MUNICIPAL DISTRICT OF GREENVIEW NO. 16

Financial Statements

December 31, 2012

FLETCHER MUDRYK & CO. LLP
CHARTERED ACCOUNTANTS

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INDEPENDENT AUDITORS' REPORT

To the Members of Municipal District of Greenview No. 16

We have audited the accompanying financial statements of Municipal District of Greenview No. 16, which comprise the statement of financial position as at December 31, 2012 and the statements of financial activities and accumulated surplus, changes in net financial assets and changes in financial position 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 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 from 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 auditor's judgment, 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, the financial statements present fairly, in all material respects, the financial position of Municipal District of Greenview No. 16 as at December 31, 2012 and the results of its operations, change in its net financial assets and changes in its financial position for the year then ended in accordance with Canadian public sector accounting standards.

Grande Prairie, Alberta
April 23, 2013

Fletcher, Mudryk & Co.
Chartered Accountants

MUNICIPAL DISTRICT OF GREENVIEW NO. 16

Statement of Financial Position

December 31, 2012

	2012	2011 *(Restated - Note 21)*
FINANCIAL ASSETS		
Cash and temporary investments *(Note 2)*	**$ 117,896,730**	$ 98,879,729
Taxes and grants in place of taxes receivable *(Note 3)*	**1,124,674**	1,310,420
Trade and other receivables *(Note 4)*	**3,455,518**	4,701,378
Investments *(Note 5)*	**5,010**	5,010
	122,481,932	104,896,537
FINANCIAL LIABILITIES		
Accounts payable and accrued liabilities *(Note 6)*	**6,303,755**	4,701,619
Deferred revenue *(Note 7)*	**3,333,410**	909,163
Long-term debt *(Note 8)*	**1,284,015**	1,309,541
	10,921,180	6,920,323
NET FINANCIAL ASSETS	**111,560,752**	97,976,214
NON-FINANCIAL ASSETS		
Tangible capital assets *(Note 10)*	**156,133,722**	141,078,292
Inventory	**9,002,433**	6,576,281
Prepaids *(Note 11)*	**3,059,821**	148,608
	168,195,976	147,803,181
NET ASSETS	**$ 279,756,728**	$ 245,779,395
CONTINGENT LIABILITY *(Note 17)*		
MUNICIPAL EQUITY		
ACCUMULATED SURPLUS *(Note 13)*	**$ 279,756,728**	$ 245,779,395

Please see accompanying notes to financial statements

MUNICIPAL DISTRICT OF GREENVIEW NO. 16

Statement of Financial Activities and Accumulated Surplus

Year Ended December 31, 2012

	Budget 2012 *(Unaudited)*	**2012**	2011 *(Restated - Note 21)*
REVENUE			
Net municipal property taxes *(Schedule 2)*	$ 53,636,578	**$ 58,677,968**	$ 53,496,367
Government transfers for operating *(Schedule 3)*	1,012,100	**2,126,604**	1,451,197
User fees and sale of goods	892,850	**1,380,210**	1,004,905
Interest and investment income	1,636,681	**2,945,103**	1,856,696
Penalties and costs of taxes	270,000	**353,274**	285,935
Fines, rentals, licenses and permits	157,700	**289,182**	229,403
	57,605,909	**65,772,341**	58,324,503
EXPENDITURES			
Council and other legislative services	481,000	**555,942**	464,138
Administrative services	5,773,170	**4,920,424**	3,806,049
Protective services	1,016,090	**835,011**	891,980
Transportation services	22,842,688	**23,770,622**	24,944,050
Utilities and environmental services	986,219	**826,756**	734,413
Waste management services	722,871	**715,994**	665,260
Public health and welfare services	862,317	**836,859**	738,923
Planning and development services	1,449,670	**1,279,864**	1,034,732
Recreation and cultural services	2,137,707	**1,579,475**	1,842,173
	36,271,732	**35,320,947**	35,121,718
EXCESS OF REVENUE OVER EXPENDITURES BEFORE THE FOLLOWING	21,334,177	**30,451,394**	23,202,785
OTHER ITEMS			
Gain (loss) on disposal of tangible capital assets	164,800	**(34,142)**	(31,910)
Government transfers for capital *(Schedule 3)*	7,360,466	**3,560,081**	8,504,557
	7,525,266	**3,525,939**	8,472,647
EXCESS OF REVENUE OVER EXPENDITURES	28,859,443	**33,977,333**	31,675,432
ACCUMULATED SURPLUS, BEGINNING	245,779,395	**245,779,395**	214,103,963
ACCUMULATED SURPLUS, ENDING	$ 274,638,838	**$ 279,756,728**	$ 245,779,395
SUPPLEMENTARY INFORMATION:			
General government operations		**$ 10,286,041**	$ 6,904,311
Restricted reserves		**114,620,980**	99,106,333
Equity in tangible capital assets		**154,849,707**	139,768,751
		$ 279,756,728	$ 245,779,395

