

**MD OF GREENVIEW NO. 16**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**

## 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, 2015 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, 2015 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.



Edmonton, Alberta  
June 28, 2016

Hawkings Epp Dumont LLP  
Chartered Accountants

#### **EDMONTON**

Mayfield Square I  
10476 – Mayfield Road  
Edmonton, AB T5P 4P4  
T: 780.489.9606  
F: 780.484.9689

#### **STONY PLAIN**

#101, 5300 – 50 Street  
PO Box 3188, Station Main  
Stony Plain, AB T7Z 1T8  
T: 780.963.2727  
F: 780.963.1294

#### **LLOYDMINSTER**

5102 – 48 Street  
PO Box 10099  
Lloydminster, AB T9V 3A2  
T: 780.875.7433  
F: 780.875.5304

**HAWKINGS.COM**



**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.

Hawkings Epp Dumont LLP, Chartered 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, 2015**

	<u>2015</u>	<u>2014</u> (Restated) (Note 18)
<b>FINANCIAL ASSETS</b>		
Cash and cash equivalents (Note 2)	\$ 67,929,223	\$ 61,725,034
Receivables (Note 3)	14,463,213	17,995,679
Loans receivable (Note 4)	784,125	895,460
Investments (Note 5)	<u>95,620,623</u>	<u>70,345,017</u>
	<u>178,797,184</u>	<u>150,961,190</u>
 <b>LIABILITIES</b>		
Accounts payable and accrued liabilities	\$ 9,079,531	\$ 9,067,073
Deferred revenue (Note 6)	1,621,261	250,000
Long-term debt (Note 7)	<u>1,199,481</u>	<u>1,229,051</u>
	<u>11,900,273</u>	<u>10,546,124</u>
 <b>NET FINANCIAL ASSETS</b>	 <u>166,896,911</u>	 <u>140,415,066</u>
 <b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (Note 8)	220,172,196	210,295,972
Gravel inventory for consumption	9,161,247	9,213,338
Prepaid expenses and deposits (Note 9)	<u>11,740,986</u>	<u>5,729,343</u>
	<u>241,074,429</u>	<u>225,238,653</u>
 <b>ACCUMULATED SURPLUS (NOTE 10)</b>	 <u>\$ 407,971,340</u>	 <u>\$ 365,653,719</u>
Contingencies (Note 12)		

**ON BEHALF OF COUNCIL:**

\_\_\_\_\_

\_\_\_\_\_

**MD OF GREENVIEW NO. 16**

**STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS**

**FOR THE YEAR ENDED DECEMBER 31, 2015**

	<u>2015</u> (Budget) (Note 20)	<u>2015</u> (Actual)	<u>2014</u> (Actual)
<b>REVENUE</b>			
Net taxation (Schedule 2)	\$ 72,754,481	\$ <b>76,690,800</b>	\$ 68,293,785
Oil well drilling taxes	9,000,000	<b>20,825,817</b>	20,324,228
Interest and investment income	3,150,665	<b>2,020,423</b>	2,782,864
User fees and sale of goods	1,466,625	<b>1,939,579</b>	1,852,187
Government transfers for operating (Schedule 3)	806,168	<b>793,762</b>	901,070
Licenses and permits	273,000	<b>649,179</b>	415,660
Penalties and costs on taxes	175,000	<b>486,270</b>	276,039
Other	40,000	<b>56,867</b>	200,047
Fines	-	<b>55,567</b>	48,535
	<u>87,665,939</u>	<u><b>103,518,264</b></u>	<u>95,094,415</u>
<b>EXPENSES (INCLUDING AMORTIZATION)</b>			
Transportation services	21,571,610	<b>36,439,757</b>	34,304,030
Recreation and cultural services	11,763,030	<b>11,415,363</b>	11,314,954
Administrative services	8,450,770	<b>7,596,186</b>	6,757,937
Planning and development services	3,270,058	<b>2,981,257</b>	1,993,507
Utilities and environmental services	2,711,265	<b>2,087,629</b>	1,450,033
Protective services	1,339,639	<b>1,741,447</b>	1,201,112
Public health and welfare services	1,458,559	<b>1,205,525</b>	1,090,000
Council and other legislative services	1,011,955	<b>737,906</b>	730,577
Waste management services	<u>673,225</u>	<u><b>673,369</b></u>	<u>1,012,654</u>
	<u>52,250,111</u>	<u><b>64,878,439</b></u>	<u>59,854,804</u>
<b>ANNUAL SURPLUS BEFORE OTHER REVENUE</b>	<u>35,415,828</u>	<u><b>38,639,825</b></u>	<u>35,239,611</u>
<b>OTHER REVENUE (EXPENSE)</b>			
Government transfers for capital (Schedule 3)	5,295,993	<b>4,202,378</b>	9,280,488
Loss on disposal of tangible capital assets	-	<b>(524,582)</b>	(73,680)
	<u>5,295,993</u>	<u><b>3,677,796</b></u>	<u>9,206,808</u>
<b>ANNUAL SURPLUS</b>	<u>40,711,821</u>	<u><b>42,317,621</b></u>	<u>44,446,419</u>
<b>ACCUMULATED SURPLUS, BEGINNING OF YEAR, AS PREVIOUSLY STATED</b>			
	365,653,719	<b>365,653,719</b>	320,632,655
Restatement (Note 18)	-	-	574,645
<b>ACCUMULATED SURPLUS, BEGINNING OF YEAR, AS RESTATED</b>	<u>365,653,719</u>	<u><b>365,653,719</b></u>	<u>321,207,300</u>
<b>ACCUMULATED SURPLUS, END OF YEAR</b>	<u>\$ 406,365,540</u>	<u><b>\$ 407,971,340</b></u>	<u>\$ 365,653,719</u>

