410
Cash provided by operating transactions	<u>15,764,655</u>	<u>9,026,512</u>
CAPITAL		
Acquisition of tangible capital assets	(15,316,324)	(8,661,119)
Sale of tangible capital assets	1,425,311	60,989
Cash applied to capital transactions	<u>(13,891,013)</u>	<u>(8,600,130)</u>
INVESTING		
Decrease (increase) in investments	<u>(887,713)</u>	<u>(1,988,259)</u>
CHANGE IN CASH AND EQUIVALENTS DURING THE YEAR	985,929	(1,561,877)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>15,156,731</u>	<u>16,718,608</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u><u>16,142,660</u></u>	<u><u>15,156,731</u></u>

See accompanying notes to the financial statements

	2018 \$	2017 \$
Cash and cash equivalents is made up of:		
Cash and temporary investments (Note 2)	<u>16,142,660</u>	<u>15,156,731</u>

2018 Financial Statements

**SADDLE HILLS COUNTY
CONSOLIDATED SCHEDULE OF CHANGES IN ACCUMULATED SURPLUS
FOR THE YEAR ENDED DECEMBER 31, 2018
SCHEDULE 1**

	Unrestricted Surplus	Restricted Surplus	Equity in Tangible Capital Assets	2018 \$	2017 \$ (Restated Note 18)
BALANCE, BEGINNING OF YEAR AS PREVIOUSLY STATED	-	74,276,208	115,236,866	189,513,074	183,364,930
PRIOR PERIOD ADJUSTMENT (Note 18)	(2,057,077)	-	-	(2,057,077)	-
BALANCE, BEGINNING OF YEAR AS RESTATED	(2,057,077)	74,276,208	115,236,866	187,455,997	183,364,930
Excess of revenues over expenses	12,719,078	-	-	12,719,078	4,091,067
Unrestricted funds designated for future use	(978,955)	978,955	-	-	-
Restricted funds used for operations	-	-	-	-	-
Current year funds used for tangible capital assets	(15,316,324)	-	15,316,324	-	-
Disposal of assets (at net book value)	1,409,274	-	(1,409,274)	-	-
Annual amortization expense	4,224,004	-	(4,224,004)	-	-
Long term debt repaid	-	-	-	-	-
Change in accumulated surplus	2,057,077	978,955	9,683,046	12,719,078	4,091,067
BALANCE, END OF YEAR	-	75,255,163	124,919,912	200,175,075	187,455,997

See accompanying notes to the financial statements

**SADDLE HILLS COUNTY
CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2018
SCHEDULE 2**

	Land	Land Improvements	Buildings	Engineered Structures	Machinery and Equipment	Vehicles	2018 \$	2017 \$
COST:								
BALANCE, BEGINNING OF YEAR	1,343,236	2,780,815	20,310,228	133,117,070	9,824,471	1,588,420	168,964,240	163,015,778
Acquisition of tangible capital assets	184,886	466,116	3,216,125	6,291,519	4,645,334	512,344	15,316,324	8,661,119
Disposal of tangible capital assets	(24,416)	(16,130)	-	(678,142)	(2,977,386)	-	(3,696,074)	(2,712,657)
BALANCE, END OF YEAR	1,503,706	3,230,801	23,526,353	138,730,447	11,492,419	2,100,764	180,584,490	168,964,240
ACCUMULATED AMORTIZATION:								
BALANCE, BEGINNING OF YEAR	-	453,089	1,802,587	45,728,869	4,910,357	832,472	53,727,374	52,149,580
Annual amortization	-	59,343	343,413	2,746,848	866,759	207,641	4,224,004	4,218,006
Accumulated amortization on disposals	-	(645)	-	(678,142)	(1,608,013)	-	(2,286,800)	(2,639,212)
BALANCE, END OF YEAR	-	511,787	2,146,000	47,797,575	4,169,103	1,040,113	55,664,578	53,727,374
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	1,503,706	2,719,014	21,380,353	90,932,872	7,323,316	1,060,651	124,919,912	115,236,866
2017 NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	1,343,236	2,327,726	18,507,641	87,388,201	4,914,114	755,948	115,236,866	

See accompanying notes to the financial statements

2018 Financial Statements

**SADDLE HILLS COUNTY
CONSOLIDATED SCHEDULE OF PROPERTY TAXES LEVIED
FOR THE YEAR ENDED DECEMBER 31, 2018
SCHEDULE 3**

	Budget \$	2018 \$	2017 \$
TAXATION			
Real property taxes	19,899,549	19,887,626	19,011,986
Linear property taxes	16,644,347	16,625,216	15,587,458
Government grants in place of property taxes	-	4,592	4,571
Early payment discount	(599,157)	(604,769)	(556,097)
	<u>35,944,739</u>	<u>35,912,665</u>	<u>34,047,918</u>
REQUISITIONS			
Alberta School Foundation Fund	5,477,604	5,477,174	5,917,867
Seniors Foundation	107,009	107,009	103,889
Designated Industrial Property	81,222	80,811	-
	<u>5,665,835</u>	<u>5,664,994</u>	<u>6,021,756</u>
NET MUNICIPAL TAXES	<u>30,278,904</u>	<u>30,247,671</u>	<u>28,026,162</u>

See accompanying notes to the financial statements

**SADDLE HILLS COUNTY
CONSOLIDATED SCHEDULE OF GOVERNMENT TRANSFERS
FOR THE YEAR ENDED DECEMBER 31, 2018
SCHEDULE 4**

	Budget \$	2018 \$	2017 \$ <i>(Restated Note 18)</i>
TRANSFERS FOR OPERATING:			
Provincial Government	671,650	426,365	424,570
Federal Government	-	-	-
	<u>671,650</u>	<u>426,365</u>	<u>424,570</u>
TRANSFERS FOR CAPITAL:			
Provincial Government	9,002,531	5,184,417	223,642
Federal Government	-	-	-
	<u>9,002,531</u>	<u>5,184,417</u>	<u>223,642</u>
TOTAL GOVERNMENT TRANSFERS	<u>9,674,181</u>	<u>5,610,782</u>	<u>648,212</u>

See accompanying notes to the financial statements

2018 Financial Statements

SADDLE HILLS COUNTY
CONSOLIDATED SCHEDULE OF EXPENSES BY OBJECT
FOR THE YEAR ENDED DECEMBER 31, 2018
SCHEDULE 5

	Budget \$	2018 \$	2017 \$
CONSOLIDATED EXPENSES BY OBJECT			
Salaries, wages and benefits	8,746,751	7,959,238	7,373,762
Contracted and general services	11,648,814	8,479,355	11,544,471
Materials, goods, supplies and utilities	3,667,830	3,366,486	2,720,514
Transfers to governments, agencies and organizations	3,887,203	3,905,686	3,674,920
Amortization of tangible capital assets	-	4,224,004	4,218,006
Other expenses	368,698	615,489	595,259
	<u>28,319,296</u>	<u>28,550,258</u>	<u>30,126,932</u>

See accompanying notes to the financial statements.

2018 Financial Statements

SADDLE HILLS COUNTY
CONSOLIDATED SCHEDULE OF SEGMENTED DISCLOSURE
FOR THE YEAR ENDED DECEMBER 31, 2018
SCHEDULE 6

	General Government	Protective Services	Transportation Services	Planning & Development	Recreation & Culture	Environmental Services	Other	Total \$
REVENUE								
Net municipal taxes	30,247,671	-	-	-	-	-	-	30,247,671
Government transfers	14,701	146,726	942,913	-	176,479	4,329,963	-	5,610,782
Oil well drilling equipment taxes	-	-	2,621,435	-	-	-	-	2,621,435
User fees and sales of goods	191,147	42,896	304,749	7,408	-	218,693	-	764,893
Investment income	1,690,352	-	-	-	-	-	-	1,690,352
Other revenues	101,098	33,494	124,851	25,765	-	699	32,255	318,162
	<u>32,244,969</u>	<u>223,116</u>	<u>3,993,948</u>	<u>33,173</u>	<u>176,479</u>	<u>4,549,355</u>	<u>32,255</u>	<u>41,253,295</u>
EXPENSES								
Contract & general services	719,591	350,401	6,375,316	397,016	58,614	466,414	112,003	8,479,355
Salaries & wages	1,773,541	557,946	3,371,162	1,206,116	-	1,050,473	-	7,959,238
Goods & supplies	166,238	156,841	2,398,585	183,729	42,787	369,146	49,160	3,366,486
Transfers to governments, agencies and organizations	1,236,265	224,660	-	82,700	1,368,673	109,393	883,995	3,905,686
Other expenses	375,288	38,523	-	-	-	201,678	-	615,489
	<u>4,270,923</u>	<u>1,328,371</u>	<u>12,145,063</u>	<u>1,869,561</u>	<u>1,470,074</u>	<u>2,197,104</u>	<u>1,045,158</u>	<u>24,326,254</u>
NET REVENUE BEFORE AMORTIZATION	27,974,046	(1,105,255)	(8,151,115)	(1,836,388)	(1,293,595)	2,352,251	(1,012,903)	16,927,041
Amortization expense	(237,587)	(245,912)	(3,334,236)	(88,805)	(7,656)	(248,299)	(61,509)	(4,224,004)
Gain (Loss) on disposal of tangible capital assets	-	-	(18,313)	34,354	-	-	-	16,041
NET REVENUE	27,736,459	(1,351,167)	(11,503,664)	(1,890,839)	(1,301,251)	2,103,952	(1,074,412)	12,719,078

2018 Financial Statements

**SADDLE HILLS COUNTY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

a) Reporting entity

The consolidated financial statements reflect the assets, liabilities, revenues and expenditures, changes in net financial assets and cash flows of the reporting entity. This entity is comprised of the municipal operations plus all of the organizations that are owned or controlled by the County and are, therefore, accountable to the Council for administration of their financial affairs and resources. They include the County's proportionate share of the Central Peace Regional Waste Management Commission (25%).

The schedule of taxes levied also includes requisitions for education and housing that are not part of the municipal reporting entity.

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

b) Basis of Accounting

The consolidated 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.

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

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

c) Deferred Revenue

Government transfers, contributions and other amounts are received from third parties pursuant to legislation, regulation and agreement and may only be used in completion of certain programs, in the completion of specific work, or for the purchase of tangible capital assets. These funds and the earnings thereon are accounted for as deferred revenue until the related expenses are incurred, the services are performed or the tangible capital assets are acquired.

d) Use of Estimates

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the period. Where management uncertainty exists, the financial statements have been prepared within reasonable limits of materiality. These estimates and assumptions are based on the County's best information and judgement and actual results could differ from these estimates.

2018 Financial Statements

SADDLE HILLS COUNTY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

e) Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand, balances with the banks net of outstanding cheques and term deposits with original maturities of 90 days or less at the date of acquisition and are recorded at cost.

f) Investments

Investments are recorded at amortized cost. Investment premiums and discounts are amortized on a 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.

g) Government Transfers

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

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

h) Requisition Over-levies and Under-Levies

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

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

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

i) Landfill Closure and Post-Closure Liability

Pursuant to the Alberta Environmental 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 being provided for over the estimated remaining life of the landfill sites is based on usage.