Please see accompanying notes to financial statements

MUNICIPAL DISTRICT OF GREENVIEW NO. 16

Statement of Changes in Net Financial Assets

Year Ended December 31, 2012

	2012	2011 *(Restated - Note 21)*
EXCESS OF REVENUE OVER EXPENDITURES	**$ 33,977,333**	$ 31,675,432
Acquisition of tangible capital assets	**(8,780,846)**	(23,828,901)
Construction in progress	**(18,368,833)**	(235,699)
Proceeds on disposal of tangible capital assets	**285,999**	601,651
Amortization of tangible capital assets	**11,774,108**	11,228,757
Loss on disposal of tangible capital assets	**34,142**	31,910
	(15,055,430)	(12,202,282)
	18,921,903	19,473,150
Net acquisition of inventory	**(6,951,793)**	(3,799,123)
Acquisition of prepaid expenses	**(3,140,629)**	(222,211)
Use of inventory	**4,525,641**	6,001,293
Use of prepaid expenses	**229,416**	232,356
	(5,337,365)	2,212,315
INCREASE IN NET FINANCIAL ASSETS	**13,584,538**	21,685,465
NET FINANCIAL ASSETS, BEGINNING OF YEAR	**97,976,214**	76,290,749
NET FINANCIAL ASSETS, END OF YEAR	**$ 111,560,752**	$ 97,976,214

Please see accompanying notes to financial statements

MUNICIPAL DISTRICT OF GREENVIEW NO. 16

Statement of Changes in Financial Position

Year Ended December 31, 2012

	2012	2011 (Restated - Note 21)
OPERATING ACTIVITIES		
Excess of revenue over expenditures	**$ 33,977,333**	$ 31,675,432
Items not affecting cash:		
Amortization of tangible capital assets	**11,774,108**	11,228,757
Loss on disposal of tangible capital assets	**34,142**	31,910
	45,785,583	42,936,099
Changes in non-cash working capital:		
Taxes and grants in place of taxes receivable	**185,746**	(400,936)
Trade and other receivables	**1,245,860**	2,438,120
Inventory	**(2,426,152)**	2,202,170
Prepaids	**(2,911,213)**	10,145
Accounts payable and accrued liabilities	**1,602,136**	1,197,566
	(2,303,623)	5,447,065
Cash from operating activities	**43,481,960**	48,383,164
CAPITAL ACTIVITIES		
Acquisition of tangible capital assets	**(8,780,846)**	(23,828,901)
Construction in progress additions	**(24,704,365)**	(5,653,480)
Capitalized construction in progress	**6,335,532**	5,417,781
Deferred revenue on capital projects	**2,424,247**	(1,142,902)
Proceeds on disposal of tangible capital assets	**285,999**	601,651
Cash used by capital activities	**(24,439,433)**	(24,605,851)
FINANCING ACTIVITIES		
Repayment of long-term debt	**(25,526)**	(24,304)
Cash used by financing activities	**(25,526)**	(24,304)
INCREASE IN CASH	**19,017,001**	23,753,009
CASH - BEGINNING OF YEAR	**98,879,729**	75,126,720
CASH - END OF YEAR	**$ 117,896,730**	$ 98,879,729

