

MUNICIPAL DISTRICT OF OPPORTUNITY NO.17
Consolidated Financial Statements
Year Ended December 31, 2017

MUNICIPAL DISTRICT OF OPPORTUNITY NO.17

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Year Ended December 31, 2017

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MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying consolidated financial statements of the Municipal District of Opportunity No. 17 (the "Municipality") are the responsibility of the Municipality's management and have been prepared in accordance with Canadian Public Sector Accounting Standards established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada, as described in Note 1 to the consolidated financial statements.

The preparation of consolidated financial statements necessarily involves the use of estimates based on management's judgement, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

The Municipality's management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in accordance with Canadian Public Sector Accounting Standards established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada, and reliable financial information is available on a timely basis for preparation of the consolidated financial statements. These systems are monitored and evaluated by management. Council meets with management and the external auditor to review the consolidated financial statements and discuss any significant financial reporting or internal control matters prior to their approval of the consolidated financial statements.

The consolidated financial statements have been audited by Collins Barrow Edmonton LLP, independent external auditor appointed by the Municipality. The accompanying Independent Auditors' Report outlines their responsibilities, the scope of their examination and their opinion on the Municipality's consolidated financial statements.


Chief Administrative Officer
Manager of Finance and Information
Services

Wabasca, Alberta
May 09, 2018

INDEPENDENT AUDITORS' REPORT

To the Reeve and Council of Municipal District of Opportunity No.17

We have audited the accompanying consolidated financial statements of Municipal District of Opportunity No.17, which comprise the consolidated statement of financial position as at December 31, 2017 and the consolidated statements 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 Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

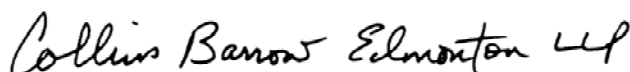
Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements present fairly, in all material respects, the financial position of Municipal District of Opportunity No.17 as at December 31, 2017 and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.



Edmonton, Alberta
May 9, 2018

Chartered Professional Accountants

MUNICIPAL DISTRICT OF OPPORTUNITY NO.17

Consolidated Statement of Financial Position

December 31, 2017

	2017	2016
FINANCIAL ASSETS		
Cash and cash equivalents	\$ 7,086,702	\$ 2,685,644
Restricted cash (Note 3)	59,828,463	39,991,121
Taxes and grants in place of taxes receivable (Note 4)	2,915,327	3,078,532
Due from federal and provincial governments	3,220,637	920,544
Trade and other receivables	1,633,314	1,433,608
Land held for resale	2,298,281	2,357,408
	76,982,724	50,466,857
LIABILITIES		
Accounts payable and accrued liabilities (Note 5)	4,821,236	4,519,809
Deposit liabilities	231,108	244,879
Deferred revenue (Note 6)	141,057	154,675
Trust liability - land sales (Note 7)	165,792	165,390
Landfill closure and post-closure liabilities (Note 8)	172,757	140,524
Long-term debt (Note 9)	26,396,262	1,458,429
	31,928,212	6,683,706
NET FINANCIAL ASSETS	45,054,512	43,783,151
NON-FINANCIAL ASSETS		
Tangible capital assets (Schedule 2)	300,009,243	297,585,648
Inventory for consumption	1,397,007	1,412,415
Prepaid expenses	438,066	775,878
	301,844,316	299,773,941
ACCUMULATED SURPLUS (Note 12, Schedule 1)	\$346,898,828	\$343,557,092

COMMITMENTS (Note 15)

CONTINGENCIES (Note 16)

APPROVED BY:



Chief Administrative Officer



Manager of Finance and Information Services

See notes to financial statements

MUNICIPAL DISTRICT OF OPPORTUNITY NO.17

Consolidated Statement of Operations and Accumulated Surplus
Year Ended December 31, 2017

	Budget (Note 19) 2017	2017	2016
REVENUES			
Net municipal taxes <i>(Schedule 3)</i>	\$ 56,431,800	\$ 51,905,183	\$ 61,423,779
User fees and sales of goods	4,398,510	3,912,419	4,088,409
Government transfers for operating <i>(Schedule 4)</i>	1,561,253	1,519,180	1,176,827
Rentals	817,060	693,130	683,852
Penalties and costs on taxes	215,000	213,081	205,124
Investment income	85,000	542,747	432,394
Other	77,500	490,323	572,191
Well drilling	75,000	157,888	40,147
Licenses, permits and fines	103,500	116,592	104,508
	63,764,623	59,550,543	68,727,231
EXPENSES <i>(Schedule 5)</i>			
Council	1,695,950	1,430,684	1,464,944
Administration	7,063,023	8,224,944	6,082,354
Engineering	615,170	575,253	533,951
Fire protection and safety services	4,635,468	4,511,543	5,144,980
Bylaw enforcement	116,810	111,869	86,257
Roads, streets, walks, lighting	22,117,039	21,276,152	20,690,146
Airport	129,390	66,459	106,730
Water supply and distribution	6,914,450	6,974,424	6,884,629
Wastewater treatment and disposal	2,387,880	2,206,379	2,303,624
Waste management	877,840	809,027	827,559
Family and community support	150,000	155,670	147,168
Daycare	3,396,303	2,974,888	2,840,723
Public health and welfare	2,942,709	2,548,944	2,778,353
Land use planning, zoning and development	1,101,588	913,197	1,281,964
Economic development and tourism	636,798	627,627	592,333
Recreation and culture	12,367,454	11,116,241	12,397,078
Out of school care	182,320	156,308	-
Housing operations	-	276,759	1,088,396
	67,330,192	64,956,368	65,251,189
ANNUAL SURPLUS (DEFICIT) BEFORE OTHER REVENUE			
	(3,565,569)	(5,405,825)	3,476,042
OTHER REVENUE			
Government transfers for capital <i>(Schedule 4)</i>	-	8,747,561	2,711,186
ANNUAL SURPLUS (DEFICIT)	(3,565,569)	3,341,736	6,187,228
Accumulated surplus - beginning of year	343,557,091	343,557,092	337,369,864
ACCUMULATED SURPLUS - END OF YEAR	\$339,991,522	\$346,898,828	\$343,557,092