See accompanying notes to financial statements.

MD OF GREENVIEW NO. 16

STATEMENT OF CHANGES IN NET FINANCIAL ASSETS

FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>2015</u> (Budget) (Note 20)	<u>2015</u> (Actual)	<u>2014</u> (Actual)
<b>ANNUAL SURPLUS</b>	\$ <u>40,711,821</u>	\$ <u>42,317,621</u>	\$ <u>44,446,419</u>
Acquisition of tangible capital assets	(77,652,103)	<b>(29,184,958)</b>	(41,163,374)
Proceeds on disposal of tangible capital assets	-	<b>640,259</b>	616,416
Amortization of tangible capital assets	-	<b>18,143,892</b>	16,231,920
Loss on disposal of tangible capital assets	<u>-</u>	<u><b>524,582</b></u>	<u>73,680</u>
	<u>(77,652,103)</u>	<u><b>(9,876,225)</b></u>	<u>(24,241,358)</u>
Use (acquisition) of inventory for consumption	-	<b>52,092</b>	(2,372,663)
Use (acquisition) of prepaid expenses	<u>-</u>	<u><b>(6,011,643)</b></u>	<u>1,458,214</u>
	<u>-</u>	<u><b>(5,959,551)</b></u>	<u>(914,449)</u>
<b>INCREASE (DECREASE) IN NET FINANCIAL ASSETS</b>	(36,940,282)	<b>26,481,845</b>	19,290,612
<b>NET FINANCIAL ASSETS, BEGINNING OF YEAR</b>	<u>140,415,066</u>	<u><b>140,415,066</b></u>	<u>121,124,454</u>
<b>NET FINANCIAL ASSETS, END OF YEAR</b>	<u>\$103,474,784</u>	<u><b>\$166,896,911</b></u>	<u>\$140,415,066</u>

See accompanying notes to financial statements.

**MD OF GREENVIEW NO. 16**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**

	<u>2015</u>	<u>2014</u>
<b>OPERATING ACTIVITIES</b>		
Annual surplus	\$ 42,317,621	\$ 44,446,419
Non-cash items included in annual surplus:		
Loss on disposal of tangible capital assets	524,582	73,680
Amortization of tangible capital assets	<u>18,143,892</u>	<u>16,231,920</u>
	60,986,095	60,752,019
Change in non-cash working capital balances:		
Accounts receivable	3,532,467	(8,276,007)
Prepaid expenses	(6,011,643)	1,458,214
Accounts payable and accrued liabilities	12,458	937,365
Deferred revenue	1,371,261	250,000
Inventories for consumption	<u>52,091</u>	<u>(2,372,662)</u>
	<u>59,942,729</u>	<u>52,748,929</u>
<b>CAPITAL ACTIVITIES</b>		
Proceeds on disposal of tangible capital assets	640,259	616,416
Acquisition of tangible capital assets	(29,184,958)	(41,163,374)
Purchase of investments	(25,275,606)	(8,265,685)
Loans receivable	<u>111,335</u>	<u>135,472</u>
	<u>(53,708,970)</u>	<u>(48,677,171)</u>
<b>FINANCING ACTIVITIES</b>		
Long-term debt principal repayments	<u>(29,570)</u>	<u>(28,156)</u>
<b>INCREASE IN CASH AND CASH EQUIVALENTS DURING THE YEAR</b>	<b>6,204,189</b>	<b>4,043,602</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<b><u>61,725,034</u></b>	<b><u>57,681,432</u></b>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b><u>\$ 67,929,223</u></b>	<b><u>\$ 61,725,034</u></b>

