



MD OF GREENVIEW NO. 16

Financial Statements

For the Year Ended December 31, 2017



METRIX GROUP LLP
CHARTERED PROFESSIONAL
ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

To the Reeve and Council of MD of Greenview No. 16

We have audited the accompanying financial statements of MD of Greenview No. 16, which comprise the statement of financial position as at December 31, 2017 and the statement of operations and accumulated surplus, changes in net financial assets, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the 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, these financial statements present fairly, in all material respects, the financial position of MD of Greenview No. 16 as at December 31, 2017 and the results of its operations, changes in its net financial assets, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

METRIX GROUP LLP

Chartered Professional Accountants

May 14, 2018
Edmonton, Alberta



**MANAGEMENT'S RESPONSIBILITY
FOR FINANCIAL REPORTING**

To His Worship the Reeve and Members of Council of MD of Greenview No. 16

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

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

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

Metrix Group LLP, Chartered Professional Accountants, have been appointed by Greenview Council to express an opinion on the Greenview's financial statements.

Mike Haugen
Chief Administrative Officer

Rosemary Offrey
General Manager Corporate Services

MD OF GREENVIEW NO. 16
Statement of Financial Position
As at December 31, 2017

	<u>2017</u>	<u>2016</u>
FINANCIAL ASSETS		
Cash and cash equivalents (<i>Note 2</i>)	\$ 44,454,300	\$ 53,334,442
Receivables (<i>Note 3</i>)	18,328,759	14,162,499
Loans receivable (<i>Note 4</i>)	454,412	606,282
Investments (<i>Note 5</i>)	<u>116,543,981</u>	<u>113,920,187</u>
	<u>179,781,452</u>	<u>182,023,410</u>
 LIABILITIES		
Accounts payable and accrued liabilities	\$ 13,498,964	\$ 13,803,333
Deferred revenue (<i>Note 6</i>)	2,208,284	1,488,617
Long-term debt (<i>Note 7</i>)	<u>1,135,806</u>	<u>1,168,424</u>
	<u>16,843,054</u>	<u>16,460,374</u>
 NET FINANCIAL ASSETS	<u>162,938,398</u>	<u>165,563,036</u>
 NON-FINANCIAL ASSETS		
Tangible capital assets (<i>Note 8</i>)	274,763,196	237,577,433
Gravel inventory for consumption	9,298,619	8,610,867
Prepaid expenses and deposits (<i>Note 9</i>)	<u>11,770,592</u>	<u>15,888,289</u>
	<u>295,832,407</u>	<u>262,076,589</u>
 ACCUMULATED SURPLUS (<i>NOTE 10</i>)	<u>\$ 458,770,805</u>	<u>\$ 427,639,625</u>
 Contingencies (<i>Note 13</i>)		

ON BEHALF OF COUNCIL:

MD OF GREENVIEW NO. 16
Statement of Operations and Accumulated Surplus
For the Year Ended December 31, 2017

	<u>2017</u> (Budget) (Note 21)	<u>2017</u> (Actual)	<u>2016</u> (Actual)
REVENUE			
Net taxation (Schedule 2)	\$ 71,187,343	\$ 76,787,405	\$ 74,622,742
Oil well drilling taxes	6,000,000	12,362,452	7,337,180
Interest and investment income	1,692,165	3,294,394	3,370,678
User fees and sale of goods	1,310,715	2,406,469	1,515,480
Other	40,000	706,071	363,724
Government transfers for operating (Schedule 3)	726,324	876,871	795,377
Licenses and permits	386,800	536,628	368,173
Penalties and costs on taxes	250,000	466,784	454,516
Fines	40,000	41,707	33,855
	<u>81,633,347</u>	<u>97,478,781</u>	<u>88,861,725</u>
EXPENSES (including amortization)			
Transportation services	26,133,163	38,635,123	45,721,779
Recreation and cultural services	14,607,763	12,790,720	12,470,999
Administrative services	9,541,978	10,025,793	9,284,934
Planning and development services	4,529,001	3,831,868	3,671,801
Protective services	2,036,770	2,431,337	2,071,069
Utilities and environmental services	1,648,717	1,910,018	1,720,460
Public health and welfare services	1,494,845	1,438,379	1,327,740
Waste management services	1,221,947	1,060,081	1,087,869
Council and other legislative services	721,525	808,834	645,180
	<u>61,935,709</u>	<u>72,932,153</u>	<u>78,001,831</u>
ANNUAL OPERATIONAL SURPLUS	<u>19,697,638</u>	<u>24,546,628</u>	<u>10,859,894</u>
OTHER REVENUE (EXPENSE)			
Government transfers for capital (Schedule 3)	5,295,993	6,596,438	7,115,988
Loss on disposal of tangible capital assets	12,000	(11,886)	(72,973)
	<u>5,307,993</u>	<u>6,584,552</u>	<u>7,043,015</u>
ANNUAL SURPLUS	<u>25,005,631</u>	<u>31,131,180</u>	<u>17,902,909</u>
ACCUMULATED SURPLUS, BEGINNING OF YEAR	<u>427,639,625</u>	<u>427,639,625</u>	<u>409,736,716</u>
ACCUMULATED SURPLUS, END OF YEAR	<u>\$ 452,645,256</u>	<u>\$ 458,770,805</u>	<u>\$ 427,639,625</u>