See notes to financial statements

MUNICIPAL DISTRICT OF OPPORTUNITY NO.17

Consolidated Statement of Changes in Net Financial Assets

Year Ended December 31, 2017

	Budget 2017	2017	2016
ANNUAL SURPLUS (DEFICIT)	\$ (3,565,569)	\$ 3,341,736	\$ 6,187,228
Amortization of tangible capital assets	15,200,000	14,442,431	14,236,187
Acquisition of tangible capital assets	-	(17,034,091)	(12,045,478)
Proceeds on disposal of tangible capital assets	-	332,887	-
Gain on disposal of tangible capital assets	-	(164,822)	-
Write-down of tangible capital assets	-	-	2,242,579
	15,200,000	(2,423,595)	4,433,288
Use of (acquisition) inventory for consumption	-	15,408	(764,976)
Use of (acquisition) prepaid expenses	-	337,812	(278,080)
	-	353,220	(1,043,056)
	15,200,000	(2,070,375)	3,390,232
INCREASE IN NET FINANCIAL ASSETS	11,634,431	1,271,361	9,577,460
Net financial assets - beginning of year	-	43,783,151	34,205,691
NET FINANCIAL ASSETS - END OF YEAR	\$ 11,634,431	\$ 45,054,512	\$ 43,783,151

See notes to financial statements

MUNICIPAL DISTRICT OF OPPORTUNITY NO.17

Consolidated Statement of Cash Flows

Year Ended December 31, 2017

	2017	2016
CASH AND CASH EQUIVALENTS PROVIDED BY (USED IN):		
OPERATING ACTIVITIES		
Annual surplus	\$ 3,341,736	\$ 6,187,228
Items not affecting cash:		
Amortization of tangible capital assets	14,442,431	14,236,187
Gain on disposal of tangible capital assets	(164,822)	-
Increase in the provision for landfill closure and post closure costs	32,233	31,864
Write-down of tangible capital assets	-	2,242,580
	17,651,578	22,697,859
Changes in non-cash assets and liabilities:		
Decrease (increase) in taxes and grants in place of taxes receivable	163,205	(1,840,472)
Increase in due from federal and provincial governments	(2,300,093)	(380,480)
(Increase) decrease in trade and other receivables	(199,706)	279,543
Decrease in land held for resale	59,127	436,845
Decrease (increase) in prepaid expenses	337,812	(278,080)
Decrease (increase) in inventory for consumption	15,408	(764,976)
Increase (decrease) in accounts payable and accrued liabilities	301,427	(1,244,969)
Decrease in deposit liabilities	(13,771)	(15,434)
(Decrease) increase in deferred revenue	(13,618)	52,309
Increase in Trust liability - land sales	402	363
	(1,649,807)	(3,755,351)
	16,001,771	18,942,508
CAPITAL ACTIVITY		
Acquisition of tangible capital assets	(17,034,091)	(12,045,478)
Proceeds on disposal of tangible capital assets	332,887	-
	(16,701,204)	(12,045,478)
INVESTING ACTIVITY		
Increase in restricted cash	(19,837,342)	(15,637,217)
FINANCING ACTIVITIES		
Advance from long-term debt	25,000,000	-
Repayment of long-term debt	(62,167)	(94,939)
	24,937,833	(94,939)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	4,401,058	(8,835,126)
Cash and cash equivalents - beginning of year	2,685,644	11,520,770
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 7,086,702	\$ 2,685,644

See notes to financial statements

MUNICIPAL DISTRICT OF OPPORTUNITY NO.17

Notes to Consolidated Financial Statements

Year Ended December 31, 2017

1. Summary of significant accounting policies

The consolidated financial statements of the Municipal District of Opportunity (the "Municipality") are the representations of management prepared in accordance with Canadian Public Sector Accounting Standards for local governments established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada. Significant aspects of the accounting policies adopted by the Municipality are as follows:

(a) Reporting entity

The consolidated financial statements reflect the assets, liabilities, revenues and expenses, changes in fund balance and change 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 by the Municipality and are, therefore, accountable to Council for the administration of their financial affairs and resources. They include Municipal District of Opportunity Housing Development Corporation.

