

MD OF GREENVIEW NO. 16

Financial Statements

For the Year Ended December 31, 2018

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 (the "Greenview"), which comprise the statement of financial position as at December 31, 2018, 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.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Greenview as at December 31, 2018, the results of its operations and accumulated surplus, changes in its 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of Greenview in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with those 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 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.

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

Those charged with governance are responsible for overseeing Greenview's financial reporting process.

Auditors' Responsibilities for the Audit of the 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 auditors' 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. 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:



Independent Auditors' Report to the Reeve and Council of MD of Greenview No. 16 *(continued)*

- 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 Greenview'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 Greenview's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause Greenview 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.

METRIX GROUP LLP

Chartered Professional Accountants

Edmonton, Alberta
April 23, 2019

**MANAGEMENT'S RESPONSIBILITY
FOR FINANCIAL REPORTING**

To the Reeve and 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.



Denise Thompson
Chief Administrative Officer

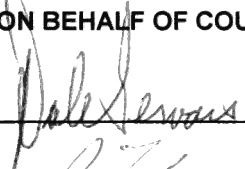
Rosemary Offrey
General Manager Corporate Services


MD OF GREENVIEW NO. 16
Statement of Financial Position
As at December 31, 2018

	2018	2017 (Restated) (Note 21)
FINANCIAL ASSETS		
Cash and cash equivalents (Note 2)	\$ 69,733,297	\$ 44,454,300
Receivables (Note 3)	16,133,283	18,328,759
Loans receivable (Note 4)	299,287	454,412
Investments (Note 5)	119,109,224	116,543,981
	205,275,091	179,781,452
LIABILITIES		
Accounts payable and accrued liabilities	16,117,610	15,498,965
Deferred revenue (Note 6)	3,165,447	2,208,284
Long-term debt (Note 7)	1,101,549	1,135,806
	20,384,606	18,843,055
NET FINANCIAL ASSETS	184,890,485	160,938,397
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 9)	284,786,428	274,763,196
Gravel inventory for consumption	9,713,485	9,298,619
Prepaid expenses and deposits (Note 10)	873,646	11,770,592
	295,373,559	295,832,407
ACCUMULATED SURPLUS (NOTE 11)	\$ 480,264,044	\$ 456,770,804

Contingencies (Note 14)

ON BEHALF OF COUNCIL:





MD OF GREENVIEW NO. 16
Statement of Operations and Accumulated Surplus
For the Year Ended December 31, 2018

	2018 (Budget) (Note 22)	2018 (Actual)	2017 (Actual) (Restated) (Note 21)
REVENUE			
Net taxation (Schedule 2)	\$ 76,843,959	\$ 82,303,513	\$ 76,787,405
Oil well drilling taxes	8,000,000	11,248,081	12,362,452
Interest and investment income	1,950,220	4,383,649	3,294,394
User fees and sale of goods	1,313,420	3,426,119	2,474,493
Government transfers for operating (Schedule 3)	1,218,845	1,532,655	913,846
Penalties and costs on taxes	300,000	629,410	466,784
Licenses and permits	436,800	476,225	536,628
Other	45,571	455,769	601,071
Fines	40,000	29,680	41,707
	90,148,815	104,485,101	97,478,780
EXPENSES (including amortization)			
Transportation services	24,960,363	42,293,143	38,635,123
Recreation and cultural services	13,751,960	25,006,057	12,790,720
Administrative services	10,379,843	10,061,461	10,025,793
Planning and development services	5,018,559	4,369,241	3,831,868
Protective services	2,078,118	2,711,788	2,431,337
Utilities and environmental services	1,654,050	2,186,142	1,910,018
Public health and welfare services	1,565,325	1,439,965	1,438,379
Waste management services	1,304,020	1,113,130	1,060,081
Council and other legislative services	912,962	687,254	808,834
	61,625,200	89,868,181	72,932,153
ANNUAL OPERATIONAL SURPLUS	28,523,615	14,616,920	24,546,627
OTHER REVENUE (EXPENSE)			
Government transfers for capital (Schedule 3)	5,272,985	9,127,423	6,596,438
Loss on disposal of tangible capital assets	13,000	(251,103)	(11,886)
	5,285,985	8,876,320	6,584,552
ANNUAL SURPLUS	33,809,600	23,493,240	31,131,179
ACCUMULATED SURPLUS, BEGINNING OF YEAR, AS PREVIOUSLY STATED	456,770,804	456,770,804	427,639,625
Restatement (Note 21)	-	-	(2,000,000)
ACCUMULATED SURPLUS, BEGINNING OF YEAR, AS RESTATED	456,770,804	456,770,804	425,639,625
ACCUMULATED SURPLUS, END OF YEAR	\$ 490,580,404	\$ 480,264,044	\$ 456,770,804