2018 Financial Statements

**SADDLE HILLS COUNTY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

j) 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 remediation including post remediation costs of operations, maintenance and monitoring.

k) Employee Future Benefits

Selected employees of the County are members of the Local Authority Pension Plan ("LAPP"), a multi-employer defined benefit pension plan. The trustee of the plan is the Alberta Treasurer and the plan is administered by a Board of Trustees. Since the plan is a multi-employer plan, it is accounted for as a defined contribution plan and, accordingly, the County does not recognize its share of any of the LAPP's surplus or deficit.

l) 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 consolidated change in net financial assets for the year.

i. Tangible Capital Assets

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

	YEARS
Land Improvements	15-25
Buildings	25-50
Engineered structures	
Water system	30-75
Wastewater system	30-75
Roads and bridges	30-75
Machinery and equipment	3-20
Vehicles	7-20

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.

iii. Leases

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

2018 Financial Statements

**SADDLE HILLS COUNTY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

iv. Inventories

Inventories of materials and supplies for consumption are recorded at the lower of cost or net realizable value with cost determined by the first-in, first-out method. Inventories largely represent the stockpile of gravel maintained for County purposes.

m) Accumulated Surplus

Accumulated surpluses are established at the discretion of Council to set aside funds for future operating and capital expenditures. Transfers to and/or from reserves are reflected as an adjustment to the respective fund.

Equity in capital assets consist of the net investments in total capital assets after deducting the portion financed by third parties.

2018 Financial Statements

**SADDLE HILLS COUNTY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

2. CASH AND INVESTMENTS

	2018	2017
	\$	\$
Cash	1,930,496	5,577,748
Temporary investments	14,212,164	9,578,983
	<u>16,142,660</u>	<u>15,156,731</u>

Cash held in deposit accounts earn interest at tiered rates between 0.05% and 2.23%.

A portion of the cash balances above are restricted for reserves and deferred revenue. The total restricted capital, including long-term investments is \$74,865,238 (2017 - \$76,820,981).

3. ACCOUNTS RECEIVABLE

	2018	2017
	\$	\$
Accrued interest	3,474,242	3,055,908
Trade	1,705,380	1,539,440
Property taxes	412,429	511,586
Goods and Services Tax	285,506	345,280
	5,877,557	5,452,214
Less: Allowance for doubtful accounts	(244,671)	(175,989)
	<u>5,632,886</u>	<u>5,276,225</u>

4. LONG-TERM INVESTMENTS

	2018	2017
	\$	\$
RBC bond portfolio	63,579,327	62,691,614
Rural Municipalities of Alberta Member's Equity	856	856
Alberta Capital Finance Authority shares	110	110
	<u>63,580,293</u>	<u>62,692,580</u>

RBC investment portfolio has effective interest rates ranging from 1.600% to 2.600% (2017 - 1.300% to 3.120%) with maturity dates from February 4, 2019 to June 5, 2023.

5. ACCOUNTS PAYABLE & ACCRUED LIABILITIES

	2018	2017
	\$	\$
Trade	1,768,971	3,085,351
Vacation, sick leave and overtime	1,243,488	1,138,014
Security deposits	185,817	131,821
	<u>3,198,276</u>	<u>4,355,186</u>

The vacation, sick leave and overtime liability is comprised of the vacation, sick leave and overtime that employees are deferring to future years. Employees have either earned the benefits or are entitled to these benefits within the next budgetary year.

2018 Financial Statements

**SADDLE HILLS COUNTY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

6. DEFERRED REVENUE

Deferred revenue consists of the following amounts, which have been restricted by third parties for a specified purpose. These amounts are recognized as revenue in the period in which the related expenses are incurred.

	(Restated) 2017 \$	Additions \$	Revenue Recognized \$	2018 \$
MSI Capital	2,057,077	1,058,284	2,057,077	1,058,284
AMMWP - Woking WTP upgrade	-	940,000	178,003	761,997
STIP Bridge	-	170,000	-	170,000
Alberta Community Partnership	189,341	-	70,065	119,276
Capital for Emergent Projects	112,066	-	2,853	109,213
Peace Region Water Study	167,588	-	88,459	79,129
FGTF	-	122,718	68,930	53,788
Municipal Intern Program	14,701	-	14,701	-
Vancouver Foundation	4,000	-	4,000	-
	<u>2,544,773</u>	<u>2,291,002</u>	<u>2,464,088</u>	<u>2,351,687</u>

7. LANDFILL CLOSURE AND POST-CLOSURE COSTS

Alberta environmental law requires closure and post-closure care of landfill sites, which includes final covering and landscaping, pumping of ground water and leachates from the site, ongoing environmental monitoring, and site inspections and maintenance.

The estimated total liability represents the net present value of the discounted cash flows of the total estimated cost for closure and post-closure activities for 25 years after closing using a discount rate of 3.339% and assuming annual inflation of 3.00%.

The accrued liability is based on the cumulative capacity used at year end compared to the total estimated landfill capacity. The estimated remaining capacity of the landfill sites is 847,706 (2017 - 847,706) cubic metres and the total capacity of the site is estimated at 952,000 cubic metres.

The County stopped receiving municipal solid waste at these landfills in prior years. Some of these unused landfills were converted to waste transfer stations. The County intends to commence closure work for a portion of these unused landfills in the near future.

The County obtained revised cost estimates related to its closure and post-closure obligations during the year. These revised cost estimates result in an increase of \$201,678 (2017 - \$101,410) to the closure and post-closure obligations, which is included in waste management expense on the Statement of Operations.

	2018 \$	2017 \$
Estimate closure costs	3,863,341	3,707,571
Estimate post-closure costs	1,600,015	1,554,107
	<u>5,463,356</u>	<u>5,261,678</u>
Portion of liability remaining to be recognized	-	-
Accrued liability portion	<u>5,463,356</u>	<u>5,261,678</u>

2018 Financial Statements

**SADDLE HILLS COUNTY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

8. INVENTORY FOR CONSUMPTION

	2018	2017
	\$	\$
Gravel	277,110	826,227
Parts, culverts and other	278,445	298,163
	<u>555,555</u>	<u>1,124,390</u>

9. ACCUMULATED SURPLUS

	2018	2017
	\$	\$
Unrestricted surplus	-	(2,057,077)
Restricted surplus:		
Operating reserves:		
Gravel usage	1,550,169	1,100,000
Grant programs	600,713	83,913
Operating fund	484,257	1,368,794
Due to others	21,504	20,058
Community recreation	61	374,325
	<u>2,656,704</u>	<u>2,947,090</u>
Capital reserves:		
Rural water	16,490,313	17,414,506
Well drilling equipment tax	14,426,558	11,698,274
Paving overlay	13,406,890	11,609,125
Infrastructure development	8,301,623	12,553,417
Current county facilities	4,624,132	3,790,429
Mobile equipment	4,469,686	6,525,732
General capital	2,991,046	258,241
Environmental services	3,289,303	3,693,383
New county facilities	1,147,526	91,460
Utility communication network	783,523	117,173
Emergency command centre	736,687	722,592
Paving project	696,686	731,667
Computer and information technology	689,901	1,135,666
G5 clinic	406,385	882,691
Community development	133,396	100,050
Municipal development	4,804	4,712
	<u>72,598,459</u>	<u>71,329,118</u>
	<u>75,255,163</u>	<u>74,276,208</u>
Equity in tangible capital assets	<u>124,919,912</u>	<u>115,236,866</u>
	<u>200,175,075</u>	<u>187,455,997</u>

2018 Financial Statements

SADDLE HILLS COUNTY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

10. SALARY AND BENEFITS DISCLOSURE

Disclosure of salaries and benefits for municipal officials, the chief administrative officer and designated officers as required by Alberta Regulation 313/2000 is as follows:

	2018			2017	
	\$	\$		\$	
	Salary ¹	Benefits & allowances ²	Expense reimbursement ³	Total	Total
Councillors					
Division 1	28,650	4,469	4,191	37,310	30,349
Division 2	39,725	4,864	3,318	47,907	51,044
Division 3	22,350	4,276	4,215	30,841	30,013
Division 4	28,875	4,459	3,526	36,860	43,277
Division 5	32,550	3,875	9,215	45,640	39,772
Division 6	35,175	3,668	8,723	47,566	42,961
Division 7	34,275	3,565	5,928	43,768	40,132
Chief Administrative Officer	206,931	35,581	2,246	244,758	227,054
Designated Officer	105,158	20,148	3,104	128,410	154,851
	<u>533,689</u>	<u>84,905</u>	<u>44,466</u>	<u>663,060</u>	<u>659,453</u>

1 Salary includes regular base pay, bonuses, per diems and any other direct cash remuneration.

2 Benefits and allowances include the employer's share of the employee benefits and contributions or payments made on behalf of employees including pension and health care benefits.

3 Direct reimbursement of expenses.

11. DEBT LIMITS

Section 276(2) of the Municipal Government Act requires that debt and debt limits as defined by Alberta Regulation 255/2000 for the County be disclosed as follows:

	2018	2017
	\$	\$
Total debt limit	54,103,317	51,010,220
Total debt	-	-
Amount of debt limit unused	<u>54,103,317</u>	<u>51,010,220</u>
Debt servicing limit	9,017,220	8,501,703
Debt servicing	-	-
Amount of debt servicing limit unused	<u>9,017,220</u>	<u>8,501,703</u>

The debt limit is calculated at 1.50 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.

2018 Financial Statements

**SADDLE HILLS COUNTY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

12. CONTINGENCIES

(a) MUNIX

The County is a member of the Alberta Municipal Insurance Exchange ("MUNIX"). Under the terms of membership, the County could become liable for its proportionate share of any claim losses in excess of the funds held by MUNIX. Any liability incurred would be accounted for as a current transaction in the year the losses are determined.

(b) Legal Claims

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

13. COMMITMENTS

As at December 31, 2018, the County has the following outstanding commitments:

(a) Construction of a new medical clinic at Spirit River, along with its regional partners, of approximately \$398,610.

(b) Co-locates on 2 County towers, of approximately \$835,995.

(c) Engineering services for Savanna Water Treatment Plant, of approximately \$434,982.

(d) Construction services for rural water main line from Bonanza to Baytree, of approximately \$152,384.

(e) Construction services for Savanna WTP raw water storage, of approximately \$2,540,560.

(f) Mechanical services for Woking WTP upgrade, of approximately \$1,778,475.

14. LOCAL AUTHORITIES PENSION PLAN

Employees of the County participate in the Local Authorities Pension Plan (LAPP), which is covered by the Alberta Public Sector Pension Plans Act. Contributions are collected from employees and employers and the money is invested in equities, bonds and other investment vehicles. The investment income and the contributions are used to pay pension benefits to LAPP retirees, now and in the future.

The County is required to make current service contributions to the LAPP of 10.39% of pensionable earnings up to the year's maximum pensionable earnings under the Canada Pension Plan and 14.84% on pensionable earnings above this amount. Employees of the County are required to make current service contributions of 9.39% of pensionable salary up to the year's maximum pensionable salary and 13.84% on pensionable salary above this amount.

