



Audit Committee

Council Chamber
9909 Franklin Avenue, Fort McMurray

Wednesday, April 20, 2016
4:00 p.m.

Agenda

Call to Order

1. Adoption of the Agenda
2. Minutes of the Audit Committee meeting - February 4, 2016

New and Unfinished Business

3. Next Meeting Date
4. Audit Committee Terms of Reference
5. Policy Update Log
6. Expense Summary – Council and Office of the Chief Administrative Officer (CAO)
 - Period Ending March 31, 2016
7. Presentation of the 2015 Non-Consolidated Financial Statements
 - Regional Municipality of Wood Buffalo
 - Regional Recreation Corporation
 - Wood Buffalo Housing and Development Corporation
 - Regional Municipality of Wood Buffalo Library Board
 - Business Arising: 2015 Non-Consolidated Financial Statements

8. 2015 Audited Consolidated Financial Statements
 - Presentation from Regional Municipality of Wood Buffalo
 - Presentation from Deloitte LLP
 - Business Arising: 2015 Audited Consolidated Financial Statements

*Please note that a resolution to move in camera will move the Committee into a private meeting session and all members of the public will be asked to vacate the gallery.

Motion to Move In Camera

9. 2015 External Audit Results and Management Letter
(In camera pursuant to section 24 of the Freedom of Information and Protection of Privacy Act)
10. Private Discussion with External Auditors
(In camera pursuant to section 24 of the Freedom of Information and Protection of Privacy Act)

Motion to Reconvene in Public

Adjournment

Unapproved Minutes of a Meeting of the Audit Committee held in the Council Chamber at the Municipal Offices in Fort McMurray, Alberta, on Thursday, February 04, 2016, commencing at 4:00 p.m.

Present: T. Ault, Chair
J. Stroud, Councillor

Absent: S. Germain, Councillor

Administration: M. Ulliac, Chief Administrative Officer
D. Leflar, Chief Legislative Officer
E. Hutton, Chief Financial Officer
S. Harper, Legislative Officer

Call to Order

Chair T. Ault called the meeting to order at 4:04 p.m.

1. Adoption of the Agenda

Moved by Councillor J. Stroud that the agenda be adopted as presented.

CARRIED UNANIMOUSLY

2. Minutes of the Audit Committee meeting - October 14, 2015

Moved by Councillor J. Stroud that the Minutes from the Audit Committee meeting held on October 14, 2015 be approved as presented.

CARRIED UNANIMOUSLY

New and Unfinished Business

3. Proposed Meeting Schedule
(4:06 p.m. – 4:08 p.m.)

Moved by Councillor J. Stroud:

- That the next meeting of the Audit Committee be scheduled on Wednesday, April 20, 2016 at 4:00 p.m.; and
- That the meetings of the Audit Committee occur on a quarterly basis on the second Tuesday of the month at 4:00 p.m. thereafter.

CARRIED UNANIMOUSLY

4. 2015 Year-End Expense Summary – Council and Office of the Chief Administrative Officer
(4:09 p.m. – 4:12 p.m.)

Moved by Councillor J. Stroud that the 2015 Year-End Expense Summary for Council and the Office of the Chief Administrative Officer be received as information.

CARRIED UNANIMOUSLY

5. Policy Update Log
(4:13 p.m. – 4:23 p.m.)

Marcel Ulliac, Chief Administrative Officer, provided a brief update on the Accountability, Integrity and Transparency Audit, and the progress made to date on the recommendations coming out of that Audit.

Recess

A brief recess occurred from 4:20 – 4:22 p.m.

Moved by Councillor J. Stroud that the Audit Committee recommend to Council that administration be directed to present for Council's consideration a policy clearly prohibiting Fly in Fly out arrangements for all municipal employees.

Administration requested clarification regarding the Committee's position on the inclusion of provisions for fly in fly out in very specific extenuating circumstances. The Committee indicated their openness to including these provisions in a proposed policy for Council's consideration with the stipulation that any and all cases of fly in fly out would require Council approval.

CARRIED UNANIMOUSLY

Adjournment

As all scheduled business matters had been concluded, Chair T. Ault declared the meeting adjourned at 4:24 p.m.

Chair

Chief Legislative Officer



Subject: Audit Committee Terms of Reference

APPROVALS:

Ralph Timleck, Municipal Auditor
Marcel Ulliac, Chief Administrative Officer

Administrative Recommendation:

THAT the following be recommended for Council approval:

“THAT the Audit Committee Terms of Reference (as set out in Attachment 1, dated April 20, 2016) be approved, in principle; and

THAT Administration bring forward an amendment to the Standing Council Committees Bylaw to incorporate the provisions of the Audit Committee Terms of Reference.”

Summary:

An effective Audit Committee is an important aspect of good municipal governance. The effectiveness of an Audit Committee is enhanced when the Committee has a clearly defined mandate, and specific roles and responsibilities. By adopting the attached Terms of Reference and making them part of the *Standing Council Committees Bylaw*, Council will ensure that the Audit Committee is able to deal with any matter it considers important to the proper carrying out of the Municipality’s duties with respect to both the external and internal audit functions.

Background:

The Audit Committee was established by Bylaw No. 15/019 the “Standing Council Committees Bylaw”. Sections 17 through 20 of the Bylaw are specific to the duties and responsibilities of the Audit Committee:

Audit Committee

17. The mandate of the Audit Committee is to exercise policy and governance oversight with respect to both internal and external audits and audit processes.
18. The Audit Committee is empowered to receive and/or approve as required, the annual audited financial statements of the Municipality.
19. The Audit Committee is empowered to review and approve the expense statements of the Council and the Chief Administrative Officer.

20. The Audit Committee may deal with any specific matter it considers important to the proper carrying out of the Municipality's duties with respect to financial auditing and accountability, including receiving confidential quarterly updates from the Municipal Auditor on auditing activities and outcomes.

The mandate of the Committee as set out in Section 17 above is stated in broad and general terms and is consistent with the manner in which the mandates of other Council Committees are expressed in this bylaw. It need not be changed. However, the specific matters set out in Sections 18 to 20 are not in sufficient detail and do not address a number of critical governance issues, and may therefore be unduly restrictive on the activities of the Committee if the anticipated objectives are to be achieved.

The proposed Terms of Reference [Attachment 1 to this Report] are adapted from best practices recommended by the Institute of Internal Auditors, and would replace and expand upon the existing bylaw sections 18 to 20. This document, if adopted, should be a sufficient basis for the Audit Committee to fully exercise its important role in municipal governance. If further detail is required with respect to guidelines or protocols, Section 9 of the *Standing Council Committees Bylaw* allows any Committee to adopt such documents, subject to approval and ratification of the whole Council.

Budget/Financial Implications:

The Office of the Municipal Auditor is currently funded for 2016. Unless there is a significant increase in the requests for audit services no additional resources would be required.

Rationale for Recommendations:

The Audit Committee is an important component of sound municipal governance. The proposed Terms of Reference, incorporated into the bylaw that establishes the Audit Committee, will ensure that both the authority and the responsibilities of the Committee are clearly understood. This will also respond to the issues identified in the Accountability, Integrity and Transparency audit with respect to the structure of the Audit Committee and its relationship with the internal audit function.

Strategic Plan Linkage:

Pillar 1 – Building Responsible Government

Attachments:

1. Audit Committee Terms of Reference
2. Summary of 2015 Internal Audits
3. Process for the Development of the 2016 Internal Audit Plan
4. Summary of 2016 Internal Audit Plan

Authority of the Audit Committee

Pursuant to Section 203 of the *Municipal Government Act*, Council delegates to the Audit Committee the authority to:

1. receive and approve as required the annual financial statements and financial return of the Municipality prepared and transmitted by the external auditor appointed under section 280 of the *Municipal Government Act*;
2. receive reports setting out the type and amount of approved expenses incurred by the Chief Administrative Officer and Council members;
3. approve the annual internal audit plan and any material changes to that plan;
4. direct the Municipal Auditor to investigate any matter, or any report prepared by Administration within the Committee's mandate as set out in the Standing Council Committees Bylaw.

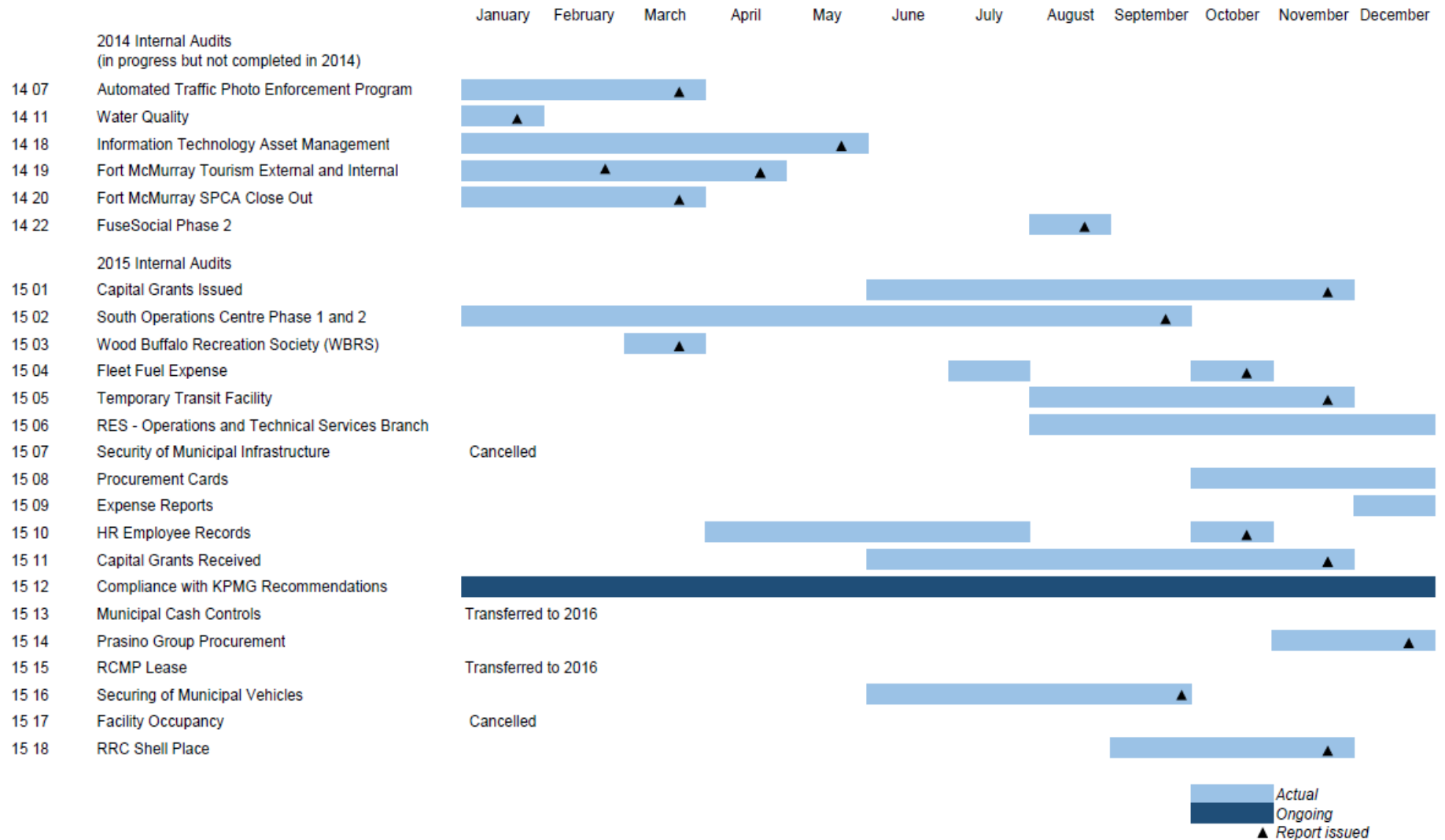
Responsibilities of the Audit Committee

The Audit Committee has the following responsibilities, any of which may be carried out at an *in camera* meeting when the subject matter allows for *in camera* proceedings in accordance with the *Municipal Government Act*, and any of which may include making relevant recommendations to Council:

- 1 Exercise policy and governance oversight, including detailed review as required, of significant audit and internal control issues, including the records and information management system and information technology security and controls.
- 2 Review the results and findings of any audit with the CAO, DCAO, Executive Leadership team and the internal auditor.
- 3 Develop and maintain a sound basic understanding of how management develops interim financial information, and the nature and extent of internal and external auditor involvement.
- 4 Review the activities and accomplishments of the internal auditor relative to the internal audit plan.
- 5 Review with the internal auditor the budget, resource plan and activities of the internal audit function.

6. Review the effectiveness of the internal audit function, including conformance with the Institute of Internal Auditors' Definition of Internal Auditing, Code of Ethics and the International Standards for Professional Practice of Internal Auditing.
7. Review the comments, observations or findings of the internal auditor with respect to any inspection, investigation or enforcement action by an external regulatory authority.
8. Review the terms of reference of any investigation proposed by Administration or by the Committee itself, where the anticipated costs of the investigation are outside the scope of a Council approved budget.
9. Seek and obtain any information it requires from employees for the proper fulfillment of its mandate, exercise of its authority, or carrying out of its responsibilities.
10. Provide an open avenue of communication between the internal auditor and the Council.

Office of the Municipal Auditor
Compliance and Control Branch
Summary of 2015 Internal Audits as of December 31, 2015



Office of the Municipal Auditor
Compliance and Control Branch
Summary of 2015 Internal Audits

File numbers starting with "14" are audits that were started in 2014 that were not completed by year end (December 31). These audits are automatically carried over to be completed in 2015.

<u>File #</u>	<u>File Name</u>	<u>Information</u>	<u>Report Issue Date</u>
14 07	Automated Traffic Photo Enforcement Program	<p>The purpose of the audit was to assess the effectiveness and efficiency of the "Automated Traffic Photo Enforcement Program" (Program) in the Regional Municipality of Wood Buffalo. In addition to the foregoing, the audit included a determination that:</p> <ol style="list-style-type: none"> 1. The Program complies with the guidelines issued by the Alberta Solicitor General and Public Security. 2. The contract administration process governing the Program was in accordance with established procedures. 3. The vendor has complied with the terms and conditions of the contract. 	March 31, 2015
14 11	Water Quality	<p>To assess if the Regional Municipality of Wood Buffalo's Environmental Services Department has the appropriate procedures and infrastructure in place to manage water quality under all circumstances.</p> <p>Specifically, the audit assessed the design and operating effectiveness of the controls in place to reduce or mitigate risks to the quality of the drinking water in the Region. The assessment included identifying areas in the Department with leading practices and with opportunities for improvement.</p>	January 29, 2015

<u>File #</u>	<u>File Name</u>	<u>Information</u>	<u>Report Issue Date</u>
14 11	Water Quality (continued)	<p>We sought to answer the following questions during our audit:</p> <ol style="list-style-type: none"> 1. Are the day-to-day treatment controls robust enough to ensure continuous and adequate water quality? 2. In the event of a spill occurring in the source water for any treatment plant, does the Regional Municipality of Wood Buffalo have the appropriate controls and infrastructure in place to manage the water quality? 3. What controls are in place to address hazardous spills? 	January 29, 2015
14 18	Information Technology Asset Management	The objective of this audit is to assess the internal controls governing the acquisition, deployment, inventory management, and disposal of assets by the Information and Advisory Services Department within the Regional Municipality of Wood Buffalo.	May 13, 2015
14 19	Fort McMurray Tourism External	The objective of this audit was to ensure that the amounts paid to Fort McMurray Tourism (FMT) during the audit period were in accordance with the Contracts and/or Fee for Service Agreements entered into with the Regional Municipality of Wood Buffalo.	February 3, 2015
14 19	Fort McMurray Tourism Internal	<p>The objective of this audit is to determine if there are adequate internal controls in place within the Regional Municipality of Wood Buffalo to deliver on invoices, contracts, and fee for service agreements with Fort McMurray Tourism (FMT).</p> <p>Specifically, the audit assessed whether the terms and conditions are being met for existing contracts and fee for service agreements between the Regional Municipality of Wood Buffalo and FMT.</p>	April 29, 2015

<u>File #</u>	<u>File Name</u>	<u>Information</u>	<u>Report Issue Date</u>
14 19	Fort McMurray Tourism Internal (continued)	<p>Secondly, the audit evaluated whether the Regional Municipality of Wood Buffalo is getting value for money for all contracts and fee for service agreements with FMT.</p> <p>Lastly, the audit determined whether adequate oversight exists for the contracts and fee for service agreements with FMT.</p>	April 29, 2015
14 20	Fort McMurray SPCA Close Out	<p>A review of the Final Claim submitted by the Fort McMurray Society for the Prevention of Cruelty to Animals (FMSPCA). The financial information submitted by MNP was reviewed for the period of January 1, 2014 to September 30, 2014.</p> <p>The objective of this assessment was to ensure that all payments made to the FMSPCA by the Regional Municipality of Wood Buffalo during the period were within the terms and conditions of the agreement.</p> <p>In addition, the assessment would provide assurance on the amount remaining to be paid by the Regional Municipality of Wood Buffalo to FMSPCA.</p>	March 18, 2015
14 22	FuseSocial Phase 2	Assess if the Operating Grant Agreement funds of \$250,000 provided to FuseSocial by the Regional Municipality of Wood Buffalo for the period July to December 2014, was being utilized in accordance with the terms and conditions of the Agreement.	August 28, 2015
15 01	Capital Grants Issued	<p>To identify the risk in the administration of Capital Grants issued by the Regional Municipality of Wood Buffalo.</p> <p>Specifically, to determine if adequate oversight exists for the agreements, we examined final reporting requirements and</p>	October 29, 2015

<u>File #</u>	<u>File Name</u>	expenditure monitoring. <u>Information</u>	<u>Report Issue Date</u>
15 01	Capital Grants Issued (continued)	Lastly, to evaluate if the funds are being utilized as outlined in the basis for payment, terms, and conditions of the agreements.	October 29, 2015
15 02	South Operations Centre Phase 1 & 2	<p>The objective of the South Operation's Centre capital project (SOC) Audit was to determine if there are adequate internal controls in place within the Regional Municipality of Wood Buffalo to deliver the SOC effectively.</p> <p>Specifically the audit assessed whether policy and procedures were followed during the delivery of the SOC and looked at the Engineering Department's business processes in detail. The different roles within the project were identified and compared to industry practices for Public Sector projects. The audit focused on whether the amounts billed to the Regional Municipality of Wood Buffalo by the contractors are complete and accurate.</p>	September 17, 2015
15 03	Wood Buffalo Recreation Society	Audit of the 2014 Financial Statements.	March 3, 2015
15 04	Fleet Fuel Expense	<p>We conducted a brief review on the controls governing the receipt and the distribution of bulk fuel, both gasoline and diesel.</p> <p>Three fueling stations were tested (Landfill, Satellite Yard, and Transit) to verify the accuracy and completeness of the reporting software.</p>	October 16, 2015
15 05	Temporary Transit Facility	The objective of the Transit Facility Greentrip Construction Project (Transit Facility Project) audit was to determine if policies and procedures were followed during the delivery of the Transit Facility Project and if the amounts billed to the Regional Municipality of Wood Buffalo by the contractors are complete and accurate.	November 23, 2015

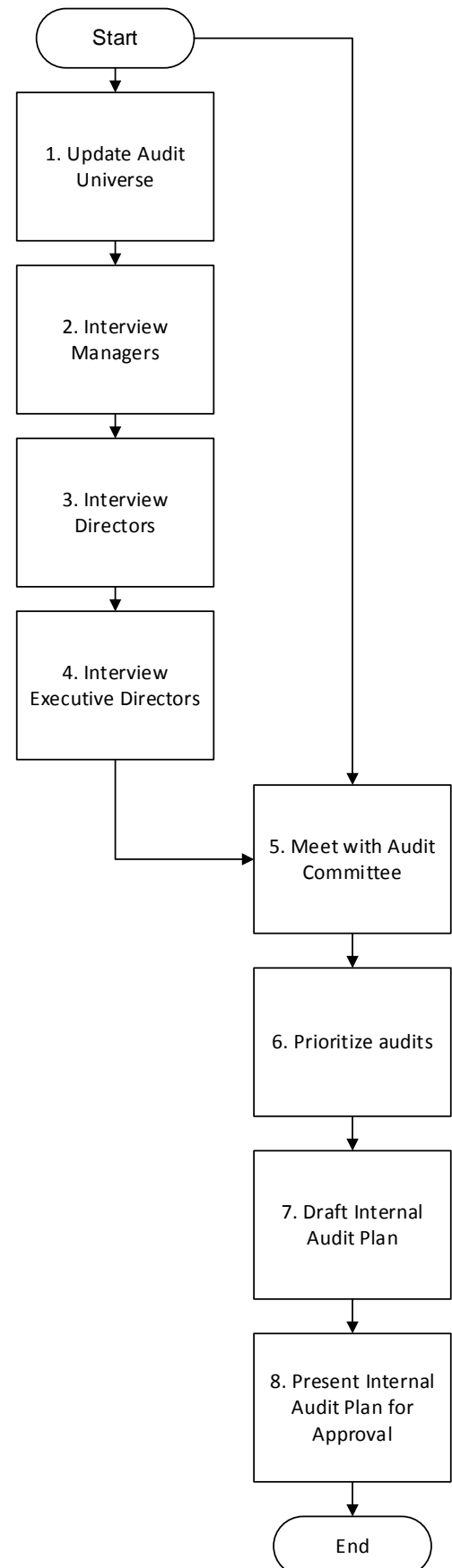
<u>File #</u>	<u>File Name</u>	<u>Information</u>	<u>Report Issue Date</u>
15 05	Temporary Transit Facility (continued)	The audit also assessed whether there were any duplicate charges or payments between the Transit Facility Project and the South Operations Centre Project.	November 23, 2015
15 06	RES – Operations and Technical Services Branch	<p>The objective of the Regional Emergency Services (RES) Audit was to determine if there were adequate internal controls and oversight in place governing Emergency Response and Dispatch services within the Regional Municipality of Wood Buffalo.</p> <p>Specifically, we assessed the adequacy of resources available to RES to meet the needs of the Regional Municipality of Wood Buffalo.</p> <p>We evaluated if the funds received are being utilized as outlined in the basis for payment, terms, and conditions of the respective RES grant agreements.</p> <p>We assessed the adequacy of Municipal oversight over the grant agreements, reimbursement for costs associated with RES services, and other revenues generated.</p> <p>Finally, we evaluated whether grant funds received from Alberta Health Services (AHS) for emergency medical response and dispatch services are adequate to meet the needs of the Regional Municipality of Wood Buffalo.</p>	January 2016
15 07	Security of Municipal Infrastructure	Audit cancelled. The Branch has engaged a firm to assess security of Municipal structures.	Not Applicable