See accompanying notes to financial statements.

MD OF GREENVIEW NO. 16

Schedule 1

SCHEDULE OF EQUITY IN TANGIBLE CAPITAL ASSETS

FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>2015</u>	<u>2014</u>
<b>BALANCE, BEGINNING OF YEAR</b>	<b>\$ 210,295,972</b>	\$ 186,054,614
Acquisition of Tangible Capital Assets	<b>29,184,958</b>	41,163,374
Cost of Tangible Capital Assets Disposed of	<b>(2,269,265)</b>	(1,447,584)
Accumulated Amortization of Tangible Capital Assets Disposed of	<b>1,104,423</b>	757,488
Amortization of Tangible Capital Assets	<b>(18,143,892)</b>	(16,231,920)
Local improvement taxes receivable repayments	<b>(29,570)</b>	(28,156)
Long-term capital debt repayments	<u><b>29,570</b></u>	<u>28,156</u>
<b>BALANCE, END OF YEAR</b>	<b>\$ <u>220,172,196</u></b>	<b>\$ <u>210,295,972</u></b>
Equity in Tangible Capital Assets is Comprised of the Following:		
Tangible capital assets (Note 8)	<b>\$220,172,196</b>	\$210,295,972
Long-term capital debt	<b>(1,199,481)</b>	(1,229,051)
Local improvement taxes receivable	<u><b>1,199,481</b></u>	<u>1,229,051</u>
	<b>\$ <u>220,172,196</u></b>	<b>\$ <u>210,295,972</u></b>



## MD OF GREENVIEW NO. 16

Schedule 2

## SCHEDULE OF PROPERTY TAXES AND OTHER TAXES

FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>2015</u> (Budget) (Note 20)	<u>2015</u> (Actual)	<u>2014</u> (Actual)
<b>TAXATION</b>			
Real property taxes	\$ 32,579,556	\$ <b>36,540,156</b>	\$ 30,598,602
Linear property taxes	<u>61,862,992</u>	<u><b>62,709,528</b></u>	<u>58,361,313</u>
	<u>94,442,548</u>	<u><b>99,249,684</b></u>	<u>88,959,915</u>
<b>REQUISITIONS</b>			
Alberta School Foundation Fund	\$ 20,693,164	\$ <b>21,182,441</b>	\$ 19,696,113
Seniors foundations	936,000	<b>1,314,708</b>	911,319
Other school boards	<u>58,903</u>	<u><b>61,735</b></u>	<u>58,698</u>
	<u>21,688,067</u>	<u><b>22,558,884</b></u>	<u>20,666,130</u>
<b>NET MUNICIPAL PROPERTY TAXES</b>	<u>\$ 72,754,481</u>	<u>\$ <b>76,690,800</b></u>	<u>\$ 68,293,785</u>

## MD OF GREENVIEW NO. 16

Schedule 3

## SCHEDULE OF GOVERNMENT TRANSFERS

FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>2015</u> (Budget) (Note 20)	<u>2015</u> (Actual)	<u>2014</u> (Actual)
<b>TRANSFERS FOR OPERATING</b>			
Provincial government	\$ 635,006	\$ <b>621,023</b>	\$ 702,809
Local governments	<u>171,162</u>	<u><b>172,739</b></u>	<u>198,261</u>
	<u>806,168</u>	<u><b>793,762</b></u>	<u>901,070</u>
<b>TRANSFERS FOR CAPITAL</b>			
Provincial government	<u>5,295,993</u>	<u><b>4,202,378</b></u>	<u>9,280,488</u>
<b>TOTAL GOVERNMENT TRANSFERS</b>	<u>\$ 6,102,161</u>	<u>\$ <b>4,996,140</b></u>	<u>\$ 10,181,558</u>