Please see accompanying notes to financial statements

MUNICIPAL DISTRICT OF GREENVIEW NO. 16

Tangible Capital Assets *(Schedule 1)*

Year Ended December 31, 2012

	Balance, opening	Additions and construction	Disposals	Balance, ending
COST				
Land	$ 5,046,797	$ -	$ -	$ 5,046,797
Buildings	16,796,520	372,055	-	17,168,575
Equipment	5,875,831	1,130,526	(683,061)	6,323,296
Automotive equipment	5,040,425	1,067,388	(372,367)	5,735,446
Engineering structures - road	328,686,349	4,100,347	-	332,786,696
Engineering structures - bridges	38,056,316	795,853	-	38,852,169
Engineering structures - water	1,794,320	1,214,602	-	3,008,922
Engineering structures - solid waste	2,290,138	-	-	2,290,138
Engineering structures - landfill	52,984	100,075	-	153,059
Construction in progress	6,096,412	24,704,365	(6,335,532)	24,465,245
	$ 409,736,092	$ 33,485,211	$ (7,390,960)	$ 435,830,343

	Balance, opening	Current amortization	Disposals	Balance, ending
ACCUMULATED AMORTIZATION				
Land	$ -	$ -	$ -	$ -
Buildings	2,645,815	379,437	-	3,025,252
Equipment	2,083,896	571,038	(493,851)	2,161,083
Automotive equipment	2,767,125	474,378	(241,436)	3,000,067
Engineering structures - road	245,725,669	9,317,057	-	255,042,726
Engineering structures - bridges	14,449,627	936,222	-	15,385,849
Engineering structures - water	545,090	47,188	-	592,278
Engineering structures - solid waste	440,438	45,803	-	486,241
Engineering structures - landfill	140	2,985	-	3,125
	$ 268,657,800	$ 11,774,108	$ (735,287)	$ 279,696,621

	Net book value 2012	Net book value 2011
NET BOOK VALUE		
Land	**$ 5,046,797**	$ 5,046,797
Buildings	**14,143,323**	14,150,705
Equipment	**4,162,213**	3,791,935
Automotive equipment	**2,735,379**	2,273,300
Engineering structures - road	**77,743,970**	82,960,680
Engineering structures - bridges	**23,466,320**	23,606,689
Engineering structures - water	**2,416,644**	1,249,230
Engineering structures - solid waste	**1,803,897**	1,849,700
Engineering structures - landfill	**149,934**	52,844
Construction in progress	**24,465,245**	6,096,412
	$ 156,133,722	$ 141,078,292

Please see accompanying notes to financial statements

MUNICIPAL DISTRICT OF GREENVIEW NO. 16

Property and Other Taxes *(Schedule 2)*

Year Ended December 31, 2012

	Budget 2012 *(Unaudited)*	**2012**	2011
Taxation			
Real property taxes	$ 22,289,333	**$ 23,847,401**	$ 21,835,831
Linear property taxes	46,347,480	**48,508,045**	45,662,542
Government grants in place of taxes	-	**35,855**	37,288
Well drilling taxes	5,000,000	**10,277,078**	5,951,996
Local improvement taxes	92,200	**92,165**	92,165
	73,729,013	**82,760,544**	73,579,822
Requisitions			
Alberta School Foundation fund	16,218,758	**17,195,298**	16,218,758
Other school boards	55,192	**58,688**	55,190
Seniors foundations	818,485	**828,590**	809,507
	17,092,435	**18,082,576**	17,083,455
	56,636,578	**64,677,968**	56,496,367
Local government revenue sharing agreements	(3,000,000)	**(6,000,000)**	(3,000,000)
Net municipal property taxes	$ 53,636,578	**$ 58,677,968**	$ 53,496,367

Please see accompanying notes to financial statements

MUNICIPAL DISTRICT OF GREENVIEW NO. 16

Government Transfers

(Schedule 3)

Year Ended December 31, 2012

	Budget 2012 *(Unaudited)*	2012	2011
Provincial government transfers			
Administration	$ 353,014	**$ 349,671**	$ 353,014
Transportation services	22,140	**1,038,416**	409,036
Disaster assistance	20,000	-	15,000
Family and community support services	279,706	**281,533**	229,881
Agricultural development	167,000	**175,559**	257,545
Utilities and environmental services	36,000	**87,140**	25,439
Total provincial government transfers	877,860	**1,932,319**	1,289,915
Local government transfers	134,240	**194,285**	161,282
Total operating government transfers	1,012,100	**2,126,604**	1,451,197
Provincial capital - conditional			
Public works	-	-	1,834,765
Transportation services	7,055,957	**2,895,572**	6,060,774
Utilities and environmental services	304,509	**664,509**	609,018
Total capital provincial government transfers	7,360,466	**3,560,081**	8,504,557
Total government transfers	$ 8,372,566	**$ 5,686,685**	$ 9,955,754