MD OF GREENVIEW NO. 16
Statement of Changes in Net Financial Assets
For the Year Ended December 31, 2017

	<u>2017</u> (Budget) (Note 21)	<u>2017</u> (Actual)	<u>2016</u> (Actual)
ANNUAL SURPLUS	<u>\$ 25,005,631</u>	<u>\$ 31,131,180</u>	<u>\$ 17,902,909</u>
Acquisition of tangible capital assets	(74,738,451)	(57,425,042)	(36,556,123)
Proceeds on disposal of tangible capital assets	-	67,090	73,740
Amortization of tangible capital assets	-	20,160,302	19,004,173
Loss on disposal of tangible capital assets	-	11,886	72,973
	<u>(74,738,451)</u>	<u>(37,185,764)</u>	<u>(17,405,237)</u>
Use (acquisition) of inventory for consumption	-	(687,751)	550,380
Use (acquisition) of prepaid expenses	-	4,117,697	(4,147,303)
	-	<u>3,429,946</u>	<u>(3,596,923)</u>
DECREASE IN NET FINANCIAL ASSETS	(49,732,820)	(2,624,638)	(3,099,251)
NET FINANCIAL ASSETS, BEGINNING OF YEAR	<u>165,563,036</u>	<u>165,563,036</u>	<u>168,662,287</u>
NET FINANCIAL ASSETS, END OF YEAR	<u>\$115,830,216</u>	<u>\$162,938,398</u>	<u>\$165,563,036</u>

MD OF GREENVIEW NO. 16
Statement of Cash Flows
For the Year Ended December 31, 2017

	<u>2017</u>	<u>2016</u>
OPERATING ACTIVITIES		
Annual surplus	\$ 31,131,180	\$ 17,902,909
Non-cash items included in annual surplus:		
Loss on disposal of tangible capital assets	11,886	72,973
Amortization of tangible capital assets	<u>20,160,302</u>	<u>19,004,173</u>
	51,303,368	36,980,055
Change in non-cash working capital balances:		
Accounts receivable	(4,166,260)	300,714
Prepaid expenses	4,117,697	(4,147,303)
Accounts payable and accrued liabilities	(304,369)	4,723,802
Deferred revenue	719,667	(132,644)
Inventories for consumption	<u>(687,751)</u>	<u>550,380</u>
	<u>50,982,352</u>	<u>38,275,004</u>
CAPITAL ACTIVITIES		
Proceeds on disposal of tangible capital assets	67,090	73,740
Acquisition of tangible capital assets	(57,425,042)	(36,556,123)
Purchase of investments	(2,623,794)	(16,534,188)
Loans receivable	<u>151,870</u>	<u>177,843</u>
	<u>(59,829,876)</u>	<u>(52,838,728)</u>
FINANCING ACTIVITIES		
Long-term debt principal repayments	<u>(32,618)</u>	<u>(31,057)</u>
DECREASE IN CASH AND CASH EQUIVALENTS DURING THE YEAR	(8,880,142)	(14,594,781)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>53,334,442</u>	<u>67,929,223</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 44,454,300</u>	<u>\$ 53,334,442</u>

MD OF GREENVIEW NO. 16
Schedule of Equity in Tangible Capital Assets
For the Year Ended December 31, 2017

Schedule 1

	<u>2017</u>	<u>2016</u>
BALANCE, BEGINNING OF YEAR	\$ 237,577,433	\$ 220,172,196
Acquisition of Tangible Capital Assets	57,425,042	36,556,123
Cost of Tangible Capital Assets Disposed of	(195,353)	(394,690)
Accumulated Amortization of Tangible Capital Assets Disposed of	116,376	247,977
Amortization of Tangible Capital Assets	(20,160,302)	(19,004,173)
Local improvement taxes receivable repayments	(32,617)	(31,057)
Long-term capital debt repayments	<u>32,618</u>	<u>31,057</u>
BALANCE, END OF YEAR	<u>\$ 274,763,197</u>	<u>\$ 237,577,433</u>
Equity in Tangible Capital Assets is Comprised of the Following:		
Tangible capital assets (Note 8)	\$ 274,763,196	\$ 237,577,433
Long-term capital debt	(1,135,806)	(1,168,424)
Local improvement taxes receivable	<u>1,135,807</u>	<u>1,168,424</u>
	<u>\$ 274,763,197</u>	<u>\$ 237,577,433</u>

