

**MD OF GREENVIEW NO. 16**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED DECEMBER 31, 2013**

## 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, 2013 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, 2013 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.

### *Other Matter*

The financial statements of the Greenview of Greenview as at and for the year ended December 31, 2012 were audited by other auditors' who expressed an unqualified opinion on those financial statements dated April 23, 2013.

Edmonton, Alberta  
April 22, 2014



Hawkings Epp Dumont LLP  
Chartered Accountants

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**MD OF GREENVIEW NO. 16**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT DECEMBER 31, 2013**

	<u>2013</u>	<u>2012</u> (Restated) (Note 24)
<b>FINANCIAL ASSETS</b>		
Cash and temporary investments (Note 2)	\$ 57,681,432	\$ 57,217,630
Accounts receivable (Note 3)	7,887,820	5,513,038
Local improvement taxes receivable (Note 4)	1,257,207	1,284,015
Loans receivable (Note 5)	1,030,932	1,162,373
Investments (Note 6)	<u>62,079,332</u>	<u>60,684,110</u>
	<u>129,936,723</u>	<u>125,861,166</u>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	\$ 8,129,707	\$ 6,303,755
Deferred revenue (Note 10)	-	3,333,410
Long-term debt (Note 7)	<u>1,257,207</u>	<u>1,284,015</u>
	<u>9,386,914</u>	<u>10,921,180</u>
<b>NET FINANCIAL ASSETS</b>	<u>120,549,809</u>	<u>114,939,986</u>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (Note 9)	186,054,614	156,133,722
Gravel inventory for consumption	6,840,675	9,002,433
Prepaid expenses and deposits (Note 11)	<u>7,187,557</u>	<u>3,059,821</u>
	<u>200,082,846</u>	<u>168,195,976</u>
<b>ACCUMULATED SURPLUS (NOTE 12)</b>	<u>\$320,632,655</u>	<u>\$283,135,962</u>
Contingencies (Note 15)		

**ON BEHALF OF COUNCIL:**

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MD OF GREENVIEW NO. 16

STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS

FOR THE YEAR ENDED DECEMBER 31, 2013

	<u>2013</u> (Budget) (Note 21)	<u>2013</u> (Actual)	<u>2012</u> (Actual) (Restated) (Note 24)
<b>REVENUE</b>			
Net taxation (Schedule 2)	\$ 54,249,163	\$ <b>59,517,362</b>	\$ 54,308,725
Oil well drilling taxes	10,000,000	<b>13,499,395</b>	12,372,297
Government transfers for operating (Schedule 3)	957,010	<b>1,566,707</b>	2,126,604
Interest and investment income	2,392,200	<b>2,725,777</b>	3,011,742
User fees and sale of goods	1,105,500	<b>1,557,614</b>	1,380,210
Other	10,000	<b>507,569</b>	-
Fines, rental, licenses and permits	254,420	<b>408,814</b>	289,182
Penalties and costs on taxes	<u>260,000</u>	<u><b>284,233</b></u>	<u>353,274</u>
	<u>69,228,293</u>	<u><b>80,067,471</b></u>	<u>73,842,034</u>
<b>EXPENSES</b>			
Transportation services	26,835,445	<b>28,250,083</b>	23,770,622
Recreation and cultural services	9,439,075	<b>9,552,834</b>	7,579,475
Administrative services	6,759,486	<b>7,011,343</b>	4,920,424
Planning and development services	1,968,250	<b>1,534,492</b>	1,279,864
Protective services	985,550	<b>1,036,162</b>	835,011
Public health and welfare services	919,405	<b>981,018</b>	836,859
Utilities and environmental services	911,688	<b>910,839</b>	826,756
Waste management services	806,890	<b>854,202</b>	715,994
Council and other legislative services	<u>586,000</u>	<u><b>610,674</b></u>	<u>555,942</u>
	<u>49,211,789</u>	<u><b>50,741,647</b></u>	<u>41,320,947</u>
<b>ANNUAL SURPLUS BEFORE OTHER INCOME</b>	<u>20,016,504</u>	<u><b>29,325,824</b></u>	<u>32,521,087</u>
<b>OTHER INCOME</b>			
Government transfers for capital (Schedule 3)	5,806,106	<b>8,149,697</b>	3,560,081
Gain (loss) on disposal of tangible capital assets	<u>100,000</u>	<u><b>21,172</b></u>	<u>(34,142)</u>
	<u>5,906,106</u>	<u><b>8,170,869</b></u>	<u>3,525,939</u>
<b>ANNUAL SURPLUS</b>	25,922,610	<b>37,496,693</b>	36,047,026
<b>ACCUMULATED SURPLUS, BEGINNING OF YEAR</b>	<u>283,135,962</u>	<u><b>283,135,962</b></u>	<u>247,088,936</u>
<b>ACCUMULATED SURPLUS, END OF YEAR</b>	<u>\$309,058,572</u>	<u><b>\$320,632,655</b></u>	<u>\$283,135,962</u>