**MD OF GREENVIEW NO. 16**

**Schedule 4**

**SCHEDULE OF SEGMENTED INFORMATION**

**FOR THE YEAR ENDED DECEMBER 31, 2015**

	<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	\$ 7,345,011	\$ 11,395,363	\$ 2,711,349	\$ 34,985,598	\$ 1,905,116	\$ 18,348,363	\$ 76,690,800
All other	-	-	-	-	-	24,094,123	24,094,123
User fees and sale of goods	48,439	20,000	101,549	1,454,159	182,285	133,147	1,939,579
Government transfers	<u>202,736</u>	<u>-</u>	<u>168,359</u>	<u>-</u>	<u>228</u>	<u>422,439</u>	<u>793,762</u>
	<u>7,596,186</u>	<u>11,415,363</u>	<u>2,981,257</u>	<u>36,439,757</u>	<u>2,087,629</u>	<u>42,998,072</u>	<u>103,518,264</u>
<b>EXPENSES</b>							
Amortization	509,029	34,737	217,238	16,349,538	409,668	623,682	18,143,892
Contracted and general services	3,156,081	9,089	700,623	9,538,618	402,328	1,188,549	14,995,288
Transfers to other governments and local boards and agencies	-	11,158,873	93,091	-	-	265,634	11,517,598
Salaries, wages, and benefits	2,697,600	186,225	1,594,532	3,939,171	962,472	1,625,750	11,005,750
Materials, goods, and supplies	562,571	26,439	364,395	6,329,582	152,143	474,410	7,909,540
Utilities	217,942	-	11,378	110,375	100,370	84,896	524,961
Repairs and maintenance	145,588	-	-	172,473	-	91,900	409,961
Insurance	307,375	-	-	-	-	3,426	310,801
Interest on long term debt	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>60,648</u>	<u>-</u>	<u>60,648</u>
	<u>7,596,186</u>	<u>11,415,363</u>	<u>2,981,257</u>	<u>36,439,757</u>	<u>2,087,629</u>	<u>4,358,247</u>	<u>64,878,439</u>
<b>NET REVENUE</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 38,639,825</u>	<u>\$ 38,639,825</u>

**MD OF GREENVIEW NO. 16**

*Schedule 5*

**SCHEDULE OF SEGMENTED INFORMATION**

**FOR THE YEAR ENDED DECEMBER 31, 2014**

	<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	\$ 6,524,849	\$ 11,274,854	\$ 1,725,381	\$ 32,863,485	\$ 1,261,818	\$ 14,643,398	\$ 68,293,785
All other	-	-	-	-	-	24,047,374	24,047,374
Government transfers	206,219	20,100	168,359	-	30,000	476,391	901,069
User fees and sale of goods	<u>26,869</u>	<u>20,000</u>	<u>99,767</u>	<u>1,440,545</u>	<u>158,215</u>	<u>106,791</u>	<u>1,852,187</u>
	<u>6,757,937</u>	<u>11,314,954</u>	<u>1,993,507</u>	<u>34,304,030</u>	<u>1,450,033</u>	<u>39,273,954</u>	<u>95,094,415</u>
<b>EXPENSES</b>							
Amortization	357,751	42,035	157,897	14,945,909	313,853	414,475	16,231,920
Contracted and general services	2,841,968	2,366	224,363	7,809,704	259,308	1,078,592	12,216,301
Transfer to other governments and local boards and agencies	-	11,176,116	224,885	-	-	270,158	11,671,159
Salaries, wages, and benefits	2,514,196	64,094	1,179,195	3,080,199	562,245	1,659,984	9,059,913
Materials, goods, and supplies	427,159	30,343	184,327	8,162,999	162,723	421,128	9,388,679
Telephone and utilities	169,509	-	12,605	124,841	89,841	106,493	503,289
Repairs and maintenance	164,257	-	10,235	180,378	-	80,160	435,030
Insurance	283,097	-	-	-	-	3,353	286,450
Interest on long term debt	-	-	-	-	62,063	-	62,063
	<u>6,757,937</u>	<u>11,314,954</u>	<u>1,993,507</u>	<u>34,304,030</u>	<u>1,450,033</u>	<u>4,034,343</u>	<u>59,854,804</u>
<b>NET REVENUE</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 35,239,611</u>	<u>\$ 35,239,611</u>

**MD OF GREENVIEW NO. 16**

**NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2015**

**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 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.

MD OF GREENVIEW NO. 16

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2015

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	
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.