Total current service contributions by the County to the LAPP in 2018 were \$612,340 (2017 - \$576,179). Total current service contributions by the employees of the County to the LAPP in 2018 were \$561,256 (2017 - \$531,922).

At December 31, 2017, the LAPP disclosed a surplus of \$4.835 billion (2016 - \$637 million deficit).

2018 Financial Statements

**SADDLE HILLS COUNTY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

15. FINANCIAL INSTRUMENTS

The County's financial instruments consist of cash and cash equivalents, accounts receivables, long-term investments, accounts payable and accrued liabilities, deferred revenue and provision for landfill closure. 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 subject to credit risk with respect to taxes and grants in lieu of taxes receivable and trade and other accounts receivables. Credit risk arises from the possibility that taxpayers and entities to which the County provides services may experience financial difficulty and be unable to fulfil their obligation. The large number and diversity of taxpayers and customers minimizes the credit risk.

The County is subject to interest rate risk with respect to its cash equivalents and long-term investments. Interest rate risk arises from the risk that the fair value of financial instruments or future cash flows associated with instruments will fluctuate due to changes in market interest rates. The County manages this risk by investing in diverse and low risk assets.

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

16. SEGMENTED DISCLOSURE

Saddle Hills County provides a range of services to its residents. 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 consolidated financial statements as disclosed in Note 1.

For additional information see the Schedule of Segmented Disclosure (Schedule 6).

17. COMPARATIVE FINANCIAL STATEMENTS

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

2018 Financial Statements

**SADDLE HILLS COUNTY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

18. PRIOR PERIOD ADJUSTMENT

The County has restated its financial statements to reclassify grants previously recognized as revenue to deferred revenue as the approved expenditures related to the grants have not yet been incurred. The adjustments to correct these balances are as follows:

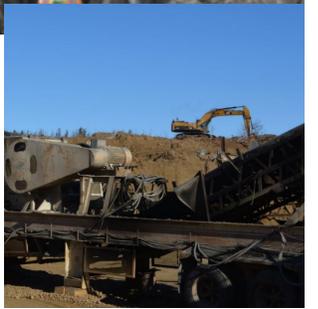
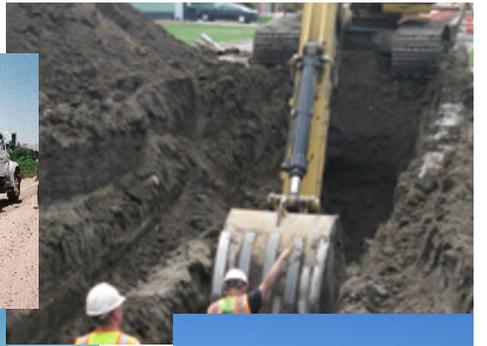
	2018	2017
	\$	\$
Adjustments to opening accumulated surplus:		
As previously reported	189,513,074	183,364,930
Adjusted for grant revenue previously recognized	<u>(2,057,077)</u>	<u>-</u>
As restated	<u><u>187,455,997</u></u>	<u><u>183,364,930</u></u>
		2017
		\$
Adjustments to deferred revenue:		
As previously reported		487,696
Adjustment for grant revenue previously recognized		<u>2,057,077</u>
		<u><u>2,544,773</u></u>

19. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved by Council and management.

2018 Activities Highlights

OPERATIONS



2018 Activities Highlights

Busy Year For Operations Team

County crews worked hard keeping roads clear during the winter storms in 2018. The high accumulation of snow, along with drifting, made this task challenging.

Projects

A number of important projects were completed in 2018 which included:

- ⇒ Twp. Rds. 774 and 800
- ⇒ Road repair on White Mountain Road
- ⇒ 950 meters of new road built along Rge. Rd. 94 and Rge. Rd. 75
- ⇒ Twp. Rd 791 was upgraded

New road construction projects included:

- ⇒ Rge. Rd. 94 from Hwy 49 to 0.9 kilometers north
- ⇒ Rge. Rd. 75 from Twp. Rd. 823 to 0.9 kilometers north

Bridge repairs in 2018 included:

- ⇒ Wooden deck replacement on Westmark bridge
- ⇒ Bridge file culvert replacement—75359 on Twp. Rd. 810 west of Hwy 681
- ⇒ Bridge file culvert replacement—77071 on Rge. Rd. 75 north of Twp. Rd. 794
- ⇒ Bridge file culvert replacement—on Rge. Rd. 82 south of Hwy 680

Ditching, Road Repair, Shoulder Pulls and Re-graveling

Crews completed 10 kilometers of ditching on Rge. Rd. 122 and Twp. Rd. 774 and road repairs and shoulder pulls were completed on Rge. Rds. 64, 72, 82, 95, and 134 as well as Twp. Rd. 774, 791, and 800. The County re-graveled 672 kilometers of the County road network in 2018. To complete this task the 20 hired equipment trucks plus three of the County's trucks worked for five months applying 141,000 tonnes of gravel.



Re-build engineering design for:

- ⇒ Rge. Rd. 72 from Twp. Rd. 764 (Northmark) to 4.8 kilometers north
- ⇒ Rge. Rd. 134 from Hwy 49 to 5.6 kilometers south
- ⇒ Paving of Rge. Rd. 102 from Hwy 49 south 1.6 kilometers
- ⇒ Slide repair on Rge. Road. 131 (Henderson Creek)

2018 Activities Highlights

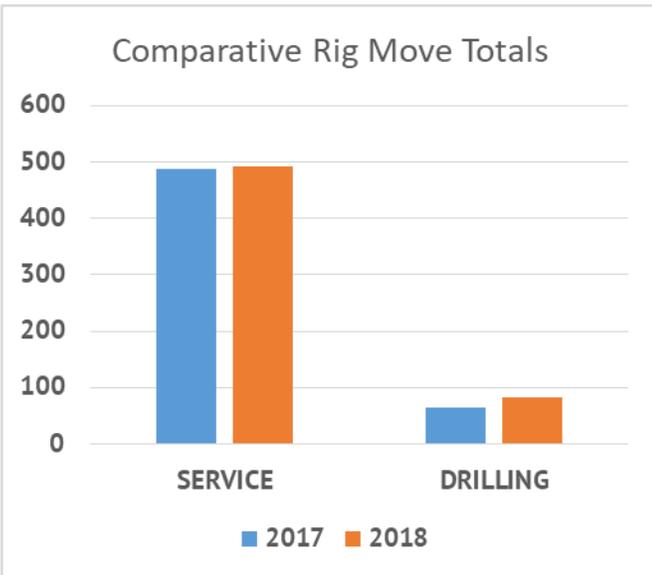
Culverts and Bridge Repairs

repaired. Crews also completed 140 culvert replacements maintaining the County's roads (including roadway culverts and driveway culverts). In addition, Operations Department had to deal with the aftermath of the sign of three large culverts which failed during the year's spring floods. More than 800 road washouts needed to be

New Graders

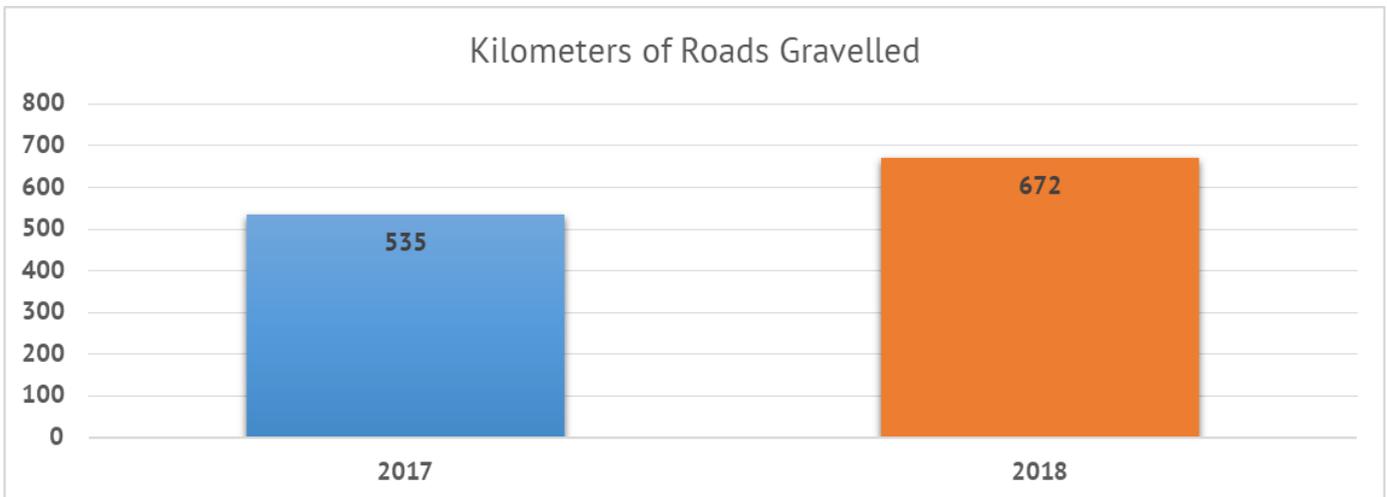
The County replaced all seven of its graders in 2018.

Graders are usually replaced every five years in order to take advantage of utilizing the full warranty period and the buy-back option.



Dust Control

The County treated 119 residential sites and 69 kilometers of road with dust control application (50 kms of Tiger C calcium and 9 kilometers of non-corrosive material dust control).



2018 Activities Highlights



2018 Activities Highlights

ENVIRONMENTAL SERVICES



2018 Activities Highlights

Bonanza To Bay Tree Water Line Update

In 2018 Saddle Hills County designed and built 15 kilometers of 150 mm potable water main line distribution from the Bonanza Water Treatment Plant to Hwy 49 by Bay Tree.

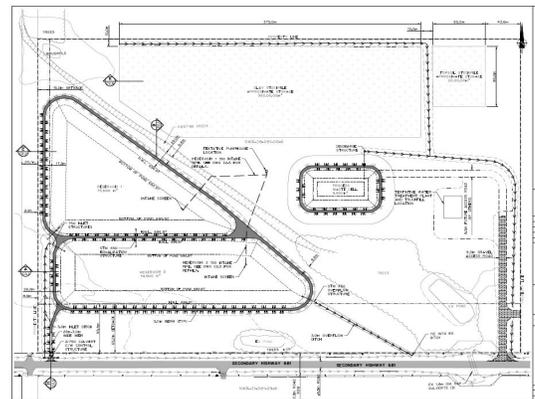
The waterline installation included road crossings, oilfield pipeline crossings and creek crossings. Control valves were installed including air release valves and isolation valves on the main line.



Savanna Water Treatment Plant

In 2018 Saddle Hills County began construction of a raw water reservoir in Savanna. In 2019 two surface water reservoirs will be built and construction of the water treatment plant and truck fill station will begin.

When complete, residents in the area will have access to a potable water truck fill station.