**MD OF GREENVIEW NO. 16**

**STATEMENT OF CHANGES IN NET FINANCIAL ASSETS**

**FOR THE YEAR ENDED DECEMBER 31, 2013**

	<u>2013</u> (Budget) (Note 21)	<u>2013</u> (Actual)	<u>2012</u> (Actual) (Restated) (Note 24)
<b>ANNUAL SURPLUS</b>	\$ <u>25,922,610</u>	\$ <u>37,496,693</u>	\$ <u>36,047,026</u>
Acquisition of tangible capital assets	(48,541,883)	<b>(43,885,809)</b>	(27,149,679)
Proceeds on disposal of tangible capital assets	-	<b>181,971</b>	285,999
Amortization of tangible capital assets	12,659,391	<b>13,804,118</b>	11,774,108
Loss on disposal of tangible capital assets	<u>-</u>	<u><b>(21,172)</b></u>	<u>34,142</u>
	<u>(35,882,492)</u>	<u><b>(29,920,892)</b></u>	<u>(15,055,430)</u>
Use (acquisition) of inventory for consumption	-	<b>2,161,758</b>	(2,426,152)
Use (acquisition) of prepaid expenses	<u>-</u>	<u><b>(4,127,736)</b></u>	<u>(2,911,213)</u>
	<u>-</u>	<u><b>(1,965,978)</b></u>	<u>(5,337,365)</u>
<b>INCREASE IN NET FINANCIAL ASSETS</b>	(9,959,882)	<b>5,609,823</b>	15,654,231
<b>NET FINANCIAL ASSETS, BEGINNING OF YEAR</b>	<u>114,939,986</u>	<u><b>114,939,986</b></u>	<u>99,285,755</u>
<b>NET FINANCIAL ASSETS, END OF YEAR</b>	<u>\$104,980,104</u>	<u><b>\$120,549,809</b></u>	<u>\$114,939,986</u>

**MD OF GREENVIEW NO. 16**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2013**

	<u>2013</u>	<u>2012</u> (Restated) (Note 24)
<b>OPERATING ACTIVITIES</b>		
Annual surplus	\$ 37,496,693	\$ 36,047,026
Non-cash items included in excess of revenue over expenses:		
Loss on disposal of tangible capital assets	(21,172)	34,142
Amortization of tangible capital assets	<u>13,804,118</u>	<u>11,774,108</u>
	51,279,639	47,855,276
Change in non-cash working capital balances:		
Accounts receivable	(2,374,782)	(789,771)
Prepaid expenses	(4,127,736)	(2,911,213)
Accounts payable and accrued liabilities	1,825,952	1,602,136
Deferred revenue	(3,333,410)	2,424,247
Local improvement taxes receivable	26,808	25,525
Inventories for consumption	<u>2,161,758</u>	<u>(2,426,152)</u>
	<u>45,458,229</u>	<u>45,780,048</u>
<b>CAPITAL ACTIVITIES</b>		
Proceeds on disposal of tangible capital assets	181,971	285,999
Acquisition of tangible capital assets	(43,885,809)	(27,149,679)
Purchase of investments	(1,395,222)	(1,913,683)
Loans receivable	<u>131,441</u>	<u>126,158</u>
	<u>(44,967,619)</u>	<u>(28,651,205)</u>
<b>FINANCING ACTIVITIES</b>		
Long-term debt principal repayments	<u>(26,808)</u>	<u>(25,526)</u>
	<u>(26,808)</u>	<u>(25,526)</u>
<b>CHANGE IN CASH AND TEMPORARY INVESTMENTS DURING THE YEAR</b>	<b>463,802</b>	<b>17,103,317</b>
<b>CASH AND TEMPORARY INVESTMENTS, BEGINNING OF YEAR</b>	<u><b>57,217,630</b></u>	<u><b>40,114,313</b></u>
<b>CASH AND TEMPORARY INVESTMENTS, END OF YEAR</b>	<u><b>\$ 57,681,432</b></u>	<u><b>\$ 57,217,630</b></u>