MD OF GREENVIEW NO. 16

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2015

**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) 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>2015</u>	<u>2014</u>
Cash on hand	\$ (93)	\$ 545
Operating account	3,873,035	3,735,051
Temporary investments	<u>64,056,281</u>	<u>57,989,438</u>
	<u>\$ 67,929,223</u>	<u>\$ 61,725,034</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 1.76% - 1.80% per annum and maturing at dates between October 2015 - December 2015.

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, 2015 or 2014.

**MD OF GREENVIEW NO. 16**

**NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2015**

**3. ACCOUNTS RECEIVABLE**

	<u>2015</u>	<u>2014</u>
Oil well drilling	\$ 7,983,054	\$ 9,676,860
Trade and other	2,875,619	5,472,780
Taxes and grants in lieu of taxes	2,595,567	1,308,765
Local improvement taxes	1,199,481	1,229,051
Goods and Services Tax	<u>671,253</u>	<u>970,041</u>
	<b>15,324,974</b>	18,657,497
Less: Allowance for doubtful accounts	<u>(861,761)</u>	<u>(661,818)</u>
	<b><u>\$ 14,463,213</u></b>	<b><u>\$ 17,995,679</u></b>

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>2015</u>	<u>2014</u>
Heart River Housing	\$ 493,067	\$ 594,458
Town of Valleyview	235,953	235,953
Other	<u>55,105</u>	<u>65,049</u>
	<b><u>\$ 784,125</u></b>	<b><u>\$ 895,460</u></b>

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 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 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**

**DECEMBER 31, 2015**

**5. INVESTMENTS**

	<u>2015</u>	<u>2014</u>
Cash and money market funds	\$ <u>295,993</u>	\$ <u>3,089,000</u>
Fixed Income		
Guaranteed Investment Certificates	<u>54,940,000</u>	20,992,000
Government and corporate bonds	<u>40,379,620</u>	<u>46,259,007</u>
	<u>95,319,620</u>	<u>67,251,007</u>
Other	<u>5,010</u>	<u>5,010</u>
	\$ <u>95,620,623</u>	\$ <u>70,345,017</u>

Guaranteed investment certificates bear interest at rates between 1.29% - 2.45% per annum and mature at dates between January 2016 - November 2017. Government and corporate bonds bear interest at rates between 2.11% - 9.60% per annum mature between August 2017 - June 2025. The market value of the government and corporate bonds at December 31, 2015 was \$43,232,205 (2014 - \$47,527,947).

**6. DEFERRED REVENUE**

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

	<u>2015</u>	<u>2014</u>
Municipal Sustainability Initiative - capital component	\$ <u>1,371,261</u>	\$ -
Regional Collaboration Program	<u>250,000</u>	<u>250,000</u>
	\$ <u>1,621,261</u>	\$ <u>250,000</u>

**7. LONG-TERM DEBT**

	<u>2015</u>	<u>2014</u>
Alberta Capital Financing Authority debentures bearing interest at 4.964% per annum maturing in 2037.	\$ <u>1,199,481</u>	\$ <u>1,229,051</u>

Principal and interest payments are due as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 31,056	\$ 59,162	\$ 90,218
2017	32,618	57,600	90,218
2018	34,256	55,962	90,218
2019	35,977	54,241	90,218
2020	37,785	52,433	90,218
Thereafter	<u>1,027,789</u>	<u>559,563</u>	<u>1,587,352</u>
	\$ <u>1,199,481</u>	\$ <u>838,961</u>	\$ <u>2,038,442</u>

Greenview's total cash payments for interest in 2015 were \$60,647 (2014 - \$63,410).