<u>File #</u>	<u>File Name</u>	<u>Information</u>	<u>Report Issue Date</u>
15 08	Procurement Cards	To assess if there are adequate internal controls governing the issuance, usage, and cancellation of Procurement Cards. Specifically to verify the probity and propriety of all expenses incurred on Procurement Cards.	Ongoing
15 09	Expense Reports	To assess if there are adequate internal controls governing expense reports within the Regional Municipality of Wood Buffalo. Specifically to verify the probity and propriety of all expenses incurred on Procurement Cards.	Ongoing
15 10	HR Employee Records	The objective of this audit is to assess the adequacy of the internal controls governing the maintenance of employee records.	October 16, 2015
15 11	Capital Grants Received	To identify the risk in the administration of Capital Grants received by the Regional Municipality of Wood Buffalo. Specifically, to determine if adequate oversight exists for the agreements, we examined final reporting requirements and expenditure monitoring. Lastly, to evaluate if the funds are being utilized as outlined in the basis for payment, terms, and conditions of the agreements.	November 27, 2015
15 12	Compliance with KPMG Recommendations	Ongoing.	Ongoing
15 13	Municipal Cash Controls	Audit transferred to 2016.	Not Applicable

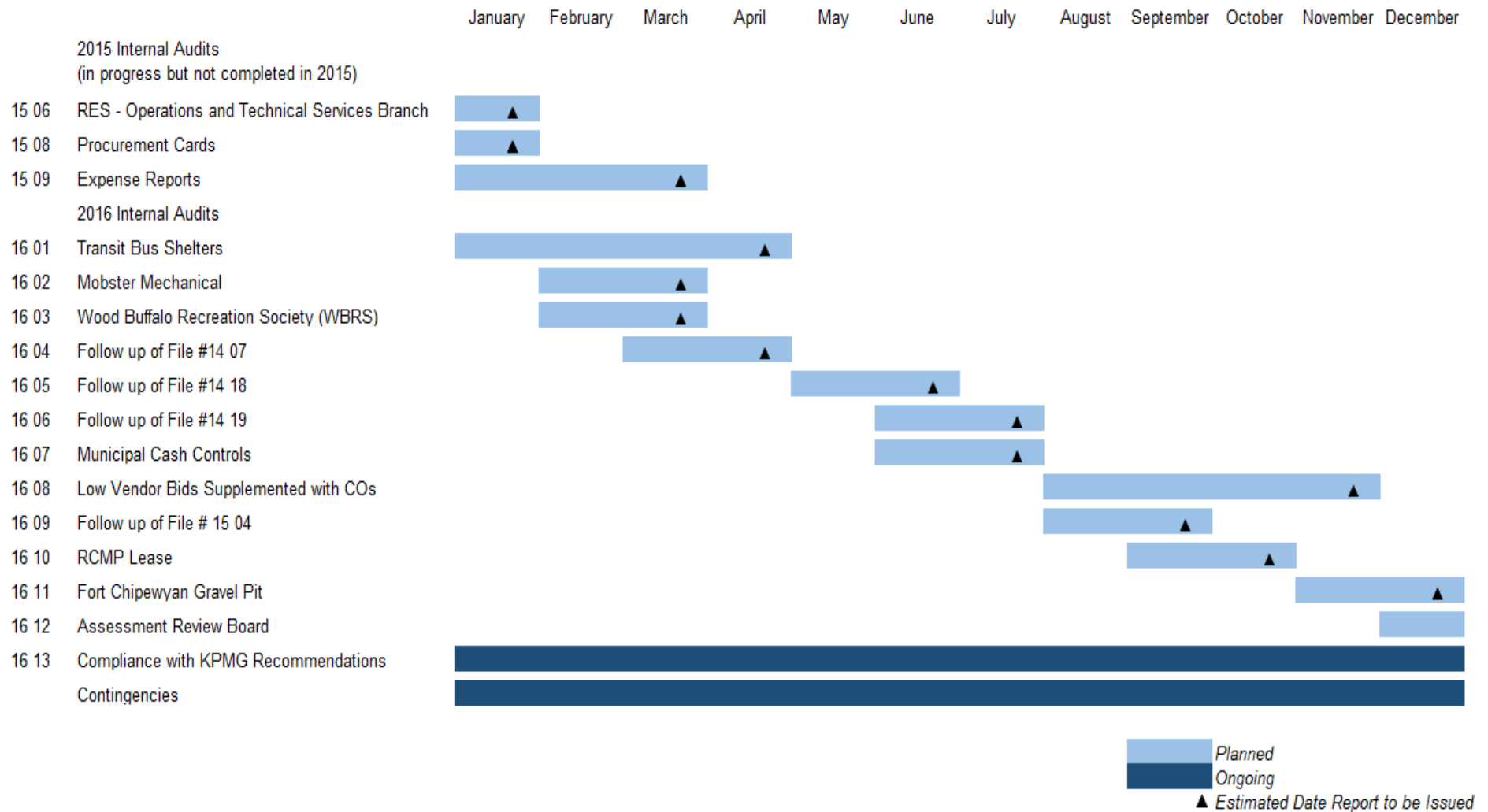
<u>File #</u>	<u>File Name</u>	<u>Information</u>	<u>Report Issue Date</u>
15 14	Prasino Group Procurement	We were requested by the Department of Sustainable Operations to aid them in identifying if there was any breach of Municipal Policy and / or Procedure for the procurement of services to The Prasino Group Canada Ltd.	Ongoing
15 15	RCMP Lease	Audit transferred to 2016.	Not Applicable
15 16	Securing of Municipal Vehicles	Examination of Municipal vehicles parked in various locations throughout Fort McMurray during the period of May 22 to June 9, 2015. The purpose of the examination was to determine whether Municipal vehicles are locked and secure when unattended. If it was found that vehicles were unlocked or windows down, we determined if the keys were in the vehicle and if other valuable items (i.e. fuel cards) were secured.	September 28, 2015
15 17	Facility Occupancy	Audit cancelled.	Not Applicable
15 18	RRC – Shell Place	The Office of the Municipal Auditor was asked by Council to conduct a preliminary survey on the actual costs of the MacDonald Island Park Expansion Grant, commonly referred to as “Shell Place”	November 17, 2015

Office of the Municipal Auditor
Compliance and Control Branch
Development of the 2016 Internal Audit Plan

1. Update the Audit Universe to ensure it includes all auditable entities within the Regional Municipality of Wood Buffalo (Municipality).
2. Conduct interviews with all Municipal Managers to solicit their input on their Branch priorities and key risks they have identified.
3. Conduct interviews with all Municipal Directors to discuss items identified by their Branch Managers and solicit their input on departmental priorities and key risks they have identified.
4. Meet with Municipal Executive Directors to discuss items identified by their Directors and solicit their input on Municipal priorities and key risks identified.
5. ***Meet with Audit Committee to solicit their input on Municipal priorities and key risks. This will ensure the Audit Committee priorities are incorporated in to the 2016 Internal Audit Plan.***
6. Prioritize audits identified from the Audit Universe and interviews through ranking each auditable entity to identify the internal audits for the 2016 Internal Audit Plan.
7. Based on previous steps, draft an Internal Audit Plan for 2016 to achieve Goal 1 of the Strategic Plan, Building a Responsible Government.
8. ***Present the 2016 Internal Audit Plan to the Audit Committee.***



Office of the Municipal Auditor
Compliance and Control Branch
2016 Internal Audit Plan as of January 1, 2016



Office of the Municipal Auditor
Compliance and Control Branch
2016 Internal Audit Plan

File numbers starting with “15” are audits that were started in 2015 but were not completed at year end (December 31). These audits are automatically carried over to be completed in 2016.

<u>File #</u>	<u>File Name</u>	<u>Information</u>	<u>Audit Date</u>
15 06	RES – Operations and Technical Services Branch	<p>The objective of the Regional Emergency Services (RES) Audit was to determine if there were adequate internal controls and oversight in place governing Emergency Response and Dispatch services within the Regional Municipality of Wood Buffalo (Municipality).</p> <p>Specifically, we assessed the adequacy of resources available to RES to meet the needs of the Municipality.</p> <p>We evaluated if the funds received are being utilized as outlined in the basis for payment, terms, and conditions of the respective RES grant agreements.</p> <p>We assessed the adequacy of Municipal oversight over the grant agreements, reimbursement for costs associated with RES services, and other revenues generated.</p> <p>Finally, we evaluated whether grant funds received from Alberta Health Services (AHS) for emergency medical response and dispatch services are adequate to meet the needs of the Municipality.</p>	January, 2016

<u>File #</u>	<u>File Name</u>	<u>Information</u>	<u>Report Issue Date</u>
15 08	Procurement Cards	To assess if there are adequate internal controls governing the issuance, usage, and cancellation of Procurement Cards. Specifically to verify the probity and propriety of all expenses incurred on Procurement Cards.	January, 2016
15 09	Expense Reports	To assess if there are adequate internal controls governing expense reports within the Municipality. Specifically to verify the probity and propriety of all expenses incurred on Procurement Cards.	January – March, 2016
16 01	Transit Bus Shelter Contract	To assess the effectiveness and adequacy of the governance, risk management, and control processes in relation to contracts QU2337 and QU2947 Transit Bus Shelters. In addition we will assess if the Municipality has received value for money on the Transit Bus Shelter contracts.	January – April, 2016
16 02	Wood Buffalo Recreation Society	Audit of the 2015 Financial Statements.	February – March, 2016
16 03	Follow up of File #14 07 Automated Traffic Photo Enforcement Program	To assess if the recommendations included in the audit have been implemented by management.	March – April, 2016
16 04	Follow up of File #14 18 Information Technology Asset Management	To assess if the recommendations included in the audit have been implemented by management.	May – June, 2016

<u>File #</u>	<u>File Name</u>	<u>Information</u>	<u>Report Issue Date</u>
16 05	Follow up of File #14 19 Fort McMurray Tourism Internal	To assess if the recommendations included in the audit have been implemented by management.	June – July, 2016
16 06	Municipal Cash Controls	Cash is collected and held by multiple departments within the Municipality. This audit will assess if there is adequate internal controls around cash to reduce risk of loss and theft to the Municipality.	June – July, 2016
16 07	Low Vendor Bids Supplemented with Change Orders.	To assess if there are adequate internal controls in place to ensure Vendors are not submitting low bids that are later supplemented by change orders to be awarded contracts with the Municipality.	August – November, 2016
16 08	Follow up of File # 15 04 Fleet Fuel Expense	To assess if the recommendations included in the audit have been implemented by management.	August – September, 2016
16 09	RCMP Lease	The Municipality currently leases office space to the RCMP. We will assess if the leasee is meeting the terms and conditions of the lease contract and evaluate the cost versus benefit to the Municipality.	September – October, 2016
16 10	Fort Chipewyan Gravel Pit	To assess if there are adequate internal controls in place to ensure no theft or loss of Municipal assets can occur.	November – December, 2016
16 11	Assessment Review Board	To assess the adequacy of the internal controls governing the Assessment Review Board processes.	December – March, 2017
16 13	Contingencies	Assurance and consulting audits that are requested during the year. This would include investigations related to the Whistleblower complaints.	Ongoing

Audit Committee – April 20, 2016

Ralph Timleck, CMA, CIA, CISA, CRMA
Municipal Auditor
Office of the Municipal Auditor

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REGIONAL MUNICIPALITY
OF **WOOD BUFFALO**

Purpose:

1. Propose options for the Committee to consider in order to meet the objectives of the Accountability, Integrity and Transparency (KPMG) Audit
2. Introduce a governance framework as described in the Standing Council Committees Bylaw (15/019)



1. Governance:

The Municipality should develop a clear and consistent “Tone from the top”, review the current Council and Committee structure, including reporting relationships, and clearly define what information is required by Council and at what frequency

“1.6 Lack of clarity of relationship between Council and Municipal Auditor Function”

Bylaw 15/019 – Standing Council Committees Bylaw

Mandate of the Audit Committee:

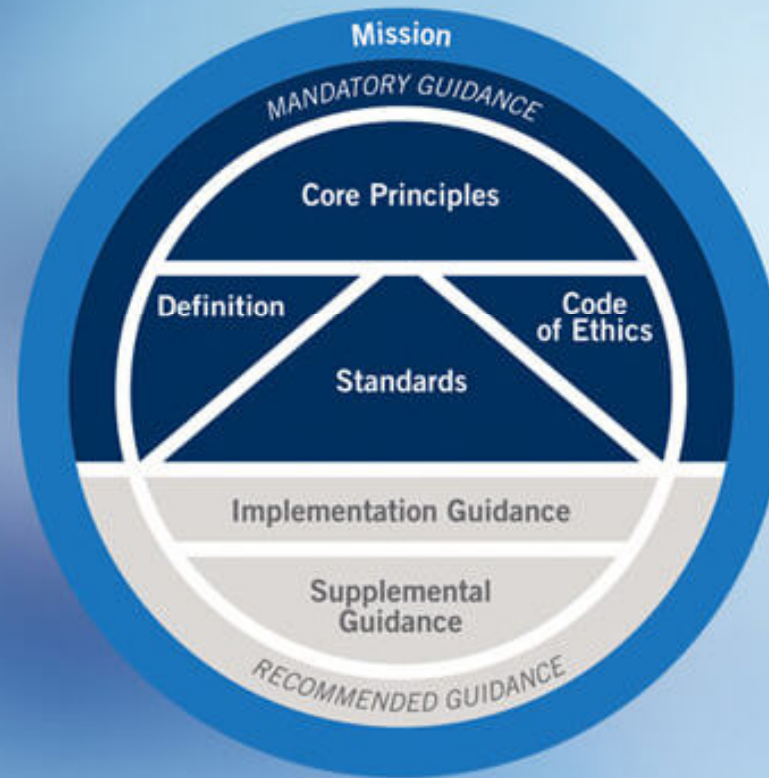
17. The mandate of the Audit Committee is to exercise policy and governance oversight with respect to both internal and external audit processes.
20. The audit Committee may deal with any specific matter it considers important to the proper carrying out of the Municipality's duties with respect to financial auditing and accountability, including receiving confidential quarterly updates from the Municipal Auditor on auditing activities and outcomes.

Audits – Background Information

- Generally literature includes private sector terminology
- “Board” = The Audit Committee (Mayor & Council)
- External (financial)
- Mandatory (Legal)
- Internal (managerial and operational) requirements



International Professional Practices Framework



Definition of Internal Audit

Internal auditing is an **independent, objective** assurance and consulting activity designed to add value and improve an organization's operations. It helps an organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.

Standard 1000:

Purpose, Authority, and Responsibility

“The purpose, authority, and responsibility of the internal audit activity must be formally defined in an **internal audit charter**, consistent with the Definition of Internal Auditing, the Code of Ethics, and the Standards. The chief audit executive must periodically review the internal audit charter and present it to senior management and the **board** for approval.”

Audit Committee

Critical success factor in establishing the required **independence and **objectivity** of the Internal Audit Activity**

Audit Terms of Reference (Charter)

- Establishes the roles and responsibilities of the AC
- Can provide oversight roles for both the internal and external audit activities
- Essential component of a structured governance framework

GOA – Corporate Internal Audit Services

The Chief Internal Auditor reports functionally to the Internal Audit Committee and administratively to the Deputy Minister, Treasury Board and Finance.

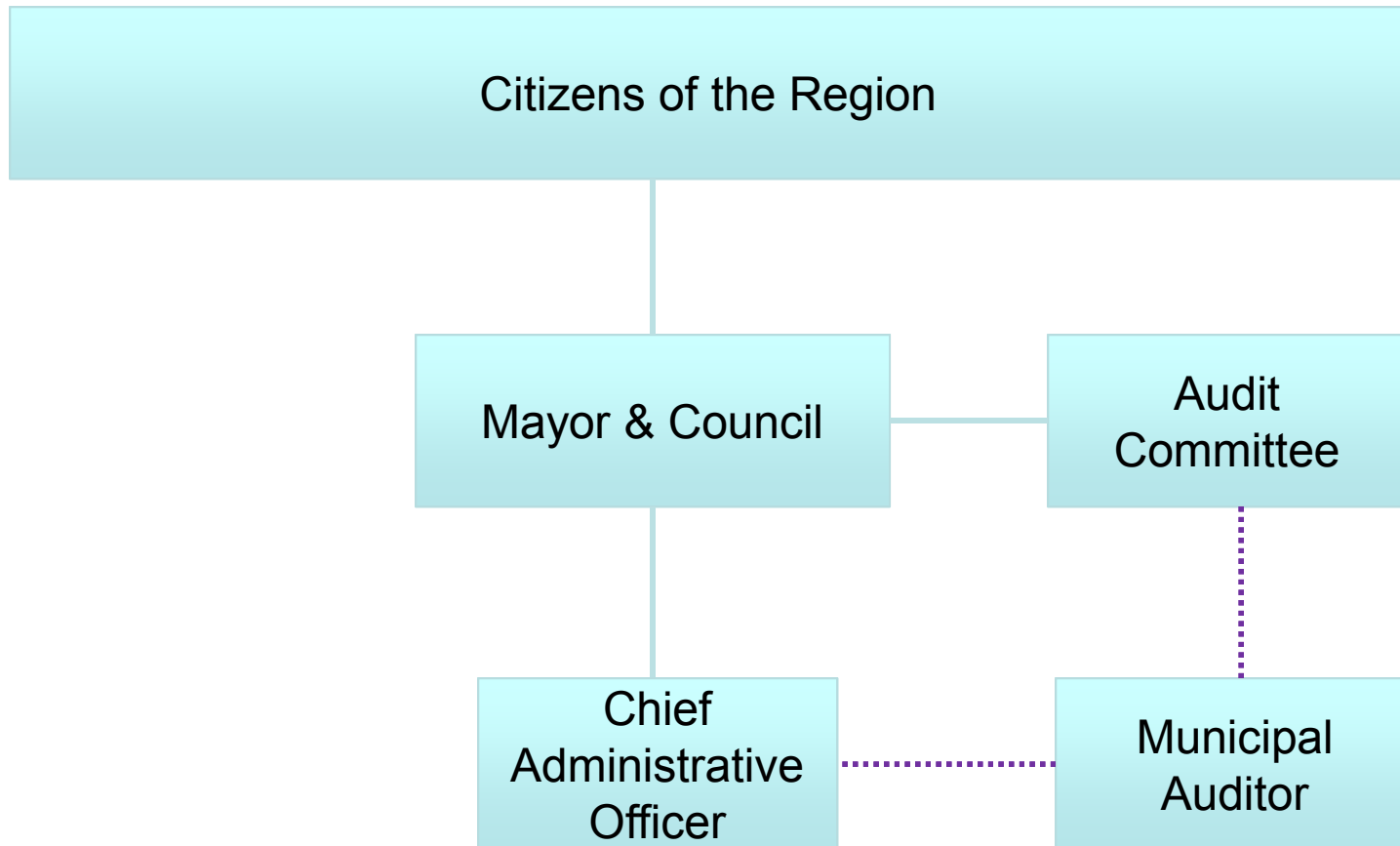
The functional reporting line provides for the Chief Internal Auditor's independence and authority through the Internal Audit Committee's review of the [Corporate Internal Audit Services Charter](#) and audit plans.

This reporting relationship provides for the Internal Audit Committee's monitoring of the government's risk management, control and governance systems through the work of Corporate Internal Audit Services.

Sample from ABC Charters (Dallas Area Rapid Transit DART)

“The Director of Internal Audit must periodically communicate directly with the Audit Committee as articulated in the **Audit Committee Charter** and the Internal Audit Department Charter. Only if such a reporting relationship exists will Internal Auditors have appropriate recourse in cases of misconduct or fraud involving executive level management.”

Proposed Accountability Structure



What are our goals?

- Meet the requirements of the KPMG audit
- Clearly outline the roles and the responsibilities of the Audit Committee
- Implement a modified accountability relationship structure
- Assist the Audit Committee in achieving its governance and oversight functions related to audit.

Questions?