MD OF GREENVIEW NO. 16
Schedule of Property Taxes and Other Taxes
For the Year Ended December 31, 2017

Schedule 2

	<u>2017</u> (Budget) (Note 21)	<u>2017</u> (Actual)	<u>2016</u> (Actual)
TAXATION			
Linear property taxes	\$ 60,419,420	\$ 58,109,822	\$ 59,801,661
Real property taxes	<u>35,383,795</u>	<u>44,214,950</u>	<u>39,875,461</u>
	<u>95,803,215</u>	<u>102,324,772</u>	<u>99,677,122</u>
REQUISITIONS			
Alberta School Foundation Fund	\$ 23,423,378	\$ 23,275,400	\$ 22,957,216
Seniors foundations	1,122,758	2,193,279	2,031,878
Other school boards	<u>69,736</u>	<u>68,688</u>	<u>65,286</u>
	<u>24,615,872</u>	<u>25,537,367</u>	<u>25,054,380</u>
NET MUNICIPAL PROPERTY TAXES	\$ <u>71,187,343</u>	\$ <u>76,787,405</u>	\$ <u>74,622,742</u>

MD OF GREENVIEW NO. 16
Schedule of Government Transfers
For the Year Ended December 31, 2017

Schedule 3

	<u>2017</u> (Budget) (Note 21)	<u>2017</u> (Actual)	<u>2016</u> (Actual)
TRANSFERS FOR OPERATING			
Provincial government	\$ 602,406	\$ 700,716	\$ 646,236
Local governments	<u>123,918</u>	<u>176,155</u>	<u>149,141</u>
	<u>726,324</u>	<u>876,871</u>	<u>795,377</u>
TRANSFERS FOR CAPITAL			
Provincial government	<u>5,295,993</u>	<u>6,596,438</u>	<u>7,115,988</u>
TOTAL GOVERNMENT TRANSFERS	<u>\$ 6,022,317</u>	<u>\$ 7,473,309</u>	<u>\$ 7,911,365</u>

MD OF GREENVIEW NO. 16
Schedule of Segmented Information
For the Year Ended December 31, 2017

Schedule 4

	Administrative Services	Recreation and Cultural Services	Community Services	Utilities and Transportation Services	Environmental Services	All Other	Total
REVENUE							
Taxation	\$ 9,733,927	\$ 12,790,720	\$ 3,558,336	\$ 36,961,258	\$ 1,467,215	\$ 12,275,949	\$ 76,787,405
All other	-	-	-	-	-	17,408,036	17,408,036
User fees and sale of goods	33,975	-	105,173	1,673,865	442,803	150,653	2,406,469
Government transfers	257,891	-	168,359	-	-	450,621	876,871
	<u>10,025,793</u>	<u>12,790,720</u>	<u>3,831,868</u>	<u>38,635,123</u>	<u>1,910,018</u>	<u>30,285,259</u>	<u>97,478,781</u>
EXPENSES							
Amortization	554,353	88,432	342,511	17,646,133	552,977	975,896	20,160,302
Contracted and general services	3,772,688	16,900	759,387	11,293,247	257,114	1,092,620	17,191,956
Transfers to other governments and local boards and agencies	-	12,240,405	200,911	-	-	689,485	13,130,801
Salaries, wages, and benefits	3,572,792	269,695	2,015,507	4,047,363	728,987	2,343,476	12,977,820
Materials, goods, and supplies	1,109,084	29,669	483,697	5,395,599	181,665	350,662	7,550,376
Repairs and maintenance	489,179	140,384	2,045	89,128	-	125,452	846,188
Utilities	234,268	5,235	27,810	163,653	131,674	157,874	720,514
Insurance	293,429	-	-	-	-	3,166	296,595
Interest on long term debt	-	-	-	-	57,601	-	57,601
	<u>10,025,793</u>	<u>12,790,720</u>	<u>3,831,868</u>	<u>38,635,123</u>	<u>1,910,018</u>	<u>5,738,631</u>	<u>72,932,153</u>
NET REVENUE	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 24,546,628</u>	<u>\$ 24,546,628</u>

See accompanying notes to financial statements.