MD OF GREENVIEW NO. 16

Schedule 1

SCHEDULE OF EQUITY IN TANGIBLE CAPITAL ASSETS

FOR THE YEAR ENDED DECEMBER 31, 2013

	<u>2013</u>	<u>2012</u>
<b>BALANCE, BEGINNING OF YEAR</b>	<b>\$156,133,722</b>	\$141,078,292
Acquisition of Tangible Capital Assets	<b>43,885,809</b>	27,149,679
Cost of Tangible Capital Assets Disposed of	<b>(525,987)</b>	(1,055,428)
Accumulated Amortization of Tangible Capital Assets Disposed of	<b>365,188</b>	735,287
Amortization of Tangible Capital Assets	<b>(13,804,118)</b>	(11,774,108)
Local improvement taxes receivable repayments	<b>(26,808)</b>	(25,526)
Long-term capital debt repayments	<u><b>26,808</b></u>	<u>25,526</u>
<b>BALANCE, END OF YEAR</b>	<b><u>\$186,054,614</u></b>	<b><u>\$156,133,722</u></b>

Equity in Tangible Capital Assets is Comprised of the Following:

Tangible capital assets (Note 9)	<b>\$186,054,614</b>	\$156,133,722
Long-term capital debt	<b>(1,257,207)</b>	(1,284,015)
Local improvement taxes receivable	<u><b>1,257,207</b></u>	<u>1,284,015</u>
	<b><u>\$186,054,614</u></b>	<b><u>\$156,133,722</u></b>

## MD OF GREENVIEW NO. 16

Schedule 2

## SCHEDULE OF PROPERTY TAXES AND OTHER TAXES

FOR THE YEAR ENDED DECEMBER 31, 2013

	<u>2013</u> (Budget) (Note 21)	<u>2013</u> (Actual)	<u>2012</u> (Actual)
<b>TAXATION</b>			
Real property taxes	\$ 23,826,601	<b>\$ 26,834,465</b>	\$ 23,883,256
Linear property taxes	<u>48,546,424</u>	<u><b>52,458,825</b></u>	<u>48,508,045</u>
	<u>72,373,025</u>	<u><b>79,293,290</b></u>	<u>72,391,301</u>
<b>REQUISITIONS</b>			
Alberta School Foundation Fund	\$ 17,195,298	<b>\$ 18,852,903</b>	\$ 17,195,298
Other school boards	58,689	<b>57,463</b>	58,688
Seniors foundations	<u>869,875</u>	<u><b>865,562</b></u>	<u>828,590</u>
	<u>18,123,862</u>	<u><b>19,775,928</b></u>	<u>18,082,576</u>
<b>NET MUNICIPAL PROPERTY TAXES</b>	<u><b>\$ 54,249,163</b></u>	<u><b>\$ 59,517,362</b></u>	<u><b>\$ 54,308,725</b></u>



## MD OF GREENVIEW NO. 16

Schedule 3

## SCHEDULE OF GOVERNMENT TRANSFERS

FOR THE YEAR ENDED DECEMBER 31, 2013

	<u>2013</u> (Budget) (Note 21)	<u>2013</u> (Actual)	<u>2012</u> (Actual)
<b>TRANSFERS FOR OPERATING</b>			
Provincial government	\$ 827,120	\$ 1,397,993	\$ 1,932,319
Local governments	<u>129,890</u>	<u>168,714</u>	<u>194,285</u>
	<u>957,010</u>	<u>1,566,707</u>	<u>2,126,604</u>
<b>TRANSFERS FOR CAPITAL</b>			
Provincial government	<u>5,806,106</u>	<u>8,149,697</u>	<u>3,560,081</u>
<b>TOTAL GOVERNMENT TRANSFERS</b>	<u>\$ 6,763,116</u>	<u>\$ 9,716,404</u>	<u>\$ 5,686,685</u>