MD OF GREENVIEW NO. 16

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2015

8. TANGIBLE CAPITAL ASSETS

	<u>2015</u> Net Book Value	<u>2014</u> Net Book Value
Engineered structures		
Roadways	\$ 122,212,348	\$ 124,150,467
Bridges	29,578,962	30,576,376
Water systems	10,792,626	10,609,257
Solid waste	7,875,375	7,878,599
Landfill	<u>1,827,084</u>	<u>1,906,171</u>
	172,286,395	175,120,870
Machinery, equipment, and furnishings	6,425,547	5,186,787
Vehicles	13,895,205	7,131,018
Buildings	21,543,599	17,339,627
Land	<u>6,021,450</u>	<u>5,517,670</u>
	<u>\$ 220,172,196</u>	<u>\$ 210,295,972</u>

	Cost Beginning of Year	Additions	Disposals	Transfers	Cost End of Year
Engineering structures					
Roadways	\$ 403,025,397	\$ 12,741,748	\$ -	\$ (586,795)	\$ 415,180,350
Bridges	47,986,188	110,790	-	-	48,096,978
Water	11,352,263	417,176	-	-	11,769,439
Solid waste	8,612,669	155,634	-	-	8,768,303
Landfill	<u>2,017,792</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,017,792</u>
	472,994,309	13,425,348	-	(586,795)	485,832,862
Vehicles	11,104,452	7,941,392	(307,860)	-	18,737,984
Buildings	21,193,957	4,790,133	-	-	25,984,090
Land	5,517,670	387,336	(470,351)	586,795	6,021,450
Machinery, equipment, and furnishings	<u>8,095,567</u>	<u>3,111,099</u>	<u>(1,961,404)</u>	<u>-</u>	<u>9,245,262</u>
	<u>\$ 518,905,955</u>	<u>\$ 29,655,308</u>	<u>\$ (2,739,615)</u>	<u>\$ -</u>	<u>\$ 545,821,648</u>

	Accumulated Amortization Beginning of Year	Current Amortization	Disposals	Transfers	Accumulated Amortization End of Year
Engineered structures					
Roadways	\$ 278,874,930	\$ 14,093,072	\$ -	\$ -	\$ 292,968,002
Bridges	17,409,812	1,108,204	-	-	18,518,016
Solid waste	734,070	158,858	-	-	892,928
Water	743,006	233,807	-	-	976,813
Landfill	<u>111,621</u>	<u>79,087</u>	<u>-</u>	<u>-</u>	<u>190,708</u>
	297,873,439	15,673,028	-	-	313,546,467
Machinery, equipment, and furnishings	2,908,780	779,044	(868,109)	-	2,819,715
Vehicles	3,973,434	1,105,659	(236,314)	-	4,842,779
Buildings	<u>3,854,330</u>	<u>586,161</u>	<u>-</u>	<u>-</u>	<u>4,440,491</u>
	<u>\$ 308,609,983</u>	<u>\$ 18,143,892</u>	<u>\$ (1,104,423)</u>	<u>\$ -</u>	<u>\$ 325,649,452</u>

Tangible capital assets include \$12,503,097 (2014 - \$7,187,064) 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, 2015**

**9. PREPAID EXPENSES AND DEPOSITS**

Included in prepaid expenses is a one-time advance of annual Community Development funding of \$10,500,000 (2014 - \$4,500,000) 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.

**10. ACCUMULATED SURPLUS**

	<u>2015</u>	<u>2014</u>
Unrestricted surplus	\$ 5,332,232	\$ 6,750,548
Restricted surplus (Note 11)	182,466,912	148,607,199
Equity in tangible capital assets (Schedule 1)	<u>220,172,196</u>	<u>210,295,972</u>
	<u>\$ 407,971,340</u>	<u>\$ 365,653,719</u>

**11. RESERVES**

	<u>2015</u>	<u>2014</u>
Road infrastructure	39,814,018	22,825,000
Project carry forward	38,012,196	47,850,496
Recreation	27,324,148	25,100,000
Operating contingency	13,000,000	9,449,006
Wastewater	12,097,770	9,750,000
Facilities	11,755,896	7,500,000
Water	9,173,218	3,750,000
Bridge replacement	8,502,910	5,300,000
Fire facilities	7,189,411	7,000,000
Equipment and vehicle fleet	6,463,407	2,250,000
Fire apparatuses	3,494,705	1,400,000
Disaster response	3,000,000	4,000,000
Gravel pit reclamation	1,347,447	1,347,447
Solid waste reclamation	1,000,000	1,000,000
Green View Family and Community Support Services	<u>291,786</u>	<u>85,250</u>
	<u>\$ 182,466,912</u>	<u>\$ 148,607,199</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.