Woking Lift Station Upgrade

The County received funding from the Province of Alberta to upgrade the Wastewater Lift Station in the Hamlet of Woking and the County successfully completed the work in 2018.

The project included a new waste water pumping station as well as new pumps, new electrical controls and upgraded valves to assist and control waste water flows from the Hamlet to the wastewater lagoon.



2018 Activities Highlights

County Wins Alberta Recycling Award

Councillor Lawrence Andruchiw (below, left) and Manager of Environmental Services Darren Lubeck (center) were on hand to receive Alberta Recycling's 2018 Collection Site Award of Excellence for transfer stations sites serving a population of under 5,000 in Fort McMurray on September 6, 2018 during the Alberta CARE Recycling Conference.

Alberta Recycling annually recognizes three registered municipal collection sites that display excellence in the management of their electronics, paint and tire collection sites, meeting all program requirements and at the same time making recycling convenient and safe for their residents.



2018 Activities Highlights

Oil Recycling Available

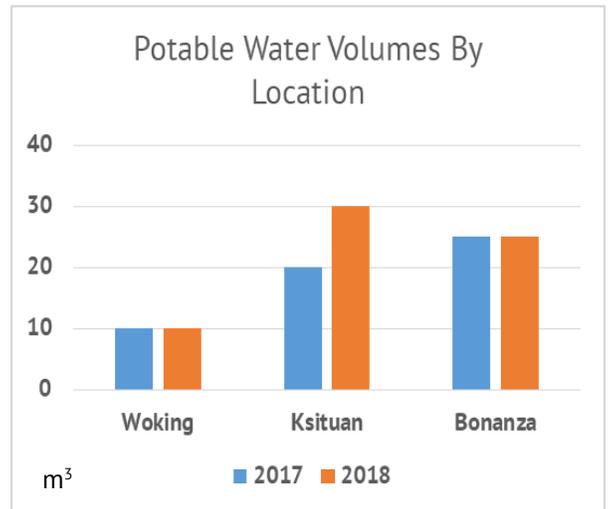
Saddle Hill County introduced an oil recycling program in 2018 which is available at the Blueberry Bonanza and Woking transfer stations. The program accepts all types of vehicle oils, oil filters, oil jugs and oil pails. The program also accepts used antifreeze (glycol). There is no charge to drop off used oil or antifreeze.



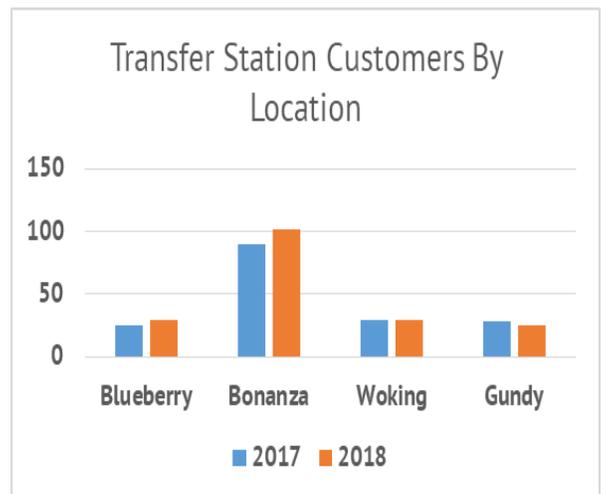
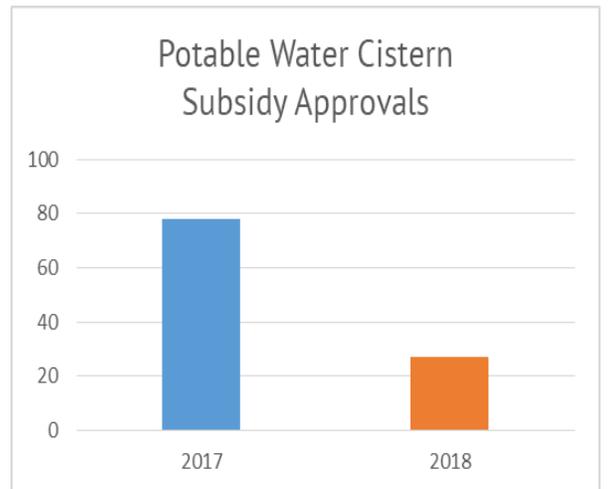
Online Water Account Management

All of the preliminary work was performed so that truck fill potable water customers would be able to manage their water accounts online, 24/7.

The new service was tested and prepared for launch in 2019.



1 m³ = 264.172 US gallons



2018 Activities Highlights

PLANNING & INFORMATION SYSTEMS



2018 Activities Highlights

Progress On Council's Commitment To The Latest In Modern Communication

The County's Utility Communications Network consists of nine towers. These towers provide the infrastructure which allows wireless service providers to offer their services by leasing space and installing their equipment. In order to maximize services to residents and industry the County has also partnered with TELUS to build the Silver Valley TELUS Tower, providing better mobility coverage and more options for rural internet services. In 2018 the County continued partnering with TELUS by contributing towards the capital costs of equipment and/or additional towers in the form of grants.

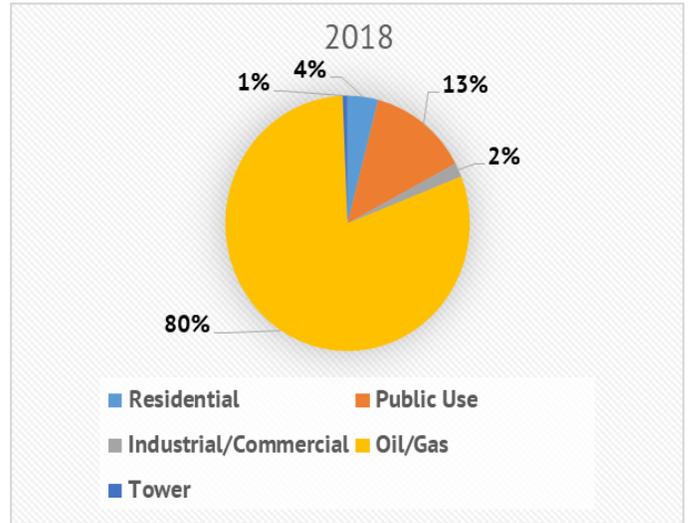
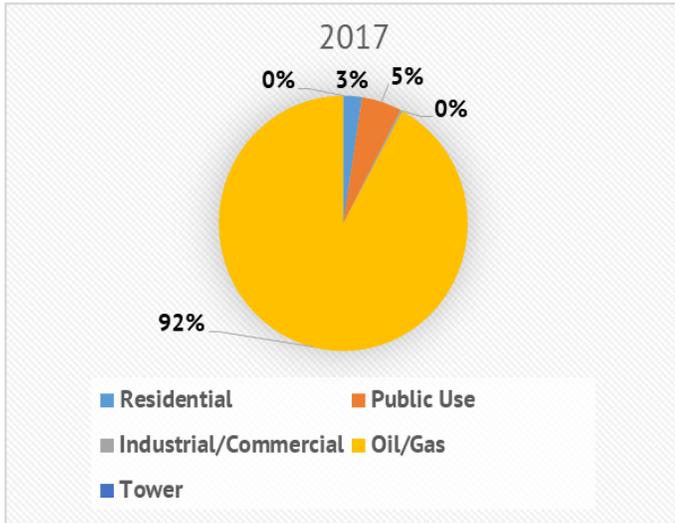


GPS Data Collection

In 2018, the GIS department at Saddle Hills County completed Phase 2 of a three-year data collection project to refresh the County's GIS data to include road features such as signs, culverts and approaches. The Operations department is able to use this data in their planning, budgeting and asset management of the County's road network infrastructure.