The schedule of taxes levied also includes requisitions for education, health, social and other external organizations that are not part of the municipal reporting entity.

The statements exclude trust assets that are administered for the benefit of external parties. Interdepartmental and organizational transactions and balances are eliminated.

(b) Basis of accounting

The consolidated 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 and services and/or the legal obligation to pay.

(c) Revenue recognition

Property tax revenue is based on market value assessments in accordance with the Municipal Government Act (MGA). Tax mill rates are established annually. Taxation revenues are recorded at the time the billings are issued. Assessments are subject to appeal. Losses on assessment appeals are recorded as adjustments to tax revenues and receivables when a written decision is received from the authorized board.

Revenues from the provision of goods or services are recognized in the period in which the goods are provided or the services rendered. Rental revenues are recognized in the period to which they relate. Investment income are recorded as revenue in the period earned.

Funds from external parties and earnings thereon restricted by agreement or legislation are accounted for as deferred revenue until used for the purpose specified.

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MUNICIPAL DISTRICT OF OPPORTUNITY NO.17

Notes to Consolidated Financial Statements

Year Ended December 31, 2017

1. Summary of significant accounting policies (*continued*)

(d) Use of estimates

The preparation of financial statements in accordance with Canadian Public Sector Accounting Standards requires management to make estimates and assumptions that affect the reported amount 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 period. Where measurement uncertainty exists, the financial statements have been prepared within reasonable limits of materiality. Significant management estimates pertain to the estimated useful life of tangible capital assets and related amortization, collectability of accounts receivable, the amounts for accrued liabilities and the amounts for landfill closure and post closure liabilities. Actual results may differ from those estimates.

(e) Cash and cash equivalents

Cash and cash equivalents consist of bank deposits and short-term investments with original term to maturity from the date of purchase of less than ninety days.

(f) Investments

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

(g) Debt charges recoverable

Debt charges recoverable consist of amounts that are recoverable from municipal agencies or other local governments with respect to outstanding debentures or other long-term debt pursuant to annexation orders or joint capital undertakings. These recoveries are recorded at a value that equals the offsetting portion of the un-matured long-term debt, less actuarial requirements for the retirement of any sinking fund debentures.

(h) Requisition over-levies and under-levies

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

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

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MUNICIPAL DISTRICT OF OPPORTUNITY NO.17

Notes to Consolidated Financial Statements

Year Ended December 31, 2017

1. Summary of significant accounting policies (*continued*)

(i) Land held for resale

Land held for resale is recorded at lower of cost or net realizable value. Cost includes costs for land acquisition and improvements required to prepare the land for servicing such as clearing, stripping and leveling charges. Related development costs incurred to provide infrastructure such as water and wastewater services, roads, sidewalks and street lighting are recorded as physical assets under their respective function.

(j) 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 collectable from 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.

(k) Landfill closure and post-closure liabilities

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

(l) Contaminated sites liabilities

Contaminated sites are a result of contamination being introduced into air, soil, water or sediment of a chemical, organic or radioactive material of live organism that exceeds an environmental standard. The liability is recorded net of any expected recoveries. A liability for remediation of a contaminated site is recognized when a site is not in productive use and is management's estimate of the cost of post remediation including operation, maintenance and monitoring.

(m) 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 amount can be made.

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MUNICIPAL DISTRICT OF OPPORTUNITY NO.17

Notes to Consolidated Financial Statements

Year Ended December 31, 2017

1. Summary of significant accounting policies (*continued*)

(n) Non-financial assets

Non-financial 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 changes 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.

a) 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 the estimated useful life as follows:

Buildings	25 to 50 years
Engineered Structures	
Water system	45 to 75 years
Wastewater system	45 to 75 years
Other engineered structures	10 to 65 years
Machinery and equipment	10 to 40 years
Furniture	10 to 40 years
Vehicles	10 to 40 years

Annual amortization is not charged in the year of acquisition or the year of disposal. Assets under construction are not amortized until the asset is available for productive use.

b) Contributions of tangible capital assets

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

c) Leases

Leases are classified as capital or operating leases. Leases which transfer substantially all of the benefits and risks incidental to ownership of property are accounted for as capital leases. All other leases are accounted for as operating leases and the related lease payments are charged to expenses as incurred.

d) Inventory for consumption

Inventories held for consumption are recorded at the lower of cost and replacement cost.

e) Cultural and historical tangible capital assets

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

f) Natural Resources

Natural resources that have not been purchased are not recognized as tangible capital assets in these financial statements.

MUNICIPAL DISTRICT OF OPPORTUNITY NO.17

Notes to Consolidated Financial Statements

Year Ended December 31, 2017

2. Recent Accounting Pronouncements

The following accounting standards have been issued by the Chartered Professional Accountants of Canada ("CPA Canada") but are not yet effective. The Municipality is currently evaluating the effect of adopting these standards on their consolidated financial statements.