**MD OF GREENVIEW NO. 16**

**Schedule 4**

**SCHEDULE OF SEGMENTED INFORMATION**

**FOR THE YEAR ENDED DECEMBER 31, 2013**

	<u>Administrative Services</u>	<u>Recreation and Cultural Services</u>	<u>Community Services</u>	<u>Transportation Services</u>	<u>Utilities and Environmental Services</u>	<u>All Other</u>	<u>Total</u>
<b>REVENUE</b>							
Taxation	\$ 6,637,430	\$ 9,517,934	\$ 1,281,077	\$ 26,567,124	\$ 693,516	\$ 14,820,281	\$ 59,517,362
All other	-	-	-	-	-	17,425,789	17,425,789
Government transfers	348,301	14,900	168,359	508,138	82,660	444,348	1,566,706
User fees and sale of goods	25,612	20,000	85,056	1,174,821	134,663	117,462	1,557,614
Rentals	-	-	-	-	-	-	-
	<u>7,011,343</u>	<u>9,552,834</u>	<u>1,534,492</u>	<u>28,250,083</u>	<u>910,839</u>	<u>32,807,880</u>	<u>80,067,471</u>
<b>EXPENSES</b>							
Amortization	323,548	38,161	140,391	12,862,927	122,471	316,621	13,804,119
Contracted and general services	3,202,402	-	291,715	6,960,898	123,731	1,168,777	11,747,523
Salaries, wages, and benefits	2,088,332	-	651,443	2,719,971	456,523	1,286,848	7,203,117
Materials, goods, and supplies	797,886	-	200,849	5,433,878	87,468	307,665	6,827,746
Transfers to other governments and local boards and agencies	-	9,514,673	224,761	-	-	238,668	9,978,102
Utilities	146,670	-	22,056	118,061	57,236	102,283	446,306
Repairs and maintenance	195,369	-	3,277	154,348	-	55,852	408,846
Insurance	257,136	-	-	-	-	5,342	262,478
Interest on long term debt	-	-	-	-	63,410	-	63,410
	<u>7,011,343</u>	<u>9,552,834</u>	<u>1,534,492</u>	<u>28,250,083</u>	<u>910,839</u>	<u>3,482,056</u>	<u>50,741,647</u>
<b>NET REVENUE</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 29,325,824</u>	<u>\$ 29,325,824</u>

**MD OF GREENVIEW NO. 16**

**Schedule 5**

**SCHEDULE OF SEGMENTED INFORMATION**

**FOR THE YEAR ENDED DECEMBER 31, 2012**

	<u>Administrative Services</u>	<u>Recreation and Cultural Services</u>	<u>Community Services</u>	<u>Transportation Services</u>	<u>Utilities and Environmental Services</u>	<u>All Other</u>	<u>Total</u>
<b>REVENUE</b>							
Taxation	\$ 4,544,058	\$ 7,559,475	\$ 1,034,970	\$ 21,650,332	\$ 653,874	\$ 18,866,016	\$ 54,308,725
Government transfers	354,792	-	175,559	1,036,678	87,140	472,435	2,126,604
All other	-	-	-	-	-	16,026,495	16,026,495
User fees and sale of goods	<u>21,574</u>	<u>20,000</u>	<u>69,335</u>	<u>1,083,612</u>	<u>85,742</u>	<u>99,947</u>	<u>1,380,210</u>
	<u>4,920,424</u>	<u>7,579,475</u>	<u>1,279,864</u>	<u>23,770,622</u>	<u>826,756</u>	<u>35,464,893</u>	<u>73,842,034</u>
<b>EXPENSES</b>							
Amortization	259,372	37,006	121,620	11,047,258	94,349	214,503	11,774,108
Contracted and general services	1,816,743	-	164,079	5,591,321	200,965	963,722	8,736,830
Salaries, wages, and benefits	1,974,814	-	681,615	2,578,537	343,776	1,095,989	6,674,731
Materials, goods, and supplies	306,434	-	96,063	4,242,025	70,037	277,612	4,992,171
Transfer to other governments and local boards and agencies	-	7,542,469	204,143	-	-	230,030	7,976,642
Telephone and utilities	177,061	-	6,670	111,447	53,301	112,446	460,925
Repairs and maintenance	140,316	-	5,674	200,034	-	45,737	391,761
Insurance	245,684	-	-	-	-	3,767	249,451
Interest on long term debt	-	-	-	-	64,328	-	64,328
	<u>4,920,424</u>	<u>7,579,475</u>	<u>1,279,864</u>	<u>23,770,622</u>	<u>826,756</u>	<u>2,943,806</u>	<u>41,320,947</u>
<b>NET REVENUE</b>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>32,521,087</u>	\$ <u>32,521,087</u>

MD OF GREENVIEW NO. 16

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2013

**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 expenditures 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 Greenviews 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) 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.