2018 Activities Highlights

Comparative Development Permit Applications By Construction Cost*



*Estimated project costs

*Estimated project costs

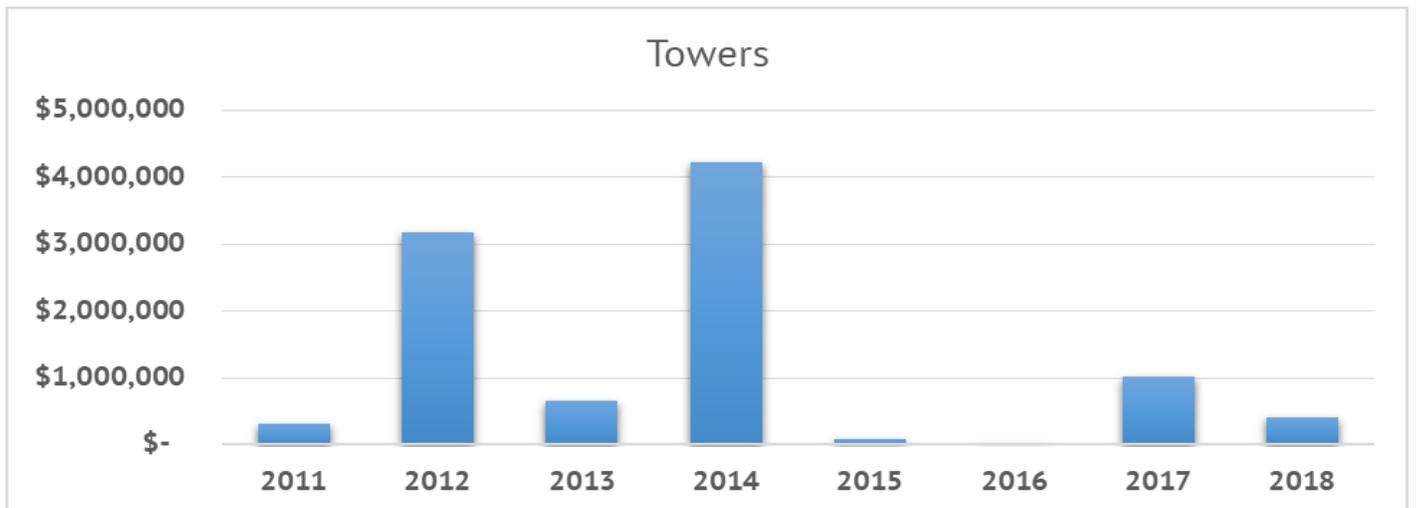
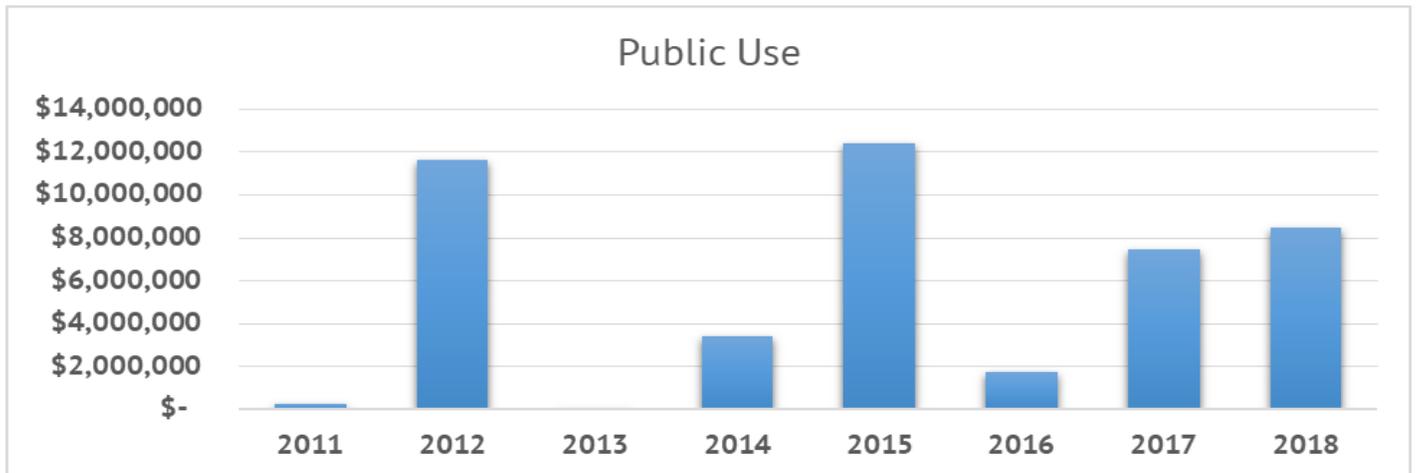
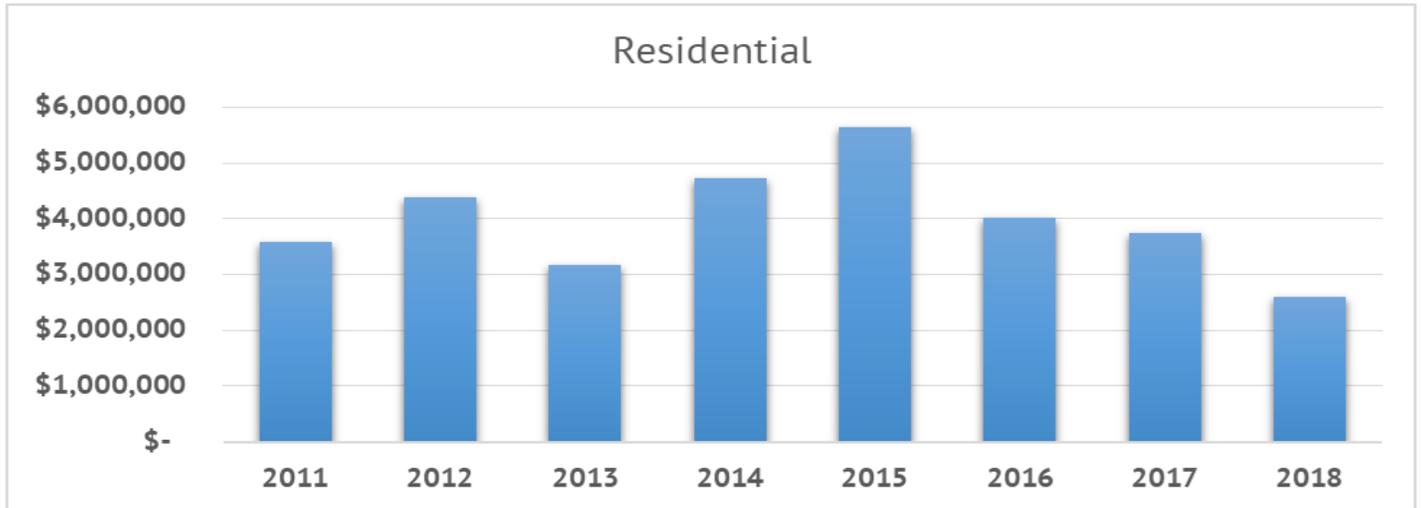
Applications	2017
Residential	\$3,750,000
Public Use	\$8,060,000
Industrial/Commercial	\$436,500
Oil/Gas	\$142,842,513
Tower	\$1,000
TOTALS	\$155,090,013

Applications	2018
Residential	\$2,596,000
Public Use	\$8,484,500
Industrial/Commercial	\$1,138,500
Oil/Gas	\$51,635,000
Tower	\$412,000
TOTAL	\$64,266,000



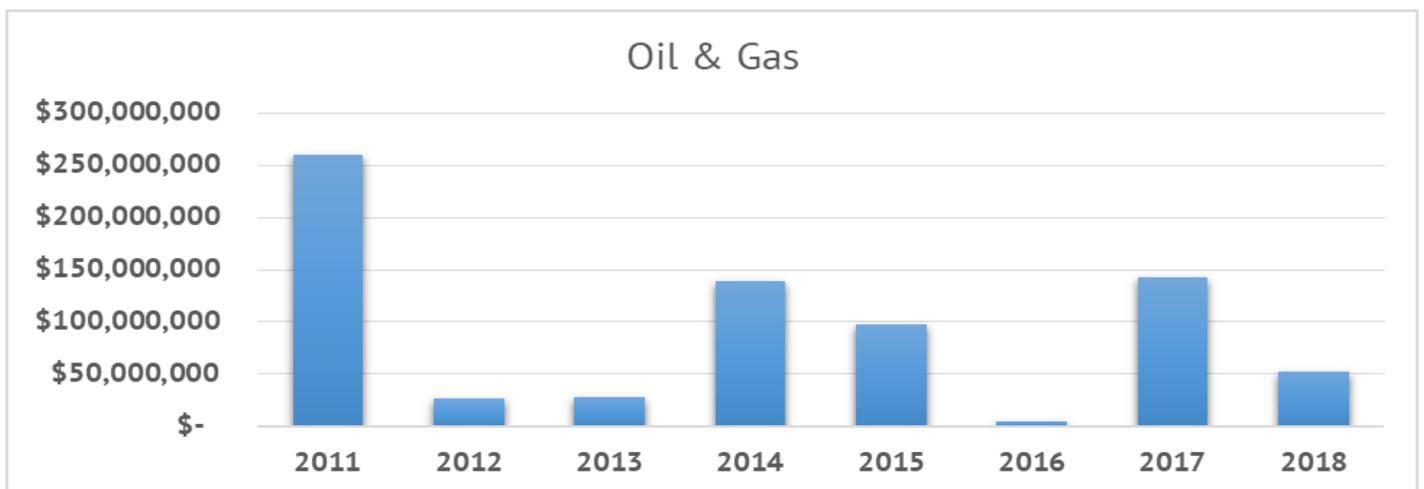
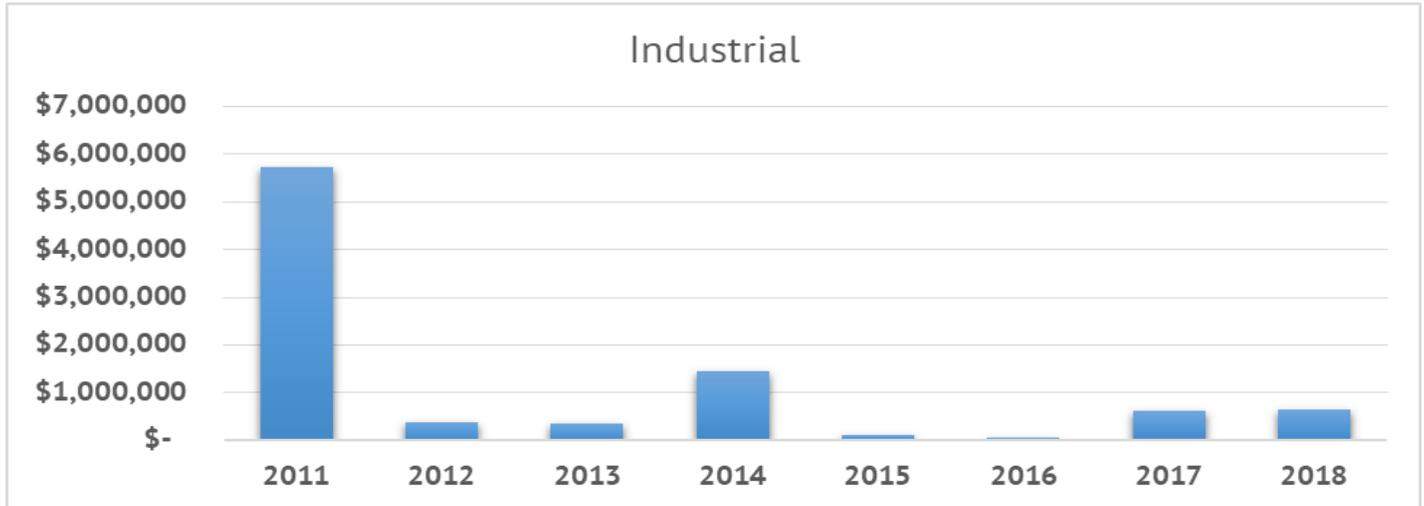
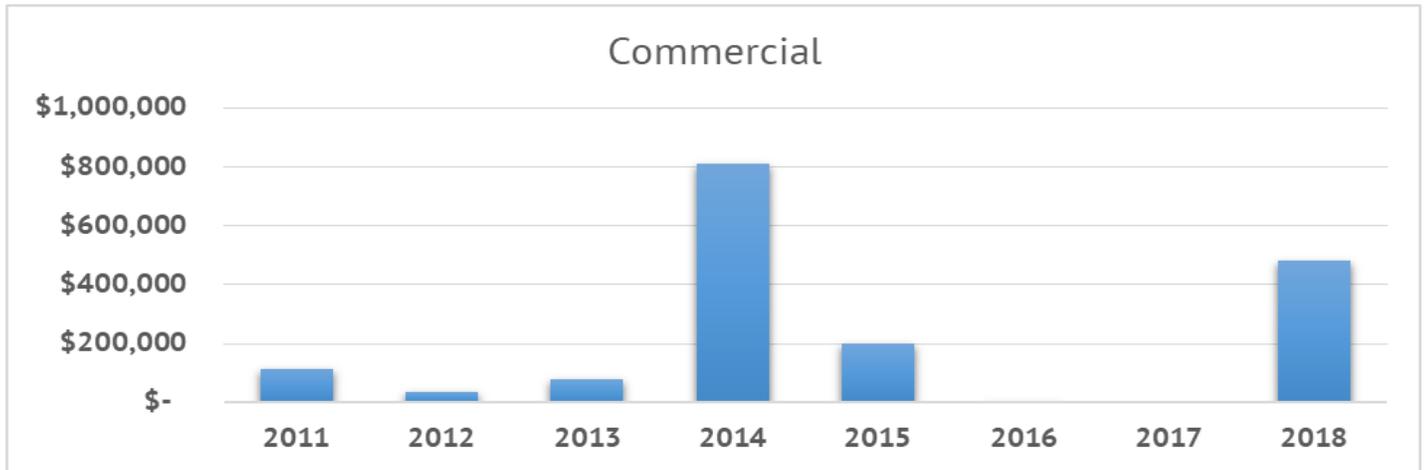
2018 Activities Highlights