KPMG Audit Findings – Progress To-Date

Recommendation	Current Status	Date
1.6 Council to clearly define its expectations for the Municipal Auditor function	To be determined with the Audit Committee once established.	Terms of Reference for the Audit Committee will be brought forward for consideration at the April 20, 2016 Audit Committee Meeting.
1.5 Develop and document a process to support Administration's annual representations with respect to internal controls.	Discussions were held with KPMG and it was concluded that the process would be implemented for the 2015 year end process.	Has been implemented as part of the sign-off of the 2015 Financial Statements which will be brought forward for consideration at the April 20 Audit Committee Meeting.
Additional Policies requested by the CAO: 1. Groundbreaking/Ribbon Cutting 2. Public Participation/Engagement		April 26, 2016 May 10, 2016
1.3 Develop consistent information to be provided by Administration to Council.	This will be addressed as part of the new CAO Bylaw which will identify reporting requirements.	May, 2016
2.2 Review and update Delegation Order on a regular basis to ensure it remains current.	Delegation Order will be updated once the CAO Bylaw is revised.	May, 2016
1.1 Set a clear and consistent "Tone from the Top". 1.2 Review the current structure of the relationships between Council and Administration.	An RFP was issued in March for governance training. At the June 16 ABC Meeting, the Committee decided not to award the RFP to the sole proponent. Administration was requested to continue to explore other Governance Training options (FCM/CAMA) in advance of bringing the item back before the Committee.	At their March 15 meeting, Council approved the engagement of Watson Advisors Inc. to provide two days of governance training to Council and designated members of Administration.
6.5 Update LEG-050 – Elected Officials Compensation Policy – as it pertains to approval of expenses for Mayor and Councillors.		Prior to Council recess.
6.11 Consider implementing an automated approval workflow for expense reports.	This item will require SAP resources and therefore would be prioritized against other SAP projects.	Dedicating SAP resources at this time is not anticipated due to existing higher priority work plans.

KPMG Audit Findings – Progress To-Date

Recommendation	Current Status	Date
6.1 Determine whether or not a Fly-In-Fly Out policy is required and if so implement a policy and procedure.	Part of the comprehensive presentation to Council on Human Resources policies.	COMPLETED Council approved Municipally Funded Commuting Policy HRM-510 on April 12, 2016.
8.4 Update Supply Chain Management Directive - FIN 190 to include a minimum categorical requirement for proposal submissions.	A minor wording change may be included in the Procurement Policy update that addresses the ability of the Municipality's Supply Chain Professional to ensure that the procurement process is adaptable to the various procurement activities undertaken.	COMPLETED Council approved Procurement Policy PUR-100 on January 26, 2016. Administration has updated Directive FIN 190 to reflect the new Policy.



**Subject: Expense Summary – Council and Office of the Chief
Administrative Officer (CAO) – Period Ending March 31, 2016**

APPROVALS:

David Leflar, Director
Kevin Scoble, Deputy Chief Administrative Officer
Marcel Ulliac, Chief Administrative Officer

Administrative Recommendation:

THAT the Expense Summary for Council and the Office of the Chief Administrative Officer (CAO) for the period January 1-March 31, 2016 be received as information.

Summary:

The current Elected Officials Compensation, Travel, Expense and Support Policy requires that reports on expenditures for each member of Council be presented for review at a public meeting on a quarterly basis.

Background:

The attached Expense Summary – January 1-March 31, 2016 reflects all expenses entered in the Municipality's financial system in the categories of business travel, conference travel (includes registration costs and training) and public relations (includes event tickets, hosting, sponsorships, etc.) for each Member of Council. In an effort to provide greater detail on each expense incurred, this summary provides a line-by-line account for every expense incurred by each individual for this reporting period.

Individual budgets are monitored on an ongoing basis, and budget adjustments are made, as needed. No adjustments are being requested as all Council Members remain within their respective total cumulative budget allocation.

In keeping with the established practice in 2014, expenses for the Office of the Chief Administrative Officer are also submitted for review. This provides a consistent reporting process for Council Members and the most senior member of municipal administration, while ensuring that the primary objectives of transparency and accountability are upheld.

Strategic Plan Linkage:

Pillar 1 – Building Responsible Government

Attachments:

1. Expense Summary – January 1-March 31, 2016

Mayor

Expense Summary - Details January 1, 2016 - March 31, 2016

2016 Total Public Relations Budget Amount		\$15,000.00
Explanation		Amount
MacDonald Island - Enbridge Famous 5 Series Dinner/Grand Ballroom ticket		67.00
Chocolates and Candlelight - Donation basket for fundraiser		75.00
Ristorante Cosa Nostra - Lunch meeting		55.44
Role of Energy Resources - Connecting People with Interesting Ideas - Rex Murphy		900.00
Smitty's (Catering) - Meeting with Min. Larivee		360.42
Safeway (Catering)- Meeting with Premier Rachel Notley		46.07
Tim Hortons (Catering)- Meeting with Premier Rachel Notley		45.10
Printing Unlimited - Display Board for Zero Waste Initiative		80.00

Public Relations TOTAL \$1,629.03

Remaining Budget	\$13,370.97
-------------------------	--------------------

2016 Total Business Travel Budget Amount		\$10,000.00
Explanation		Amount
WestJet Flight Change Fee - meeting with Min. Larivee and Min. Hoffman		75.00
Airport Taxi Service - Taxi from airport		76.19
Co-op Taxi - Taxi to airport		57.43
Sutton Place Hotel - Jan. 28 (meeting with Min. Larivee and Min. Hoffman)		150.96

Business Travel TOTAL \$359.58

Remaining Budget	\$9,640.42
-------------------------	-------------------

2016 Total Conference Travel and Registration Budget Amount		\$7,500.00
Explanation		Amount

Business/Conference Travel TOTAL \$0.00

Remaining Budget	\$7,500.00
-------------------------	-------------------

Councillor Tyran Ault

Expense Summary - Details January 1, 2016 - March 31, 2016

	2016 Total Public Relations Budget Amount	\$10,000.00
Explanation		Amount

Public Relations TOTAL \$0.00

	Remaining Budget	\$10,000.00
--	-------------------------	--------------------

	2016 Total Business Travel Budget Amount	\$1,000.00
Explanation		Amount

Business Travel TOTAL \$0.00

	Remaining Budget	\$1,000.00
--	-------------------------	-------------------

	2016 Total Conference Travel and Registration Budget Amount	\$10,000.00
Explanation		Amount

Federation of Canadian Municipalities (FCM) Conference registration fee (Cancellation requested - full refund to be processed)	815.00
--	--------

Business/Conference Travel TOTAL \$815.00

	Remaining Budget	\$9,185.00
--	-------------------------	-------------------

Councillor Lance Bussieres

Expense Summary - Details January 1, 2016 - March 31, 2016

2016 Total Public Relations Budget Amount		\$10,000.00
Explanation		Amount
Printing Unlimited - Curling sponsorship sign		80.00
Sponsorship - Fort McMurray Oilsands Curling Club		1,000.00
Donation - Gift cards for Golden Years Society Senior's Luncheon		250.00
8 tickets for Annual KAOS 91.1 Auction & Banquet		600.00

Public Relations TOTAL \$1,930.00

Remaining Budget	\$8,070.00
------------------	------------

2016 Total Business Travel Budget Amount		\$1,000.00
Explanation		Amount

Business Travel TOTAL \$0.00

Remaining Budget	\$1,000.00
------------------	------------

2016 Total Conference Travel and Registration Budget Amount		\$10,000.00
Explanation		Amount

Business/Conference Travel TOTAL \$0.00

Remaining Budget	\$10,000.00
------------------	-------------

Councillor Julia Cardinal

Expense Summary - Details January 1, 2016 - March 31, 2016

2016 Total Public Relations Budget Amount		\$10,000.00
Explanation		Amount
Hosting - Valentine dinner - Gail Bourque, Bunny Bourque, Louise Castor, Billy Castor, Marlene Decoine, Margaret Shortman, Mary Rose McKay, Happy Cardinal		320.00
Public Relations TOTAL		\$320.00

Remaining Budget	\$9,680.00
-------------------------	-------------------

2016 Total Business Travel Budget Amount		\$32,200.00
Explanation		Amount
McMurray Aviation - YPY to YMM - Jan. 12		123.81
Nomad Hotel - Jan. 12		186.16
McMurray Aviation - YMM to YPY - Jan. 13		142.86
McMurray Aviation - YPY to YMM - Jan. 19 (open ticket - used on Feb. 2)		123.81
McMurray Aviation - YMM to YPY - Jan. 20 (open ticket - used on Feb. 10)		123.81
Nomad Hotel - Jan. 26-28		464.88
Nomad Hotel - Jan. 29		154.96
Nomad Hotel - Feb. 2		154.96
January expenses		560.00
Nov. 9-Dec. 31 expenses		318.29
McMurray Aviation - YPY to YMM - Feb. 9		123.81
Nomad Hotel - Feb. 9		154.96
McMurray Aviation - YPY to YMM - Feb. 17		123.81
McMurray Aviation - YMM to YPY - Feb. 17 (no show)		123.81
Nomad Hotel - Feb, 17		154.96
McMurray Aviation - Charter ticket - YPY to YMM - Feb. 18		133.33
McMurray Aviation - YMM to YPY - Feb. 19		133.33
Nomad Hotel - Feb. 23		154.96
McMurray Aviation - YPY to YMM - Feb. 23		123.81
McMurray Aviation - YPY to YMM - Feb. 24 (credit memo provided for future flight)		123.81
McMurray Aviation - YMM to YPY - Feb. 25 (no show)		123.81
Northwestern Air - Return flight - Mar. 14-16		431.00
Nomad Hotel - Feb. 29-Mar. 1		309.92
Nomad Hotel - Mar. 7-8		309.92
February expenses		545.23
Shipping charge for mail to be recoded 80002/521500		9.52
Nomad Hotel - Mar. 21-22		309.92
McMurray Aviation - YPY to YMM - Mar. 29		123.81
Business Travel TOTAL		\$5,867.26

Remaining Budget	\$26,332.74
-------------------------	--------------------

2016 Total Conference Travel and Registration Budget Amount		\$10,000.00
Explanation		Amount
AAMDC Convention March 14-16, 2016 registration fee		460.00
Westin Hotels - Advance deposit for booking (AAMDC Spring Conference)		288.53
Expenses for AAMDC Conference in Edmonton (March 14-16, 2016)		928.55
Business/Conference Travel TOTAL		\$1,677.08
Remaining Budget		\$8,322.92

Councillor Sheldon Germain

Expense Summary - Details January 1, 2016 - March 31, 2016

2016 Total Public Relations Budget Amount		\$10,000.00
Explanation		Amount
RMWB Lanyards for Peewee Provincials		300.00
MALANKA 2016 tickets		107.40
Star News Publishing - advertisement Family Day ad		125.00
Printing Unlimited - Curling sponsorship sign		80.00
Sponsorship - Fort McMurray Oilsands Curling Club		1,000.00
Norfort Gymnastics Association sponsorship		500.00

Public Relations TOTAL **\$2,112.40**

Remaining Budget	\$7,887.60
------------------	------------

2016 Total Business Travel Budget Amount		\$1,000.00
Explanation		Amount

Business Travel TOTAL **\$0.00**

Remaining Budget	\$1,000.00
------------------	------------

2016 Total Conference Travel and Registration Budget Amount		\$10,000.00
Explanation		Amount
Federation of Canadian Municipalities (FCM) Conference registration fee (Cancellation requested - 50% refund to be processed)		815.00

Business/Conference Travel TOTAL **\$815.00**

Remaining Budget	\$9,185.00
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Councillor Keith McGrath

Expense Summary - Details January 1, 2016 - March 31, 2016

2016 Total Public Relations Budget Amount	\$10,000.00
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Explanation	Amount
Star News Publishing - advertisement Family Day Ad	125.00
Ticket for Leadership Evening with Royal Canadian Legion	50.00

Public Relations TOTAL	\$175.00
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Remaining Budget	\$9,825.00
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2016 Total Business Travel Budget Amount	\$1,000.00
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Explanation	Amount

Business Travel TOTAL	\$0.00
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Remaining Budget	\$1,000.00
-------------------------	-------------------

2016 Total Conference Travel and Registration Budget Amount	\$10,000.00
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Explanation	Amount

Business/Conference Travel TOTAL	\$0.00
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Remaining Budget	\$10,000.00
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Councillor Phil Meagher

Expense Summary - Details January 1, 2016 - March 31, 2016

2016 Total Public Relations Budget Amount	\$10,000.00
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Explanation	Amount
Municipal Representative for 2016 Alberta Winter Games in Medicine Hat	995.90

Public Relations TOTAL	\$995.90
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Remaining Budget	\$9,004.10
------------------	------------

2016 Total Business Travel Budget Amount	\$1,000.00
--	------------

Explanation	Amount
-------------	--------

Business Travel TOTAL	\$0.00
-----------------------	--------

Remaining Budget	\$1,000.00
------------------	------------

2016 Total Conference Travel and Registration Budget Amount	\$10,000.00
---	-------------

Explanation	Amount
-------------	--------

Business/Conference Travel TOTAL	\$0.00
----------------------------------	--------

Remaining Budget	\$10,000.00
------------------	-------------

Councillor Jane Stroud

Expense Summary - Details January 1, 2016 - March 31, 2016

2016 Total Public Relations Budget Amount		\$10,000.00
Explanation		Amount
Stationary supplies for Conklin Family Literacy Day		11.00
Donation of gift cards for Conklin Family Literacy Day		200.00
Donation of prizes for Janvier Community Christmas Party (carried over from 2015)		546.80
Public Relations TOTAL		<u>\$757.80</u>

Remaining Budget	\$9,242.20
------------------	------------

2016 Total Business Travel Budget Amount		\$16,000.00
Explanation		Amount
Travel costs related to Conklin Family Literacy Day and Mayor & Council Toast of Champions (held in Fort McMurray)		397.69
Ramada Hotel - Feb 18		228.80
Business Travel TOTAL		<u>\$626.49</u>

Remaining Budget	\$15,373.51
------------------	-------------

2016 Total Conference Travel and Registration Budget Amount		\$10,000.00
Explanation		Amount
Federation of Canadian Municipalities (FCM) Conference registration fee		815.00
Business/Conference Travel TOTAL		<u>\$815.00</u>

Remaining Budget	\$9,185.00
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Councillor Colleen Tatum

Expense Summary - Details January 1, 2016 - March 31, 2016

2016 Total Public Relations Budget Amount	\$10,000.00
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Explanation	Amount
MALANKA 2016 tickets	150.00

Public Relations TOTAL	\$150.00
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Remaining Budget	\$9,850.00
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2016 Total Business Travel Budget Amount	\$1,000.00
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Explanation	Amount
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Business Travel TOTAL	\$0.00
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Remaining Budget	\$1,000.00
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2016 Total Conference Travel and Registration Budget Amount	\$10,000.00
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Explanation	Amount
Federation of Canadian Municipalities (FCM) Conference registration fee	815.00

Business/Conference Travel TOTAL	\$815.00
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Remaining Budget	\$9,185.00
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Councillor Allan Vinni

Expense Summary - Details January 1, 2016 - March 31, 2016

2016 Total Public Relations Budget Amount		\$10,000.00
Explanation		Amount
Hosting - Malanka 2016: Lori Vokey, Robert Woodward, Elizabeth West, Miles West, Kerrie Pothier, James Pothier, Hank Vokey, Aurora Vokey, Tamara Austin		750.00
Radisson Hotel - Camp Yogi expense		134.16
Public Relations TOTAL		<u><u>\$884.16</u></u>

Remaining Budget	\$9,115.84
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2016 Total Business Travel Budget Amount		\$5,000.00
Explanation		Amount
Business Travel TOTAL		<u><u>\$0.00</u></u>

Remaining Budget	\$5,000.00
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2016 Total Conference Travel and Registration Budget Amount		\$10,000.00
Explanation		Amount
Federation of Canadian Municipalities (FCM) Conference registration fee		865.00
Business/Conference Travel TOTAL		<u><u>\$865.00</u></u>

Remaining Budget	\$9,135.00
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Councillor Claris Voyageur

Expense Summary - Details January 1, 2016 - March 31, 2016

	2016 Total Public Relations Budget Amount	\$10,000.00
Explanation		Amount

Public Relations TOTAL \$0.00

	Remaining Budget	\$10,000.00
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	2016 Total Business Travel Budget Amount	\$32,200.00
Explanation		Amount

Nomad Hotel - Feb 23	154.96
Nomad Hotel - Mar 1	154.96
Nomad Hotel - Mar 8	154.96
Nomad Hotel - Mar 15	154.96
Nomad Hotel - Mar 22	154.96

Business Travel TOTAL \$774.80

	Remaining Budget	\$31,425.20
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	2016 Total Conference Travel and Registration Budget Amount	\$10,000.00
Explanation		Amount

Business/Conference Travel TOTAL \$0.00

	Remaining Budget	\$10,000.00
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CAO

Expense Summary - Details January 1, 2016 - March 31, 2016

2016 Total Public Relations Budget Amount		\$3,000.00
Explanation		Amount
EB Networking luncheon & FMCA AGM		36.50
EB Networking luncheon		36.50
Public Relations TOTAL		\$73.00

Remaining Budget	\$2,927.00
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2016 Total Business Travel Budget Amount		\$7,000.00
Explanation		Amount
Westjet flight - Meeting with Dep. Min. Barry Day and Dep. Min. Greg Bass		262.25
IATA Canada - Marlin Travel Booking Fee		10.00
IATA Canada - Marlin Travel Booking Fee		10.00
Westjet flight - Mid-sized Cities Mayors' and CAOs' Caucus Meeting		351.25
Westjet flight - Meeting with Dep. Min. Barry Day and Dep. Min. Greg Bass		202.05
Belgian Beer Café - Business lunch with DCAO and ED of Planning & Reg. Development		54.98
Airport Taxi Service - Taxi from airport		49.67
Yellow Cab - Taxi to airport		50.67
PetroCan - Fuel		30.42
Courtyard by Marriott - Feb. 20 (Alberta Chamber of Resources AGM)		197.27
Business Travel TOTAL		\$1,218.56

Remaining Budget	\$5,781.44
------------------	-------------------

2016 Total Conference Travel and Registration Budget Amount		\$9,000.00
Explanation		Amount
Westjet flight - AAMDC Convention		242.25
IATA Canada - Marlin Travel Booking Fee		10.00
AAMDC 2016 Spring Convention registration fee		460.00
IATA Canada - Marlin Travel Booking Fee		10.00
Westjet flight - CAMA and Federal Canadian Municipalities		371.33
CAMA registration fee		723.00
Federation of Canadian Municipalities (FCM) Conference registration fee		815.00
Westin Hotel - Mar. 14-16 (AAMDC Convention)		288.53
Conference Travel/Registration TOTAL		\$2,920.11

Remaining Budget	\$6,079.89
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Regional Municipality of Wood Buffalo Non-Consolidated Financial Statements for the year ended December 31, 2015

Presenter: Linda Ollivier
Acting Director, Financial Services
Date: April 20, 2016

2015 Non-Consolidated Financial Statements

- Combined capital and operating financial results
- Financial statements differ from operating and capital management reports presented quarterly to Audit Committee.