(d) 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.

(e) Inventories for Consumption

Inventories for consumption consists of gravel, of which the cost is based on expenditures accumulataed 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.

(f) 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.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2013

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

(g) Tangible Capital Assets

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

Buildings	25 - 50 years
Equipment	5 - 20 years
Automotive equipment	3 - 20 years
Engineered structures	
Roadways	
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.

(h) 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.

(i) 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.

(j) 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.

**MD OF GREENVIEW NO. 16**

**NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2013**

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

(k) 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 TEMPORARY INVESTMENTS**

	<u>2013</u>	<u>2012</u>
Cash on hand	\$ 400	\$ 400
Operating account	1,930,875	5,353,324
Temporary investments	<u>55,750,157</u>	<u>51,863,906</u>
	<u>\$ 57,681,432</u>	<u>\$ 57,217,630</u>

The operating account bears interest at prime less 1.85% per annum.

Temporary investments are readily convertible into cash, consist of a high interest savings account and guaranteed investments certificates bearing interest at rates between 1.73% - 1.91% per annum and mature at dates between January 2014 - April 2014.

Greenview has access to a municipal revolving loan credit facility with a maximum of \$10,000,000 bearing interest at prime rate less 0.25%. No amounts were outstanding on the revolving loan at December 31, 2013.

**3. ACCOUNTS RECEIVABLE**

	<u>2013</u>	<u>2012</u>
Oil well drilling	\$ 5,020,256	\$ 2,765,743
Trade and other	1,793,928	785,194
Taxes and grants in lieu of taxes	1,021,802	1,179,331
Receivable from other governments	<u>597,847</u>	<u>886,027</u>
	<b>8,433,833</b>	5,616,295
Less: Allowance for doubtful accounts	<u>(546,013)</u>	<u>(103,257)</u>
	<u>\$ 7,887,820</u>	<u>\$ 5,513,038</u>

**4. LOCAL IMPROVEMENT TAXES RECEIVABLE**

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 instalments of \$92,164 including interest at a fixed rate of 5.152% per annum maturing September 2037.

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**NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2013**

**5. LOANS RECEIVABLE**

	<u>2013</u>	<u>2012</u>
Heart River Housing	\$ 690,479	\$ 782,966
Town of Valleyview	265,849	294,875
Other	<u>74,604</u>	<u>84,533</u>
	<u>\$ 1,030,932</u>	<u>\$ 1,162,374</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 instalments of \$29,952 including interest at a fixed rate of 3.65% per annum maturing April 14, 2015.

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 instalments 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.

**6. INVESTMENTS**

	<u>2013</u>	<u>2012</u>
Cash and money market funds	\$ <u>1,384,915</u>	\$ <u>8,110,272</u>
Fixed Income		
Guaranteed Investment Certificates	20,797,000	6,571,477
Government and corporate bonds	<u>39,892,407</u>	<u>45,997,351</u>
	<u>60,689,407</u>	<u>52,568,828</u>
Other	<u>5,010</u>	<u>5,010</u>
	<u>\$ 62,079,332</u>	<u>\$ 60,684,110</u>

Guaranteed investment certificates bear interest at rates between 1.95% - 2.00% per annum and mature at dates between July 2014 - January 2015. Government and corporate bonds bear interest at rates between 1.89% - 9.60% per annum mature between October 2015 - February 2022. The market value of the government and corporate bonds at December 31, 2013 was \$39,972,998.

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**DECEMBER 31, 2013**

**7. LONG-TERM DEBT**

	<u><b>2013</b></u>	<u><b>2012</b></u>
Alberta Capital Financing Authority debentures bearing interest at 4.964% per annum maturing in 2037.	<u><b>\$ 1,257,207</b></u>	<u><b>\$ 1,284,015</b></u>

Principal and interest payments are due as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 28,156	\$ 62,062	\$ 90,218
2015	29,571	60,647	90,218
2016	31,056	59,162	90,218
2017	32,618	57,600	90,218
2018	34,256	55,961	90,217
Thereafter	<u>1,101,550</u>	<u>613,202</u>	<u>1,714,752</u>
	<u><b>\$ 1,257,207</b></u>	<u><b>\$ 908,634</b></u>	<u><b>\$ 2,165,841</b></u>

Greenview's total cash payments for interest in 2013 were \$63,410 (2012 - \$64,693).