Section PS 3450 – Financial Instruments

The new section establishes recognition, measurement and disclosure requirements for derivative and non-derivative financial instruments. The standard requires fair value measurement of derivatives and equity instruments. All other financial instruments can be measured at cost/amortized cost or fair value at the election of the government. Unrealized gains and losses are presented in a new statement of re-measurement gains and losses. There is a requirement to disclose the nature and extent of risks arising from financial instruments and clarification is given for the de-recognition of financial liabilities. This standard is applicable for fiscal years beginning on or after April 1, 2019.

Section PS 1201 – Financial Statement Presentation

This new section requires a new statement of re-measurement gains and losses separate from the statement of operations. Included in this new statement are the unrealized gains and losses arising for the re-measurement of financial instruments and items denominated in foreign currencies as well as government's proportionate share of other comprehensive income that arises when a government includes the results of government business enterprises and partnerships. This standard is applicable for fiscal years beginning on or after April 1, 2019.

Section PS 2601 – Foreign Currency Translation

This standard requires that monetary assets and liabilities denominated in a foreign currency be adjusted to reflect the exchange rates in effect at the financial statement date. Unrealized gains and losses are to be presented in the new statement of re-measurement gains and losses. This section replaces PS2600 and is applicable for years beginning on or after April 1, 2019.

Section PS 3041 - Portfolio Investments

This section removes the distinction between temporary and portfolio investments. This section now includes pooled investments in its scope and was amended to conform to Financial Instruments PS3450. Upon adoption of PS3450 and PS3041 Temporary Investments PS3030 will no longer apply. This standard is applicable for fiscal years beginning on or after April 1, 2019.

Section PS 3210 - Assets

This new Section provides guidance for applying the definition of assets set out in Section PS 1000, and establishes general disclosure standards for assets. Disclosure of information about the major categories of assets that are not recognized is required. When an asset is not recognized because a reasonable estimate of the amount involved cannot be made, the reason(s) for this should be disclosed. This standard is applicable for fiscal years beginning on or after April 1, 2017.

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MUNICIPAL DISTRICT OF OPPORTUNITY NO.17

Notes to Consolidated Financial Statements

Year Ended December 31, 2017

2. Recent Accounting Pronouncements (*continued*)

Section PS 3320 - Contingent Assets

This new Section defines and establishes disclosure standards on contingent assets. Disclosure of information about contingent assets is required when the occurrence of the confirming future event is likely. This standard is applicable for fiscal years beginning on or after April 1, 2017.

Section PS 3380 - Contractual Rights

This new Section defines and establishes disclosure standards on contractual rights. Disclosure of information about contractual rights is required including description about their nature and extent and the timing. This standard is applicable for fiscal years beginning on or after April 1, 2017.

Section PS 3240 - Inter-entity Transactions

This new Section establishes standards on how to account for and report transactions between public sector entities that comprise a government's reporting entity from both a provider and recipient perspective. This standard is applicable for fiscal years beginning on or after April 1, 2017.

Section PS 3430 - Restructuring Transactions

This new Section defines a restructuring transaction and establishes standards for recognizing and measuring assets and liabilities transferred in a restructuring transaction. This standard is applicable for fiscal years beginning on or after April 1, 2018.

3. Restricted Cash

	2017	2016
Restricted cash		
Water treatment plant reserve	\$ 10,414,594	\$ 10,275,540
Long-term care facility	25,000,000	-
	35,414,594	10,275,540
Restricted funds held in cash are held exclusively for capital and operating projects.		
Internally restricted cash		
Funds held in cash	-	19,836,191
Tax recovery trust held in guaranteed investment certificates	165,792	165,390
Investments held in guaranteed investment certificates	24,248,077	9,714,000
	24,413,869	29,715,581
Grand total	\$ 59,828,463	\$ 39,991,121

The tax recovery trust held in guaranteed investment certificates are restricted as it represents proceeds from tax recovery properties which must be maintained by the Municipality for 10 years. This is a restricted amount held to fund any tax recoveries claimed.

MUNICIPAL DISTRICT OF OPPORTUNITY NO.17

Notes to Consolidated Financial Statements

Year Ended December 31, 2017

4. Taxes and Grants in Place of Taxes Receivable

	2017	2016
Current taxes and grants in place of taxes	\$ 2,656,675	\$ 2,994,924
Arrears taxes	2,883,935	1,543,695
Subtotal	5,540,610	4,538,619
Less: Allowance for doubtful accounts	(2,625,283)	(1,460,087)
	\$ 2,915,327	\$ 3,078,532

5. Accounts Payable and Accrued Liabilities

The following is included in accounts payable and accrued liabilities:

	2017	2016
Vacation and overtime	\$ 368,768	\$ 734,379
Accounts payable and accrued liabilities	4,452,468	3,785,430
	\$ 4,821,236	\$ 4,519,809

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 year.

6. Deferred Revenue

	2017	2016
Deferred revenue - operating	\$ 141,057	\$ 154,675

Funding received from the various grant programs noted above are restricted to the eligible, operating and capital projects, as approved under the funding agreement.