**MD OF GREENVIEW NO. 16**

**NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2015**

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

## MD OF GREENVIEW NO. 16

### NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2015

#### 11. RESERVES (CONT'D)

(n) Gravel Pit Reclamation

Used for the environmental reclamation of landfills and 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. Will be equivalent to \$13 million; the average of three months operating costs.

#### 12. 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.

#### 13. 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, 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 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.

#### 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 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 2015 were \$852,999 (2014 - \$607,893). Total current service contributions by the employees of Greenview to the LAPP in 2015 were \$786,347 (2014 - \$560,377).

At December 31, 2014 the Plan disclosed an actuarial deficit of \$2.4 billion (2013 - \$4.9 billion).

**MD OF GREENVIEW NO. 16**

**NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2015**

**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:

	<u>Remuneration</u>	<u>Benefits and Allowances</u>	<b>2015 <u>Total</u></b>	2014 <u>Total</u>
<b>Reeve:</b>				
Ward 2	\$ 64,130	\$ 25,603	\$ <b>89,733</b>	\$ 78,085
Ward 5	-	-	-	-
<b>Councillors:</b>				
Ward 1	36,747	9,639	<b>46,386</b>	48,326
Ward 2	-	-	-	-
Ward 3	32,317	13,860	<b>46,177</b>	44,720
Ward 4	47,611	14,906	<b>62,517</b>	51,912
Ward 5	33,648	9,629	<b>43,277</b>	46,181
Ward 6	54,439	26,339	<b>80,778</b>	56,629
Ward 7	56,660	12,626	<b>69,286</b>	56,787
Ward 8	<u>48,503</u>	<u>12,049</u>	<b><u>60,552</u></b>	<u>63,939</u>
	<u>374,055</u>	<u>124,651</u>	<b><u>498,706</u></b>	<u>446,579</u>
Chief Administrative Officer	<u>203,676</u>	<u>48,040</u>	<b><u>251,716</u></b>	<u>210,788</u>
Designated Officer	\$ <u>122,789</u>	\$ <u>35,315</u>	\$ <b><u>158,104</u></b>	\$ <u>118,789</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.

Included in benefits and allowances for the Reeve and Councillors for Wards 3, 4, 6, and 7 are RRSP contributions matched by the MD of Greenview, up to a maximum of 5% of remuneration, applied retrospectively up to 5 years where applicable, as approved in Council Motion 14.12.673.

## MD OF GREENVIEW NO. 16

### NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2015

#### 16. 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) Multi-Purpose Recreation Facility

The MD 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 the MD. The estimated construction budget is \$31,000,000 of which the MD is required to contribute a total of \$25,000,000. Furthermore the MD 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) 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.

#### 17. 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*).

#### 18. RESTATEMENT

The MD recently discovered that Resource Road Program grant funding for the Forestry Trunk Road grading project in the amount of \$547,645 received during 2015 should have been recorded as revenue in the year the related costs were incurred which was prior to 2014. During 2015 the MD has corrected for this retroactively and prior periods have been restated.

The effect on the comparative 2014 figures has been to increase accounts receivable, net financial assets, and accumulated surplus by \$547,645.

MD OF GREENVIEW NO. 16

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2015

**19. 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>2015</u>	<u>2014</u>
Total debt limit	<b>\$155,277,396</b>	\$142,641,623
Total debt	<u><b>(1,199,481)</b></u>	<u>(1,229,051)</u>
Amount of debt limit unused	<u><b>\$154,077,915</b></u>	<u>\$141,412,572</u>
Service on debt limit	<b>\$ 25,879,566</b>	\$ 23,773,604
Service on debt	<u><b>(90,218)</b></u>	<u>(89,618)</u>
Amount of debt servicing limit unused	<u><b>\$ 25,789,348</b></u>	<u>\$ 23,683,986</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.

**20. BUDGET FIGURES**

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

**21. APPROVAL OF FINANCIAL STATEMENTS**

These financial statements were approved by Council.

**22. COMPARATIVE FIGURES**

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