**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:

	<u><b>2013</b></u>	<u><b>2012</b></u>
Total debt limit	<u><b>\$120,101,207</b></u>	\$110,763,051
Total debt	<u><b>(1,257,207)</b></u>	<u>(1,284,015)</u>
Amount of debt limit unused	<u><b>\$118,844,000</b></u>	<u>\$109,479,036</u>
Service on debt limit	<u><b>\$ 20,016,868</b></u>	\$ 18,460,509
Service on debt	<u><b>(90,218)</b></u>	<u>(90,218)</u>
Amount of debt servicing limit unused	<u><b>\$ 19,926,650</b></u>	<u>\$ 18,370,291</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.



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**NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2013**

**9. TANGIBLE CAPITAL ASSETS**

	<b><u>2013</u></b>	<b><u>2012</u></b>
	<b>Net Book</b>	<b>Net Book</b>
	<b>Value</b>	<b>Value</b>
Engineered structures		
Roadways	\$ 109,818,567	\$ 93,382,877
Bridges	29,162,396	27,196,354
Solid waste	7,576,371	5,974,968
Water systems	8,375,319	2,670,004
Landfill	<u>1,818,840</u>	<u>640,560</u>
	<b>156,751,493</b>	129,864,763
Machinery and equipment	<b>4,670,848</b>	4,169,302
Vehicles	<b>4,276,491</b>	2,882,515
Buildings	<b>15,277,360</b>	14,170,345
Land	<u><b>5,078,422</b></u>	<u>5,046,797</u>
	<b><u>\$ 186,054,614</u></b>	<b><u>\$ 156,133,722</u></b>

	Cost Beginning of Year	Additions	Disposals	Transfers	Cost End of Year
Engineering structures					
Roadways	\$ 348,425,603	\$ 27,319,659	\$ -	\$ -	\$ 375,745,262
Bridges	42,582,203	2,945,220	-	-	45,527,423
Water	3,262,282	5,798,791	-	-	9,061,073
Solid waste	6,461,209	1,697,269	-	-	8,158,478
Landfill	<u>643,685</u>	<u>1,213,302</u>	<u>-</u>	<u>-</u>	<u>1,856,987</u>
	401,374,982	38,974,241	-	-	440,349,223
Vehicles	5,882,582	2,105,356	(194,141)	-	7,793,797
Buildings	17,195,597	1,500,248	-	-	18,695,845
Land	5,046,797	31,625	-	-	5,078,422
Equipment	<u>6,330,385</u>	<u>1,274,339</u>	<u>(331,846)</u>	<u>-</u>	<u>7,272,878</u>
	<b><u>\$ 435,830,343</u></b>	<b><u>\$ 43,885,809</u></b>	<b><u>\$ (525,987)</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 479,190,165</u></b>

	Accumulated Amortization Beginning of Year	Current Amortization	Disposals	Transfers	Accumulated Amortization End of Year
Engineered structures					
Roadways	\$ 255,042,726	\$ 10,883,969	\$ -	\$ -	\$ 265,926,695
Bridges	15,385,849	979,178	-	-	16,365,027
Solid waste	486,241	95,866	-	-	582,107
Water	592,278	93,476	-	-	685,754
Landfill	<u>3,125</u>	<u>35,022</u>	<u>-</u>	<u>-</u>	<u>38,147</u>
	271,510,219	12,087,511	-	-	283,597,730
Machinery, equipment, and furnishings	2,161,083	684,797	(243,850)	-	2,602,030
Vehicles	3,000,067	638,577	(121,338)	-	3,517,306
Buildings	<u>3,025,252</u>	<u>393,233</u>	<u>-</u>	<u>-</u>	<u>3,418,485</u>
	<b><u>\$ 279,696,621</u></b>	<b><u>\$ 13,804,118</u></b>	<b><u>\$ (365,188)</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 293,135,551</u></b>

Tangible capital assets include \$9,200,647 (2012 - \$24,465,245) of work in progress that is not being amortized as these projects are currently not completed.