7. Trust liability – land sales

The Municipality administers the following trust

	2017	2016
Tax sale trust account		
Balance, beginning of year	\$ 165,390	\$ 165,027
Interest earned	402	363
Balance, end of year	\$ 165,792	\$ 165,390

MUNICIPAL DISTRICT OF OPPORTUNITY NO.17

Notes to Consolidated Financial Statements

Year Ended December 31, 2017

8. Landfill Closure and Post-Closure Liabilities

The Municipality operates two Class II landfills in Red Earth Creek and Wabasca which can accept most types of waste after testing. The landfills are expected to provide capacity to 2041 and 2034 respectively. Closure activities occur on a stage by stage basis as the landfill reaches capacity. Post-closure activities will involve cover maintenance, groundwater and surface water monitoring and landfill gas monitoring. The monitoring and analysis costs remain consistent throughout the life of the waste management facility regardless of the number of active versus inactive stages as the same number of wells are monitored. Closure and post-closure costs are based on actual costs to complete those activities for the entire landfill for the 2017 year. Closure costs estimated below consist of the cost of closing the current stage on all open cells. Post-closure costs estimated below consist of maintenance and monitoring costs described above for both landfill sites. The landfills have an estimated remaining capacity of 182,242 cubic metres and 110,007 metric tonnes, respectively. It is estimated that the post-closure care will be required for a period of 25 years from closure.

	2017	2016
Landfill Closure and Post-Closure Liabilities		
Estimated closure costs	\$ 1,274,670	\$ 1,274,670
Estimated post-closure costs	3,937,601	3,937,601
Total estimated costs	5,212,271	5,212,271
Liability accrued	(172,757)	(140,524)
Balance of estimated closure and post-closure costs to accrue	\$ 5,039,514	\$ 5,071,747

Solid waste closure and post-closure care requirements have been defined in accordance with industry standards and include final covering and landscaping of the landfill, removal of ground water and leachates, and ongoing environmental monitoring, site inspection and maintenance. The present value of the Municipality's estimated future liability for this expense is recognized as the landfill site's capacity is used. The liability and annual expense is calculated based on the ratio of utilization to total capacity of the landfill site.

9. Long-term Debt

	2017	2016
Developer agreement & levy payable to Alberta Capital Finance Authority, bearing interest at 3.004% per annum, maturing December 31, 2043	\$ 25,000,000	\$ -
Developer agreement & levy payable to Alberta Capital Finance Authority, bearing interest at 3.406% per annum, maturing March 17, 2034	1,396,262	1,458,429
	\$ 26,396,262	\$ 1,458,429

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MUNICIPAL DISTRICT OF OPPORTUNITY NO.17

Notes to Consolidated Financial Statements

Year Ended December 31, 2017

9. Long-term Debt (continued)

Payment on principal and interest for long-term debt is supported by general tax levies.

Principal repayment terms are approximately:

2018	\$ 747,657
2019	770,544
2020	794,133
2021	818,445
2022	843,503
Thereafter	22,421,980
	<u>\$ 26,396,262</u>

10. 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 Municipality be disclosed as follows:

	2017	2016
Total debt limit	\$ 89,325,815	\$102,726,666
Total debt	(26,396,262)	(1,458,429)
Amount of debt limit unused	62,929,553	101,268,237
Debt servicing limit	14,887,636	17,121,111
Debt servicing	(1,540,437)	(101,015)
	<u>\$ 76,276,752</u>	<u>\$118,288,333</u>

The debt limit is calculated at 1.5 times revenue of the Municipality (as defined in Alberta Regulation 255/00) and the debt serving 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 which 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.

11. Equity in Tangible Capital Assets

	2017	2016
Tangible capital assets (Schedule 2)	\$ 484,085,785	\$ 468,932,354
Accumulated amortization (Schedule 2)	(184,076,542)	(171,346,706)
Long-term debt (Note 9)	(1,396,262)	(1,458,429)
	<u>\$ 298,612,981</u>	<u>\$ 296,127,219</u>

The \$25 million dollars has been excluded from equity in tangible capital assets as the building has not been constructed as of year end.

MUNICIPAL DISTRICT OF OPPORTUNITY NO.17

Notes to Consolidated Financial Statements

Year Ended December 31, 2017

12. Accumulated Surplus

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

	2017	2016
Unrestricted surplus	\$ 11,614,045	\$ 35,695,904
Restricted - Capital reserves	35,275,540	10,275,540
Invested in tangible capital assets	300,009,243	297,585,648
	\$346,898,828	\$343,557,092

MUNICIPAL DISTRICT OF OPPORTUNITY NO.17

Notes to Consolidated Financial Statements

Year Ended December 31, 2017

13. Salaries 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	Benefits and Allowances	2017	2016 Total
Marcel D. Auger (Reeve)	\$ 91,000	\$ 40,195	\$ 131,195	\$ 100,539
Everett Gottfried (Deputy Reeve)	91,000	27,131	118,131	100,721
Paul Sinclair	75,833	18,978	94,811	97,979
Dollie Anderson	75,833	38,704	114,537	97,979
Leo Alook	91,000	47,181	138,181	99,339
Dwayne Calliou	75,833	36,398	112,231	100,539
Clarence Cardinal	75,233	28,250	103,483	96,924
Gerald Johnson	75,833	14,103	89,936	98,692
Louie Okenow	75,833	35,984	111,817	99,339
Hal Taron	75,833	27,171	103,004	100,539
Roy Yellowknee	91,000	44,356	135,356	100,539
Brenden Powell	18,958	9,603	28,561	-
Louis Cardinal	18,958	6,602	25,560	-
Victor Gladue	18,958	6,806	25,764	-
Kevin Bigstone	18,958	7,465	26,423	-
Robin Guild	18,958	2,435	21,393	-
Barry Schmidt	18,958	9,190	28,148	-
Darlene Jackson	18,958	3,195	22,153	-
Helen Alook (CEO)	198,660	17,435	216,095	231,917
	\$ 1,225,597	\$ 421,182	\$ 1,646,779	\$ 1,325,046