2015 Key Performance Highlights

- Revenue increase of \$22M (3%)
- Expenses increase of \$28M (5%)
- Other Revenue increase of \$56M (87%)
- Net Operating Surplus of \$0.5M
- Net Financial Debt decrease of \$43M (57%)
- Tangible Capital Assets increase of \$320M (9%)
- Cash and Investments decrease of \$41M (7%)

Government Grant Funding Received

	2015 (\$M)	2014 (\$M)
Operating Grants Received	11	11
Capital Grants Received	75	45
Total Grants	86	56

Financial Position

Non-Consolidated Financial Statements for the
year ended December 31, 2015



Accumulated Surplus

	2015 (\$M)	2014 (\$M)
Net Financial	(32)	(75)
Non Financial Assets *	3,777	3,453
Accumulated Surplus	3,745	3,378

* Tangible Capital Assets:

2015: \$3,767M (99.7%);

2014: \$3,447M (99.8%)

Financial Position

	2015 (\$M)	2014 (\$M)
Financial Assets	558	597
Liabilities *	590	672
Net Financial Assets	(32)	(75)
Non Financial Assets	3,777	3,453
Accumulated Surplus	3,745	3,378

* Liabilities include Long-Term Debt of \$301M (\$317M-2014)

Financial Assets

	2015 (\$M)	2014 (\$M)
Cash	138	90
Accounts Receivable	41	40
Investments	378	467
	557	597

Non-Financial Assets

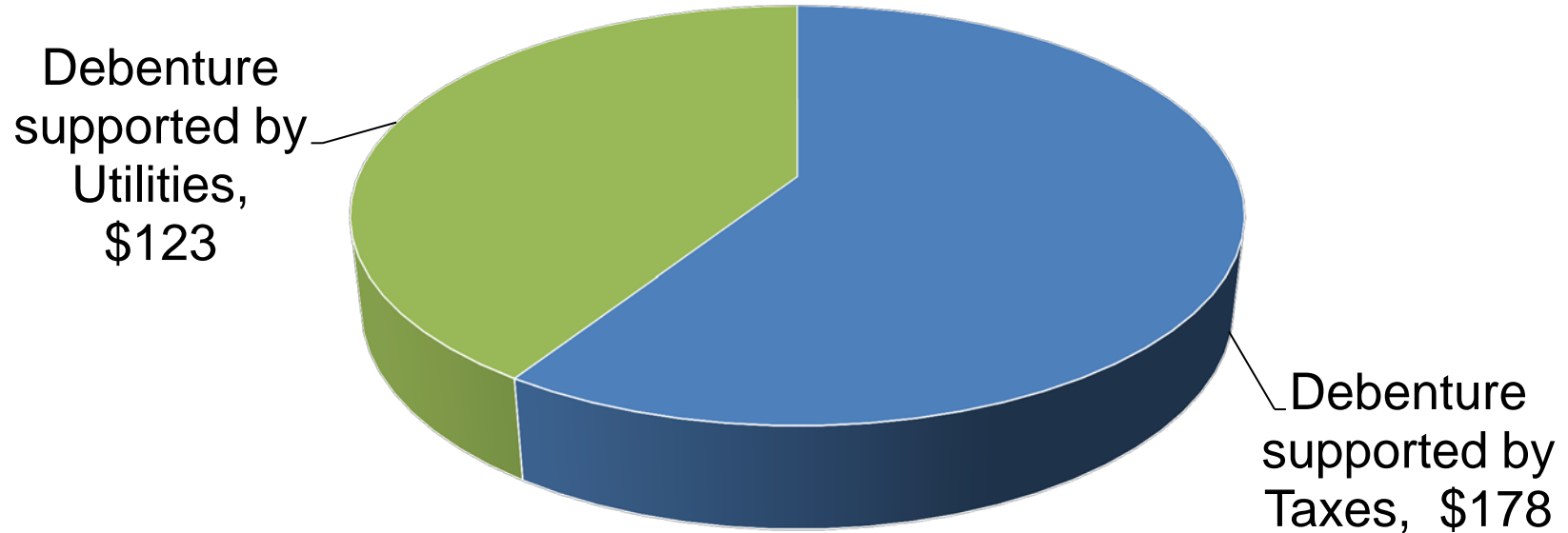
	2015 (\$M)	2014 (\$M)
Tangible Capital Assets	3,767	3,447
Inventories (Consumables)	3	2
Prepaid Expenses	7	4
	3,777	3,453

Liabilities

	2015 (\$M)	2014 (\$M)
Accounts Payable	158	191
Deferred Revenue	100	129
Long Term Debt	301	317
Employee Benefits	11	15
Other Liabilities	20	20
	590	672

Long Term Debt

Total \$301M



Operations and Accumulated Surplus

Non-Consolidated Financial Statements for the
year ended December 31, 2015

Operations

	2015 (\$M)	2014 (\$M)
Revenue	796	774
Expenses	549	521
Annual Surplus	247	253
Other Income	120	64
Surplus (beginning of year)	3,378	3,061
Surplus (end of year)	3,745	3,378

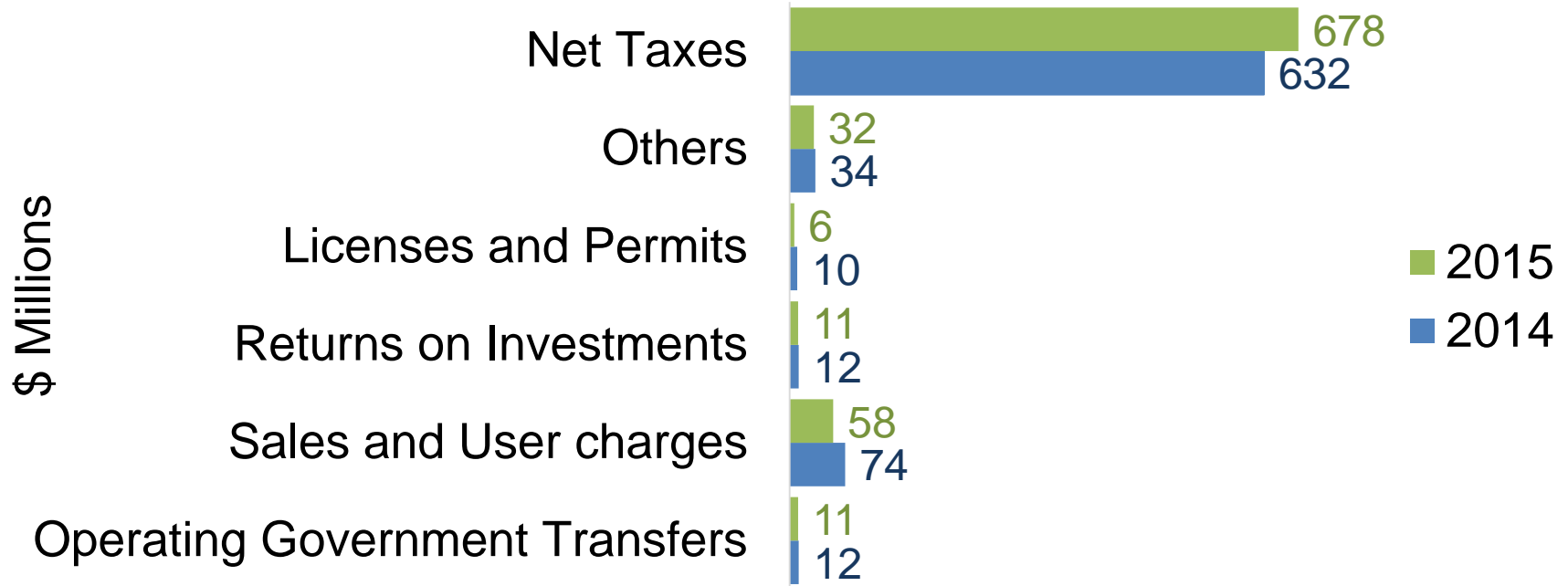
Revenue

Non-Consolidated Financial Statements for the
year ended December 31, 2015



Revenue

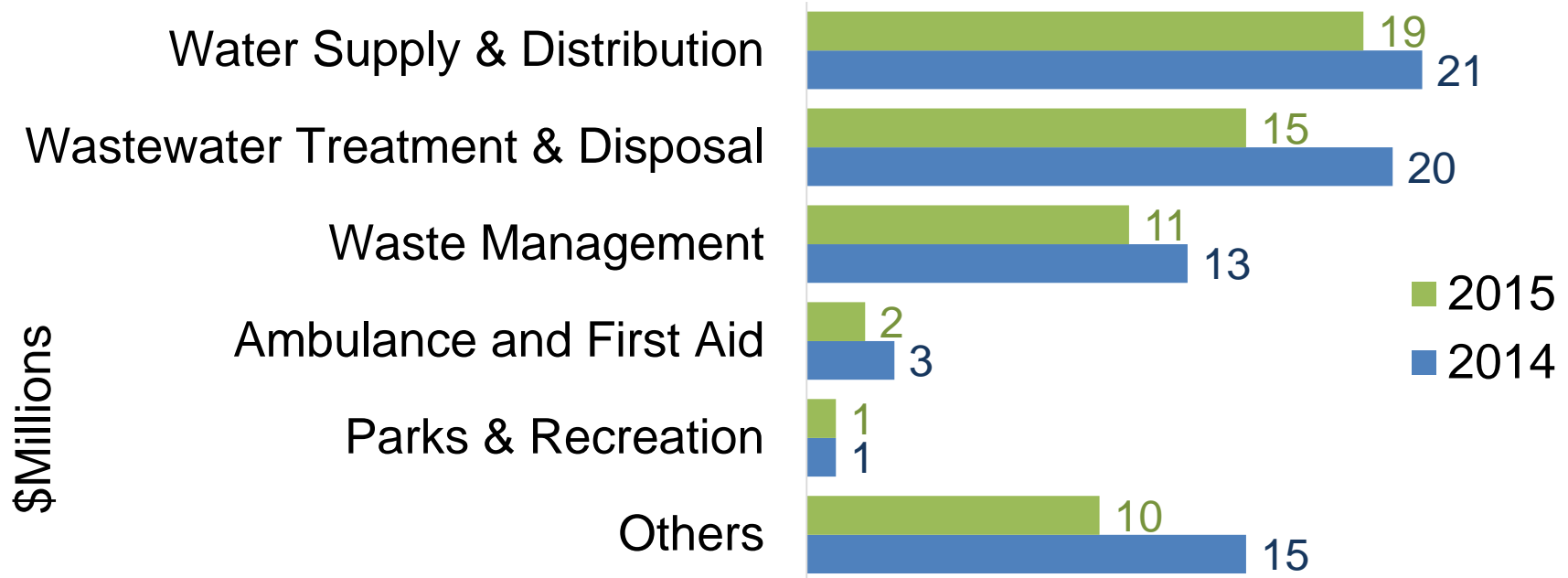
Revenue \$796M



Excluding Grants and Contributed Assets

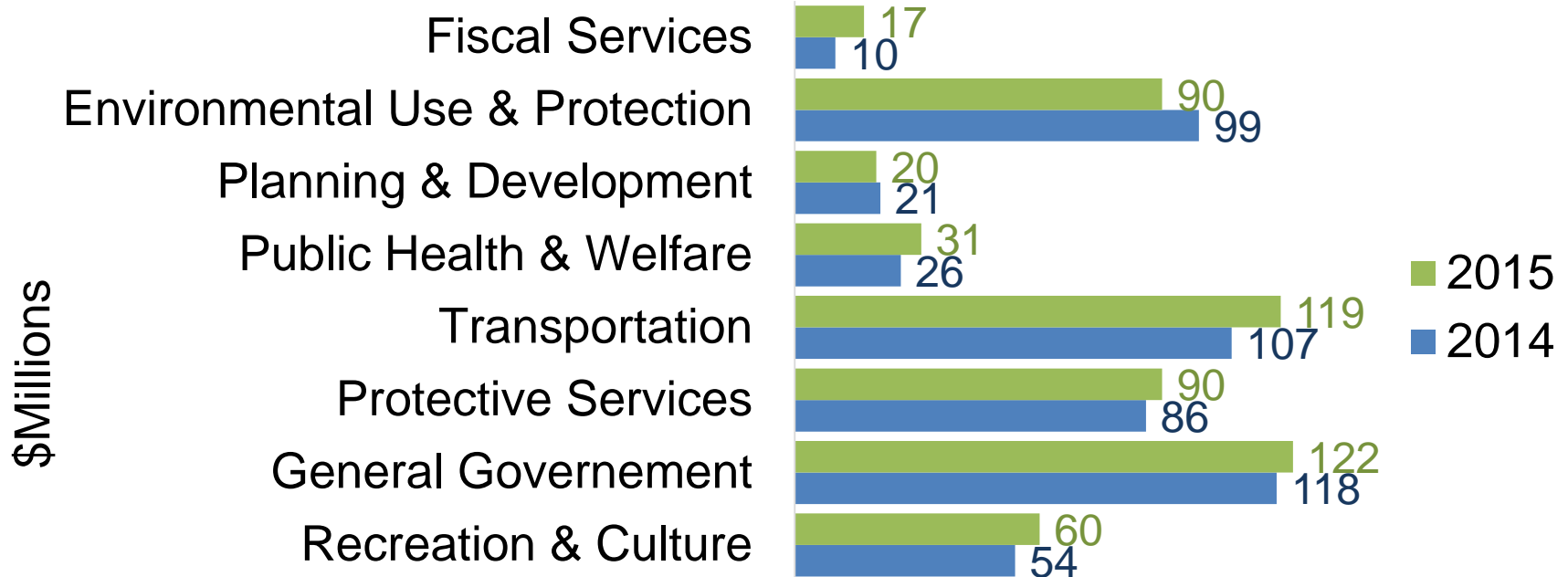
Sales and User Charges

Sales and User Charges \$58M



Expenses by Class

Expenses \$549M



Net Financial Assets

Non-Consolidated Financial Statements for the
year ended December 31, 2015



Changes in Net Financial Assets (Debt)

	2015 (\$M)	2014 (\$M)
Annual Surplus	367	317
Capital Asset	(320)	(353)
Prepaid and Inventory	(4)	5
Change in Net Assets	43	(31)
Net Assets (Debt) opening	(75)	(44)
Net Assets (Debt) ending	(32)	(75)

Cash Flow

Non-Consolidated Financial Statements for the
year ended December 31, 2015



Cash Flow

	2015 (\$M)	2014 (\$M)
Operations	334	415
Capital	(359)	(403)
Investing	89	59
Financing	(16)	(15)
Increase in Cash	48	56
Cash (beginning of year)	90	34
Cash (end of year)	138	90

Regional Municipality of Wood Buffalo Non-Consolidated Financial Statements for the year ended December 31, 2015

Presenter: Linda Ollivier,
Acting Director Financial Services
Date: April 20, 2016



2015 Financial Review

April 20, 2016 – Audit Committee

Financial Position As at December 31, 2015

		(\$Millions)	
		2015	2014
Current Assets	\$	12	\$ 38
Capital Assets	\$	155	\$ 140
Liabilities	\$	167	\$ 178
Net Assets	\$	-	\$ -

- **Current Assets Decrease**

- \$24M ↓ Cash
- \$1M ↓ AR
- \$1M ↓ Prepaid and Deposits

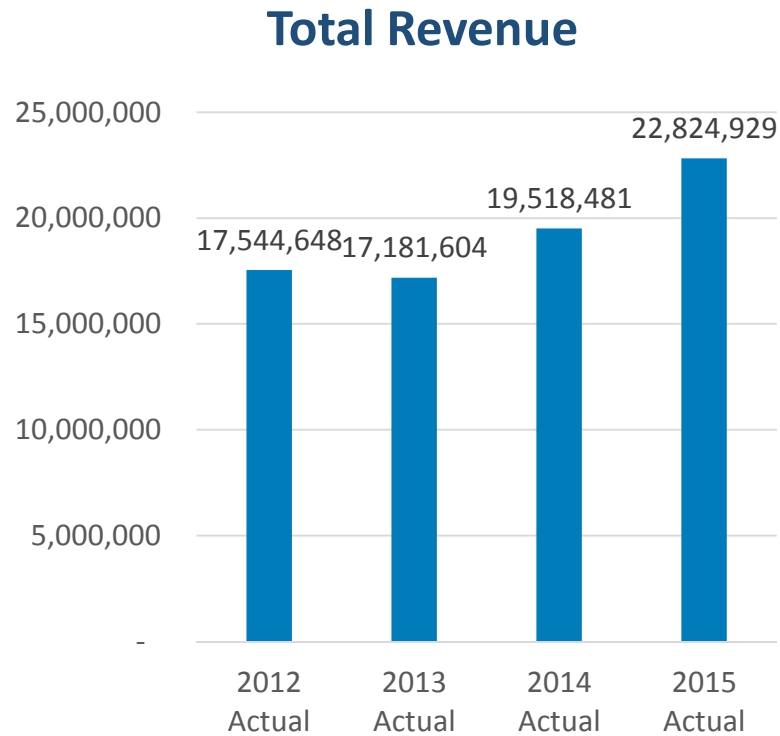
- **Capital Assets Increase**

- \$15M ↑ Capital Assets

- **Liabilities Decrease**

- \$18M ↓ AP
- \$7M ↓ Deferred Capital Contributions
- \$14M ↑ Unamortized Deferred Capital Contributions

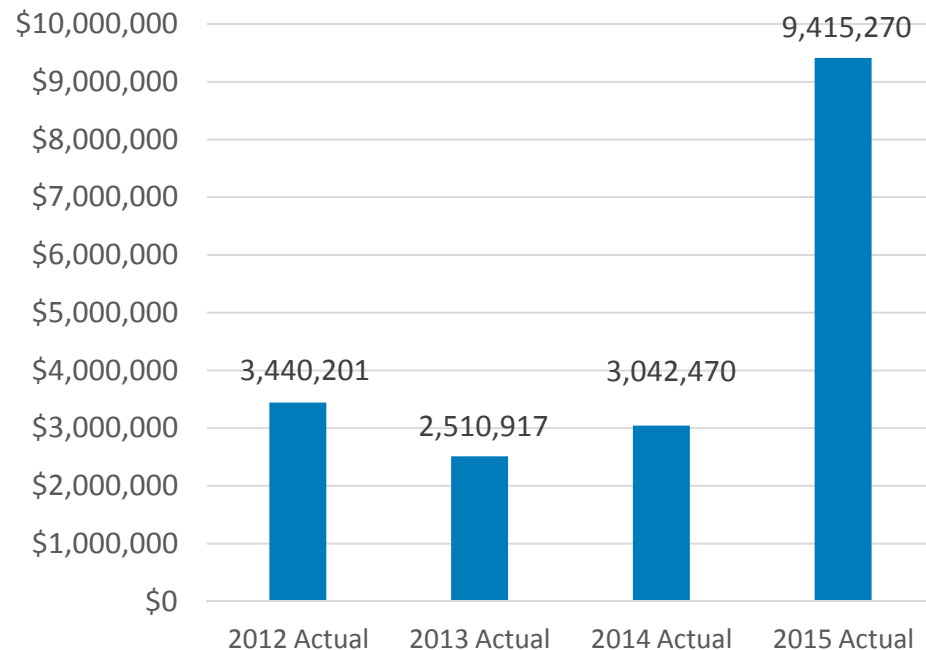
RRC Revenue



- Revenues increased 17% relative to 2014 before Municipal Funding
- Significant impact from economic conditions on actuals vs. budget
 - **Events:**
\$8M below budget
 - **Hospitality:**
\$1.9M below budget
 - **Memberships & User Fees:**
\$1.1M below budget

RRC Direct Costs

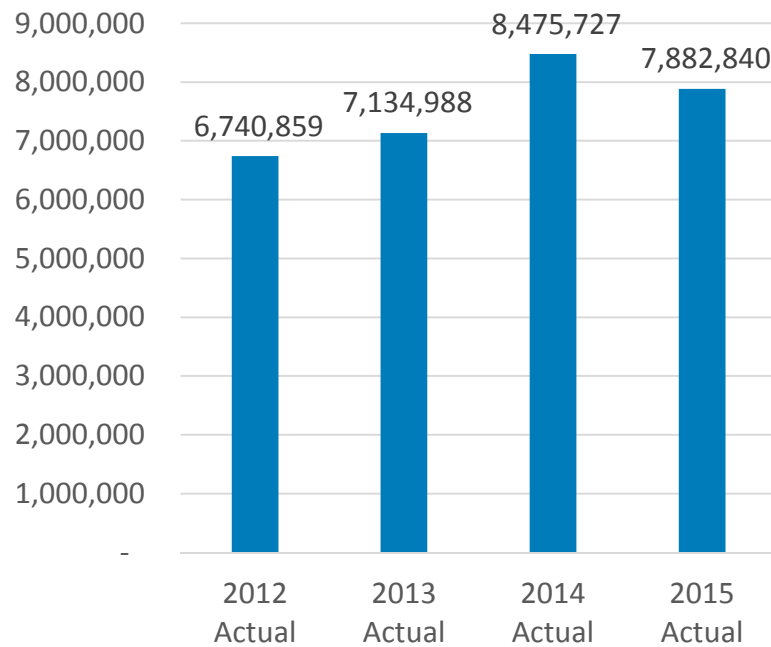
Direct Costs



- Direct costs have increased 210% relative to 2014
- Events increased \$6.4M vs 2014
- Event and Hospitality - \$4.6M below budget

Operating Expenses - Other

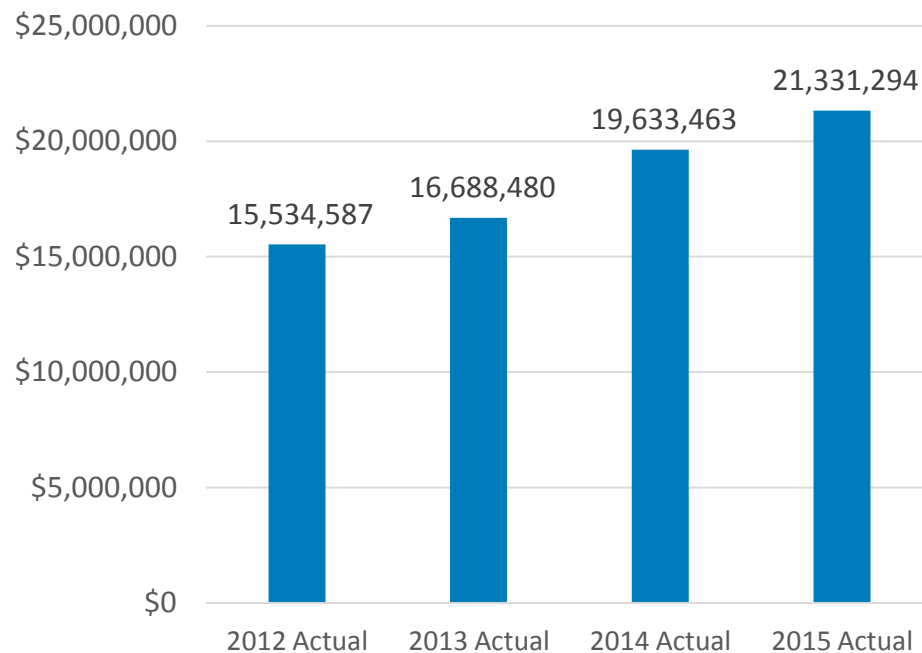
Operating Expenses - Other



- **Operating Expenses – Other have decreased 7% relative to 2014** (before depreciation of Capital Assets)
 - Decreased spending across majority of expense categories
 - ⇒ ↓ \$358k Promotions
 - ⇒ ↓ \$156k Travel and Meals
 - ⇒ ↓ \$144k Utilities
 - Operating costs of Shell Place:
 - ⇒ ↑ \$207k Security
 - ⇒ ↑ \$178k Insurance
 - ⇒ ↑ \$65k Licenses, Fees, Permits

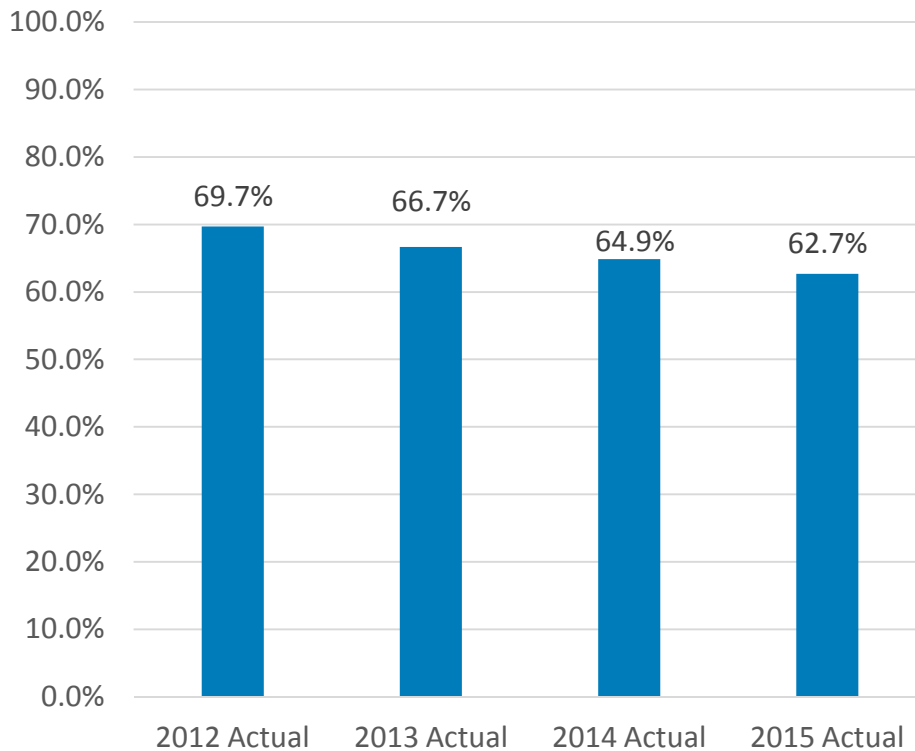
Wages & Benefits

Wages and Benefits



- Wages and benefits have increased 9% relative to 2014
- Peak head count was **462** in July, December ended at **330**
- Average was **385** in 2015 vs **375** in 2014
- 3% wage increase

Cost Recovery



- Cost recovery for 2015 was 62.7%
- Cost recovery per facility:
 - ⇒ **MacDonald Island Park:** 64.3%
 - ⇒ **Anzac** 21.8%



THANK YOU



Presentation to the RMWB Audit Committee

FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2015

APRIL 20, 2016

Historical context - 1

- ▶ WBHDC was incorporated in 2001 with a one-time municipal grant of \$450,000.
- ▶ WBHDC manages community social and subsidized seniors' housing by agreement with the Province.
- ▶ WBHDC provides well-built and well-maintained affordable housing that fills the "GAP" between social and market housing in one of Canada's most expensive real estate markets.
- ▶ WBHDC owns and operates Fort McMurray's primary homeless shelter, Marshall House.