See accompanying notes to financial statements.

MD OF GREENVIEW NO. 16
Statement of Changes in Net Financial Assets
For the Year Ended December 31, 2018

	2018 (Budget) (Note 22)	2018 (Actual)	2017 (Actual) (Restated) (Note 21)
ANNUAL SURPLUS	\$ 33,809,600	\$ 23,493,240	\$ 31,131,179
Acquisition of tangible capital assets	(68,605,125)	(30,975,972)	(57,425,042)
Proceeds on disposal of tangible capital assets	-	127,065	67,090
Amortization of tangible capital assets	-	20,574,572	20,160,302
Loss on disposal of tangible capital assets	-	251,103	11,886
	(68,605,125)	(10,023,232)	(37,185,764)
Use (acquisition) of inventory for consumption	-	(414,866)	(687,751)
Use (acquisition) of prepaid expenses	-	10,896,946	4,117,697
	-	10,482,080	3,429,946
INCREASE (DECREASE) IN NET FINANCIAL ASSETS	(34,795,525)	23,952,088	(2,624,639)
NET FINANCIAL ASSETS, BEGINNING OF YEAR	160,938,397	160,938,397	163,563,036
NET FINANCIAL ASSETS, END OF YEAR	\$126,142,872	\$184,890,485	\$160,938,397

MD OF GREENVIEW NO. 16
Statement of Cash Flows
For the Year Ended December 31, 2018

	2018	2017 (Restated) (Note 21)
OPERATING ACTIVITIES		
Annual surplus	\$ 23,493,240	\$ 31,131,179
Non-cash items included in annual surplus:		
Loss on disposal of tangible capital assets	251,103	11,886
Amortization of tangible capital assets	20,574,572	20,160,302
	44,318,915	51,303,367
Change in non-cash working capital balances:		
Accounts receivable	2,195,476	(4,166,259)
Prepaid expenses	10,896,946	4,117,697
Accounts payable and accrued liabilities	618,645	1,695,631
Deferred revenue	957,163	719,667
Inventories for consumption	(414,866)	(687,751)
	58,572,279	52,982,352
CAPITAL ACTIVITIES		
Proceeds on disposal of tangible capital assets	127,065	67,090
Acquisition of tangible capital assets	(30,975,972)	(57,425,042)
Purchase of investments	(4,287,249)	(11,155,070)
Sale of investments	1,722,006	8,531,276
Loans receivable	155,125	151,870
	(33,259,025)	(59,829,876)
FINANCING ACTIVITIES		
Long-term debt principal repayments	(34,257)	(32,618)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS DURING THE YEAR	25,278,997	(8,880,142)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	44,454,300	53,334,442
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 69,733,297	\$ 44,454,300

MD OF GREENVIEW NO. 16
Schedule of Equity in Tangible Capital Assets
For the Year Ended December 31, 2018

Schedule 1

	2018	2017
BALANCE, BEGINNING OF YEAR	\$ 274,763,197	\$ 237,577,433
Acquisition of Tangible Capital Assets	30,975,972	57,425,042
Cost of Tangible Capital Assets Disposed of	(1,037,262)	(195,353)
Accumulated Amortization of Tangible Capital Assets Disposed of	659,094	116,376
Amortization of Tangible Capital Assets	(20,574,572)	(20,160,302)
Local improvement taxes receivable repayments	(34,257)	(32,617)
Long-term capital debt repayments	34,257	32,618
BALANCE, END OF YEAR	\$ 284,786,429	\$ 274,763,197
Equity in Tangible Capital Assets is Comprised of the Following:		
Tangible capital assets (Note 9)	\$ 284,786,428	\$ 274,763,196
Long-term capital debt	(1,101,549)	(1,135,806)
Local improvement taxes receivable	1,101,550	1,135,807
	\$ 284,786,429	\$ 274,763,197