Council salary includes regular base pay, gross honoraria and any other direct cash remuneration.
Council benefits include:

- Employer's share of all benefits and contributions or payments made on behalf of employees, including health care, dental coverage, vision coverage, group life insurance, accidental disability and dismemberment insurance, long and short-term disability plans; and
- Allowances and the employer's share of the cost of additional taxable benefits, including special leave with pay, car and travel allowances, conferences and memberships.

MUNICIPAL DISTRICT OF OPPORTUNITY NO.17

Notes to Consolidated Financial Statements

Year Ended December 31, 2017

14. Local Authorities Pension Plan

Employees of the Municipality participate in the Local Authorities Pension Plan ("LAPP"), which is one of the plans covered by the Alberta Public Sector Pension Plans Act. The LAPP serves about 224,000 people and over 428 employers. The LAPP is financed by employer and employee contributions and by 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 LAPP of 11.39% (2016–11.39%) of pensionable earnings up to the year's maximum pensionable earnings under the Canada Pension Plan and 15.84% (2016 –15.84%) on pensionable earnings above this amount. Employees of the Municipality are required to make current service contributions of 10.39% (2016–10.39%) of pensionable salary up to the year's maximum pensionable salary and 14.84% (2016 –14.84%) on pensionable salary above this amount.

Total current service contributions by the Municipality to the LAPP in 2017 were \$2,209,086 (2016 - \$2,207,022). Total current service contributions by the employees of the Municipality in 2017 were \$2,032,987 (2016 - \$2,089,494).

15. Commitments

The Municipality is committed to completion of the Wabasca Long Term Health Care Facility project. As of December 31, 2017, the Municipality has incurred \$2,559,905 in project-related costs (2016 – \$36,800). The balance of costs committed to complete the project stands at \$20.45 Million.

The Municipality is committed to completion of the Red Earth Expand Landfill Cell project. As of December 31, 2017, the Municipality has incurred \$1,569,406 in project-related costs (2016 – \$770,459). The balance of costs committed to complete the project stands at \$21,072.

The Municipality is committed to completion of the Wabasca North Road Rebuild project. As of December 31, 2017, the Municipality has incurred \$99,460 in project-related costs. The balance of costs committed to complete the project stands at \$1,167,145.

The Municipality is committed to completion of the All Regional Water SCADA project. As of December 31, 2017, the Municipality has incurred \$103,992 in project-related costs. The balance of costs committed to complete the project stands at \$2,580,008.

The Municipality is committed to completion of the Sandy Lake WTP Microfiltration project. As of December 31, 2017, the Municipality has incurred \$794,953 in project-related costs (2016 - \$257,679). The balance of costs committed to complete the project stands at \$6,116,313.

The Municipality is committed to completion of the Calling Lake Sewage Lagoon project. As of December 31, 2017, the Municipality has incurred \$3,323,405 in project-related costs (2016 – \$1,192,941). The balance of costs committed to complete the project stands at \$2,854,874.

The Municipality is committed to completion of the Wabasca Rodeo Cultural Grounds project. As of December 31, 2017, the Municipality has incurred \$0 in project-related costs (2016 – \$596,741). The balance of costs committed to complete the project stands at \$500,000.

MUNICIPAL DISTRICT OF OPPORTUNITY NO.17

Notes to Consolidated Financial Statements

Year Ended December 31, 2017

16. Contingencies

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

The Municipality is involved in claims and potential claims arising in the normal course of operations as at December 31, 2017. The outcome of any claims cannot be determined until they are completed. Any settlements, awards or determination of loss will be reflected in the accounts as the matters are resolved

17. Segmented Disclosure

The Municipality provides a wide range of services to its taxpayers. Segment disclosures are intended to enable its users to better understand the government reporting entity and the major expense and revenue activities of the Municipality. For each reported segment, revenues and expenses represent amounts that are allocated on a reasonable basis.

The segments have been selected based on a presentation similar to that adopted for the municipal financial planning and budget processes. Segments include:

(a) **General Government** consists of corporate administration and general municipal services for the Municipality.

(b) **Protective Services** is comprised of police, traffic safety, bylaw enforcement, fire rescue and ambulance service.

(c) **Transportation Services** include bus, roadway and parking services.

(d) **Environmental Use and Protection** delivers services consisting of collection, processing and disposal of residential and non-residential waste and recyclables, underground services, water and wastewater treatment, as well as community relation services in support of waste management programs.