MD OF GREENVIEW NO. 16

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2013

**10. 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 expenditures are incurred.

	<u>2013</u>	<u>2012</u>
Municipal Sustainability Initiative - capital grant	\$ -	\$ 3,275,750
Valleyview rural waterline project	-	<u>57,660</u>
	<u>\$ -</u>	<u>\$ 3,333,410</u>

**11. PREPAID EXPENSES AND DEPOSITS**

Included in prepaid expenses is a one-time advance of annual Community Development funding of \$6,000,000 (2012- \$2,900,000) to the Town of Grande Cache to support the building of the Town's recreational facility. Greenview Council approved that subsequent funding to the Town will be reduced by \$500,000 for fiscal 2013, and by \$600,000 per year for 2014 through 2017, in recognition of this advance.

**12. ACCUMULATED SURPLUS**

	<u>2013</u>	<u>2012</u>
Unrestricted surplus	\$ 53,896,840	\$ 12,381,259
Restricted surplus		
Operating reserves (Note 13)	8,744,633	9,561,316
Capital reserves (Note 13)	71,936,568	105,059,665
Equity in tangible capital assets (Schedule 1)	<u>186,054,614</u>	<u>156,133,722</u>
	<u>\$320,632,655</u>	<u>\$283,135,962</u>

**13. RESERVES**

	<u>2013</u>	<u>2012</u>
<b>Operating Reserves</b>		
Tax Stabilization	\$ 7,311,936	\$ 8,073,290
Gravel Pit Reclamation	1,347,447	1,347,447
Green View Family and Community Support Services	<u>85,250</u>	<u>140,579</u>
	<u>8,744,633</u>	<u>9,561,316</u>
<b>Capital Reserves</b>		
Capital Project Carryovers	29,603,563	38,783,653
Capital Infrastructure	28,220,058	46,789,312
Utility	8,235,734	12,310,924
Vehicle / Equipment	4,478,988	5,761,444
Building	<u>1,398,225</u>	<u>1,414,332</u>
	<u>71,936,568</u>	<u>105,059,665</u>
	<u>\$ 80,681,201</u>	<u>\$114,620,981</u>

**MD OF GREENVIEW NO. 16**

**NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2013**

**14. RESERVES (CONT'D)**

Reserve balances have been approved by Council in the current year to support the ten-year capital plan established by Council. All reserves are expended by Council motion and / or through the annual operating and capital budget process. The reserves have been established and approved as follows:

(a) Building

Used for unplanned capital purchases or repairs of buildings outside normal budgetary processes. This reserve receives interest and should contain a minimum level equal to 10% of the net book value of buildings, with no maximum level.

(b) Capital Infrastructure

Used to smooth out the year-to-year fluctuations in the 10 Year Capital Plan. This reserve receives interest and should contain a minimum level sufficient to offset year-to-year expenditure fluctuations in the 10 Year Capital Plan, with no maximum level.

(c) Capital Project Carryovers

Restricted to capital projects approved and not completed in the current year, of which the same project cannot carryover more than two years without Council approval. Interest income earned during the year is not allocated to this reserve.

(d) Gravel Pit Reclamation

Established for future gravel pit and landfill reclamation costs. This reserve receives funds specifically allocated in the operating budget, plus per tonne charges on waste interred by landfills and gravel mined. This reserve receives interest and has no minimum or maximum level.

(e) Green View Family and Community Support Services ("FCSS")

Used to set aside FCSS program surpluses. This reserve receives any unallocated FCSS surplus balance at the end of the fiscal year, receives no interest and has no minimum or maximum level.

(f) Tax Stabilization

Used to smooth out year-to-year fluctuations in the budget due to unplanned or extraordinary revenue and / or expenses and to provide available funds for cash flow purposes and thereby avoid short-term borrowing. This reserve receives any unallocated surplus balance at the end of the fiscal year and receives all interest from investments not allocated to any other reserve. It has no minimum level and should contain a maximum equal to annual budgeted expenditures, excluding amortization.

(g) Utility

Used for unplanned capital purchases or repairs of buildings and infrastructure outside normal budgetary processes, and for future replacement of buildings and infrastructure. This reserve receives interest and should contain a minimum level equal to 10% of the net book value of engineering structures related to water, solid waste and landfills, with no maximum level.