Please see accompanying notes to financial statements

MUNICIPAL DISTRICT OF GREENVIEW NO. 16

Expenditures by Object

(Schedule 4)

Year Ended December 31, 2012

	Budget 2012 *(Unaudited)*	**2012**	2011
EXPENDITURES			
Salaries, wages and benefits	$ 6,729,729	**$ 6,709,981**	$ 5,720,474
Contracted and general services	12,106,471	**11,882,469**	13,468,486
Purchases from other governments	87,000	**79,965**	76,303
Materials, goods and supplies	2,784,093	**2,691,256**	2,203,257
Provision for allowances	50,000	**9,377**	6,006
Transfers to local boards and agencies	555,614	**698,390**	437,469
Transfers to individuals and organizations	2,011,497	**1,278,251**	1,825,814
Bank charges and short-term interest	83,000	**132,822**	89,585
Interest on capital debt	90,220	**64,328**	65,567
Amortization of tangible capital assets	11,774,108	**11,774,108**	11,228,757
	$ 36,271,732	**$ 35,320,947**	$ 35,121,718

Please see accompanying notes to financial statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Municipal District of Greenview No. 16 are the representations of management prepared in accordance with local government accounting standards established by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants. Significant aspects of the accounting policies adopted by the Municipality are as follows:

Reporting entity

The financial statements reflect the assets, liabilities, revenues and expenditures, changes in net financial assets and changes in financial position of the reporting entity. This entity is comprised of the municipal operations plus all of the organizations that are owned or controlled or controlled by the Municipality and are, therefore, accountable to the Municipality for the administration of their financial affairs and resources. Included in these financial statements are the Municipality's proportionate share of the financial activities of the W.D. Stevenson Medical Complex, as disclosed in Note 19.

The Municipality is a member of Greenview Regional Waste Management Commission, an organization that operates as a separate government reporting entity and, as such, has not been consolidated with the Municipality's operations.

The schedule of taxes levied includes operating requisitions for education, health care and senior foundations that are not part of the Municipal District's reporting entity.

Interdepartmental and organizational transactions and balances have been eliminated.

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.

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

Government transfers

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

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

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Investments

Temporary investements consist of sharot term instruments, money market fnds and portfolio investments such as fixed income bonds. Temporary investments are recorded at the lower of original cost (net) of amortized discounts and premiums.

Other investments are recorded at cost.

Employee future benefits

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

Over-levies and under-levies

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

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

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

Prepaid local improvement charges

Construction and borrowing costs associated with local improvement projects are recovered through annual special assessments during the period of the related borrowings. These levies are collectible from the property owners for work performed by the Municipality.

Where a taxpayer has elected to prepay the outstanding local improvement charges, such amounts are recorded as deferred revenue. Deferred revenue is amortized to revenue on a straight-line basis over the remaining term of the related borrowings.

In the event that the prepaid amounts are applied against the related borrowings, the deferred revenue is amortized to revenue by an amount equal to the debt repayment.

Landfill closure and post-closure liabilities

Pursuant to the Alberta Environment Protection & Enhancement Act, the Municipality is required to fund the closure of its landfill sites and provide for post-closure care of the facilities. Closure and post-closure activities include the final clay cover and landscaping, as well as surface and ground water monitoring and visual inspection. The requirement is being provided for through reserves over the estimated remaining life of the landfill based on usage.

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Provision for Gravel Pit Reclamation

The provision for gravel pit reclamation costs are estimates of future costs of restoring gravel pits to the standards required by the Environmental Protection and Enhancement Act. Reclamation is ongoing and the uncertainty inherent in an estimate of the provision will be partially resolved each year. The municipality has not yet recognized a provision for reclamation in the current year.

Tangible capital assets

Tangible capital assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the normal course of operations. The change in non-financial assets during the year, together with the excess of revenues over expenses, provides the consolidated change in net financial assets for the year.