MD OF GREENVIEW NO. 16
Schedule of Segmented Information
For the year ended December 31, 2016

Schedule 5

	Administrative Services	Recreation and Cultural Services	Community Services	Utilities and Transportation Services	Environmental Services	All Other	Total
REVENUE							
Taxation	\$ 9,063,349	\$ 12,470,999	\$ 3,397,856	\$ 44,843,439	\$ 1,315,840	\$ 3,531,259	\$ 74,622,742
All other	-	-	-	-	-	11,928,126	11,928,126
User fees and sale of goods	10,296	-	105,586	878,340	404,620	116,638	1,515,480
Government transfers	211,289	-	168,359	-	-	415,729	795,377
	<u>9,284,934</u>	<u>12,470,999</u>	<u>3,671,801</u>	<u>45,721,779</u>	<u>1,720,460</u>	<u>15,991,752</u>	<u>88,861,725</u>
EXPENSES							
Contracted and general services	3,362,160	15,946	867,084	13,382,031	354,576	1,083,475	19,065,272
Amortization	530,141	41,274	284,535	17,107,110	374,211	666,902	19,004,173
Transfer to other governments and local boards and agencies	-	11,862,625	181,166	2,946,584	-	641,305	15,631,680
Salaries, wages, and benefits	3,566,007	236,030	1,825,373	3,820,584	626,591	2,190,442	12,265,027
Materials, goods, and supplies	1,096,756	55,148	489,745	8,285,773	217,101	318,289	10,462,812
Repairs and maintenance	263,544	258,232	1,843	73,414	-	129,274	726,307
Telephone and utilities	182,576	1,744	22,055	106,283	88,819	99,009	500,486
Insurance	283,750	-	-	-	-	3,162	286,912
Interest on long term debt	-	-	-	-	59,162	-	59,162
	<u>9,284,934</u>	<u>12,470,999</u>	<u>3,671,801</u>	<u>45,721,779</u>	<u>1,720,460</u>	<u>5,131,858</u>	<u>78,001,831</u>
NET REVENUE	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,859,894</u>	<u>\$ 10,859,894</u>

See accompanying notes to financial statements.

1. SIGNIFICANT ACCOUNTING POLICIES

These financial statements are the representations of the Municipal District of Greenview No. 16 (the "Greenview") management prepared in accordance with Canadian public sector accounting standards. Significant aspects of the accounting policies adopted by the Greenview are as follows:

(a) Reporting Entity

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

Greenview is a member of the Greenview Regional Waste Management Commission ("the Commission"), an organization that operates as a separate government reporting entity jointly controlled by Greenview, the Town of Valleyview, and the Town of Fox Creek. The Commission financial results have not been consolidated with Greenview's operations.

The schedule of taxes levied includes operating requisitions for education and seniors foundations that are not part of Greenview's reporting entity.

(b) Basis of Accounting

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

(c) Cash and Cash Equivalents

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

(d) Investments

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

(e) Loans Receivable

Loans receivable are recorded at cost. A valuation allowance for uncollectible amounts is recorded in the period in which collectability is assessed to be uncertain. Interest revenue is recognized as revenue in the year it is earned.

(f) Inventories for Consumption

Inventories for consumption consists of gravel, of which the cost is based on expenditures accumulated to crush and haul the gravel and are valued at the lower of cost or net realizable value with cost determined by the average cost method.

1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(g) Tax Revenue

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

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

(h) Tangible Capital Assets

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

Buildings	25 - 50 years
Equipment	5 - 20 years
Automotive equipment	3 - 20 years
Engineered structures	
Roadways	10 - 20 years
Wastewater systems	50 years
Water systems	25-50 years
Other engineering	5 - 50 years

Greenview regularly reviews its tangible capital assets for sold or scrapped assets, at which time the cost and the related accumulated amortization are removed from the accounts and any resulting gain or loss on disposal is reported. No amortization is recorded in the year of disposition.

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

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

(i) Over-levies and under-levies

Over-levies and under-levies arise from the difference between the actual 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.

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

(j) Government transfers

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

1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(k) Pension expenses

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

(l) 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.

(m) Measurement uncertainty

The preparation of the financial statements in accordance with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Where measurement uncertainty exists, the financial statements have been prepared within reasonable limits of materiality. Such estimates include the provisions for uncollectible accounts receivable, provision for amortization of tangible capital assets, gravel quantities, and the fair value of contributed tangible capital assets. Actual results could differ from those estimates.

2. CASH AND CASH EQUIVALENTS

	<u>2017</u>	<u>2016</u>
Temporary investments	\$ 36,773,676	\$ 52,683,871
Operating account	7,680,435	650,455
Cash on hand	<u>189</u>	<u>116</u>
	<u>\$ 44,454,300</u>	<u>\$ 53,334,442</u>

Temporary investments consist of a high interest savings account and \$31,284,000 (2016 - \$50,000,000) of guaranteed investments certificates.