Value Of Development Permits Issued Per Year



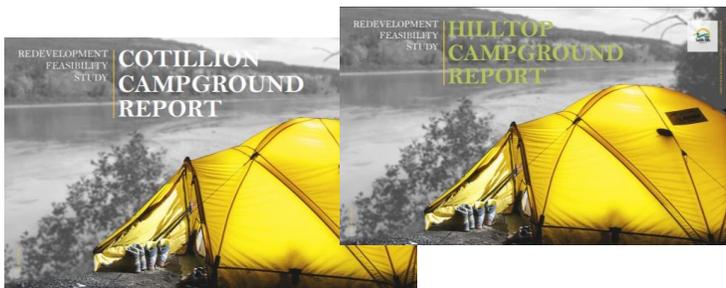
2018 Activities Highlights

Value Of Development Permits Issued Per Year



2018 Activities Highlights

Community & Protective Services



Emergency Preparedness Guide



Build A Kit

In an Emergency You Will Need 3 Days of Some Basic Supplies:

- Know the risks
- Make a plan
- Get a kit
- Supply of Water (4L per person per day)
- Non Perishable Food for All Family Members and Pets
- Emergency Contact Numbers
- Flash Light, Battery Powered Radio and Extra Batteries
- An Extra Set of Car Keys, Credit Cards and Cash
- A Change of Clothes for Each Family Member
- Extra Eyeglasses or Contact Lenses
- Important Family Documents
- Prescriptions or Special Medications
- Alternative Chargers for Electronic Communication Devices
- Insurance Documents
- First Aid Kit
- Sanitation Supplies



2018 Activities Highlights

New Savanna Fire Hall Completed

The new Savanna Fire Hall was completed in mid-November. It represents another achievement in Council's commitment to provide Saddle Hills County fire fighters and first responders with the best in equipment, training and facilities.

Boat Launch Study Presented

A consultant's report, which identified possible sites for a boat launch along the Peace River in Saddle Hills County, was presented to Council at their regular meeting on November 13.

The report includes preliminary engineering and estimated costs to proceed with the project.

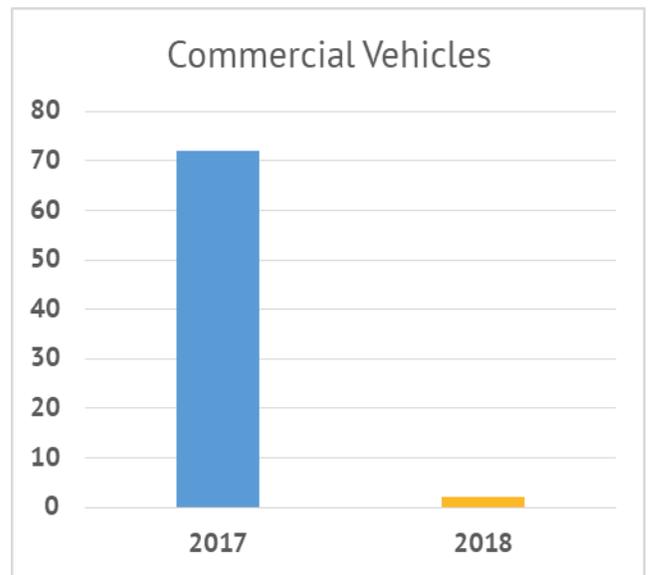
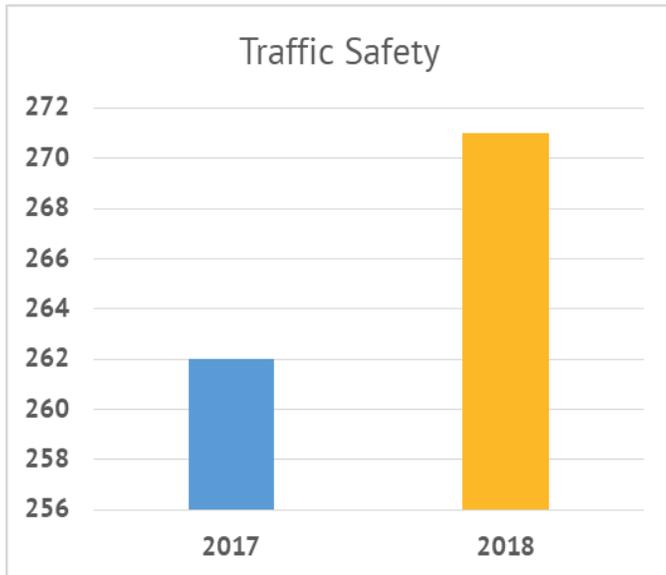
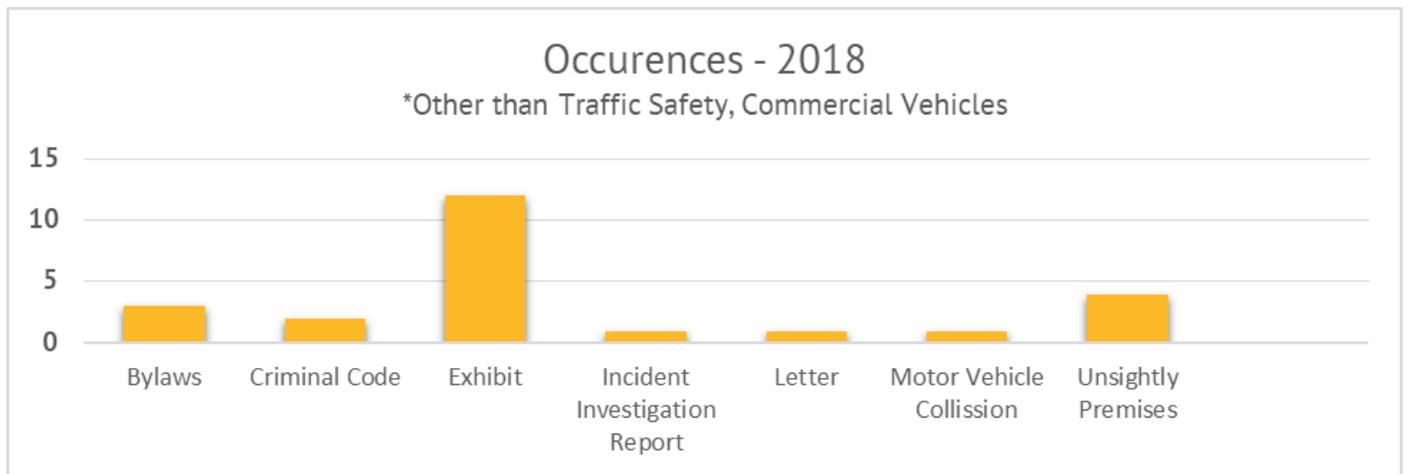
Campground Report Presented

Saddle Hills County has been researching the feasibility of upgrading and/or expanding the campgrounds at both Hilltop Lake and Cotillion. Two surveys were conducted in August and contributed to the Campground Expansion Studies which were presented to Council at their October 23 meeting.

Rim Rocks

Administration staff visited the Rim Rocks formation south of Bay Tree to explore the possibility of promoting the unique geological features as a tourist destination

2018 Activities Highlights



*Peace Officer's focus may change from year to year. Occurrences include complaints, stops, warnings and tickets issued.

2018 Activities Highlights

Economic Development

Economic & Rural Development

Business Visits

During the fall of 2018 the County's Economic Development Coordinator surveyed local business owners to learn what could drive expansion and increase viability. Fifty businesses were surveyed.

Business visits identified two needs: Time Management & Organization and Successful Hiring & Employee Retention. Workshops on those topics were organized for 2019.

More farmers and ranchers will be visited during the spring of 2019.



Fertilizer Initiative

In 2018 Saddle Hills County began investigating the feasibility of a manufacturing facility to use locally-extracted natural gas to produce urea, a type of

nitrogen fertilizer. Outcomes could include job generation; creation of large local user of natural gas; and, increased competition in the regional urea market.

2018 Activities Highlights

Community Development

FCSS Funding For County Residents

In 2018 Family and Community Support Services FCSS indirectly funded the following agencies to develop programming for Saddle Hills County residents:

Peace Wapiti School Division Liaison Program -	\$13,200
Bonanza Playschool for programming -	\$4,593
Savanna Playschool for programming -	\$6,000
Woking Playschool for programming -	\$3,500
School Programs for Woking School -	\$3,937
MD 133 for Summer Camp -	\$4,398

Events & Initiatives Throughout The Year

A number of events and initiatives were organized and supported by Saddle Hills County and facilitated by Community Development during 2018 including:

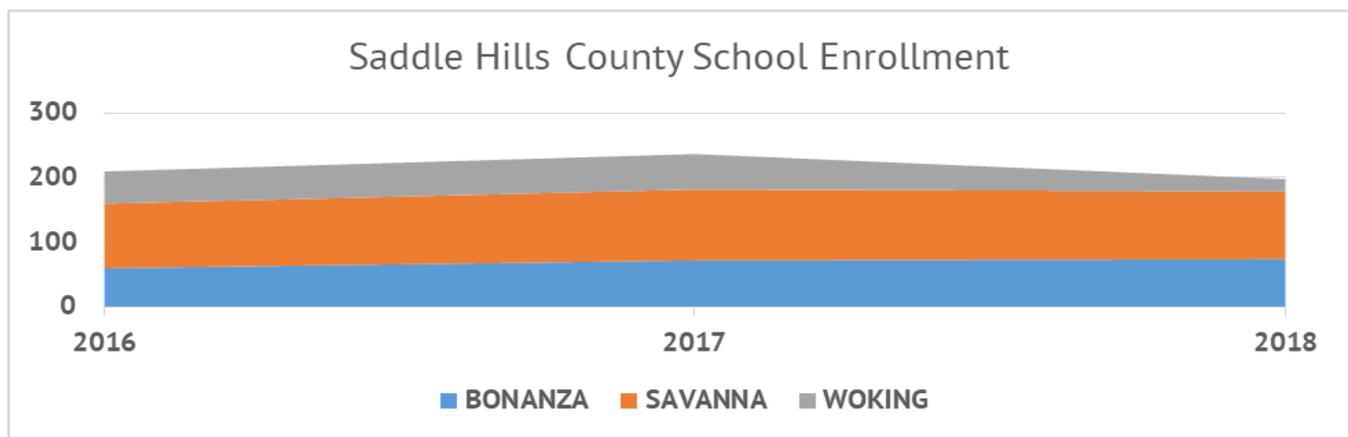
- ◇ **Compass Caregiver's Training**
- ◇ **Seniors Event in Gordondale**
- ◇ **Seniors Information Day in Woking**
- ◇ **Fourth Creek Association for Community Engagement**
- ◇ **Community Connect Meeting**
- ◇ **Community Signs**
- ◇ **Service Canada Training session**
- ◇ **Rural Ventures Cooperative Feasibility Study**
- ◇ **Community Volunteer Income Tax Program Training**
- ◇ **Visit Our Own Back Yard**

Childcare Subsidy

Since 2014, Saddle Hills County has offered a unique Childcare Subsidy Program to residents and non-resident employees in order to assist them in obtaining affordable child care services.