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

Buildings	25 - 50 years
Equipment	5 - 20 years
Automotive equipment	3 - 20 years
Engineering structures:	
Water systems	25 - 50 years
Wastewater systems	50 years
Other engineering	5 - 50 years

In the year of acquisition, amortization is applied at half of normal rates. Construction in progress is not amortized until the asset is available for productive use.

The Municipality 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 reflected in income. No amortization is recorded in the year of disposition.

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

Inventory

Inventory 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.

Measurement uncertainty

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the 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, amortization of deferred revenues and the fair value of contributed tangible capital assets. Actual results could differ from those estimates.

2. CASH AND TEMPORARY INVESTMENTS

	2012	2011
Cash on hand	$ 400	$ 400
Cash in bank - ATB Financial	5,353,324	12,585,848
Temporary investments - money market funds	51,863,906	27,528,065
- bonds and debentures	60,679,100	58,765,416
	$ 117,896,730	$ 98,879,729

Cash in bank bears interest at prime less 1.85% per annum.

Temporary investments in money market funds are readily convertible into cash, have no fixed interest rates or set maturity dates, with a market value equal to carrying value.

Bonds and debentures contain cash and cash equivalents aggregating $693,864 (2011 - $8,110,273) and government and corporate bonds and debentures with average effective interest rates of 3.49% (2011 - 2.59%) and mature April, 2013 through February, 2022. Total market value is $61,710,647 (2011 - $60,366,400). Included in bonds and debentures are bond premiums of $860,088 (2011 - $791,410) which are amortized into income over the remaining term of the bond to which the premium relates.

Included in cash and cash equivalents are restricted amounts aggregating $3,275,750 (2011 - $708,683) to be used for specific capital and other projects, as specified by the Province of Alberta outlined in Note 7. In addition, cash aggregating $114,620,980 (2011 - $99,106,333) has been internally restricted for specific capital projects as outlined in the Municipality's long-term capital plan, designated as capital reserves as outlined in Note 14.

3. TAXES AND GRANTS IN PLACE OF TAXES RECEIVABLE

	2012	2011
Current taxes and grants in lieu of taxes	$ 542,228	$ 647,400
Tax arrears and grants in lieu of taxes	637,102	708,300
	1,179,330	1,355,700
Allowance for uncollectible taxes	(54,656)	(45,280)
	$ 1,124,674	$ 1,310,420

4. TRADE AND OTHER RECEIVABLES

	2012	2011
Trade and other receivables	$ 2,833,594	$ 2,373,016
Oil well drilling receivable	670,524	682,787
Due from Town of Valleyview	-	1,694,175
	3,504,118	4,749,978
Allowance for uncollectible trade and other receivables	(48,600)	(48,600)
	$ 3,455,518	$ 4,701,378

5. INVESTMENTS

	2012	2011
Alberta Capital Finance Authority shares (nominal interest)	$ 70	$ 70
Alberta Association of Municipal Districts and Counties Member's reserve	4,940	4,940
	$ 5,010	$ 5,010

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2012	2011
Operating	$ 1,981,315	$ 1,894,541
Capital	4,322,440	2,807,078
	$ 6,303,755	$ 4,701,619

Total vacation and overtime amounts owing by the Municipality to its employees in 2012 were $312,364 (2011 - $43,452). The vacation and overtime liability is comprised of the vacation and overtime that employees are deferring to future years. Employees have either earned the benefits or are entitled to these benefits within the next budgetary year.

7. DEFERRED REVENUE

	2012	2011
Valleyview rural waterline project	$ 57,660	$ 74,480
Valleyview medical building project	-	126,000
Provincial government grant - Municipal Sustainability Initiative	3,275,750	708,683
	$ 3,333,410	$ 909,163

Deferred contributions for the Valleyview rural waterline project are being amortized to revenue to 2016 at $16,820 annually.

Funding in the amount of $4,550,436 was received in the current year from the Municipal Sustainability Initiative. The use of these funds is restricted to eligible capital projects, as approved under the funding agreement, which are scheduled for completion in 2013. The unexpended portion of these funds of $3,275,750 are supported by temporary investments held exclusively for these projects (refer to Note 2).