MD OF GREENVIEW NO. 16
Schedule of Property Taxes and Other Taxes
For the Year Ended December 31, 2018

Schedule 2

	2018 (Budget) (Note 22)	2018 (Actual)	2017 (Actual)
TAXATION			
Linear property taxes	\$ 58,109,825	\$ 57,739,859	\$ 58,109,822
Real property taxes	44,214,499	49,700,355	44,214,950
	102,324,324	107,440,214	102,324,772
REQUISITIONS			
Alberta School Foundation Fund	24,244,665	22,294,467	23,275,400
Seniors foundations	1,235,700	2,419,425	2,193,279
Designated industrial property	-	350,995	-
Other school boards	-	71,814	68,688
	25,480,365	25,136,701	25,537,367
NET MUNICIPAL PROPERTY TAXES	\$ 76,843,959	\$ 82,303,513	\$ 76,787,405

MD OF GREENVIEW NO. 16
Schedule of Government Transfers
For the Year Ended December 31, 2018

Schedule 3

	2018 (Budget) (Note 22)	2018 (Actual)	2017 (Actual)
TRANSFERS FOR OPERATING			
Provincial government	\$ 631,345	\$ 1,157,045	\$ 700,716
Local governments	587,500	375,610	213,130
	1,218,845	1,532,655	913,846
TRANSFERS FOR CAPITAL			
Provincial government	5,272,985	9,127,423	6,596,438
TOTAL GOVERNMENT TRANSFERS	\$ 6,491,830	\$ 10,660,078	\$ 7,510,284

MD OF GREENVIEW NO. 16
Schedule of Segmented Information
For the Year Ended December 31, 2018

Schedule 4

	Administrative Services	Recreation and Cultural Services	Community Services	Utilities and Transportation Services	Environmental Services	All Other	Total
REVENUE							
Taxation	\$ 8,294,816	\$ 24,397,633	\$ 3,723,390	\$ 23,283,860	\$ 788,979	\$ 21,814,835	\$ 82,303,513
All other	-	-	-	-	-	17,222,814	17,222,814
User fees and sale of goods	477,143	-	90,117	2,012,011	663,185	183,663	3,426,119
Government transfers	723,443	-	168,359	-	-	640,853	1,532,655
	9,495,402	24,397,633	3,981,866	25,295,871	1,452,164	39,862,165	104,485,101
EXPENSES							
Transfers to other governments and local boards and agencies	-	23,804,635	596,693	-	-	795,114	25,196,442
Amortization	566,059	608,424	387,375	16,997,272	733,978	1,281,464	20,574,572
Contracted and general services	3,347,016	27,742	768,199	12,899,743	380,604	1,126,452	18,549,756
Salaries, wages, and benefits	3,828,152	358,919	2,110,061	4,830,856	733,241	2,160,657	14,021,886
Materials, goods, and supplies	1,322,975	48,120	472,507	7,340,591	140,959	369,446	9,694,598
Repairs and maintenance	445,185	153,798	3,484	80,590	-	53,004	736,061
Utilities	248,952	4,419	30,922	144,091	141,399	162,920	732,703
Insurance	303,122	-	-	-	-	3,080	306,202
Interest on long term debt	-	-	-	-	55,961	-	55,961
	10,061,461	25,006,057	4,369,241	42,293,143	2,186,142	5,952,137	89,868,181
NET REVENUE	\$ (566,059)	\$ (608,424)	\$ (387,375)	\$ (16,997,272)	\$ (733,978)	\$ 33,910,028	\$ 14,616,920

See accompanying notes to financial statements.

10.