(e) **Planning and Development** is comprised of the Community Development Branch, the Comprehensive Planning branch and the Safety Codes branch.

(f) **Recreation and Culture** develops initiatives to provide opportunities and support in the areas of arts heritage and culture, and in recreation, sport and leisure.

(g) **Public Health and Welfare** provides family and community support services along with cemeteries.

(h) **Subsidiary Entity** include the Municipal District of Opportunity No. 17 Housing and Development Corporation.

The accounting policies used in the segment disclosure are consistent with those followed in the preparation of the consolidated financial statements (Note 1)

MUNICIPAL DISTRICT OF OPPORTUNITY NO.17

Notes to Consolidated Financial Statements

Year Ended December 31, 2017

18. Approval of Financial Statements

These financial statements were approved by management and presented to Council on May 9, 2018.

19. Budget Figures

Budget figures based upon the operating and capital budgets approved by Council and are included for information purposes only and are not audited.

MUNICIPAL DISTRICT OF OPPORTUNITY NO.17

Consolidated Consolidated Schedule of Changes in Accumulated Surplus
For the Year Ended December 31, 2017

(Schedule 1)

	Unrestricted Surplus	Restricted Capital Reserves	Invested in Tangible Capital Assets	2017	2016
Balance, beginning of year	\$ 35,695,904	\$ 10,275,540	\$297,585,648	\$343,557,092	\$337,369,864
Annual surplus	3,341,736	-	-	3,341,736	6,187,228
Amortization of tangible capital assets	14,442,431	-	(14,442,431)	-	-
Transfer to restricted capital reserves	(25,000,000)	25,000,000	-	-	-
Transfer of land held for resale	-	-	-	-	-
Interest earned on restricted capital reserves	-	-	-	-	-
Current year funds used for tangible capital assets	(16,803,859)	-	16,803,859	-	-
Long-term debt repaid	(62,167)	-	62,167	-	-
Balance, end of year	11,614,045	35,275,540	300,009,243	346,898,828	343,557,092
Grand Total	\$ 11,614,045	\$ 35,275,540	\$300,009,243	\$346,898,828	\$343,557,092

See notes to financial statements

MUNICIPAL DISTRICT OF OPPORTUNITY NO.17

Consolidated Consolidated Schedule of Tangible Capital Assets
For the Year Ended December 31, 2017

(Schedule 2)

	Land	Work In Progress	Buildings	Engineered Structures	Machinery and Equipment	Furniture	Vehicles	2017	2016
Cost									
Balance, beginning of year	\$ 2,393,018	\$ 19,725,426	\$ 90,045,854	\$ 324,283,947	\$ 16,310,982	\$ 83,373	\$ 16,089,754	\$ 468,932,354	\$ 459,129,455
Acquisition of tangible capital assets	150,199	9,352,878	315,955	3,041,284	3,046,312	-	1,127,463	17,034,091	12,045,479
Transfer of completed projects	25,338	(7,628,099)	1,108,150	5,421,123	1,073,488	-	-	-	-
Disposal of tangible capital assets	(60,973)	-	(10,941)	-	(454,538)	-	(1,354,207)	(1,880,659)	(2,242,580)
Balance, end of year	\$ 2,507,582	\$ 21,450,205	\$ 91,459,018	\$ 332,746,354	\$ 19,976,244	\$ 83,373	\$ 15,863,010	\$ 484,085,786	\$ 468,932,354
Accumulated amortization									
Balance, beginning of year	\$ -	\$ -	\$ 17,751,967	\$ 138,387,550	\$ 8,420,326	\$ -	\$ 6,786,863	\$ 171,346,706	\$ 157,110,519
Annual amortization	-	-	2,048,750	9,734,140	1,165,294	-	1,494,247	14,442,431	14,236,187
Accumulated amortization on disposals	-	-	-	-	(454,538)	-	(1,258,056)	(1,712,594)	-
Balance, end of year	\$ -	\$ -	\$ 19,800,717	\$ 148,121,690	\$ 9,131,082	\$ -	\$ 7,023,054	\$ 184,076,543	\$ 171,346,706
Net book value of tangible capital assets	\$ 2,507,582	\$ 21,450,204	\$ 71,658,301	\$ 184,624,665	\$ 10,845,162	\$ 83,373	\$ 8,839,956	\$ 300,009,243	\$ 297,585,648
2016 Net book value of tangible capital assets	\$ 2,393,018	\$ 19,725,425	\$ 72,293,887	\$ 185,896,399	\$ 7,890,656	\$ 83,373	\$ 9,302,891		

See notes to financial statements

MUNICIPAL DISTRICT OF OPPORTUNITY NO.17

Consolidated Consolidated Schedule of Net Municipal Taxes
For the Year Ended December 31, 2017

(Schedule 3)

	Budget 2017	2017	2016
Taxation			
Real property taxes	\$ 29,114,800	\$ 26,970,384	\$ 29,681,718
Linear property	39,000,000	36,774,269	42,705,312
	\$ 68,114,800	\$ 63,744,653	\$ 72,387,030
Requisitions			
Alberta School Foundation Fund	\$ 10,875,000	\$ 9,659,627	\$ 10,560,405
Seniors lodges	208,000	179,843	202,846
Housing	600,000	2,000,000	200,000
	\$ 11,683,000	\$ 11,839,470	\$ 10,963,251
Net municipal taxes	\$ 56,431,800	\$ 51,905,183	\$ 61,423,779