8. LONG-TERM DEBT

	2012	2011
Alberta Capital Finance Authority	**$ 1,284,015**	$ 1,309,541
Amounts payable within one year	**(26,808)**	(25,525)
	$ 1,257,207	$ 1,284,016

Estimated principal and interest repayments to maturity are as follows:

	Principal	Interest	Total
2013	$ 26,808	$ 63,410	$ 90,218
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
Thereafter	1,135,806	668,554	1,804,360

Debenture debt is issued on the credit and security of the Municipal District of Greenview No. 16 at large, bears interest at a rate of 4.964% per annum and matures in 2037.

Total cash payments for interest during the year were $64,693 (2011 - $65,914).

9. DEBT LIMIT

Section 276(2) of the Municipal Government Act requires that debt and debt limits as defined by Alberta Regulation 255/2000 for the Municipal District of Greenview No. 16 be disclosed as follows:

	2012	2011
Total debt limit	**$ 98,658,512**	$ 87,486,755
Total debt	**(1,284,015)**	(1,309,541)
	$ 97,374,497	$ 86,177,214
Debt servicing limit	**$ 16,443,085**	$ 14,581,126
Debt servicing	**(90,218)**	(90,218)
	$ 16,352,867	$ 14,490,908

The debt limit is calculated as 1.5 times revenue of the Municipality and the debt service limit is calculated at 0.25 times such revenue. Incurring debt beyond these limitations requires approval by the Minister of Municipal Affairs. These thresholds are guidelines used by Alberta Municipal Affairs to identify Municipalities that could be at financial risk if further debt is acquired. The calculation taken alone does not represent the financial stability of the Municipality. Rather, the financial statements must be interpreted as a whole.

10. TANGIBLE CAPITAL ASSETS

	Cost	Accumulated amortization	**2012 Net book value**	2011 Net book value
Land	$ 5,046,797	$ -	**$ 5,046,797**	$ 5,046,797
Buildings	17,168,575	3,025,252	**14,143,323**	14,150,705
Equipment	6,323,296	2,161,083	**4,162,213**	3,791,935
Automotive equipment	5,735,446	3,000,067	**2,735,379**	2,273,300
Engineering structures - road	332,786,696	255,042,726	**77,743,970**	82,960,680
Engineering structures - bridges	38,852,169	15,385,849	**23,466,320**	23,606,689
Engineering structures - water	3,008,922	592,278	**2,416,644**	1,249,230
Engineering structures - solid waste	2,290,138	486,241	**1,803,897**	1,849,700
Engineering structures - landfill	153,059	3,125	**149,934**	52,844
Construction in progress	24,465,245	-	**24,465,245**	6,096,412
	$ 435,830,343	$ 279,696,621	**$ 156,133,722**	$ 141,078,292

11. PREPAIDS

Included in prepaids is a one-time advance of annual Community Development funding of $2,900,000 (2001 - $NIL) to the Town of Grande Cache to support the building of the Town's recreational facility. 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. EQUITY IN TANGIBLE CAPITAL ASSETS

	2012	2011
Tangible capital assets *(Note 10)*	**$ 156,133,722**	$ 141,078,292
Long-term debt *(Note 8)*	**(1,284,015)**	(1,309,541)
	$ 154,849,707	$ 139,768,751

13. ACCUMULATED SURPLUS

Accumulated surplus consists of restricted and unrestricted amounts and equity in tangible capital assets as follows:

	2012	2011 *(Restated - Note 21)*
General government operations	**$ 10,286,041**	$ 6,904,311
Restricted reserves *(Note 14)*	**114,620,980**	99,106,333
Equity in tangible capital assets *(Note 12)*	**154,849,707**	139,768,751
	$ 279,756,728	$ 245,779,395