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

Schedule 5

	Administrative Services	Recreation and Cultural Services	Community Services	Utilities and Transportation Services	Environmental Services	All Other	Total
REVENUE							
Taxation	\$ 9,179,574	\$ 12,702,288	\$ 3,215,825	\$ 19,315,125	\$ 914,238	\$ 31,460,355	\$ 76,787,405
All other	-	-	-	-	-	17,303,035	17,303,035
User fees and sale of goods	33,975	-	105,173	1,673,865	442,803	218,677	2,474,493
Government transfers	257,891	-	168,359	-	-	487,597	913,847
	9,471,440	12,702,288	3,489,357	20,988,990	1,357,041	49,469,664	97,478,780
EXPENSES							
Amortization	554,353	88,432	342,511	17,646,133	552,977	975,894	20,160,300
Contracted and general services	3,772,688	16,900	759,387	11,293,247	257,114	1,092,621	17,191,957
Transfer 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
Telephone and utilities	234,268	5,235	27,810	163,653	131,674	157,874	720,514
Insurance	293,429	-	-	-	-	3,167	296,596
Interest on long term debt	-	-	-	-	57,601	-	57,601
	10,025,793	12,790,720	3,831,868	38,635,123	1,910,018	5,738,631	72,932,153
NET REVENUE	\$ (554,353)	\$ (88,432)	\$ (342,511)	\$ (17,646,133)	\$ (552,977)	\$ 43,731,033	\$ 24,546,627

See accompanying notes to financial statements.

11.

1. SIGNIFICANT ACCOUNTING POLICIES

These financial statements are the representations of the Municipal District of Greenview No. 16 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, accrued liabilities for contaminated sites and the fair value of contributed tangible capital assets. Actual results could differ from those estimates.

2. CASH AND CASH EQUIVALENTS

	2018	2017
Temporary investments	\$ 60,408,434	\$ 36,773,676
Operating account	9,324,718	7,680,435
Cash on hand	145	189
	\$ 69,733,297	\$ 44,454,300

Temporary investments consist of a high interest savings account and \$60,265,676 (2017 - \$31,284,000) of guaranteed investments certificates.

MD OF GREENVIEW NO. 16
Notes to Financial Statements
For the Year Ended December 31, 2018

3. ACCOUNTS RECEIVABLE

	2018	2017
Trade and other	\$ 10,220,637	\$ 10,038,992
Taxes and grants in place of taxes	3,651,547	3,140,014
Oil well drilling	3,334,456	4,931,133
Local improvement taxes	1,101,550	1,135,807
Goods and Services Tax	779,877	1,228,042
	19,088,067	20,473,988
Less: Allowance for doubtful accounts	(2,954,784)	(2,145,229)
	\$ 16,133,283	\$ 18,328,759

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

	2018	2017
Heart River Housing	\$ 169,089	\$ 279,197
Town of Valleyview	106,573	140,412
Other	23,625	34,803
	\$ 299,287	\$ 454,412

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.

MD OF GREENVIEW NO. 16
Notes to Financial Statements
For the Year Ended December 31, 2018

5. INVESTMENTS

	2018	2017
Cash and money market funds	\$ 549,803	\$ 497,394
Fixed Income		
Guaranteed Investment Certificates	45,273,050	50,302,145
Government and corporate bonds	73,281,361	65,739,432
	118,554,411	116,041,577
Other	5,010	5,010
	\$119,109,224	\$116,543,981

Guaranteed investment certificates bear interest at rates between 2.05% - 3.07% per annum and mature at dates between September 2019 - September 2020. Government and corporate bonds bear interest at rates between 1.90% - 9.60% per annum mature between March 2020 - March 2028. The market value of the government and corporate bonds at December 31, 2018 was \$73,198,108 (2017 - \$65,655,002).

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.

	Opening	Receipts	Revenue	Ending
Municipal Sustainability Initiative	\$ 1,380,284	\$ 7,598,045	\$ (6,136,882)	\$ 2,841,447
Greenview Regional Multiplex				
- Sponsorships	578,000	-	(254,000)	324,000
Regional Collaboration Program	250,000	-	(250,000)	-
	\$ 2,208,284	\$ 7,598,045	\$ (6,640,882)	\$ 3,165,447

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7. LONG-TERM DEBT

	2018	2017
Alberta Capital Financing Authority debentures bearing interest at 4.964% per annum maturing in 2037.	\$ 1,101,549	\$ 1,135,806

Principal and interest payments are due as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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
2023	43,775	46,444	90,219
Thereafter	902,644	360,412	1,263,056
	\$ 1,101,549	\$ 612,599	\$ 1,714,148

Greenview's total cash payments for interest in 2018 were \$55,961 (2017 - \$57,601).