Historical context - 2

3

- ▶ WBHDC has helped over 7,000 individuals, families and seniors with low and middle incomes find well-built, well-maintained affordable housing in Wood Buffalo.

Fiscal year 2015

4

- ▶ Net out-migration from Fort McMurray has resulted in higher vacancies and lower rental rates.
- ▶ Actual average vacancy rate for the year was 19 percent, vs. budget projections of 7 percent.
- ▶ Year end vacancy rate was 32.5 percent, including 9 percent attributable to opening Siltstone Ridge.
- ▶ Year end rental rates were 10 percent below budget.
- ▶ Rental property revenue was \$3 million below budget.
- ▶ WBHDC finished 2015 with a \$2.3 million surplus.

15-year GAP statistics Dec 31, 2001 to Dec 31, 2015

5

Year	Wait list	WBHDC two-bedroom rate (Oct)	CMHC two-bedroom rate (Oct)	Total # of WBHDC units (Dec)	WBHDC vacancy rate (Dec)	CMHC vacancy fall report
2001	n/a	n/a	\$ 1,085	69	0 %	0.5 %
2002	n/a	n/a	\$ 1,086	329	n/a	4.6 %
2003	n/a	n/a	\$ 1,141	396	n/a	3.3 %
2004	n/a	n/a	\$ 1,242	554	n/a	0.2 %
2005	n/a	n/a	\$ 1,478	630	n/a	0.2 %
2006	486	\$ 845 ↓51 %	\$ 1,717	663	n/a	0.2 %
2007	410	\$ 1,150 ↓45 %	\$ 2,085	666	0.4 %	0.3 %
2008	421	\$ 1,265 ↓46 %	\$ 2,360	749	0.5 %	0.5 %
2009	320	\$ 1,392 ↓35 %	\$ 2,156	787	0.5 %	10.1 %
2010	89	\$ 1,531 ↓31 %	\$ 2,210	998	4.0 %	5.6 %
2011	261	\$ 1,608 ↓22 %	\$ 2,049	1,185	7.3 %	9.4 %
2012	629	\$ 1,655 ↓17 %	\$ 2,002	1,185	7.3 %	5.6 %
2013	237	\$ 1,754 ↓19 %	\$ 2,163	1,204	8.3 %	5.4 %
2014	80	\$ 1,807 ↓15 %	\$ 2,118	1,206	10.7 %	11.7 %
2015	164	\$ 1,500 ↓19 %	\$ 1,841	1,369	32.5 %	29.3 %

Financial position

As at December 31, 2015, in \$ millions

	2015	2014
Current assets	\$ 59	\$ 66
Capital assets	269	257
Long-term assets	39	38
Total assets	367	361
Current liabilities	40	57
Long-term liabilities	188	167
Total liabilities	228	224
Net assets	139	137
Total liabilities and net assets	\$ 367	\$ 361

Key financial highlights

7

- ▶ \$8 million decrease in current assets due to insurance receivable related to Siltstone fire.
- ▶ \$13 million increase in capital assets invested to complete Siltstone project.
- ▶ \$8 million increase in construction loan to finance Siltstone project.
- ▶ \$3 million debt repayment.
- ▶ \$2 million increase to net assets.

Cash flow summary

for the year ended December 31, 2015, in \$ millions

	2015	2014
Operations	\$ 4	\$ 21
Financing	5	13
Capital	(10)	(22)
Investing	4	(30)
Increase/(Decrease) in cash	3	(19)
Cash at beginning of year	11	30
Cash at End of Year	\$ 14	\$ 11

Cash flow highlights

For the year ended December 31, 2015

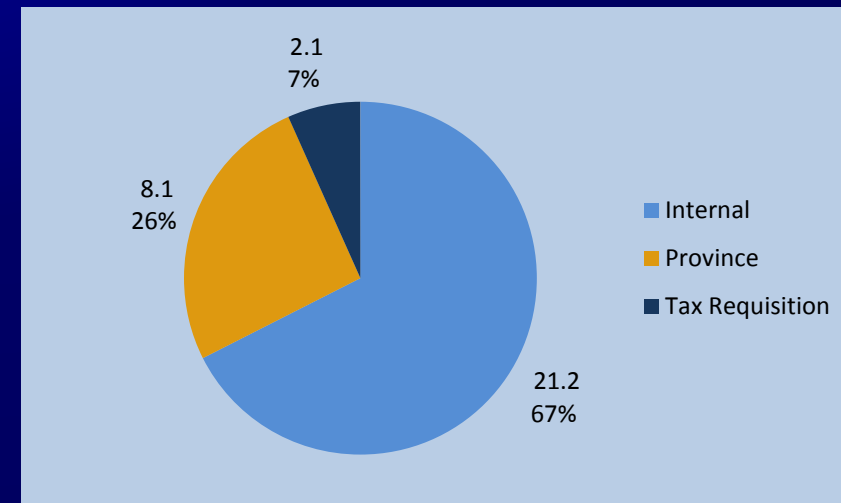
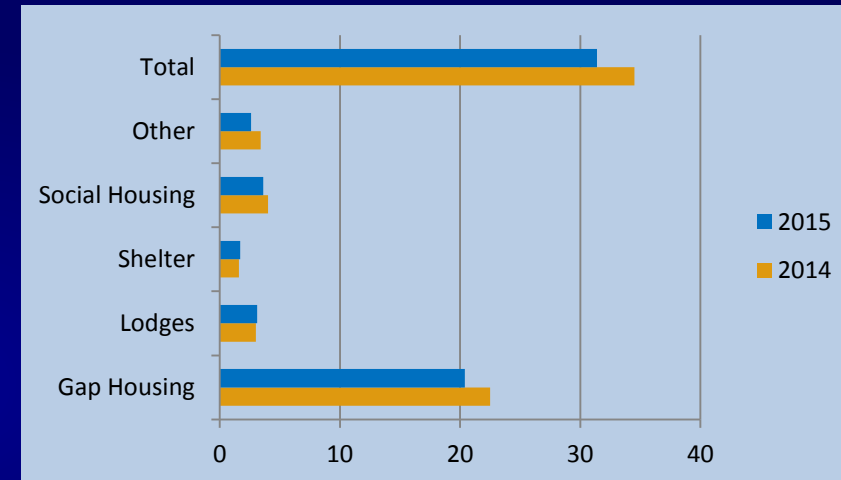
- ▶ Operations: \$2M surplus, \$2M other.
- ▶ Financing: \$8M construction loan, (\$3M) debt repayments.
- ▶ Capital: (\$13M) Siltstone project, \$3M additional insurance proceeds.
- ▶ Investing: \$5M investments, (\$1M) reserves.

Revenue summary

For the year ended December 31, 2015

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Revenue summary	2015	2014
GAP housing	\$ 20.4	\$ 22.3
Lodges	3.1	3.0
Shelter	1.7	1.6
Social housing	3.6	4.0
Other	2.6	3.6
Total	\$ 31.4	\$ 34.5



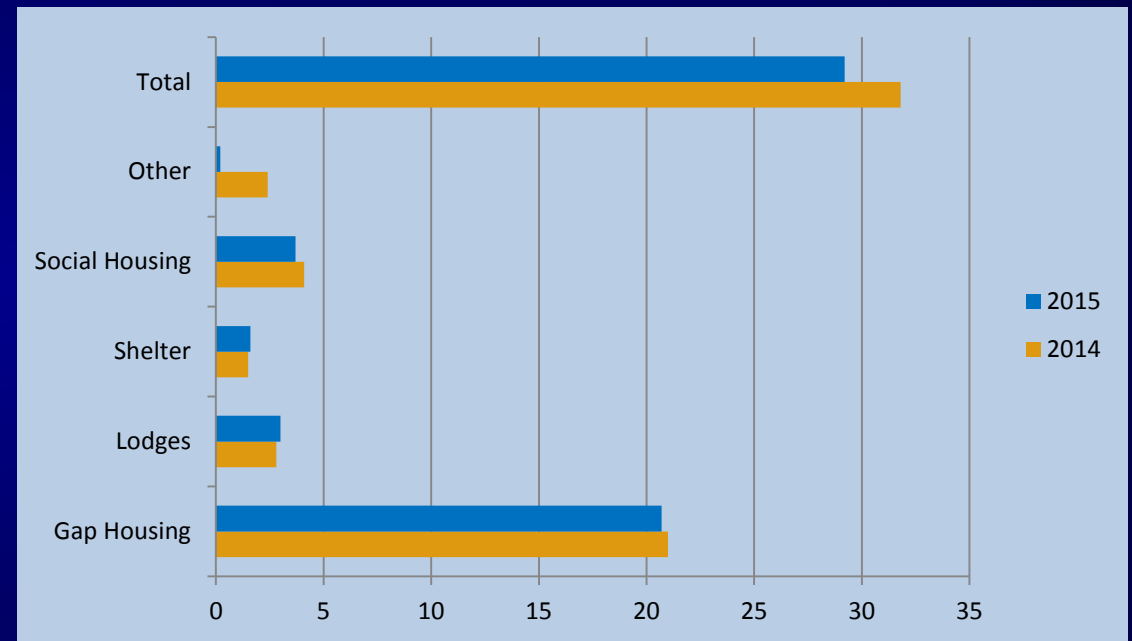
Revenue sources	2015	2014
Internal	\$ 21.2	\$ 24.4
Province	8.1	8.3
Tax requisition	2.1	1.8
Total	\$ 31.4	\$ 34.5

Expense summary

For the year ended December 31, 2015

11

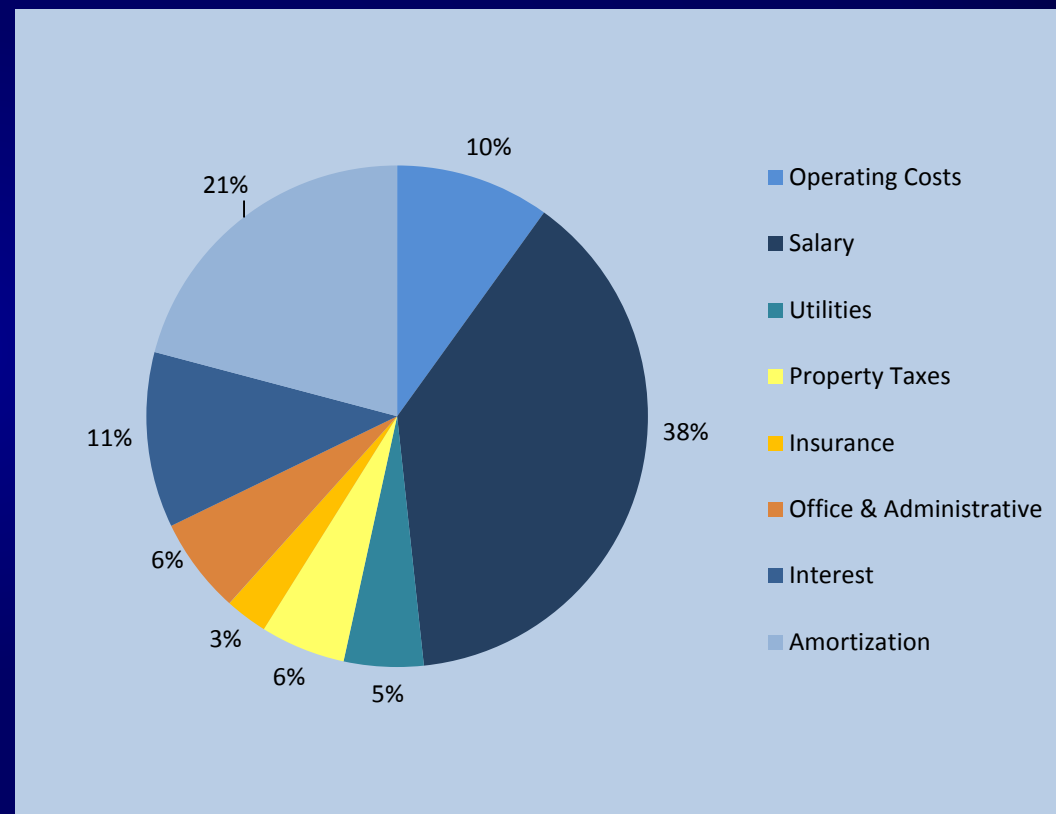
Expense summary	2015	2014
GAP housing	\$ 20.7	\$ 21.0
Lodges	3.0	2.8
Shelter	1.6	1.5
Social housing	3.7	4.1
Other	0.2	2.4
Total	\$ 29.2	\$ 31.8



Expense summary

For the year ended December 31, 2015

Expense categories	2015	2014
Operating costs	\$ 2.9	\$ 5.9
Salaries	11.2	11.2
Utilities	1.5	1.7
Property taxes	1.6	1.6
Insurance	0.8	0.8
Office & administrative	1.8	1.9
Interest	3.3	3.3
Amortization	6.1	5.4
Total	\$ 29.2	\$ 31.8



Wait list status

- ▶ There are no seniors on the wait list for subsidized seniors housing.
- ▶ There is no wait list for GAP housing.
- ▶ There is a wait list of approximately 180 for community social housing, which is exclusively due to a lack of operational funding provided by the Government of Alberta.
- ▶ We have approximately 400 vacant units in the inventory.

2016 and beyond

- ▶ WBHDC has been well-managed for its 15-year history to weather the current crisis.
- ▶ Additional provincial commitments are anticipated though they will be modest.
- ▶ We continue to explore cost control and revenue enhancement measures, including the housing of provincial fire fighters through the summer of 2016 in vacant units.
- ▶ We, like others in this community, will persevere.

Questions



Regional Municipality of Wood Buffalo Library Board

Financial Statements for the year ended December 31, 2015

**Prepared for
Audit Committee**

April 20, 2016



2015 Key Performance Highlights

- Celebrated 50 years as a Library
- Revealed our new brand
- Increased user visits by 8.23%
- Increased program participants by 3%



Statement of Financial Position

As at December 31, 2015

(in thousands)

	\$'000	
	2015	2014
Current Assets	2,188	2,292
Capital Assets	1,885	2,336
Liabilities	573	812
Net Assets	3,588	3,816



Statement of Operations Summary

For the year ended December 31, 2015

(in thousands)

	\$'000	
	2015	2014
Revenues	6,013	5,052
Expenses	6,241	5,457
Surplus/(Deficit)	(228)	(405)



WBRL Funding Received (in thousands)

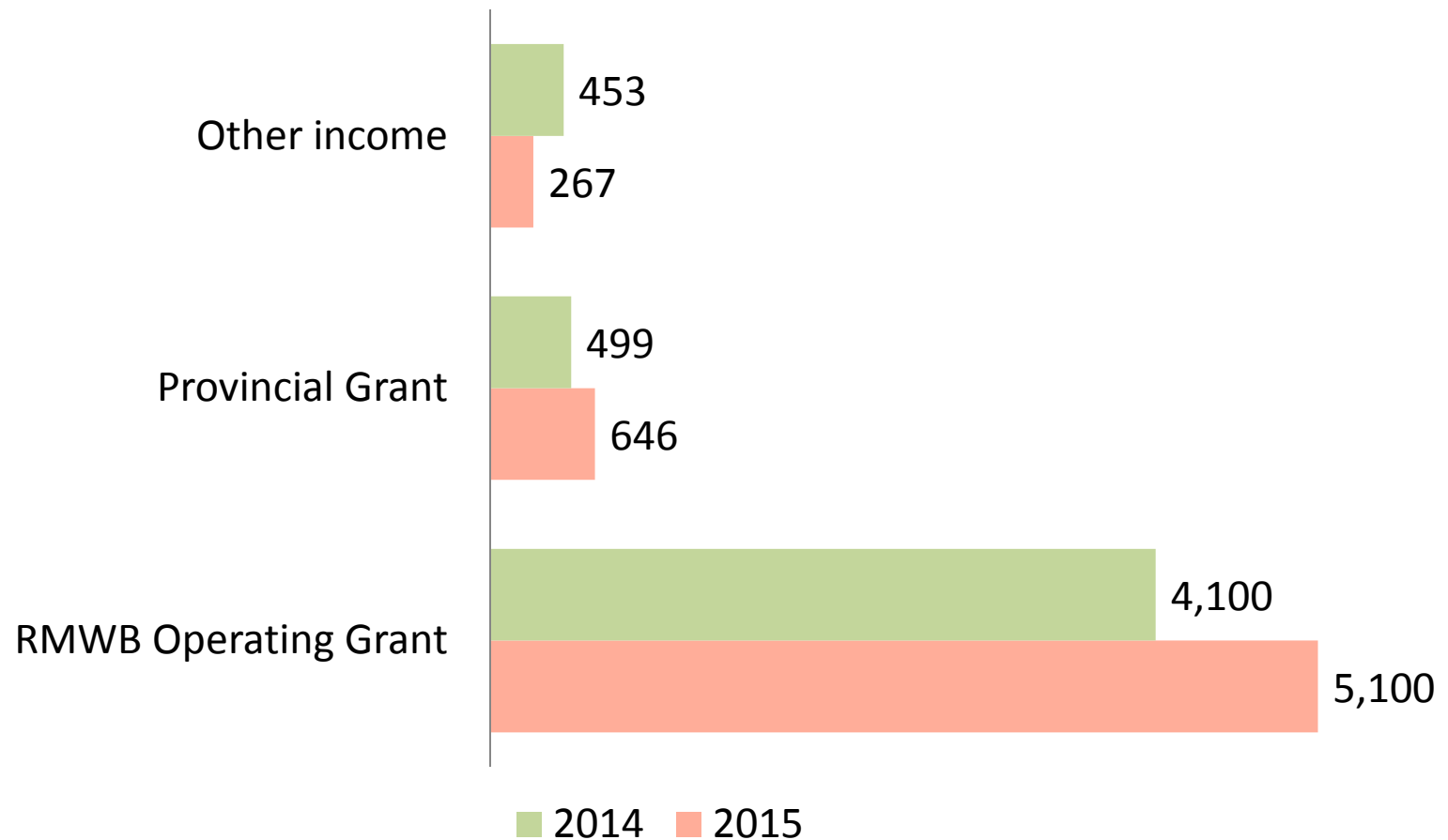
Nature	Funds Received 2015 \$'000	Balance as at Dec, 31 2015 \$'000
Municipal Grant	5,100	0
Provincial Grant	646	0
Other	267	0
Total	6,013	(228)

“Other” includes donations/fundraising, fines/memberships/fees, interest income and other income.