(h) Vehicle / Equipment

Used for unplanned capital purchases or repairs of automotive and / or heavy equipment outside normal budgetary processes. This reserve receives no interest and should contain a minimum level equal to 10% of the net book value of equipment and automotive equipment, with no maximum level.

## MD OF GREENVIEW NO. 16

### NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2013

#### 15. 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.

#### 16. FINANCIAL INSTRUMENTS

Greenview's financial instruments consist of cash and temporary investments, 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, currency, or credit 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, 2013 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. 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 10.43% of pensionable earnings up to the year's maximum pensionable earnings under the Canada Pension Plan and 14.47% on pensionable earnings above this amount. Employees of Greenview are required to make current service contributions of 9.43% of pensionable earnings up to the year's maximum pensionable earnings and 13.47% on pensionable earnings above this amount.

Total current service contributions by Greenview to the LAPP in 2013 were \$399,832 (2012 - \$308,676). Total current service contributions by the employees of Greenview to the LAPP in 2013 were \$365,227 (2012 - \$280,229).

At December 31, 2012 the Plan disclosed an actuarial deficit of \$5.0 billion (2012 - \$4.6 billion).

**MD OF GREENVIEW NO. 16**

**NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2013**

**18. 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:

			<u>2013</u>	<u>2012</u>
	<u>Remuneration</u>	<u>Benefits and Allowances</u>	<u>Total</u>	<u>Total</u>
<u>Reeve:</u>				
Ward 2	\$ 10,228	\$ 676	\$ 10,904	\$ -
Ward 5	45,529	3,844	49,373	58,311
 <u>Councillors:</u>				
Ward 1	35,294	2,363	37,657	35,847
Ward 2	29,799	3,369	33,168	40,295
Ward 3	32,906	3,012	35,918	22,081
Ward 4	37,875	3,419	41,294	37,037
Ward 5	7,066	459	7,525	-
Ward 6	40,379	4,100	44,479	46,184
Ward 7	24,377	1,088	25,465	28,389
Ward 8	<u>43,762</u>	<u>4,158</u>	<u>-</u>	<u>47,995</u>
	<u>307,215</u>	<u>26,488</u>	<u>285,783</u>	<u>316,139</u>
 Chief Administrative Officer (Consultant)	<u>317,331</u>	<u>-</u>	<u>317,331</u>	<u>319,485</u>
 Designated Officers	<u>\$ 93,983</u>	<u>\$ 31,305</u>	<u>\$ 125,288</u>	<u>\$ 95,052</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 Greenview's share of taxable benefits received, including travel and car allowances.

Included in remuneration for the Chief Administrative Officer in 2013 is a severance payment of \$-(2012 - \$165,700)

**19. 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 funding in the amount \$2,000,000 to each Town for the years 2012 - 2017.

(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 crushed aggregate at a price of \$3.00 per tonne during the first ten years of the agreement ending December 2023.

MD OF GREENVIEW NO. 16

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2013

**20. 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*).

**21. BUDGET FIGURES**

Budget figures are presented for information purposes only and are unaudited.

**22. APPROVAL OF FINANCIAL STATEMENTS**

These financial statements were approved by Council.

**23. COMPARATIVE FIGURES**

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

**24. RESTATEMENTS**

(a) Public Sector Accounting Standard PS3510 *Tax Revenue*

Public sector accounting standard PS3510 *Tax Revenue* was effective for fiscal years beginning on or after April 1, 2012. Greenview adopted this standard during 2013 and as result has changed the method in which local improvement taxes are recognized as revenue. Previously Greenview recognized this revenue as payments were received from taxpayers over the length of the borrowing related to the local improvement costs. Greenview now recognizes revenue in the year the local improvement tax is levied. This change has been applied retroactively and prior periods have been restated.

The effect on the comparative 2012 figures has been to increase local improvement taxes receivable, net financial assets, and closing accumulated surplus by \$1,284,015, increase opening accumulated surplus by \$1,309,541 and decrease revenue and the annual surplus by \$25,526.

(b) Oil Well Drilling Taxes

The MD recently discovered that it did not include \$2,095,219 of oil well drilling taxes related to the 2012 fiscal year in 2012 revenue. During 2013 the MD has corrected for this retroactively and prior periods have been restated.

The effect on the comparative 2012 figures has been to increase accounts receivable, net financial assets, oil well drilling tax revenue, annual surplus, and accumulated surplus by \$2,095,219.