MD OF GREENVIEW NO. 16
Notes to Financial Statements
For the Year Ended December 31, 2017

3. ACCOUNTS RECEIVABLE

	<u>2017</u>	<u>2016</u>
Trade and other	\$ 10,038,992	\$ 8,498,840
Oil well drilling	4,931,133	2,886,798
Taxes and grants in place of taxes	3,140,014	2,415,437
Goods and Services Tax	1,228,042	702,795
Local improvement taxes	<u>1,135,807</u>	<u>1,168,424</u>
	20,473,988	15,672,294
Less: Allowance for doubtful accounts	<u>(2,145,229)</u>	<u>(1,509,795)</u>
	<u>\$ 18,328,759</u>	<u>\$ 14,162,499</u>

Greenview passed Bylaw 07-534 authorizing Council to provide for a local improvement to install a water / wastewater line and lift station for the Creek Crossing Subdivision. The total cost of the local improvement was \$1,400,000, is repayable in 30 annual installments of \$92,164 including interest at a fixed rate of 5.152% per annum maturing September 2037.

4. LOANS RECEIVABLE

	<u>2017</u>	<u>2016</u>
Heart River Housing	\$ 279,197	\$ 387,265
Town of Valleyview	140,412	173,442
Other	<u>34,803</u>	<u>45,575</u>
	<u>\$ 454,412</u>	<u>\$ 606,282</u>

Greenview passed a Bylaw 10-625 authorizing Council to loan \$1,000,000 to Heart River Housing for the purposes of lodge expansion and renovation projects at the Red Willow Lodge in the Town of Valleyview. The loan was advanced during 2010, is unsecured, is repayable in 20 semi-annual installments of \$29,952 including interest at a fixed rate of 2.00% per annum maturing April 14, 2020.

Per an Agreement dated December 14, 2006 Greenview loaned \$531,769 to the Town of Valleyview for the purposes of the Town of Valleyview's contribution toward the Valleyview Regional Emergency Services Complex. The loan is unsecured, is repayable in 20 semi-annual installments of \$37,872 including interest at a fixed rate of 0.05% above a five-year Guaranteed Investment Certificate (adjusted January 2007, 2012, 2017, and 2022) per annum maturing December 31, 2022.

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Notes to Financial Statements
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5. INVESTMENTS

	<u>2017</u>	<u>2016</u>
Cash and money market funds	\$ <u>497,394</u>	\$ <u>1,472,362</u>
Fixed Income		
Guaranteed Investment Certificates	50,302,145	70,551,497
Government and corporate bonds	<u>65,739,432</u>	<u>41,891,318</u>
	<u>116,041,577</u>	<u>112,442,815</u>
Other	<u>5,010</u>	<u>5,010</u>
	<u>\$116,543,981</u>	<u>\$113,920,187</u>

Guaranteed investment certificates bear interest at rates between 1.65% - 2.05% per annum and mature at dates between March 2018 - November 2019. Government and corporate bonds bear interest at rates between 2.11% - 9.60% per annum mature between May 2019 - June 2027. The market value of the government and corporate bonds at December 31, 2017 was \$65,655,002 (2016 - \$42,888,307).

6. DEFERRED REVENUE

Deferred revenue consists of the following grant funding which has been restricted by third parties for a specified purpose. These amounts are recognized as revenue in the period in which the related costs are incurred.

	<u>Opening</u>	<u>Receipts</u>	<u>Revenue</u>	<u>Ending</u>
Municipal Sustainability Initiative	\$ 1,238,617	\$ 5,272,985	\$ (5,131,318)	\$ 1,380,284
Greenview Regional Multiplex				
- Sponsorships	-	578,000	-	578,000
Regional Collaboration Program	<u>250,000</u>	<u>-</u>	<u>-</u>	<u>250,000</u>
	<u>\$ 1,488,617</u>	<u>\$ 5,850,985</u>	<u>\$ (5,131,318)</u>	<u>\$ 2,208,284</u>

7. LONG-TERM DEBT

	<u>2017</u>	<u>2016</u>
Alberta Capital Financing Authority debentures bearing interest at 4.964% per annum maturing in 2037.	<u>\$ 1,135,806</u>	<u>\$ 1,168,424</u>

Principal and interest payments are due as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 34,256	\$ 55,961	\$ 90,217
2019	35,978	54,240	90,218
2020	37,787	52,432	90,219
2021	39,685	50,533	90,218
2022	41,680	48,538	90,218
Thereafter	<u>946,420</u>	<u>406,856</u>	<u>1,353,276</u>
	<u>\$ 1,135,806</u>	<u>\$ 668,560</u>	<u>\$ 1,804,366</u>

Greenview's total cash payments for interest in 2017 were \$57,601 (2016 - \$59,162).