Revenue Sources

(in thousands)

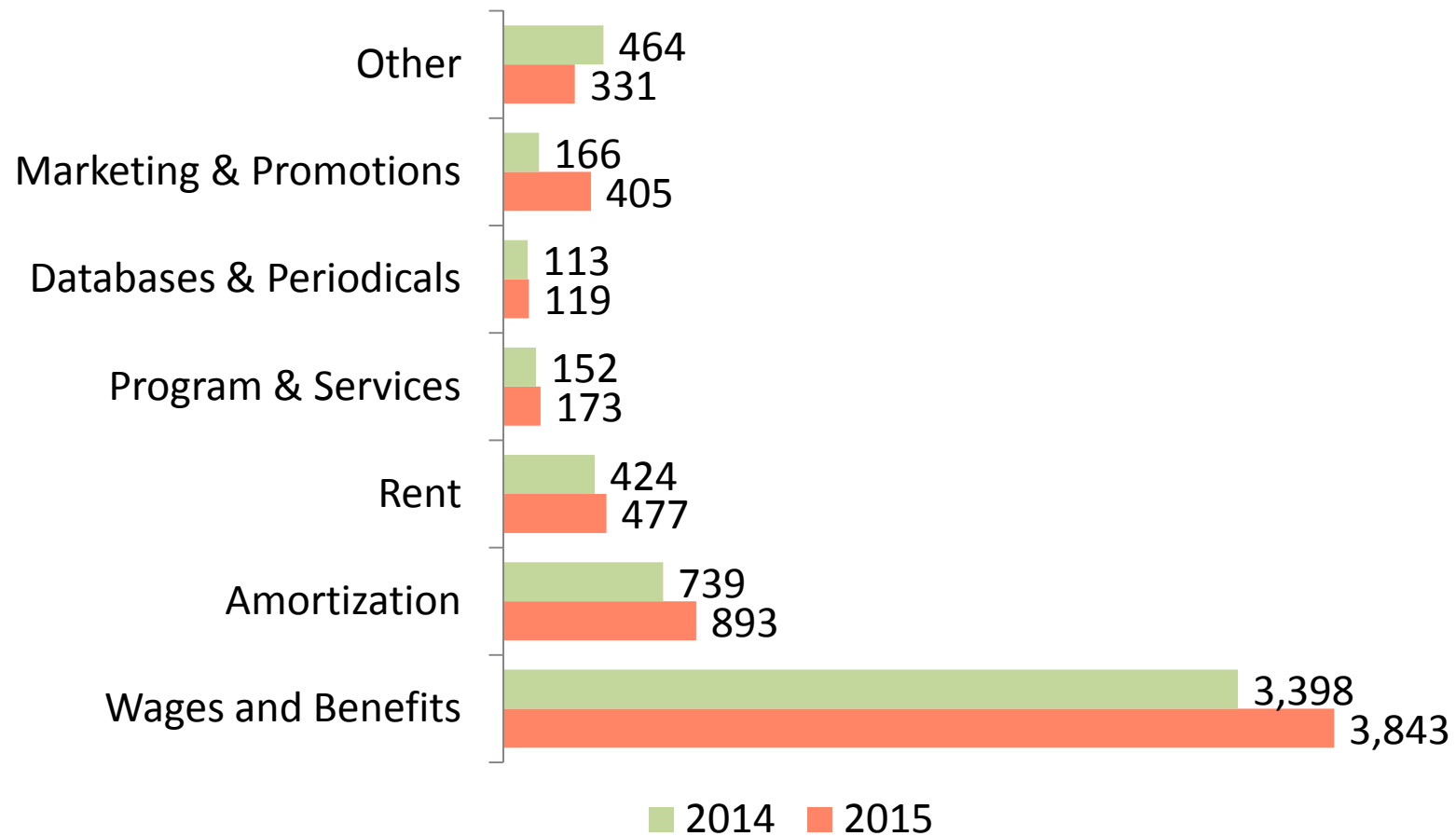


“Other” includes donations/fundraising, fines/memberships/fees, interest income and other income.



Operating Expenses

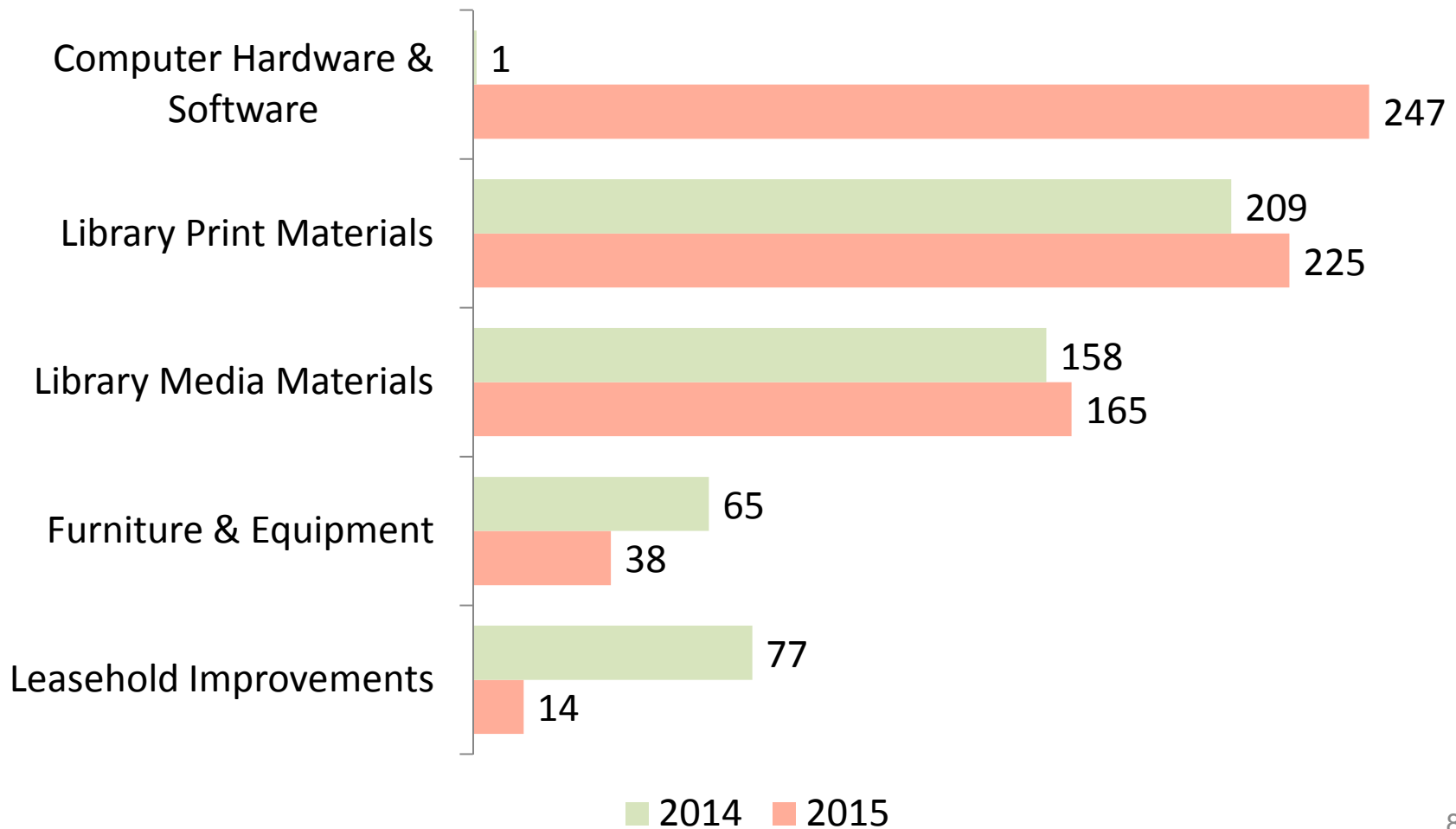
(in thousands)





Capital Expenses

(in thousands)





**On behalf of the Regional Municipality of Wood Buffalo
Library Board and the management and staff at Wood Buffalo
Regional Library we wish to “Thank You” for your ongoing
support!**

Subject: 2015 Non-Consolidated Financial Statements**APPROVALS:**

Linda Ollivier, Acting Director
Elsie Hutton, Executive Director
Marcel Ulliac, Chief Administrative Officer

Administrative Recommendation:

THAT the Audit Committee accept the presentation of the 2015 Non-Consolidated Financial Statements for the Regional Municipality of Wood Buffalo for the year ended December 31, 2015 as information.

Summary:

The *Municipal Government Act* requires that every Alberta municipality prepare and submit a Financial Information Return and Audited Financial Statements by May 1 of each year for the preceding year. The consolidated financial statements, to be submitted to the Province, will include information for subsidiaries; the Regional Recreation Corporation, Wood Buffalo Housing Development Corporation and Regional Municipality of Wood Buffalo Library Board.

In advance of submitting consolidated financial information, Administration is presenting information specific to municipal operations prior to consolidation. This format allows for each subsidiary to provide information and speak to highlights specific to their operations.

Background:

Administration is responsible for the preparation of the financial statements which are audited by Deloitte LLP. Highlights of the non-consolidated financial statements, municipal operations only, are presented for the fiscal year ended December 31, 2015 as information and in advance of final presentation of the consolidated audited report.

Budget/Financial Implications:

The 2015 operating surplus of \$477K has been transferred to the Emerging Issues Reserve, per Fiscal Responsibility Policy – FIN-160 approved by Council on July 15, 2015. This transfer will be in addition to the minimum \$50M balance required in the Emerging Issue Reserve.

Rationale for Recommendation:

The presentation is provided to ensure visibility and transparency to the Audit Committee on the financial position of the Regional Municipality of Wood Buffalo, as a separate entity, in advance of consolidation with municipal subsidiaries; the Regional Recreation Corporation, Wood Buffalo Housing Development Corporation and Regional Municipality of Wood Buffalo Library Board.

Strategic Plan Linkage:

Pillar 1 – Building Responsible Government



Subject: 2015 Audited Consolidated Financial Statements

APPROVALS:

Linda Ollivier, Acting Director
Elsie Hutton, Executive Director
Marcel Ulliac, Chief Administrative Officer

Administrative Recommendation:

THAT the 2015 Audited Consolidated Financial Statements for the Regional Municipality of Wood Buffalo for the year ended December 31, 2015, be accepted as information.

Summary:

The *Municipal Government Act* requires that every Alberta municipality prepare and submit a Financial Information Return and audited financial statements by May 1 of each year for the preceding year.

Background:

Bylaw 15/019 to establish various Council Committees delegated responsibility to the Audit Committee to accept the audited financial statements for the Municipality.

All information from subsidiary Corporations which includes the Regional Recreation Corporation of Wood Buffalo, Regional Municipality of Wood Buffalo Public Library Board and the Wood Buffalo Housing and Development Corporation have been fully consolidated within the Regional Municipality of Wood Buffalo Financial Statements.

The Municipality's 2015 Audited Consolidated Financial Statements have been audited by Deloitte LLP, the Municipality's Auditors, and will also be made available to the public on the Regional Municipality of Wood Buffalo's website. The Auditors will provide a 2015 Audit Report following completion of their audit work.

Budget/Financial Implications:

The 2015 surplus of \$477K was transferred to the Emerging Issues Reserve, per Fiscal Responsibility Policy – FIN-160 approved by Council on July 15, 2015. The transfer will be in addition to the minimum \$50M balance required in the Emerging Issues Reserve.

Rationale for Recommendation:

Section 276 of the Municipal Government Act requires that all municipalities prepare annual financial statements and the auditor's report by May 1 of each year for the immediate preceding year.

Strategic Plan Linkage:

Pillar 1 – Building Responsible Government

Attachment:

1. Consolidated Financial Statements of Regional Municipality of Wood Buffalo Year ended December 31, 2015.

Consolidated Financial Statements of

**REGIONAL MUNICIPALITY
OF WOOD BUFFALO**

Year ended December 31, 2015

Consolidated Financial Statements of
REGIONAL MUNICIPALITY OF WOOD BUFFALO

Year ended December 31, 2015

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Consolidated Statement of Operations and Accumulated Surplus.....	4
Consolidated Statement of Change in Net Financial Debt	5
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MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The accompanying consolidated financial statements of the Regional Municipality of Wood Buffalo (the "Municipality") are the responsibility of the Municipality's management and have been prepared in compliance with legislation, and in accordance with Canadian public sector accounting standards. A summary of the significant accounting policies followed by the Municipality are 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 judgment, 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 compliance with legislative and regulatory requirements, 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.

The Mayor and Members of Council met with management and the external auditors to discuss the consolidated financial statements and any significant financial reporting or internal control matters prior to the management approval of the consolidated financial statements.

The consolidated financial statements have been audited by Deloitte LLP, independent auditors appointed by the Municipality. The Independent Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the Municipality's consolidated financial statements.

For: Regional Municipality of Wood Buffalo

Elsie Hutton, CPA, CMA, CLGM
Chief Financial Officer

Marcel Ulliac
Chief Administrative Officer

April 20, 2016

Independent Auditor's Report

To the Mayor and members of Council of the Regional Municipality of Wood Buffalo

We have audited the accompanying consolidated financial statements of the Regional Municipality of Wood Buffalo, which comprise the consolidated statement of financial position as at December 31, 2014, the consolidated statements of operations and accumulated surplus, change in net financial debt 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.

Auditor's 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 the Regional Municipality of Wood Buffalo as at December 31, 2014, and the results of its operations, changes in net financial debt, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Chartered Accountants

April 20, 2015

REGIONAL MUNICIPALITY OF WOOD BUFFALO
Consolidated Statement of Financial Position

December 31, 2015

	2015	2014
Financial assets		
Cash and cash equivalents	\$ 163,227,572	\$ 135,518,223
Restricted cash (Note 2)	31,001,122	29,960,774
Taxes and grants in lieu receivable (Note 3)	5,427,979	5,610,392
Trade and other receivables (Note 4)	42,241,824	48,866,519
Inventories held for resale (Note 5)	2,418,937	1,468,114
Investments (Note 6)	415,566,573	507,744,503
Mortgages and notes receivable (Note 7)	8,113,772	9,754,136
	<u>667,997,779</u>	<u>738,922,661</u>
Liabilities		
Accounts payable and accrued liabilities	167,978,933	218,338,452
Deposit liabilities	8,529,507	9,397,407
Deferred revenue (Note 8)	128,394,895	161,467,121
Employee benefit obligations (Note 9)	13,561,955	17,106,972
Contaminated sites liability (Note 10)	974,221	-
Provision for landfill closure and post-closure obligation (Note 11)	11,746,978	12,391,616
Long-term debt (Note 12)	407,063,107	417,874,672
	<u>738,249,596</u>	<u>836,576,240</u>
Net financial debt	<u>(70,251,817)</u>	<u>(97,653,579)</u>
Non-financial assets		
Tangible capital assets (Note 14)	4,030,487,056	3,702,206,233
Consumable inventories	2,925,286	2,341,902
Prepaid expenses	8,603,567	5,922,450
	<u>4,042,015,909</u>	<u>3,710,470,585</u>
Accumulated surplus (Note 15)	<u>\$ 3,971,764,092</u>	<u>\$ 3,612,817,006</u>

Contractual obligations and contingent liabilities (Note 19)

See accompanying notes to financial statements.

Approved by:

Chief Financial Officer

Chief Administrative Officer

REGIONAL MUNICIPALITY OF WOOD BUFFALO
Consolidated Statement of Operations and Accumulated Surplus

For the Year Ended December 31, 2015

	Budget	2015	2014
	(Note 23)		
Revenue:			
Net taxes available for municipal purposes (Note 16)	\$ 691,083,722	\$ 677,951,624	\$ 632,285,095
Government transfers for operating (Note 17)	15,409,531	15,294,001	15,500,681
Sales and user charges (Note 22)	90,733,413	83,006,210	90,996,743
Sales to other governments	3,573,100	3,573,100	3,280,699
Penalties and costs on taxes	2,437,200	1,821,763	1,958,105
Licenses and permits	10,756,100	5,608,623	10,289,482
Fines	4,007,160	3,782,007	4,161,236
Franchise and concession contracts	9,010,300	8,165,601	8,948,639
Returns on investments	14,462,668	11,580,363	13,170,336
Rentals	24,796,822	24,131,749	30,340,926
Developers' agreements and levies	-	13,105,025	9,663,697
Other	4,752,001	4,533,625	8,312,291
	871,022,017	852,553,691	828,907,930
Expenses (Note 18):			
Council and other legislative	2,025,900	1,477,773	1,649,476
General administration	123,253,166	124,073,696	122,412,748
Other general government	14,582,049	13,259,406	4,611,043
Police	38,830,188	38,616,213	36,884,213
Fire	33,115,527	32,247,846	29,756,970
Disaster and emergency measures	993,114	841,232	671,232
Ambulance and first aid	8,966,100	9,782,479	11,791,985
Bylaws enforcement	10,164,621	8,594,968	6,663,533
Common and equipment pool	29,046,163	27,693,558	27,606,729
Roads, streets, walks, lighting	39,275,100	55,174,919	48,349,430
Public transport	29,601,500	32,587,083	27,633,803
Storm sewers and drainage	1,205,689	2,935,775	3,107,950
Water supply and distribution	26,763,229	38,358,993	28,866,000
Wastewater treatment and disposal	15,598,801	33,239,528	31,953,189
Waste management	21,035,558	18,180,513	38,504,244
Family and community support	14,274,328	15,122,693	12,897,028
Cemeteries and crematoriums	883,800	756,379	553,621
Land use planning, zoning and development	12,299,970	11,412,835	13,886,489
Subdivision land and development	-	-	4,179,858
Public housing operations	25,532,428	34,940,687	32,693,226
Land, housing and building rentals	6,488,536	8,553,777	2,905,735
Recreation boards	213,100	383,486	278,651
Parks and recreation	72,657,231	98,757,820	79,991,105
Culture: libraries, museums, halls	6,715,958	9,486,934	7,094,885
	533,522,056	616,478,593	574,943,143
Annual surplus before other	337,499,961	236,075,098	253,964,787
Other:			
Contributions of tangible capital assets	-	44,431,178	19,270,965
Government transfers for capital (Note 17)	35,600,000	78,440,810	67,707,886
Annual surplus	373,099,961	358,947,086	340,943,638
Accumulated surplus, beginning of year	3,612,817,006	3,612,817,006	3,271,873,368
Accumulated surplus, end of year	\$ 3,985,916,967	\$ 3,971,764,092	\$ 3,612,817,006

See accompanying notes to consolidated financial statements.

REGIONAL MUNICIPALITY OF WOOD BUFFALO
Consolidated Statement of Change in Net Financial Debt

For the Year Ended December 31, 2015

	Budget	2015	2014
	(Note 23)		
Annual surplus	\$ 373,099,961	\$ 358,947,086	\$ 340,943,638
Acquisition of tangible capital assets	(362,275,385)	(382,027,979)	(442,131,679)
Contributions of tangible capital assets	-	(44,431,178)	(19,270,965)
Loss on disposal of tangible capital assets	-	6,343,715	2,528,553
Amortization of tangible capital assets	-	88,348,612	74,398,095
Proceeds on disposal of tangible capital assets	-	3,486,007	341,741
	10,824,576	30,666,263	(43,190,617)
(Acquisition) use of prepaid expenses	-	(2,681,117)	4,886,952
(Acquisition) use of consumable inventories	-	(583,384)	126,207
	-	(3,264,501)	5,013,159
Decrease (increase) in net financial debt	10,824,576	27,401,762	(38,177,458)
Net financial debt, beginning of year	(97,653,579)	(97,653,579)	(59,476,121)
Net financial debt, end of year	\$ (86,829,003)	\$ (70,251,817)	\$ (97,653,579)

See accompanying notes to consolidated financial statements.

REGIONAL MUNICIPALITY OF WOOD BUFFALO
Consolidated Statement of Cash Flows

For the Year Ended December 31, 2015

	2015	2014
Cash provided by (used in):		
Operating:		
Annual surplus	\$ 358,947,086	\$ 340,943,638
Non-cash items included in annual surplus		
Amortization of tangible capital assets	88,348,612	74,398,095
Loss on disposal of tangible capital assets	6,343,715	2,528,553
Contributions of tangible capital assets	(44,431,178)	(19,270,965)
Change in non-cash assets and liabilities:		
Taxes and grants in lieu receivable	182,413	1,166,672
Trade and other receivables	6,624,695	4,077,877
Inventories held for resale	191,687	(732,603)
Consumable inventories	(583,384)	126,207
Prepaid expenses	(2,681,117)	4,886,952
Accounts payable and accrued liabilities	(50,359,519)	69,186,033
Deposit liabilities	(867,900)	(1,868,311)
Deferred revenue	(33,072,226)	(31,440,961)
Employee benefit obligations	(3,545,017)	(2,248,359)
Contaminated sites liability	974,221	-
Provision for landfill closure and post-closure costs	(644,638)	(87,104)
Cash provided by operating transactions	325,427,450	441,665,724
Capital:		
Proceeds on disposal of tangible capital assets	2,343,497	341,741
Acquisition of tangible capital assets	(382,027,979)	(442,131,679)
Cash applied to capital transactions	(379,684,482)	(441,789,938)
Investing:		
Decrease in mortgages and notes receivable	1,640,364	673,054
Increase in restricted cash	(1,040,348)	(1,460,076)
Decrease in investments	92,177,930	28,988,605
Cash provided by investing transactions	92,777,946	28,201,583
Financing:		
Long-term debt issued	8,452,491	15,455,210
Long-term debt repaid	(19,264,056)	(17,886,354)
Cash applied to financing transactions	(10,811,565)	(2,431,144)
Change in cash and cash equivalents during the year	27,709,349	25,646,225
Cash and cash equivalents, beginning of year	135,518,223	109,871,998
Cash and cash equivalents, end of year	\$ 163,227,572	\$ 135,518,223

See accompanying notes to consolidated financial statements.