14. RESTRICTED RESERVES

	Balance Beginning	Additions/ Transfers	Reductions/ Transfers	**Balance Ending**
Operating Reserves				
Gravel Pit Reclamation Reserve	$ 446,947	$ 900,500	$ -	$ **1,347,447**
Green View FCSS Reserve	-	140,579	-	**140,579**
Operating Contingency Reserve (1)	22,514,513	-	(22,514,513)	-
Protective Services Reserve (1)	5,946,080	-	(5,946,080)	-
Tax Stabilization Reserve	-	20,777,905	(12,704,616)	**8,073,289**
	28,907,540	21,818,984	(41,165,209)	**9,561,315**
Capital Reserves				
Bridges Reserve (1)	1,456,390	-	(1,456,390)	-
Building Reserve	-	1,414,332	-	**1,414,332**
Capital Project Carryovers Reserve	11,226,127	38,783,653	(11,226,127)	**38,783,653**
Environment Reserve (1)	13,634,687	-	(13,634,687)	-
General Infrastructure Reserve	29,138,536	17,650,776	-	**46,789,312**
Information Technology Reserve (1)	868,270	-	(868,270)	-
Roads and Paving Reserve (1)	7,629,794	-	(7,629,794)	-
Utility Reserve	-	12,310,924	-	**12,310,924**
Vehicle/Equipment Reserve	6,244,989	-	(483,545)	**5,761,444**
Total capital infrastructure reserve	70,198,793	70,159,685	(35,298,813)	**105,059,665**
	$ 99,106,333	$ 91,978,669	$ (76,464,022)	$ **114,620,980**

(1) This reserve, based on Council motion, has been discontinued.

For further information regarding these reserves, refer to Note 24.

15. SALARY AND BENEFITS DISCLOSURE

Disclosure of salaries and benefits for Municipal officials, the Chief Administrative Officer and designated officers as required by Alberta Regulation 313/2000 is as follows:

	Salary (1)	Employer Portion (2)	Benefits and Allowances (2)	**2012**	2011
Reeve:					
Ward 3	$ -	$ -	$ -	**$ -**	$ 40,697
Ward 5	53,775	3,272	1,264	**58,311**	9,922
Councillors:					
Ward 1	29,700	2,006	4,141	**35,847**	47,254
Ward 2	36,150	2,865	1,280	**40,295**	47,167
Ward 3	19,895	1,640	546	**22,081**	12,295
Ward 4	33,075	2,579	1,383	**37,037**	43,689
Ward 5	-	-	-	**-**	35,910
Ward 6	42,225	1,466	2,493	**46,184**	44,517
Ward 7	26,925	385	1,079	**28,389**	31,459
Ward 8	44,025	1,788	2,182	**47,995**	62,184
C.A.O. (3), (4)	290,051	20,046	9,388	**319,485**	194,117
Designated Officers	74,023	17,983	3,046	**95,052**	95,382

(1) Salary includes regular base pay, bonuses, overtime, lump sum payments, gross honoraria and any other direct cash remuneration.

(2) 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 the municipality's share of taxable benefits received, including travel and car allowances.

(3) An automobile allowance of $2,000 is provided and included in the C.A.O. benefits and allowances figure.

(4) Included in salary for the C.A.O. position in 2012 is a severance payment of $165,700 (2011 - $NIL).

16. LOCAL AUTHORITIES PENSION PLAN

Employees of the Municipal District of Greenview No. 16 participate in the Local Authorities Pension Plan (LAPP), which is covered by the Alberta Public Sector Pension Plans Act. The Plan serves about 214,000 people and 423 employers. It 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.

The Municipality is required to make current service contributions to the Plan of 9.91% of pensionable earnings up to the year's maximum pensionable earnings under the Canadian Pension Plan and 13.74% on the excess. Employees of the Municipal District of Greenview No. 16 are required to make current service contributions of 8.91% of pensionable payroll up to the year's maximum pensionable earnings under the Canada Pension Plan and 12.74% on the excess.

Total current service contributions by the Municipality to the Local Authorities Pension Plan in 2012 were $308,676 (2011 - $288,318). Total current service contributions by the employees of the Municipality to the Local Authorities Pension Plan in 2012 were $280,229 (2011 - $260,882).

At December 31, 2011, the Plan disclosed an actuarial deficiency of $4.6 billion (2010 - $4.6 billion).

LAPP has announced that member contribution rates will increase in 2013 to 9.43% of pensionable payroll up to the year's maximum pensionable earnings under the Canada Pension plan and 13.47% on the excess and employer contribution rates will increase in 2013 to 10.43% of pensionable payroll up to the year's maximum pensionable earnings under the Canada Pension Plan and 14.47% on the excess.

17. CONTINGENT LIABILITY

The Municipal District of Greenview No. 16 is a member of the Alberta Municipal Insurance Exchange (MUNIX). Under the terms of the membership, the Municipality 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.