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Notes to Financial Statements
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8. TANGIBLE CAPITAL ASSETS

	<u>2017</u> Net Book Value	<u>2016</u> Net Book Value
Engineered structures		
Roadways	\$ 113,257,987	\$ 115,877,814
Bridges	27,837,740	28,692,755
Water systems	16,754,653	12,978,327
Solid waste	12,455,020	8,706,726
Landfill	<u>2,327,733</u>	<u>2,122,660</u>
	172,633,133	168,378,282
Buildings	78,925,552	50,026,767
Machinery, equipment, and furnishings	8,228,748	6,491,250
Land	8,146,798	6,116,450
Vehicles	<u>6,828,965</u>	<u>6,564,684</u>
	<u>\$ 274,763,196</u>	<u>\$ 237,577,433</u>

	Cost Beginning of Year	Additions	Disposals	Transfers	Cost End of Year
Engineering structures					
Roadways	\$ 423,616,065	\$ 12,638,353	\$ -	\$ -	\$ 436,254,418
Bridges	48,245,605	141,165	-	-	48,386,770
Water	14,149,106	4,127,593	-	-	18,276,699
Solid waste	9,757,515	3,928,299	-	-	13,685,814
Landfill	<u>2,392,875</u>	<u>302,769</u>	<u>-</u>	<u>-</u>	<u>2,695,644</u>
	498,161,166	21,138,179	-	-	519,299,345
Buildings	55,063,816	29,724,960	-	-	84,788,776
Vehicles	12,545,516	1,657,187	(195,353)	-	14,007,350
Machinery, equipment, and furnishings	10,096,133	2,874,368	-	-	12,970,501
Land	<u>6,116,450</u>	<u>2,030,348</u>	<u>-</u>	<u>-</u>	<u>8,146,798</u>
	<u>\$ 581,983,081</u>	<u>\$ 57,425,042</u>	<u>\$ (195,353)</u>	<u>\$ -</u>	<u>\$ 639,212,770</u>

	Accumulated Amortization Beginning of Year	Current Amortization	Disposals	Transfers	Accumulated Amortization End of Year
Engineered structures					
Roadways	\$ 307,738,251	\$ 15,258,180	\$ -	\$ -	\$ 322,996,431
Bridges	19,552,850	996,180	-	-	20,549,030
Water	1,170,779	351,267	-	-	1,522,046
Solid waste	1,050,789	180,005	-	-	1,230,794
Landfill	<u>270,215</u>	<u>97,696</u>	<u>-</u>	<u>-</u>	<u>367,911</u>
	329,782,884	16,883,328	-	-	346,666,212
Vehicles	5,980,832	1,313,929	(116,376)	-	7,178,385
Buildings	5,037,049	826,175	-	-	5,863,224
Machinery, equipment, and furnishings	<u>3,604,883</u>	<u>1,136,870</u>	<u>-</u>	<u>-</u>	<u>4,741,753</u>
	<u>\$ 344,405,648</u>	<u>\$ 20,160,302</u>	<u>\$ (116,376)</u>	<u>\$ -</u>	<u>\$ 364,449,574</u>

Tangible capital assets include \$50,549,376 (2016 - \$38,092,786) of work in progress that is not being amortized as these projects are currently not completed.

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Notes to Financial Statements
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9. PREPAID EXPENSES AND DEPOSITS

Included in prepaid expenses is a one-time advance of Community Development funding of \$10,500,000 (2016 - \$10,500,000) to the Town of Grande Cache to support the building of the Town's recreational facility.

10. ACCUMULATED SURPLUS

	<u>2017</u>	<u>2016</u>
Unrestricted surplus	\$ 14,321,059	\$ 8,701,381
Restricted surplus (<i>Note 11</i>)	169,686,550	181,360,811
Equity in tangible capital assets (<i>Schedule 1</i>)	<u>274,763,196</u>	<u>237,577,433</u>
	<u>\$ 458,770,805</u>	<u>\$ 427,639,625</u>

11. RESERVES

	<u>2017</u>	<u>2016</u>
Road infrastructure	\$ 57,718,404	\$ 49,180,935
Project carry forward	28,753,280	29,952,020
Economic development	15,000,000	15,000,000
Facilities	12,668,928	12,250,925
Operating contingency	12,416,049	13,000,000
Bridge replacement	10,569,257	9,552,571
Wastewater	8,323,354	11,593,326
Water	6,469,176	8,778,352
Fire facilities	4,839,661	5,516,318
Fire apparatuses	3,819,830	3,658,159
Equipment and vehicle fleet	3,585,008	5,275,331
Disaster response	3,000,000	3,000,000
Gravel pit reclamation	1,347,447	1,347,447
Recreation	647,901	12,445,572
Solid waste reclamation	322,148	624,917
Greenview Family and Community Support Services	<u>206,107</u>	<u>184,938</u>
	<u>\$ 169,686,550</u>	<u>\$ 181,360,811</u>

Greenview will plan for and provide specific purpose reserve that support a viable and financially sustainable municipality. Reserves have been established and approved as follows:

(a) *Road Infrastructure*

Provides funds for future years' road construction budget, based on approved capital plans. This reserve will contain an additional amount of \$2 million to allow Greenview the ability to react to positive or negative pricing shifts.