REGIONAL MUNICIPALITY OF WOOD BUFFALO

Notes to Consolidated Financial Statements

For the Year Ended December 31, 2015

The Regional Municipality of Wood Buffalo (the Municipality) is a municipality in the Province of Alberta, Canada and operates under the provisions of the Municipal Government Act, R.S.A., 2000, c.M-26, as amended (MGA).

1. Significant accounting policies

The consolidated financial statements of the Municipality are prepared by management in accordance with Canadian public sector accounting standards. Significant accounting policies adopted by the Municipality are as follows:

(a) Reporting entity

(i) Consolidated entities

The consolidated financial statements reflect the assets, liabilities, revenues, expenses and accumulated surplus of the reporting entity. The reporting entity is comprised of entities whose operations and assets are under the control of the Municipality. In addition to general municipal tax supported operations, they include:

Regional Municipality of Wood Buffalo Library Board
Wood Buffalo Housing & Development Corporation
Regional Recreation Corporation of Wood Buffalo

Interdepartmental and inter-organizational transactions and balances have been eliminated.

(ii) Other boards and commissions

The Municipality is a member of various other boards and commissions that are not included in the reporting entity.

(iii) Alberta School Foundation Fund and School Boards

The note for net taxes available for municipal purposes includes requisitions for the Alberta School Foundation Fund and School Boards that are not part of the reporting entity.

(iv) Trust funds

Trust funds and their related operations administered by the Municipality are not included in these consolidated financial statements.

(b) Basis of accounting

The Municipality follows the accrual method of accounting for revenues and expenses. Revenues are recognized in the year in which they are earned and measurable. Funds from external parties and earnings thereon restricted by agreement or legislation are accounted for as deferred revenue until used for the purpose specified.

Property tax revenue is based on approved annual budget and requisition requirements. Property tax assessment is based on either the market value or regulated value legislated standard as prescribed in the MGA. The market value standard is based on the market value of properties as of July 1st of the preceding year. The regulated value standard is based on rates and procedures prescribed by Alberta Municipal Affairs. Assessments are subject to appeal. A provision has been recorded in accounts payable and accrued liabilities for potential losses on assessment appeals outstanding as at December 31.

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 property owners for work performed by the Municipality.

Local improvement levies represent funds from external parties that are restricted by legislation, and are accounted for as deferred revenue until the special assessments are authorized by Council, issued to the property owners, and the funds are used for the purpose specified.

REGIONAL MUNICIPALITY OF WOOD BUFFALO

Notes to Consolidated Financial Statements

For the Year Ended December 31, 2015

1. Significant accounting policies (continued)

(b) *Basis of accounting (continued)*

Government transfers and grants are recognized in the consolidated financial statements as revenues in the period that the events giving rise to the transfer occurred provided the transfers are authorized, any eligibility criteria have been met by the Municipality, stipulations have been satisfied and reasonable estimates of the amounts can be made. Prior to that time, any amounts received, along with the restricted interest thereon, are recorded as deferred revenue.

Authorized transfers from the Municipality to other organizations or individuals are recorded as an expense when the recipients have met the eligibility criteria, stipulations have been satisfied, and the amount can be reasonably estimated. The majority of transfers made by the Municipality are in the form of grants or operating subsidies.

Revenues for the provision of goods or services are recognized in the period in which the goods are provided or the services are rendered. Revenues from sponsorships are recognized over the terms of the sponsorship agreements. Rental income is recognized as revenue in the relevant tenancy period. Revenues from land and building sales related to inventories held for resale are recognized when title transfers and all of the rights and responsibilities of ownership have transferred, the price to the buyer is determinable and collection is reasonably assured. Amounts received under rights holder agreements have been deferred and are recognized as revenue on a straight line basis over the 25 year life of the agreements.

Returns on investments are recorded as revenue in the period earned. When required by the funding government or related act, investment income earned on deferred revenue is added to the investment and forms part of the deferred revenue balance.

Deferred revenue represents amounts received from third parties for a specified operating or capital purpose. These amounts are recognized as revenue in the period when the related expenses are incurred.

Expenses are recognized as they are incurred and are measurable as a result of receipt of goods or services and/or the creation of a legal obligation to pay.

(c) *Cash and cash equivalents*

Cash includes cash on hand and balances with banks, net of overdrafts.

Cash equivalents consist of bank deposits and short-term investments with original term to maturity of three months or less.

(d) *Excess collections and under-levies*

Excess collections 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 excess collection is recorded as a liability and property tax revenue is reduced. Where the actual levy is less than the requisition amount, the under-levy is recorded as a receivable and property tax revenue is increased.

Mill-rates in a subsequent year are adjusted for any excess collections or under-levies of the prior year.

(e) *Investments*

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

(f) *Inventories for resale*

Property and other inventories are recorded at the lower of cost and net realizable value. Property inventory held under equity and affordability programs which have been sold, but where revenue recognition criteria have not been met, are recorded at the lower of cost and net realizable value.

REGIONAL MUNICIPALITY OF WOOD BUFFALO

Notes to Consolidated Financial Statements

For the Year Ended December 31, 2015

1. Significant accounting policies (continued)

(g) *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 ordinary course of operations.

(i) *Tangible capital assets*

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

Asset	Useful Life - Years
Land improvements	10 to 50
Buildings and improvements	5 to 80
Engineered structures	10 to 120
Machinery and equipment	4 to 25
Vehicles	5 to 15

Annual amortization is charged at 50% in the year of acquisition and in the year of disposal. Assets under construction are not amortized until the asset is available for productive use. Tangible capital assets are written down when conditions indicate that they no longer contribute to the Municipality's ability to provide goods and services, or when the value of the future economic benefits associated with the tangible capital assets are less than their net book value.

(ii) *Contributions of tangible capital assets*

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

(iii) *Tangible capital assets recognized at nominal values*

Where an estimate of fair value could not be made, tangible capital assets are recognized at a nominal value.

(iv) *Natural resources*

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

(v) *Works of art and cultural and historic assets*

Works of art and cultural and historic assets are not recorded as tangible capital assets in these consolidated financial statements. Any acquisition costs are expensed in the year they are acquired.

(vi) *Capitalization of costs*

The Municipality does not capitalize interest costs associated with the acquisition or construction of tangible capital assets. General and administrative indirect overhead expenses are not allocated and capitalized.

(vii) *Leases*

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

(viii) *Consumable inventories*

Consumable inventories are recorded at the lower of cost and replacement cost.

REGIONAL MUNICIPALITY OF WOOD BUFFALO

Notes to Consolidated Financial Statements

For the Year Ended December 31, 2015

1. Significant accounting policies (continued)

(h) Contaminated sites liability

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

(i) Landfill closure and post-closure obligation

The *Alberta Environmental Protection and Enhancement Act* and the *Code of Practice for Landfill Operations in Alberta*, set out the regulatory requirements to properly close and maintain all landfill sites. Under environmental law, there is a requirement for closure and post-closure care of solid waste landfill sites. The estimated costs relating to this requirement are being accrued over the estimated remaining life of the landfill site based on usage.

The reported obligation may be affected by changes and factors such as the estimated total expenditures, regulatory requirements, inflation and interest rates. Due to the inherent uncertainty involved in making such estimates and assumptions, actual costs reported in future periods could differ from those estimates.

(j) Employee future benefits

The costs of multi-employer defined benefit pension plan benefits such as Local Authorities Pension Plan (LAPP) and APEX Pension Plan are the employer's contributions to the plan in the period. Health and dental benefits are provided on an administrative services only basis. The Municipality is responsible for the employer share of benefit premiums throughout the year.

(k) Use of estimates

The preparation of the consolidated financial statements 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 consolidated financial statements, and the reported amounts of revenues and expenses during the period.

Actual results could differ from those estimates.

Management has used estimates to determine employee benefit obligations, landfill closure and post-closure costs, contaminated sites liabilities, accrued liabilities, provisions for tax assessment appeals, tangible capital asset useful lives and provision for investment impairment, as well as provisions made for allowances for taxes and other receivables and inventories.

(l) Adoption of new accounting standards

The following summarizes changes to the Canadian public sector accounting standards issued by the Public Sector Accounting Standards Board (PSAB) that have been adopted by the Municipality during the current fiscal year.

(i) Liability for Contaminated Sites

The Liability for Contaminated Sites section, PS3260, came into effect for fiscal years beginning on or after April 1, 2014 and may be applied retroactively or prospectively. This section pertains to the remediation, recognition and measurement of contaminated sites for which the Municipality is responsible. Further, this section provides the requirements for financial statement presentation and disclosure.

The Municipality has adopted this new standard prospectively in fiscal 2015. For the contaminated sites for which the Municipality is responsible and which are not in active use, a liability is accrued to cover the costs of the required pre-remediation, monitoring and remediation work needed to reclaim the sites back to environmental standards net of any expected recoveries.

REGIONAL MUNICIPALITY OF WOOD BUFFALO

Notes to Consolidated Financial Statements

For the Year Ended December 31, 2015

1. Significant accounting policies (continued)

(m) Recent accounting standard pronouncements

The following summarizes upcoming changes to public sector standards issued by the Public Sector Accounting Board (PSAB). In 2015, the Municipality will continue to assess the impact and prepare for the adoption of these standards. While the timing of standard adoption can vary, certain standards must be adopted concurrently. The requirements in the Financial Statement Presentation (PS1201), Financial Instruments (PS3450), Foreign Currency Translation (PS2601) and Portfolio Investments (PS3041) must be implemented at the same time.

(i) Financial Statement Presentation

PS1201 Financial Statement Presentation 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 the 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.

(ii) Financial Instruments

PS3450 Financial Instruments, applicable for fiscal years beginning on or after April 1, 2019, 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 the requirement to disclose the nature and extent of risks arising from financial instruments and clarification is given for the de-recognition of financial liabilities.

(iii) Foreign Currency Translation

PSAB issued PS2601 Foreign Currency Translation, replacing the current PS2600 applicable for fiscal years beginning on or after April 1, 2019. 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.

(iv) Portfolio Investments

Section PS3041 Portfolio Investments has removed 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.

REGIONAL MUNICIPALITY OF WOOD BUFFALO

Notes to Consolidated Financial Statements

For the Year Ended December 31, 2015

2. Restricted cash

Restricted cash is comprised of proceeds from the Province of Alberta related to the Hawthorne Heights project of \$19,301,243 (2014 - \$19,200,000) which are restricted as per an amended Hawthorne Heights conditional grant funding agreement and are to be used for a future development project. In addition, the balance includes various tenant deposits and reserves required under funding agreements related to the delivery of affordable housing programs amounting to \$11,699,879 (2014 - \$10,760,774).

Under the terms of the mortgage agreements related to affordable housing operations, the Municipality deposits 4% of the gross income of the related properties into the restricted replacement reserves account. This amount is reserved for major capital repairs. Withdrawals require prior approval by the lender following submission of paid invoices for approved major capital repairs.

3. Taxes and grants in lieu receivable

	2015	2014
Current	\$ 4,331,972	\$ 4,802,377
Arrears**	1,217,629	903,312
	5,549,601	5,705,689
Less allowance for doubtful accounts	121,622	95,297
	\$ 5,427,979	\$ 5,610,392

** levies which were imposed one year or longer prior to year end

4. Trade and other receivables

	2015	2014
Government transfers	\$ 3,865,797	\$ 1,327,903
GST recoverable	3,422,114	4,865,628
Utility receivables	4,797,882	4,601,453
Developer charges	3,837,426	1,728,974
Trade receivables - net	26,318,605	36,342,561
	\$ 42,241,824	\$ 48,866,519

5. Inventories held for resale

	2015	2014
Inventories held for resale	\$ 414,107	\$ 402,813
Property inventory held under equity and affordability programs	2,004,830	1,065,301
	\$ 2,418,937	\$ 1,468,114

REGIONAL MUNICIPALITY OF WOOD BUFFALO

Notes to Consolidated Financial Statements

For the Year Ended December 31, 2015

6. Investments

	2015		2014	
	Amortized Cost	Market Value	Amortized Cost	Market Value
Cash	\$ 3,165,144	\$ 3,165,144	\$ 3,238,341	\$ 3,238,341
Bankers acceptances and notes	64,928,969	65,132,803	131,717,936	131,717,936
Government and government guaranteed bonds	205,524,658	207,058,776	215,991,560	221,261,272
Corporate bonds and debentures	137,861,901	138,892,060	142,816,688	142,990,497
Mutual funds	2,921,350	2,921,350	12,639,244	12,639,223
Accrued interest	1,164,551	1,164,551	1,340,734	1,340,734
	\$ 415,566,573	\$ 418,334,684	\$ 507,744,503	\$ 513,188,003

Bankers acceptances and notes have maturities of less than one year and stated interest rates from 1.03% to 5.30% (2014 - 1.03% to 5.30%).

Government and government guaranteed bonds bear interest at stated average interest rates from 1.03% to 5.60% (2014 - 1.03% to 5.60%).

Corporate bonds and debentures bear interest at stated average interest rates from 1.03% to 6.00% (2014 - 1.03% to 6.00%).

The market value of certain investments fluctuates with changing market interest rates. The carrying value of certain investments has not been written down to market value because management has concluded, based on a review of market information for these investments, there is no obvious indication of significant impairment that is other than temporary.

REGIONAL MUNICIPALITY OF WOOD BUFFALO

Notes to Consolidated Financial Statements

For the Year Ended December 31, 2015

7. Mortgages and notes receivable

	2015	2014
Housing affordability loans, bearing interest at rates ranging from 0% to 6% per annum, compounded semi-annually, payable in monthly instalments of interest only, repayable when the borrower sells the property, secured by vendor take back mortgages on land and buildings and market appreciation guarantees.	\$ 3,319,748	\$ 2,875,690
Home equity loans which are non-interest bearing, without monthly repayment terms, with principal repayable when the borrower sells the property, secured by vendor take back mortgages on land and buildings and market appreciation guarantees.	2,537,901	3,315,490
Demand promissory notes receivable and second mortgages receivable bearing interest at 0% to 6% per annum, with monthly repayment terms representing a 25 year amortization period, secured by land and buildings.	273,933	338,425
Employee home purchase assistance loan is non-interest bearing with principal repayments of 1% per year.	-	57,067
A vendor take back mortgage with interest at 4% per annum.	-	1,150,000
A net investment in a long-term lease arrangement.	1,982,190	2,017,464
	\$ 8,113,772	\$ 9,754,136

REGIONAL MUNICIPALITY OF WOOD BUFFALO

Notes to Consolidated Financial Statements

For the Year Ended December 31, 2015

8. Deferred revenue

Deferred revenue is comprised of the funds noted below, the use of which is externally restricted. These funds are recognized as revenue in the period they are used for the purpose specified. Certain deferred revenues related to government transfers as further described in Note 17.

	December 31, 2014	Externally restricted inflows	Revenue recognized	December 31, 2015
<u>Government transfers</u>				
Operating:				
Community Housing Plan (a)	\$ 2,084,610	\$ 5,069,141	\$ (4,876,023)	\$ 2,277,728
Children and Youth Services Grant (b)	-	110,837	-	110,837
Emergency Medical Services Contract (c)	-	7,050,000	(6,953,023)	96,977
Rent Supplement Program (d)	1,131,661	2,359,907	(2,338,161)	1,153,407
Marshall House Grant	77,256	-	(6,653)	70,603
Sustainable Remote Housing Grant	96,841	-	(5,042)	91,799
Emergency Services Grants (e)	24,914	360,500	(381,028)	4,386
Event Tourism Strategy Grant (f)	-	60,000	(50,983)	9,017
RCMP Grants (g)	364,600	1,458,400	(1,458,400)	364,600
Other Grants (h)	709,101	3,721,968	(3,284,509)	1,146,560
	4,488,983	20,190,753	(19,353,822)	5,325,914
Capital:				
Community Development Plan (i)	23,619,336	230,426	(8,233,638)	15,616,124
Municipal Sustainability Initiative Grant (j)	31,625,988	31,560,204	(45,422,509)	17,763,683
Basic Municipal Transportation Grant (k)	1,810,284	17,184	(1,827,468)	-
Federal Gas Tax Fund Grant (l)	656,767	12,468,267	(8,164,918)	4,960,116
Alberta Affordable Housing Initiative (m)	23,262,274	108,170	(3,298,401)	20,072,043
911 Grant (n)	-	249,372	-	249,372
Flood Recovery and Erosion Control Grant (o)	4,067,277	2,088,325	(5,787,057)	368,545
	85,041,926	46,721,948	(72,733,991)	59,029,883
	89,530,909	66,912,701	(92,087,813)	64,355,797
<u>Other</u>				
Corporate Donations and Naming Rights	380,953	-	(95,239)	285,714
Rights Holder Agreements (p)	1,438,400	-	(84,800)	1,353,600
RCMP Agreements	6,744	9,000	(1,166)	14,578
Deferred Property Taxes	22,145,694	24,170,231	(22,145,694)	24,170,231
Deferred Offsite Levies and Developer Charges (q)	38,567,822	2,137,258	(13,105,025)	27,600,055
Deferred Developer Agreements (r)	4,030,516	5,370	(717,454)	3,318,432
Lifetime golf and fitness memberships	1,219,499	2,887,809	(2,724,022)	1,383,286
Other	4,146,584	6,406,525	(4,639,907)	5,913,202
	71,936,212	35,616,193	(43,513,307)	64,039,098
	\$ 161,467,121	\$ 102,528,894	\$ (135,601,120)	\$ 128,394,895

REGIONAL MUNICIPALITY OF WOOD BUFFALO

Notes to Consolidated Financial Statements

For the Year Ended December 31, 2015

8. Deferred revenue (continued)

Operating government transfers

a) *Community Housing Plan*

The Community Housing Plan is an arrangement where money is received from both the Province of Alberta and the Government of Canada to assist homeless individuals to obtain housing and provide support services through funding provided to a number of not-for-profit organizations. Accruals are set up at the end of each year to record the deferred revenue from the Province of Alberta and record the trade and other receivable from the Government of Canada.

b) *Children and Youth Services Grant*

The Province of Alberta, through the Minister of Human Services, provided the Children and Youth Services Grant to provide youth advocacy services in the community. In 2015, the Municipality received grant funding of \$110,837 (2014 - \$nil), all of which is deferred as the program begins in 2016.

c) *Emergency Medical Services Contract*

Alberta Health Services provides the Emergency Medical Services Ground Ambulance contract which provides assistance to partially offset the cost of providing 24/7 emergency medical services to the Municipality's citizens. During 2015, the Municipality received \$7,050,000 (2014 - \$7,474,089).

d) *Rent Supplement Program*

The Rent Supplement Program is an arrangement where money is received from the Province of Alberta to provide housing assistance for individuals and families residing or needing to reside in the Regional Municipality of Wood Buffalo. The Municipality makes claims for qualified individuals or families, receives the funds and pays them out to qualified individuals on a monthly basis. During 2015, the Municipality received grant funding of \$2,347,852 (2014 - \$4,916,142) and allocated interest on the unspent grant in the amount of \$12,055 (2014 - \$14,313).

e) *Emergency Services Grants*

The Municipality received two grants from the Province of Alberta related to the provision of emergency services within the Municipality. Alberta Emergency Management Agency provides, through Alberta Municipal Affairs, the 911 grant and the Flood Readiness Supplies grant. The 911 Grant supports and enhances the delivery and development of local 911 services throughout Alberta and the Flood Readiness Supplies Grant provides funds to improve the capacity to better protect the community and citizens from possible future flooding. During 2015, the Municipality received \$365,477 (2014 - \$313,359), and returned unspent funds of \$4,977 (2014 - \$nil).

f) *Event Tourism Strategy Grant*

The Province of Alberta provided a one-time grant for the development of Wood Buffalo Event Strategy which identifies an integrated and sustainable foundation for delivering new and enhanced existing event programs more efficiently in the region. During 2015, the Municipality received \$60,000 (2014 - \$nil).

g) *RCMP Grants*

The Province of Alberta provides two RCMP grants through the Alberta Solicitor General and Minister of Public Security – the Police Officers Grant (POG) and the Municipal Policing Assistance Grant (MPAG). POG provides assistance to municipalities to promote the hiring of new police officers throughout the province. MPAG helps communities to meet the costs of their policing services. During 2015, the Municipality received \$1,458,400 (2014 - \$1,458,400).

REGIONAL MUNICIPALITY OF WOOD BUFFALO

Notes to Consolidated Financial Statements

For the Year Ended December 31, 2015

8. Deferred revenue (continued)

Operating government transfers (continued)

h) Other Grants

Other operating grants include various smaller federal and provincial government grants including:

(i) Emergency Transitional Shelter Initiative

The Municipality entered into an agreement with the Province of Alberta through the Emergency Transitional Shelter Initiative to undertake or support projects which provide emergency, short-term, and/or long-term supportive housing and deliver services to alleviate the problem of homelessness in Alberta. During 2015, the Municipality received grant funding of \$1,550,604 (2014 - \$1,550,603) and recognized \$1,597,376 (2014 - \$1,483,693) as operating government transfers. Deferred revenue of \$445,930 (2014 - \$491,702) is recorded.