18. RELATED PARTY TRANSACTIONS

	2012	2011
Greenview Regional Waste Management Commission *(49.35% interest)*		
Revenue - contracted services	$ 26,777	$ 46,095
Expenditures - user charges	87,293	90,265
- capital requisition	-	50,000
	$ 114,070	$ 186,360

19. FINANCIAL INSTRUMENTS

Credit Risk

The Municipality is subject to credit risk with respect to taxes and grants in place of taxes receivables and trade and other receivables. Credit risk arises from the possibility that taxpayers and entities to which the Municipality provides services may experience financial difficulty and be unable to fulfill their obligations. The large number and diversity of taxpayers and customers minimizes the credit risk.

Fair Value

The Municipality's financial instruments consist of cash and temporary investments, taxes and grants in place of taxes receivable, trade and other receivables, investments, accounts payable and accrued liabilities and long-term debt. Unless otherwise noted, the fair value of these financial instruments approximate their carrying value.

Interest Rate

The Municipality is not exposed to significant interest rate risk as a result of bonds and debenture investments held, as outlined in Note 2, and the issuance of fixed-rate debentures, as outlined in Note 8.

Unused Bank Credit Lines

The Municipality has an established credit facility with ATB Financial for a maximum demand revolving loan facility of $10 million, all of which was unused as at December 31, 2012, with an interest rate of prime less 0.25%.

20. GOVERNMENT PARTNERSHIP

In accordance with the CICA public sector accounting recommendations PS 3060 Government Partnerships, the financial position of the Municipality has been consolidated with the Municipality's proportionate 50% share of the W.D. Stevenson Medical Complex.

The following is a summary of the Municipality's share in this government partnership:

	2012	2011
Financial assets	**$ -**	$ 6,751
Financial liabilities	**-**	(1,285)
Net financial assets (debt)	**-**	5,466
Tangible capital assets	**95,061**	95,061
	$ 95,061	$ 100,527

As at March 26, 2013, the Municipality continues to service its 50% share of the building and equipment of this government partnership, but has ceased operations. It is anticipated there will be remediation expenses regarding maintenance of this property in the future, which the amount is unknown at this time.

21. PRIOR PERIOD ADJUSTMENTS

In the current year, it was noted that government and corporate bonds and debentures had premiums paid on their purchase for which no amortization had been recorded. In addition, interest expense included in transaction costs had not been netted against interest income. The financial statements have, therefore, been restated to present these balances at their carrying value. The impact on the financial statements is as follows:

	2011
Adjustments to opening accumulated surplus:	
As previously reported	$ 215,032,456
Decrease to cash and temporary investments from purchased interest	(368,312)
Decrease to cash and temporary investments from bond premium amortization	(560,181)
As restated	$ 214,103,963
Adjustments to excess of revenue over expenses:	
As previously reported	$ 32,356,410
Decrease in investment income from purchased interest	(449,749)
Decrease in investment income from bond premium amortization	(231,229)
As restated	$ 31,675,432
Adjustments to cash and temporary investments:	
As previously reported	$ 100,489,200
Decrease due to purchased interest	(818,061)
Decrease due to bond premium amortization	(791,410)
As restated	$ 98,879,729

22. BUDGETED FIGURES

The financial statements include the unaudited 2012 budgeted revenues and expenditures as approved by Council during the year. In addition, Council has requested the additional supplementary information for actual 2012 amortization be included of $11,774,108 (2011 - $11,228,757) in the 2012 budgeted figures for comparative purposes.

23. APPROVAL OF FINANCIAL STATEMENTS

Council and management have approved these financial statements.

24. SUPPLEMENTARY INFORMATION

Reserve balances and reclassifications in Note 14 of these financial statements 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:

- Building Reserve: 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 as shown in Note 10, with no maximum level.
- Capital Infrastructure Reserve: 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.
- Capital Project Carryovers Reserve: restricted to capital projects approved and not completed in the current year, of which the same project cannot carryover for more than two years without Council approval. Interest income earned during the year is not allocated to this reserve.
- Gravel Pit Reclamation Reserve: 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.
- Green View FCSS Reserve: 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.
- Tax Stabilization Reserve: used to smooth out year-to-year fluctuations in the budget due to unplanned or extraordinary revenues 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.
- Utility Reserve: 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 as shown in Note 10, with no maximum level.
- Vehicle/Equipment Reserve: used for unplanned capital purchases 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 as shown in Note 10, with no maximum level.