8. 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:

	2018	2017
Total debt limit	\$156,727,652	\$146,218,170
Total debt	(1,101,549)	(1,135,806)
Amount of debt limit unused	\$155,626,103	\$145,082,364
Service on debt limit	\$ 26,121,275	\$ 24,369,695
Service on debt	(90,218)	(90,218)
Amount of debt servicing limit unused	\$ 26,031,057	\$ 24,279,477

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.

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Notes to Financial Statements
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9. TANGIBLE CAPITAL ASSETS

	2018	2017
	Net Book Value	
Engineered structures		
Roadways	\$ 116,164,944	\$ 113,257,987
Bridges	26,995,013	27,837,740
Water systems	17,720,448	16,754,653
Solid waste	13,700,073	12,455,020
Landfill	2,530,583	2,327,733
	177,111,061	172,633,133
Buildings	84,327,512	78,925,552
Machinery, equipment, and furnishings	8,251,288	8,228,748
Land	8,148,535	8,146,798
Vehicles	6,948,032	6,828,965
	\$ 284,786,428	\$ 274,763,196

	Cost Beginning of Year	Additions	Disposals	Transfers	Cost End of Year
Engineering structures					
Roadways	\$ 436,254,418	\$ 17,437,233	\$ (34,307)	\$ -	\$ 453,657,344
Bridges	48,386,770	144,297	-	-	48,531,067
Water	18,276,699	1,436,789	-	-	19,713,488
Solid waste	13,685,814	1,473,115	-	-	15,158,929
Landfill	2,695,644	318,734	-	-	3,014,378
	519,299,345	20,810,168	(34,307)	-	540,075,206
Buildings	84,788,776	7,090,111	(349,991)	-	91,528,896
Vehicles	14,007,350	1,585,893	(431,771)	-	15,161,472
Machinery, equipment, and furnishings	12,970,501	1,488,063	(221,193)	-	14,237,371
Land	8,146,798	1,737	-	-	8,148,535
	\$ 639,212,770	\$ 30,975,972	\$ (1,037,262)	\$ -	\$ 669,151,480

	Accumulated Amortization Beginning of Year	Current Amortization	Disposals	Transfers	Accumulated Amortization End of Year
Engineered structures					
Roadways	\$ 322,996,431	\$ 14,500,605	\$ (4,636)	\$ -	\$ 337,492,400
Bridges	20,549,030	987,024	-	-	21,536,054
Water	1,522,046	470,994	-	-	1,993,040
Solid waste	1,230,794	228,062	-	-	1,458,856
Landfill	367,911	115,884	-	-	483,795
	346,666,212	16,302,569	(4,636)	-	362,964,145
Vehicles	7,178,385	1,439,311	(397,904)	(6,352)	8,213,440
Buildings	5,863,224	1,517,575	(179,415)	-	7,201,384
Machinery, equipment, and furnishings	4,741,753	1,315,117	(77,139)	6,352	5,986,083
	\$ 364,449,574	\$ 20,574,572	\$ (659,094)	\$ -	\$ 384,365,052

Tangible capital assets include \$22,598,827 (2017 - \$50,549,376) 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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10. PREPAID EXPENSES AND DEPOSITS

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

11. ACCUMULATED SURPLUS

	2018	2017
Unrestricted surplus	\$ 788,379	\$ 12,321,058
Restricted surplus (<i>Note 12</i>)	194,689,236	169,686,550
Equity in tangible capital assets (<i>Schedule 1</i>)	284,786,429	274,763,196
	\$ 480,264,044	\$ 456,770,804

12. RESERVES

	2018	2017
Road infrastructure	\$ 72,651,583	\$ 57,718,404
Project carry forward	37,629,153	28,753,280
Economic development	15,000,000	15,000,000
Facilities	14,619,077	12,668,928
Bridge replacement	11,002,263	10,569,257
Wastewater	8,983,990	8,323,354
Water	7,372,744	6,469,176
Equipment and vehicle fleet	6,899,075	3,585,008
Operating contingency	6,366,000	12,416,049
Fire apparatuses	4,036,117	3,819,830
Disaster response	3,532,574	3,000,000
Fire facilities	2,272,235	4,839,661
Recreation	2,114,830	647,901
Gravel pit reclamation	1,347,447	1,347,447
Grovedale daycare	440,000	-
Solid waste reclamation	322,148	322,148
Greenview Family and Community Support Services	100,000	206,107
	\$ 194,689,236	\$ 169,686,550

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.