(b) *Bridge Replacement*

Funds future replacement costs of bridges. Annual contribution based on life cycle costing of bridges.

11. RESERVES (CONT'D)

(c) Project Carry Forward

Holds all funds for projects that have been carried over from one year to a subsequent year. This reserve will be funded as needed in any given year.

(d) Equipment and Vehicle Fleet

Ensures funds for replacing equipment and vehicles as per Council's replacement policy. The annual contribution based on yearly depreciation of vehicles.

(e) Disaster Response

Provides funds for emergency funding for Greenview to deal with disasters when they occur, with minimal impact to approved Operating and Capital Budgets.

(f) Fire Facilities

Provides funds for Greenview's share of replacement or construction of fire halls and other fire infrastructure (dry hydrants, etc.) within Greenview and the towns of Fox Creek, Valleyview, and Grande Cache.

(g) Fire Apparatuses

Provides funds for the purchase of Greenview's fire apparatuses for Greenview fire stations and Greenview's share of apparatus purchases for the towns of Valleyview, Fox Creek, and Grande Cache.

(h) Facilities

Provides funds for replacement or construction costs for Greenview facilities such as offices and maintenance shops. Facilities relating to utilities and emergency services will be funded through their own respective reserve funds. Annual contributions based on depreciation.

(i) Solid Waste Reclamation

Provides funds for post closure liability costs for Greenview waste sites such as transfer stations. Post closure liability costs for regional landfills will be budgeted for by Greenview Regional Solid Waste Management Commission.

(j) Wastewater

Provides funds for replacement or construction of wastewater collection systems and networks within Greenview. Annual contributions based on depreciation.

(k) Water

Provides funds for replacement or construction of water distribution systems and networks within Greenview.

(l) Recreation

Provides funds for construction or replacement of Greenview's recreation facilities (campgrounds, multiplexes, etc.). Annualized contributions based on depreciation for existing facilities. Annual contribution to be used for development of future facilities

(m) Greenview FCSS

Used to set aside FCSS program surpluses from the FCSS programs operated by Greenview on behalf of the Town of Valleyview. The Greenview FCSS Board shall determine the use of funds in this reserve.

11. RESERVES (CONT'D)

(n) Gravel Pit Reclamation

Used for the environmental reclamation of gravel pits and as the source and return of deposits and guarantees regarding reclamation.

(o) Operating Contingency

Provides funds to supply Greenview with emergency operating funds in case of a large scale disaster or other disruption to funding sources. It will be equivalent to \$13 million; the average of three months operating costs.

12. CREDIT FACILITY

Greenview has access to a municipal revolving loan credit facility with a maximum of \$5,000,000 bearing interest at rate 3.20% per annum. No amounts were outstanding on the revolving loan at December 31, 2017 or 2016.

13. CONTINGENCIES

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

14. LOCAL AUTHORITIES PENSION PLAN

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

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

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

Total current service contributions by Greenview to the LAPP in 2017 were \$959,104 (2016 - \$913,998). Total current service contributions by the employees of Greenview to the LAPP in 2017 were \$883,924 (2016 - \$842,474).

At December 31, 2016 the Plan disclosed an actuarial deficit of \$637.4 million (2015 - \$923.4 million).

15. REMUNERATION AND BENEFITS DISCLOSURE

Disclosure of remuneration and benefits for elected municipal officials, Chief Administrative Officer, and designated officers as required by Alberta Regulation 313/2000 is as follows:

	Benefits and <u>Remuneration</u>	<u>Allowances</u>	2017 <u>Total</u>	2016 <u>Total</u>
Reeve:				
Ward 2	\$ 81,605	\$ 35,843	\$ 117,448	\$ 91,056
Councillors:				
Ward 1 Pre-election	44,045	18,851	62,896	68,150
Ward 1 Post-election	6,907	7,240	14,147	-
Ward 3	48,928	19,272	68,200	51,014
Ward 4 Pre-election	43,894	17,814	61,708	61,586
Ward 4 Post-election	7,172	6,312	13,484	-
Ward 5	43,626	16,807	60,433	53,952
Ward 6	64,127	31,302	95,429	77,593
Ward 7	73,009	28,912	101,921	92,049
Ward 8	<u>57,518</u>	<u>26,305</u>	<u>83,823</u>	<u>75,631</u>
	<u>\$ 470,831</u>	<u>\$ 208,658</u>	<u>\$ 679,489</u>	<u>\$ 571,031</u>
Chief Administrative Officer	<u>\$ 207,889</u>	<u>\$ 22,776</u>	<u>\$ 230,665</u>	<u>\$ 229,860</u>
Designated Officer	<u>\$ 121,875</u>	<u>\$ 17,103</u>	<u>\$ 138,978</u>	<u>\$ 137,144</u>

Remuneration includes regular base pay, bonuses, overtime, gross honoraria, lump-sum payments, and any other direct cash remuneration.