See notes to financial statements

MUNICIPAL DISTRICT OF OPPORTUNITY NO.17

Consolidated Consolidated Schedule of Government Transfers
For the Year Ended December 31, 2017

(Schedule 4)

	Budget 2017	2017	2016
Transfers for operating total	\$ 1,561,253	\$ 1,519,180	\$ 1,176,827
Transfers for capital total	-	8,747,561	2,711,186
Total government transfers	\$ 1,561,253	\$ 10,266,741	\$ 3,888,013

See notes to financial statements

MUNICIPAL DISTRICT OF OPPORTUNITY NO.17

Consolidated Consolidated Schedule of Expenses by Object
For the Year Ended December 31, 2017

(Schedule 5)

	Budget 2017	2017	2016
Expenses by object			
Salaries, wages and benefits	\$ 31,744,270	\$ 29,804,809	\$ 29,060,879
Contracted and general services	13,446,753	12,304,100	13,710,523
Materials, goods, supplies and utilities	5,190,431	5,071,818	5,850,934
Provision for allowances	-	1,651,177	331,141
Transfers to local boards and agencies	1,713,148	1,527,452	1,099,635
Bank charges and short-term interest	35,590	42,117	47,585
Interest on operating long-term debt	-	49,149	51,214
Amortization for tangible capital assets	15,200,000	14,442,431	14,236,187
Housing Operations	-	63,315	863,091
	\$ 67,330,192	\$ 64,956,368	\$ 65,251,189

See notes to financial statements

MUNICIPAL DISTRICT OF OPPORTUNITY NO.17

Consolidated Schedule of Segmented Disclosure

(Schedule 6)

For the Year Ended December 31, 2017

	General Government	Protective Services	Transportation Services	Environmental Use and Protection	Planning and Development	Recreation and Culture	Public Health and Welfare	Subsidiary - Housing and Development Corporation	2017
Revenues									
Net municipal taxes	\$ 51,905,183	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 51,905,183
Government transfers	2,454,874	1,012,466	-	6,392,741	-	18,087	388,573	-	10,266,741
User fees and sales of goods	7,395	67,950	18,122	2,347,231	7,628	88,749	1,375,344	-	3,912,419
Investment income	542,747	-	-	-	-	-	-	-	542,747
Other revenues	618,366	631	27,619	3,876	390,623	337,972	84,586	207,341	1,671,014
	\$ 55,528,565	\$ 1,081,047	\$ 45,741	\$ 8,743,848	\$ 398,251	\$ 444,808	\$ 1,848,503	\$ 207,341	\$ 68,298,104
Expenses									
Salaries, wages and benefits	\$ 4,396,579	\$ 1,724,924	\$ 8,692,157	\$ 3,801,447	\$ 820,759	\$ 6,863,809	\$ 3,505,134	\$ -	\$ 29,804,809
Contracted and general services	1,972,883	2,317,361	2,943,223	2,324,289	505,455	512,053	1,728,836	12,539	12,316,639
Materials, goods, supplies and utilities	155,567	208,614	2,029,930	1,009,221	70,506	1,240,833	357,147	50,766	5,122,584
Transfers to local boards and agencies	1,238,726	-	-	129,524	279	45,460	113,463	-	1,527,452
Interest on long-term debt	49,149	-	-	-	-	-	-	-	49,149
Other expenses	1,684,855	530	2,865	2,101	60	1,820	1,074	-	1,693,305
	\$ 9,497,759	\$ 4,251,429	\$ 13,668,175	\$ 7,266,582	\$ 1,397,059	\$ 8,663,975	\$ 5,705,654	\$ 63,305	\$ 50,513,938

(continues)

See notes to financial statements

MUNICIPAL DISTRICT OF OPPORTUNITY NO.17

Consolidated Schedule of Segmented Disclosure *(continued)*

(Schedule 6)

For the Year Ended December 31, 2017

	General Government	Protective Services	Transportation Services	Environmental Use and Protection	Planning and Development	Recreation and Culture	Public Health and Welfare	Subsidiary - Housing and Development Corporation	2017
Annual surplus (deficit) before amortization of tangible capital assets	\$ 46,030,806	\$ (3,170,382)	\$ (13,622,434)	\$ 1,477,266	\$ (998,808)	\$ (8,219,167)	\$ (3,857,151)	144,037	\$ 17,784,167
Amortization for tangible capital assets	\$ 137,250	\$ 364,190	\$ 8,249,689	\$ 2,772,956	\$ 143,765	\$ 2,430,959	\$ 130,168	213,454	\$ 14,442,431
Annual Surplus (deficit)	\$ 45,893,556	\$ (3,534,572)	\$ (21,872,123)	\$ (1,295,690)	\$ (1,142,573)	\$ (10,650,126)	\$ (3,987,319)	(69,417)	\$ 3,341,736

See notes to financial statements