12. 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.

12. 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.

(p) Grovedale Daycare

Provides funds to be used for the establishment of a daycare facility in Grovedale.

13. 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, 2018 or 2017.

14. 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.

15. 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 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 Greenview are required to make current service contributions of 9.39% of pensionable earnings up to the year's maximum pensionable earnings and 13.84% on pensionable earnings above this amount.

Total current service contributions by Greenview to the LAPP in 2018 were \$944,903 (2017 - \$959,104). Total current service contributions by the employees of Greenview to the LAPP in 2018 were \$864,510 (2017 - \$883,924).

At December 31, 2017 the Plan disclosed an actuarial surplus of \$4,835.5 million (2016 - deficit of \$637.4 million).

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For the Year Ended December 31, 2018

16. 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 Remuneration		2018 Total	2017 Total
Reeve:				
Ward 2	\$ 75,370	\$ 38,762	\$ 114,132	\$ 117,448
Councillors:				
Ward 1 Pre-election	-	-	-	62,896
Ward 1 Post-election	35,751	24,167	59,918	14,147
Ward 3	40,001	19,912	59,913	68,200
Ward 4 Pre-election	-	-	-	61,708
Ward 4 Post-election	48,763	26,149	74,912	13,484
Ward 5	36,706	16,256	52,962	60,433
Ward 6	52,321	26,985	79,306	95,429
Ward 7	52,981	26,912	79,893	101,921
Ward 8	48,739	26,021	74,760	83,823
	\$ 390,632	\$ 205,164	\$ 595,796	\$ 679,489
Chief Administrative Officer	\$ 210,725	\$ 26,131	\$ 236,856	\$ 230,665
Designated Officer	\$ 123,424	\$ 17,566	\$ 140,990	\$ 138,978

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.

17. 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.

18. CONTRACTUAL OBLIGATIONS

(a) *Regional Community Development Agreement*

Greenview has entered into an Agreement with the Towns of 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 \$2,700,000 to each Town for the years 2018 - 2022. For 2019 - 2022, the base contribution shall be increased or decreased based on the non-residential assessment increase or decrease compared to the 2018 non-residential assessment.

(b) *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.

19. 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 & 5*).

20. 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:

	Opening	Receipts	Disbursements	Ending
Tax sale proceeds	\$ 122,574	\$ -	\$ -	\$ 122,574

21. RESTATEMENT

Greenview recently discovered that it had not recorded a liability for the estimated decommissioning costs in the amount of \$2,000,000 associated with the old Grovedale Lagoon which was put out of productive service in 2013/14. During 2018 this has been corrected retroactively and prior periods have been restated.

The effect on the comparative 2017 figures has been to increase accounts payable and accrued liability and decrease accumulated surplus by \$2,000,000.

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Notes to Financial Statements
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22. BUDGET FIGURES

The 2018 budget data presented in these financial statements is based on the operating and capital budgets approved by Council on December 11, 2017. The chart below reconciles the approved financial plan to the figures reported in these financial statements.

	2018 (Budget)	2018 (Actual)
Annual surplus	\$ 33,809,600	\$ 23,493,240
Add back:		
Amortization expense	-	20,574,572
Net transfers from (to) reserves	34,829,783	(25,002,686)
Loss on disposal of tangible capital assets	-	251,103
Deduct:		
Principal debt repayments	(34,258)	(34,257)
Purchase of tangible capital assets	(68,605,125)	(30,975,972)
	\$ -	\$ (11,694,000)

23. COMPARATIVE FIGURES

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

24. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved by Council.