Benefits and allowances include the employer's share of all employee benefits and contributions or payments made on behalf of employees, including pension, employment insurance, health care, dental coverage, vision coverage, group life insurance, accidental disability and dismemberment insurance, long and short-term disability plans, professional memberships and tuition and MD of Greenview's share of taxable benefits received, including travel and car allowances.

16. FINANCIAL INSTRUMENTS

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

Greenview is exposed to credit risk with respect to receivables. Credit risk arises from the possibility that customers may experience financial difficulty and be unable to fulfill their obligations. Greenview is exposed to the credit risk associated with fluctuations in the oil and gas industry as a significant portion of the property taxes outstanding at December 31 relate to linear property and are receivable from companies in the oil and gas industry. The large number and diversity of customers minimizes Greenview's credit risk.

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

17. CONTRACTUAL OBLIGATIONS

(a) *Regional Community Development Agreement*

Greenview has entered into an Agreement with the Towns of Grande Cache, Fox Creek, and Valleyview to support community development. Under the terms of the Agreement Greenview shall provide unconditional Regional Community Development base contribution in the amount \$2,000,000 to each Town for the years 2012 - 2017. For 2014 - 2017, the base contribution shall be increased or decreased based on the non-residential assessment increase or decrease compared to the 2012 non-residential assessment.

(b) *Town of Valleyview*

Greenview has entered into an Agreement with the Town of Valleyview for the development, construction, and operation of a multi-purpose recreation facility. Under the terms of the agreement, the land and facility shall be jointly owned on the basis of a 5:1 ratio in favour of Greenview. The estimated construction budget is \$36,000,000. Furthermore Greenview will be required to contribute 80% of all maintenance, operating costs, including all utilities, any annual operational deficits, and necessary capital upgrades or replacements.

(c) *Town of Fox Creek*

Greenview has entered into an Agreement with the Town of Fox Creek for the development, construction, and operation of a fire hall facility. Under the terms of the agreement, the land and facility shall be jointly owned on the basis of a 1:1 ratio in favour of Greenview. The estimated construction budget is \$8,000,000 of which Greenview is required to contribute a total of \$4,000,000.

Greenview has also entered into an Agreement with the Town of Fox Creek for the development, construction, and operation of a multi-purpose recreation facility. Under the terms of the agreement, the land and facility shall be jointly owned on the basis of a 1.46:1 ratio in favour of Greenview. The estimated construction budget is \$32,000,000 of which Greenview is required to contribute a total of \$19,000,000.

(d) *Aggregate Supply Agreement*

Greenview entered into an Agreement on April 1, 2013 which requires Greenview to purchase a minimum of 50,000 tonnes of aggregate at a price of \$3.00 per tonne during the first ten years of the agreement ending December 2023.

18. SEGMENTED INFORMATION

Greenview provides a wide range of services to its citizens. For each reported segment, revenues and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. The accounting policies used in these segments are consistent with those followed in the preparation of the financial statements as disclosed in *Note 1*. For additional information see the Schedule of Segment Disclosure (*Schedule 4 & 4*).

19. TRUST FUNDS

Trust assets are not owned by Greenview, trust assets and liabilities have been excluded from the financial statements. The following table provides a summary of the transactions during the year:

	<u>Opening</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Ending</u>
Tax sale proceeds	\$ <u> </u> -	\$ <u>122,574</u>	\$ <u> </u> -	\$ <u>122,574</u>

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20. DEBT LIMITS

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

	<u>2017</u>	<u>2016</u>
Total debt limit	\$146,218,172	\$133,292,588
Total debt	<u>(1,135,806)</u>	<u>(1,168,424)</u>
Amount of debt limit unused	<u>\$145,082,366</u>	<u>\$132,124,164</u>
Service on debt limit	\$ 24,369,695	\$ 22,215,431
Service on debt	<u>(90,218)</u>	<u>(90,218)</u>
Amount of debt servicing limit unused	<u>\$ 24,279,477</u>	<u>\$ 22,125,213</u>

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

21. BUDGET FIGURES

The 2017 budget, prepared by Greenview, reflects all municipal activities including capital projects, debt repayments, and reserves for future use. The reconciliation below is provided to encompass these items.

	<u>2017</u> (Budget)	<u>2017</u> (Actual)
Annual surplus	\$ 25,005,631	\$ 31,131,180
Add back:		
Amortization expense	-	20,160,302
Net transfers from (to) reserves	49,765,438	11,674,261
Loss on disposal of tangible capital assets	-	11,886
Deduct:		
Principal debt repayments	(32,618)	(32,618)
Purchase of tangible capital assets	<u>(74,738,451)</u>	<u>(57,425,042)</u>
Result of Operations	<u>\$ -</u>	<u>\$ 5,519,969</u>

22. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved by Council.