The program is available to families who are self-employed business owners (home-based, commercial or farm) and those employed or attending post secondary institutions. Each year approximately 14 families and some 18 children benefit from the program.

In 2018 the program represented an investment of \$80,263.64



Actual Enrollment Numbers 2018: BONANZA—63 SAVANNA—102 WOKING—44

2018 Activities Highlights

Agricultural Service Board

ASB Annual Report Highlights

In November of 2018, three new public-at-large members were appointed to the Agricultural Service Board (ASB) - Mallory Kaiser, Cheryl Brett and Tyson Hessler. Candace Dolen and Adam Fitzpatrick were appointed as Chair and Vice-Chair, respectively. Council members of the ASB are Ed Armagost (Ward 4) and Ken Titford (Ward 1).



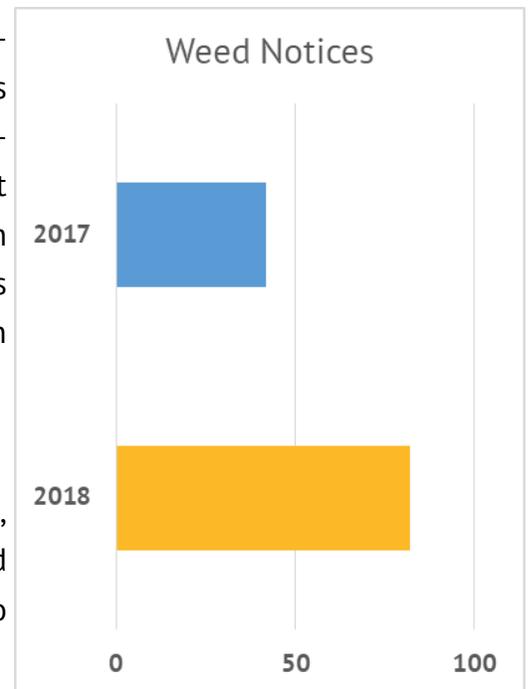
All County rights-of-way were mowed in 2018 by Cross Country Mowing out of La Crete and over 500 kilometers of the County rights-of-way were blanket sprayed to control weeds.

Weed inspections



Five seasonal employees were appointed as Weed and Pest Inspectors, and throughout the Summer more than 1,200 weed inspections were completed within County borders.

Of those inspections, 82 resulted in Weed Notices (compared to 42 notices in 2017).



2018 Activities Highlights

Stakeholder Participation

The Orange Hawkweed infestation in the Fourth Creek area is an ongoing issue. Although Orange Hawkweed is a difficult weed to deal with, the stakeholders involved are focused on removing the infestation.

Saddle Hills County staff, ASB Chair and Councilors met with the Minister of Agriculture and Forestry at the Rural Municipalities of Alberta Conference in November to discuss issues facing County ratepayers such as:

- AFSC pea seeding deadline
- Elk damage on crops
- Timely response for Weed and Pest notice appeals from the Ministers office



Fenceline Spraying

In the summer of 2018, Saddle Hills County added policy AG 23: Fenceline Spraying Agreement which assists ratepayers with herbicide applications between private land and County right-of-ways.



2018 Activities Highlights



Community Grants

Grant Programs

Each year, Saddle Hills County Council supports community groups through the Program and Activity Grants Program and the Capital Grants program.

In addition, Council provides grants to each of the 14 cemeteries throughout the County.

Cemetery Grants Program

14 Cemeteries @\$500 ea.

\$ 7,000.00

Total Cemetery Grants

\$7,000.00

Operating Grants Program

Bay Tree Community Park Assoc. (was Hall)	\$ 712.50
Blueberry Mtn Goodwill Society	\$ 11,817.65
Bonanza & District Agricultural Society	\$ 31,860.75
Cotillion Butte Recreation Society	\$ 8,775.00
Fourth Creek Community Association	\$ 6,016.50
Gordondale Community Club	\$ 5,761.43
Gundy Community Rec Society	\$ 4,747.26
Savanna Agricultural Society	\$ 41,025.00
Silver Valley Community Club	\$ 4,050.00
Westmark Farmers League	\$ 5,925.00
Woking Skating Rink Association	\$ 3,000.00
Woking Willing Workers	\$ 5,625.00
Dunvegan River Rats	\$ 1,000.00
Friends of Rycroft Community Hall Association (Village of Rycroft)	\$ 6,000.00
Happy Hour Club of Spirit River	\$ 4,000.00
Rycroft Agricultural Society	\$ 10,000.00
Rycroft Arena Fundraising Board	\$ 10,000.00
Rycroft Merry Pioneers	\$ 4,000.00
Rycroft Municipal Library	\$ 3,600.00
Spirit River District Agricultural Society	\$ 15,000.00
Spirit River Settlement Historical Society	\$ 4,000.00
Town of Spirit River (Hall, Arena, Curling, Pool, Airport)	<u>\$ 35,000.00</u>
Total Operating Grants	\$221,916.10

2018 Activities Highlights

Program & Activity Grants

January 31st Submissions:

Alberta Conservation Association	\$ 5,370.00
Cotillion Butte Recreation Association	\$ 800.00
Fourth Creek Community Association	\$ 4,500.00
Happy Valley Ag & Recreation Club	\$ 3,200.00
Rycroft Municipal Library	\$ 1,000.00
Savanna Ag Society	\$ 2,000.00
Savanna Ag Society	\$ 2,500.00
TOTAL	<u>\$ 19,370.00</u>

May 31st Submissions:

Bonanza & District Agricultural Society	\$ 4,000.00
Central Peace Horse Association	\$ 1,000.00
Communities In Bloom	\$ 6,000.00
Goodwill Quilters	\$ 3,500.00
Happy Valley Ag & Recreation Club	\$ 2,926.00
Kakut Lake Resort Association	\$ 2,000.00
Rycroft Municipal Library	\$ 1,000.00
Savanna Minor Hockey	\$ 7,000.00
South Peace Volleyball Club	\$ 1,000.00
Spirit Arts Dance Society	\$ 2,500.00
Westmark Farmers League	\$ 1,400.00
Woking Skating Rink Association	\$ 2,000.00
Young, Vern & Rita (Savanna Agricultural Society)	\$ 2,000.00
TOTAL	<u>\$36,326.00</u>

September 30th Submissions:

Central Peace Early Childhood Coalition	\$ 1,885.56
Friends of Rycroft Community Hall Association	\$ 2,500.00
Gordondale Community Club	\$ 1,000.00
Rycroft Library	\$ 1,500.00
Savana School Extra-Curricular Programs	\$ 5,000.00
Sexmith Football Club	\$ 2,000.00
Spirit River Regional Academy	\$ 5,000.00
TOTAL	<u>\$18,885.56</u>

Total Program & Activity Grants

\$74,581.56

2018 Activities Highlights

Capital Grants Program

Bay Tree Community Park Association	\$ 25,000.00	
Friends of Rycroft Community Hall Association	\$ 6,500.00	
Rycroft Baseball Association	\$ 10,000.00	
Savanna Agricultural Society	\$ 23,800.00	
Bonanza & District Agricultural Society	\$ 220,000.00	
Dunvegan River Rats	\$ 50,000.00	
Fourth Creek Community Association*	\$ 375,000.00	
Gordondale Community Club*	\$ 375,000.00	
Happy Valley Ag and Recreation Club	\$ 31,500.00	
Rycroft Agricultural Society	\$ 22,000.00	
Rycroft Arena Board	\$ 100,000.00	
Spirit River Settlement Historical Society	\$ 15,000.00	
Total Capital Grants		\$1,253,800.00

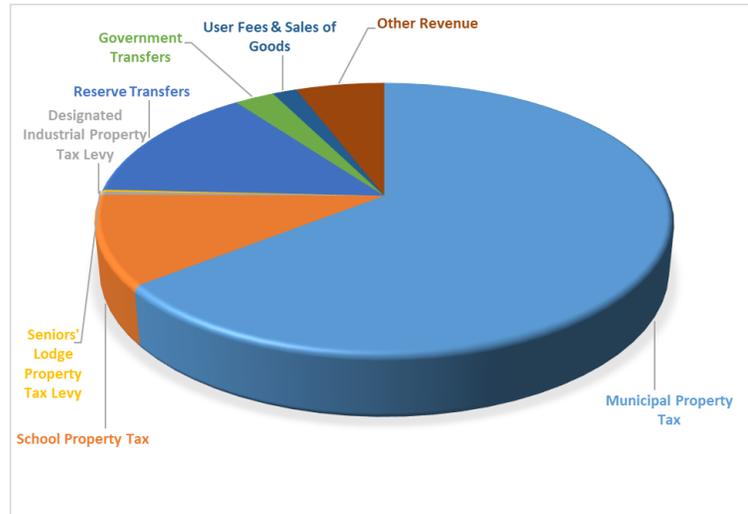
*\$375,000 for 2019 Capital Grant Program

Total 2018 Grant Programs **\$1,557,297.66**

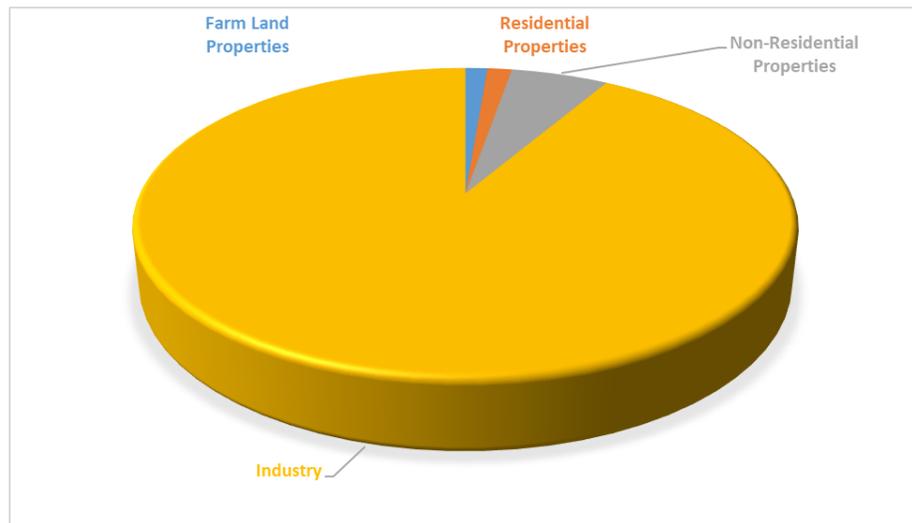
2019 Budget Highlights

Budget Highlights

2019 Operating Revenue – \$51,329,267

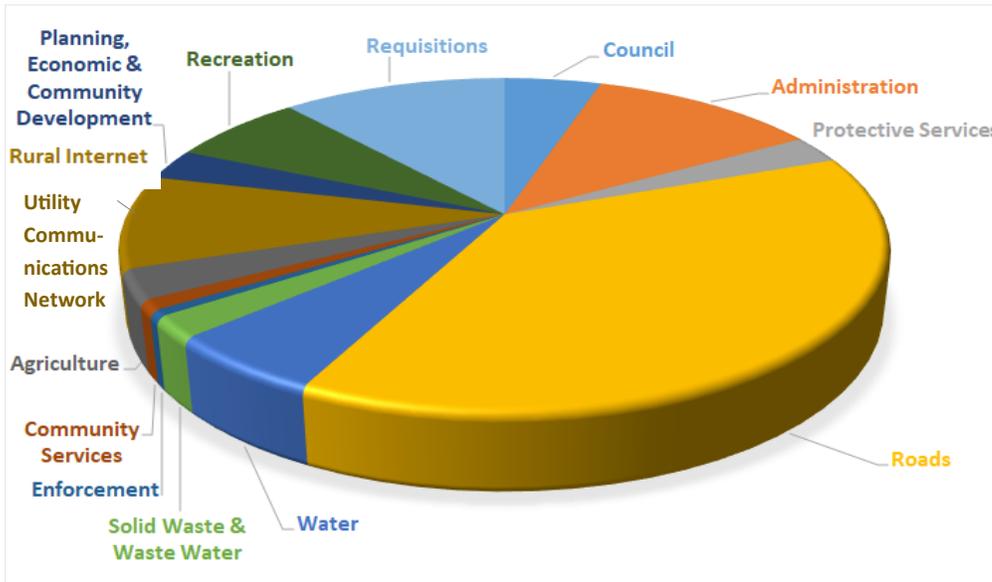


2019 Municipal Property Tax Revenue – \$33,031,214



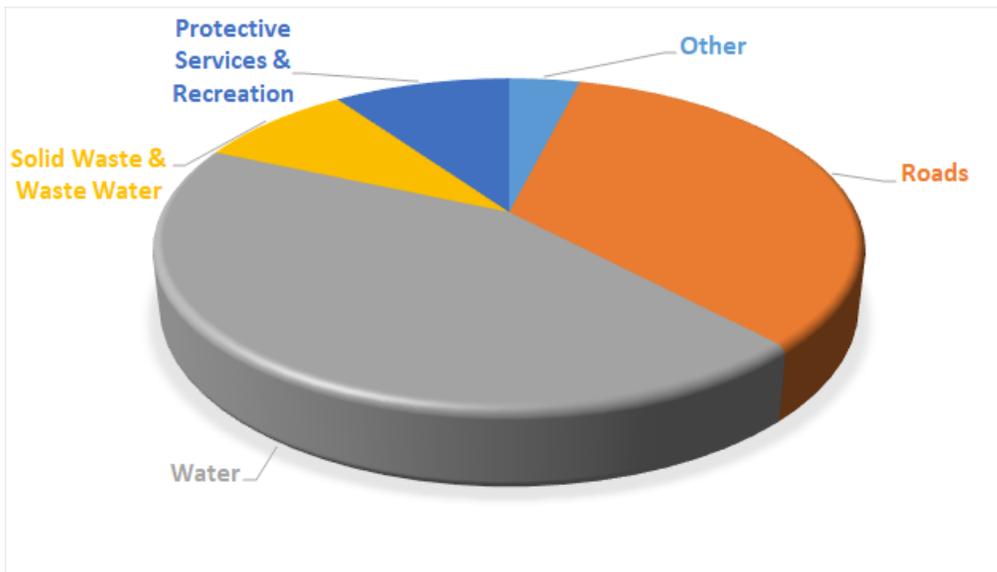
2019 Budget Highlights

2019 Operating Expenses \$51,329,267



*Administration includes: Administration, Assessment and Common Services, IT, Safety
 2019 Operating Budget Total: \$51,329,267. ** Utility Communications Network includes TELUS mobility partnership.

2019 Capital Budget \$41,085,967



*Other includes: Administration, Council, Medical Services, IT and Utility Communications Network. 2019 Capital budget Total: \$41,085,967

2019 Capital Projects

ADMINISTRATION/COUNCIL	
County Complex Ground Improvements *	\$ 140,816
Administration Building Fire Sprinkler System	\$ 309,100
Divider Partition - Economic & Rural Development Area	\$ 15,000
Council Lounge Upgrades	\$ 55,000
County Roadside Welcome Signs	\$ 275,000
Records Management Software	\$ 206,000
Total	\$ 1,000,916

MEDICAL SERVICES	
G5 Medical Clinic *	\$ 180,000
Total	\$ 180,000

PROTECTIVE SERVICES	
Savanna Firehall Construction *	\$ 130,795
AFRRCS Network Improvements *	\$ 101,000
Blitzfire Monitor Bonanza & Woking (2 units @ \$5800)	\$ 11,600
Portable Pump - Woking	\$ 8,500
Firehall - Woking Site Preparation *	\$ 115,341
Woking Fire Hall Construction	\$ 2,799,500
Radar Signs	\$ 20,776
Total	\$ 3,187,512

COMMUNITY/ECONOMIC DEVELOPMENT	
New Vehicle	\$ 40,000
Total	\$ 40,000

INFORMATION TECHNOLOGY	
Backup system *	\$ 18,000
Records Management Equipment *	\$ 36,000
Replacement - Toshiba Estudio 4540C	\$ 15,000
Replacement - Smart Board 8070i LCD	\$ 25,000
Replacement - Audio/Visual Equipment	\$ 100,000
Replacement - Panasonic Phone System	\$ 100,000
Total	\$ 294,000

* Carry over—Projects which commenced in prior year(s)

2019 Capital Projects

ENGINEERING & INFRASTRUCTURE	
Indoor Scissor Lift or Man Lift (Used)	\$ 40,000
Public Works Shop Apron Replacement	\$ 210,000
Sign Bay Conversion to Office Space	\$ 95,000
Sea Can - Signs Storage	\$ 9,500
BF 74437 - SW 23-80-7-W6 *	\$ 778,700
BF 78845 - NW 4-79-10-W6 *	\$ 341,468
BF 86168 - NW 6-80-7-W6 *	\$ 247,850
BF 79755 - SE 27-78-7-W6 - RR 72 North of HWY 49	\$ 235,000
BF 81127 - SE 36-76-13-W6 - RR 133 Gundy	\$ 70,000
BF 09510 - SE 36-76-13-W6 - TWP 765 Gundy	\$ 701,000
BF 86322 - SE 4-80-7-W6 - RR 73 Letersky	\$ 176,000
BF 71131 - SE 16-76-7-W6 - Westmark Bridge	\$ 190,000
Gundy Connector Study *	\$ 109,212
RR 102 Upgrading and Paving *	\$ 1,786,962
RR 134 Upgrade *	\$ 2,106,863
Road Construction - TWP 822 (1 km to gravel pit)	\$ 599,000
Turning Lanes - HWY 725 to TWP 811 East	\$ 534,000
Rebuild - RR 72 (Northmark road to previous rebuilt section)	\$ 2,005,100
Road Construction - TWP 824 Between RR 95 & RR 100	\$ 650,000
Sergeant Creek Slide - RR 135	\$ 270,000
Henderson Slide - RR 131 Construction	\$ 1,700,582
Spirit Ridge Road Slide - RR 72	\$ 120,000
Bonanza Drainage Ditch	\$ 70,000
Replacement Tri-Axle Gravel Belly Dump Trailer - T36SH	\$ 105,000
Replacement Tri-Axle Gravel Belly Dump Trailer - T37SH	\$ 65,000
Replacement Gravel Haul Super B Lead & Pup - T49SH & T50SH	\$ 105,000
Replacement Peterbuilt SH50	\$ 163,000
Replacement of 1997 Volvo L90C - L9705	\$ 350,000
Loader Fork Attachments - 2007 Volvo - SHL3	\$ 15,000
Replacement of Case Backhoe w/Skid Steer - B9707	\$ 98,000
Front Plow & Small Sander - SH46	\$ 32,000
New Pickup Truck - Foreman	\$ 40,000
Total	\$ 14,019,237

* Carry over—Projects which commenced in prior year(s)

2019 Capital Projects

WATER	
Reservoir & WTP Improvements - Bonanza *	\$ 276,655
Concrete around Bonanza WTP *	\$ 40,000
Concrete around Ksituan WTP and truckfill *	\$ 40,000
Cement Pad for Truck Fill Ksituan *	\$ 210,000
WTP Upgrade and Clear Well Expansion - Woking *	\$ 1,927,997
Savanna Water Project *	\$ 11,959,203
Rural Potable Waterline - Baytree to Bonanza Project *	\$ 3,381,446
Line Locator - Rural Water	\$ 8,990
Reserve Reservoir Upgrade - Woking	\$ 30,000
New Vehicle - Savanna Water Treatment Plant	\$ 40,000
Lift Station Arm - Bonanza Wet Well	\$ 10,000
Total	\$ 17,924,291

COMMUNITY/RECREATION	
Peace River Boat Launch/Cotillion-Hilltop Park Expansions *	\$ 20,075
Cotillion Park - Power Line *	\$ 350,000
Rim Rocks Project	\$ 50,000
Boat Launch Design, Survey, Site Acquisition & Permitting	\$ 120,000
Cotillion Park Expansion - Detailed Design	\$ 120,000
Hilltop Lake Park Expansion - Detailed Design	\$ 120,000
Cotillion Playground Fall Protection	\$ 17,000
Total	\$ 797,075

SOLID WASTE/WASTE WATER	
Waste Water Lagoons (engineering) *	\$ 79,812
Bonanza Wastewater Lagoon Project	\$ 233,000
Savanna Wastewater Lagoon Project	\$ 647,000
Gundy Transfer Station Improvements *	\$ 96,070
Sanitary Waste Water Lift Station Upgrade - Woking *	\$ 90,479
Blueberry Landfill (construction) *	\$ 2,200,000
Blueberry Landfill (engineering) *	\$ 122,074
Sea Cans - Bonanza & Blueberry Transfer Stations	\$ 12,000
Ride-On Lawn Mower - Bonanza Transfer Station	\$ 5,000
New Pickup Truck - Transfer Station	\$ 40,000
Tire Storage - Gundy Transfer Station	\$ 30,000
Take it or Leave it Shed - Bonanza	\$ 5,000
Total	\$ 3,560,435

* Carry over – Projects which commenced in prior year(s)

2019 Capital Projects

AGRICULTURE	
Rural Development Bay (2 year project) - Construction Blueprints	\$ 25,000
Skid Steer Mower Header	\$ 7,500
Roller Crimper	\$ 25,000
Total	\$ 57,500

UTILITY COMMUNICATIONS NETWORK	
Generator Setup - Iverson Lake Tower	\$ 25,000
Total	\$ 25,000

TOTALS	\$ 41,085,967
---------------	----------------------

* Carry over – Projects which commenced in prior year(s)



Public Outreach – 2018

Open & Transparent

Saddle Hills County Council values openness and transparency.

Throughout 2018, a number of open houses and events were held in order to live up to that commitment.



Public Outreach – 2018



The Wilderness is our back yard



Mail RR1 Spirit River, Alberta, T0H 3G0 | Tel 780-864-3760 | Fax 780-864-3904 | Web www.saddlehills.ab.ca

saddlehills.ab.ca