(ii) Alberta Housing & Urban Affairs – Low Income Housing

The Municipality entered into an agreement with the Province of Alberta to act as a management body in the provision of low income housing to individuals and families residing in the Regional Municipality of Wood Buffalo. During 2015, the Municipality received grant funding of \$nil (2014 - \$1,263,152) and recognized \$nil (2014 - \$1,235,397) as operating government transfers. Deferred revenue of \$27,756 (2014 - \$27,756) is recorded.

Capital government transfers

i) Community Development Plan

In 2009, the Municipality entered into an agreement with the Province of Alberta to service the development of Crown Lands known as Parsons Creek and Saline Creek Plateau. To facilitate this servicing, for residential and other purposes, a grant totalling \$242,380,000 was provided by the Province. During 2015, the Municipality allocated interest on the unspent grant in the amount of \$230,426 (2014 - \$376,573).

j) Municipal Sustainability Initiative Grant

In 2007, the Province of Alberta introduced the Municipal Sustainability Initiative grant to assist municipalities with managing growth pressures, provide sustainable funding and support infrastructure needs. Based on a pre-established formula and budget availability, the Municipality will receive an annual grant allocation until 2016. In 2015, the Municipality received \$31,260,132 (2014 - \$29,166,838) and allocated interest on the unspent grant in the amount of \$300,072 (2014 - \$321,204).

k) Basic Municipal Transportation Grant

The Basic Municipal Transportation grant (formerly Alberta Infrastructure Transportation Grant) is funded by Alberta Transportation and provides annual cost-shared financial assistance to municipalities for developing and implementing safe and effective roadway networks and transportation systems. In 2015, the Municipality allocated interest on the unspent grant in the amount of \$17,184 (2014 - \$17,010).

l) Federal Gas Tax Fund Grant

The Federal Gas Tax Fund Grant (formerly New Deal for Cities and Communities Grant) assists municipalities in addressing their sustainable municipal capital infrastructure needs. Funding is received through the allocation of the federal gasoline tax to Alberta municipalities. This grant program is extended to 2024. In 2015, the Municipality received \$12,428,585 (2014 - \$nil) and allocated interest on the unspent grant in the amount of \$39,682 (2014 - \$27,452).

REGIONAL MUNICIPALITY OF WOOD BUFFALO

Notes to Consolidated Financial Statements

For the Year Ended December 31, 2015

8. Deferred revenue (continued)

Capital government transfers (continued)

m) Alberta Affordable Housing Initiative

The Province of Alberta provides grants to support the development and supply of affordable housing in Stone Creek, Hawthorne Heights and Parsons Creek. During 2015, the Municipality allocated interest on the unspent grants in the amount of \$108,170 (2014 - \$8,345).

n) 911 Grant

Alberta's Emergency 911 Act came into force on April 1, 2014. The Act established the Alberta 911 Grant under the Alberta Emergency Management Agency. The objective of the 911 Grant is to strengthen and support local delivery of 911. This will be done through delivering a new source of funding generated from a monthly 911 levy on cellphones and by developing provincial standards for 911. In 2015, the Municipality received \$249,372 (2014 - \$nil).

o) Flood Recovery and Erosion Control Grant

The Municipality entered into an agreement with the Province of Alberta to undertake five flood recovery erosion control projects. During 2015, the Municipality received grant funding of \$2,053,430 (2014 - \$4,971,305) and allocated interest on the unspent grant in the amount of \$34,895 (2014 - \$39,264).

Other

p) Rights Holder Agreements

From 2006 to 2009, contributions totalling \$2,120,000 were received from entities within the Municipality in exchange for rights holder agreements for certain vacant units in apartment projects owned by the Municipality for a period of 25 years. The Municipality has the sole right to accept or reject the proposed tenants based on the Municipality's pre-established criteria. The rights holder has first right of refusal to certain vacant units and if there is no proposed or accepted tenant, the rights holder can lease the unit for a one year term so that the unit remains available for a future referred tenant, subject to acceptance by the Municipality's acceptance criteria. If there is no proposed or accepted tenant, and the rights holder does not exercise its option to lease the unit, then the Municipality can lease the unit to another tenant for a one year lease. The rights holder can assign or sell their rights under the agreements and have the right to both terminate the agreements and have the right of first refusal to renew the agreements after 25 years under the new terms and conditions. The agreements do not convey any interest in land and buildings to the rights holders and regular monthly rental payments are required under any unit rented.

q) Deferred Offsite Levies and Developer Charges

The Municipality collects offsite levies and developer charges from property developers prior to new development commencing within the Municipality. During 2015, the Municipality received \$1,753,538 (2014 - \$4,649,091) in levies and charges and allocated interest on the unspent levies and charges of \$383,720 (2014 - \$473,799).

r) Deferred Developer Agreements

The Municipality entered agreements to perform work on behalf of developers and received payments in lieu of municipal reserve lands.

REGIONAL MUNICIPALITY OF WOOD BUFFALO

Notes to Consolidated Financial Statements

For the Year Ended December 31, 2015

9. Employee benefit obligations

	2015	2014
Accrued vacation pay and overtime bank	\$ 5,769,661	\$ 5,663,866
Accrued salary and benefits	7,792,294	11,443,106
	<u>\$ 13,561,955</u>	<u>\$ 17,106,972</u>

(a) Vacation and overtime

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 those benefits within the next budgetary year.

(b) Local Authorities Pension Plan

Employees of the Municipality participate in the LAPP, which is covered by the Alberta Public Sector Pension Plans Act.

The Municipality is required to make current service contributions to the LAPP of 11.39% (2014 - 11.39%) of pensionable earnings up to the Canada Pension Plan year's maximum pensionable earnings and 15.84% (2014 - 15.84%) for the excess. Employees of the Municipality are required to make current service contributions of 10.39% (2014 - 10.39%) of pensionable salary up to the year's maximum pensionable salary and 14.84% (2014 - 14.84%) on pensionable salary above this amount. Contributions for current service are recorded as expenditures in the year in which they become due.

Total current service contributions by the Municipality to the LAPP in 2015 are \$19,289,944 (2014 - \$16,777,712). Total current service contributions by the employees of the Municipality to the LAPP in 2015 are \$17,865,987 (2014 - \$15,556,239).

The LAPP reported a deficiency for the overall plan as at December 31, 2014 of \$2,454,636,000 (2013 - \$4,861,516,000). Information as at December 31, 2015 is not available at the time of preparing these consolidated financial statements.

(c) APEX Supplementary Pension Plan

The APEX Supplementary Pension Plan (APEX), an Alberta Urban Municipalities Association sponsored defined benefit pension plan covered under the provisions of the Alberta Employment Pension Plans Act, commenced on January 1, 2003 and provides supplementary pension benefits to a prescribed class of employees with approximately 191 (2014 - 165) beneficiaries. The plan supplements the LAPP.

Contributions are made by the prescribed class of employees and the Municipality. Employees and the Municipality are required to make current service contributions to APEX of 2.5% and 3.0% respectively on pensionable earnings up to \$140,945 (2014 - \$138,500) per employee per year.

Total current service contributions by the Municipality to APEX in 2015 were \$742,351 (2014 - \$620,029). Total current service contributions by the employees of the Municipality were \$618,619 (2014 - \$515,932).

The cost of post-retirement benefits earned by employees is determined by actuarial valuation using the projected benefit method prorated on service and management's best estimate of salary and benefit escalation, and retirement age of employees. The cost of post-retirement benefits is fully funded.

REGIONAL MUNICIPALITY OF WOOD BUFFALO

Notes to Consolidated Financial Statements

For the Year Ended December 31, 2015

9. Employee benefit obligations (continued)

(d) Other employee benefit plans

The Municipality fully funds all benefits with the exception of long-term disability and benefits that are paid by employees as outlined in the Canadian Union of Public Employees and International Association of Fire Fighters contracts. The Municipality's contributions are expensed to the extent that they do not relate to discretionary reserves. The Municipality accrues its obligations for employee non-pension future benefits.

The Municipality sponsors certain employee registered and non-registered retirement plans, which are funded through employee and/or employer contributions.

(e) Employee housing initiative - designated housing units

On February 14, 2006, a designated housing unit program was established by the Municipality. Under this program, a specified number of rental units (17) are provided for exclusive use by employees of the Municipality to assist with transitional housing needs.

The program is for new employees requiring transitional housing, or in unique cases, for an existing employee where affordable housing cannot be secured by the employee within the Municipality. The designated rental units are allocated as per the qualifying income of the employees as determined by the Municipality. Units are allocated based on merit and employees enter into short-term lease agreements for the rental of the designated rental units at an agreed upon monthly rental cost. The employee is responsible for the monthly rental cost and any required damage deposit.

(f) Employee housing initiative - home equity protection program

On February 14, 2006, a home equity protection program was established by the Municipality. Under this program, any employee approved for participation in the program will be compensated by the Municipality in an amount equal to any loss in value of the employee's principal residence between the date of the employee's approval for participation in the program and the date of sale of the principal residence by the employee. Existing employees of the Municipality were eligible to join the program until June 30, 2007. After June 30, 2007, only new employees of the Municipality were eligible to join. Entry to this program is discontinued and new participants have not been accepted since November 30, 2013.

Employees who are approved for participation in the program become eligible for payment under the program after the employee has completed three years of uninterrupted permanent employment with the Municipality. If an employee ceases to be an employee of the Municipality within the three year period or if an employee is not in continuous occupancy of their principal residence, they are not eligible for payment under the program.

As at December 31, 2015, \$647,069 (2014 - \$nil) is accrued within these consolidated financial statements relating to this program. During 2015, the Municipality paid out \$878,672 (2014 - \$50,000) for this program. There are 326 (2014 - 355) employees approved and participating in the program with an aggregate secured property value of \$198,337,898 (2014 - \$215,243,066) based on assessed values. Of the participating employees, 283 (2014 - 262) currently meet the eligibility requirements with a secured property value of \$173,417,667 (2014 - \$155,570,984) based on assessed values.

REGIONAL MUNICIPALITY OF WOOD BUFFALO

Notes to Consolidated Financial Statements

For the Year Ended December 31, 2015

9. Employee benefit obligations (continued)

(g) MuniSERP - supplemental retirement program

MuniSERP is an accrued benefit obligation for certain groups of employees; the future benefit plan commenced in 2012. An actuarial valuation for this plan was completed by the Municipality's actuaries as at December 31, 2015.

MuniSERP is a supplementary retirement program that cannot be prefunded.

This is a municipal contributed plan for a certain group of employees. MuniSERP is managed through Alberta Municipal Services Corporation.

This program provides benefits in excess of those allowed under the registered pension plans - LAPP and APEX Supplementary Pension Plans. This program is not a registered pension plan and thus is not subject to pension regulation.

The following presents the MuniSERP net assets as at December 31, 2015:

	2015	2014
Accrued benefit obligation		
Balance, beginning of year	\$ 1,417,432	\$ 1,633,029
Current service and interest cost (recovery)	184,375	(215,597)
Balance, end of year	1,601,807	1,417,432
Assets held to fund liability	1,802,932	1,616,283
Net assets	\$ (201,125)	\$ (198,851)

The significant actuarial assumptions measuring the Municipality's accrued benefit obligation are:

	2015	2014
Inflation	2.50%	2.50%
Wages and salaries escalations	4.00%	4.00%
Interest (discount rate on accrued benefit obligations)	5.00%	5.00%
Average municipal service (years)	2.90	2.40

10. Contaminated sites liability

On January 1, 2015, the Municipality adopted PS3260 Liability for Contaminated Sites. The standard was applied on a prospective basis and resulted in a contaminated sites liability of \$974,221 (2014 - \$nil) being accrued which represents the net present value of reclamation costs to the Municipality, using annual rates of 1.50% (2014 - nil%) for inflation and discount rates of 3.04% (2014 - nil%) for remediation costs and 2.03% (2014 - nil%) for any related pre-remediation or monitoring costs. The following represents the contaminated sites liability breakdown by site at December 31, 2015:

	2015	2014
Sites:		
Conklin - former airstrip	\$ 731,431	\$ -
Conklin - former storage site	102,939	-
Fort Chipewyan - historic unofficial landfill	75,749	-
Janvier - burned debris	64,102	-
Net present value of estimated expenditures	\$ 974,221	\$ -

Contaminants that exceeded environmental standards were present in the soil and/or groundwater due to the historic usage of the sites or to items remaining on the sites today. The undiscounted estimated expenditures for these sites is \$996,879 (2014 - \$nil).

REGIONAL MUNICIPALITY OF WOOD BUFFALO

Notes to Consolidated Financial Statements

For the Year Ended December 31, 2015

11. Provision for landfill closure and post-closure obligation

The obligation recorded at December 31, 2015 for the landfill closure was \$11,746,978 (2014 - \$12,391,616) and represents the present value of closure and post-closure costs of the Municipality's landfill sites, using annual rates of 1.10% (2014 - 2.60%) for inflation and discount rates of 3.11% (2014 - 3.23%) for post-closure and 2.03% (2014 - 2.45%) for closure.

The closing of existing facilities involves contouring the site to promote positive drainage to minimize leachate production, site slope reduction to prevent excessive erosion and cap damage and covering the site with low permeability clay to prevent water infiltration followed by application of topsoil and vegetation. Post-closure activities are expected to occur for 25 years and will involve surface and ground water monitoring, landfill cover maintenance and erosion management as per Alberta Environment standards.

At the end of 2015 there are six closed landfill sites within the Regional Municipality of Wood Buffalo. Mariana Lake site closed in 2003, Janvier and Conklin sites closed in late 2011, Fort Chipewyan old site closed in 2012, and Fort McMurray landfill (Phase 1) closure completed in 2013. The Fort MacKay site was re-closed in 2015 following the identification of post-closure damage to the site.

The Fort McMurray Regional landfill and the new Fort Chipewyan landfill are the only open landfill sites within the Municipality. The Fort McMurray Regional landfill began operations in early 2011 and the new Fort Chipewyan landfill began operations in June 2012. At the Fort McMurray Regional landfill a lateral expansion was completed in 2014 bringing the cell total to nine. As of October 2014 cells I, II, and III have been filled, and cell IV started being used, with operations consuming one meter of the above ground elevation for cells I, II, and III (1 meter used/10 meters available or 10% of the above grade). The remaining capacity is expected to meet population growth and regional demands until the end of 2024.

2015				
Capacity utilization	Total Cells	Cells Used	% Used	Estimated remaining life in years
Fort McMurray - regional landfill	9	1.9	21%	8
Fort Chipewyan - new site	2	0.9	45%	9

The following summarizes the total net present value of the estimated costs of closure and post-closure care for the two operational landfill sites and the six closed landfill sites within the Regional Municipality of Wood Buffalo:

	2015	2014
Estimated closure costs	\$ 18,747,551	\$ 18,289,795
Estimated post-closure costs	609,357	715,735
Estimated total liability (100% utilized)	19,356,908	19,005,530
Accrued liability portion (current utilization)	11,746,978	12,391,616
Portion of liability remaining to be recognized	\$ 7,609,930	\$ 6,613,914

REGIONAL MUNICIPALITY OF WOOD BUFFALO

Notes to Consolidated Financial Statements

For the Year Ended December 31, 2015

12. Long-term debt

	2015	2014
Municipal debt:		
Debentures supported by general tax levies (a)	\$ 178,123,973	\$ 187,154,649
Debentures supported by utility rates (a)	123,116,843	129,850,459
	301,240,816	317,005,108
Controlled organizations debt:		
Demand loans - capital (b)	23,907,701	15,455,210
Long-term debt (c)	81,914,590	85,414,354
	105,822,291	100,869,564
	\$ 407,063,107	\$ 417,874,672

Municipal debt

a) Debentures supported by general tax levies and utility rates

The payments on principal and interest for debentures supported by general tax levies and utility rates for the next five years and thereafter are as follows:

	Principal	Interest	Total
2016	\$ 15,702,338	\$ 14,054,973	\$ 29,757,311
2017	16,115,009	13,267,030	29,382,039
2018	16,280,307	12,466,969	28,747,276
2019	16,487,287	11,679,582	28,166,869
2020	16,829,469	10,886,100	27,715,569
Thereafter	219,826,406	68,705,469	288,531,875
	\$ 301,240,816	\$ 131,060,123	\$ 432,300,939

Interest on long-term debt in 2015 amounted to \$14,827,919 (2014 - \$15,583,270).

The debenture debt above is repayable to Alberta Capital Finance Authority, has interest rates ranging from 2.4% to 10.9% per annum and matures in years 2016 through 2035.

Debenture debt is issued on the credit and security of the Municipality.

REGIONAL MUNICIPALITY OF WOOD BUFFALO

Notes to Consolidated Financial Statements

For the Year Ended December 31, 2015

12. Long-term debt (continued)

Controlled organizations debt

(b) Demand loans – capital

Demand loans are comprised of a revolving demand loan with interest at prime plus 0.25% supporting property construction in progress. Demand loans have no established repayment terms or due dates. Prime as of December 31, 2015 was 2.7% (2014 – 3.0%).

(c) Long-term debt

Long-term debt is comprised of commercial mortgages with a weighted average interest rate of 3.82% (2014 – 3.82%), payments of \$490,885 per month including principal and interest, maturities from 2016 to 2023, with land and buildings pledged as collateral with a carrying value of \$178,721,004 (2014 - \$183,271,810).

Contractual principal repayments of long-term debt for the next 5 years and thereafter are as follows:

	Principal	Interest	Total
2016	\$ 2,817,147	\$ 3,073,476	\$ 5,890,623
2017	2,918,814	2,972,351	5,891,165
2018	3,024,273	2,866,318	5,890,591
2019	3,133,668	2,756,964	5,890,632
2020	3,247,150	2,062,477	5,309,627
Thereafter	66,773,538	27,625,477	94,399,015
	<u>\$ 81,914,590</u>	<u>\$ 41,357,063</u>	<u>\$ 123,271,653</u>

The long-term debt is also collateralized by tangible capital assets and a general assignment of rents, leases and sales proceeds, deposits and all other payments on the housing projects.

REGIONAL MUNICIPALITY OF WOOD BUFFALO

Notes to Consolidated Financial Statements

For the Year Ended December 31, 2015

13. Debt and debt service limits

Section 276(2) of the *Municipal Government Act* requires that debt, maximum allowable debt and debt service limits as defined by Alberta Regulation 255/2000 (the Regulation) for the Municipality be disclosed as follows:

Debt limit

	2015	2014
Maximum allowable debt	\$ 1,593,357,182	\$ 1,549,385,876
Total municipal debt	301,240,816	317,005,108
Amount of total debt limit available	\$ 1,292,116,366	\$ 1,232,380,768
Percentage used	18.91%	20.46%

Debt service limit

	2015	2014
Maximum allowable debt service	\$ 278,837,507	\$ 271,142,528
Annual payments on existing municipal debt	29,757,311	30,592,210
Amount of service on debt limit available	\$ 249,080,196	\$ 240,550,318
Percentage used	10.67%	11.28%

The debt limit is calculated at 2.0 times revenue of the Municipality (as defined in the Regulation as amended by Ministerial Order L: 038/06) and the debt service limit is calculated at 0.35 times of the same revenue. Incurring debt beyond these limitations requires approval by the Provincial Minister of Municipal Affairs.

Pursuant to section 6(1) of the Regulation, the Municipality has elected to exclude revenues, total debt and debt service costs for certain controlled corporations from its debt limit and debt service limit calculations. The controlled corporations that have been excluded are Wood Buffalo Housing & Development Corporation and the Regional Recreation Corporation of Wood Buffalo.

The Municipality's Debt Management Policy (amended November 27, 2012) has an established debt and debt service limit of 85% of the Municipal Government Act and regulation limits.

REGIONAL MUNICIPALITY OF WOOD BUFFALO

Notes to Consolidated Financial Statements

For the Year Ended December 31, 2015

14. Tangible capital assets

	Land	Land Improvements	Buildings and Improvements	Engineered Structures	Machinery and Equipment	Vehicles	Assets Under Construction	2015	2014
COST:									
<i>Balance, beginning of year</i>	\$ 373,589,481	\$ 148,662,498	\$ 604,341,118	\$ 1,966,180,551	\$ 92,275,527	\$ 70,997,988	\$ 1,097,273,925	\$ 4,353,321,088	\$ 3,900,501,984
Acquisition of tangible capital assets	16,022,345	68,517,602	215,884,217	208,749,585	24,319,664	5,761,237	(112,795,493)	426,459,157	461,402,644
Disposal of tangible capital assets	(463,630)	(626,489)	(1,908,392)	(16,720,425)	-	(221,687)	-	(19,940,623)	(8,583,540)
<i>Balance, end of year</i>	\$ 389,148,196	\$ 216,553,611	\$ 818,316,943	\$ 2,158,209,711	\$ 116,595,191	\$ 76,537,538	\$ 984,478,432	\$ 4,759,839,622	\$ 4,353,321,088
ACCUMULATED AMORTIZATION:									
<i>Balance, beginning of year</i>	\$ -	\$ 30,476,156	\$ 86,181,719	\$ 455,700,880	\$ 40,070,320	\$ 38,685,780	\$ -	\$ 651,114,855	\$ 582,430,006
Annual amortization	-	9,843,919	18,835,786	41,638,452	11,261,349	6,769,106	-	88,348,612	74,398,095
Accumulated amortization on disposals	-	(615,410)	(568,633)	(8,740,757)	-	(186,101)	-	(10,110,901)	(5,713,246)
<i>Balance, end of year</i>	\$ -	\$ 39,704,665	\$ 104,448,872	\$ 488,598,575	\$ 51,331,669	\$ 45,268,785	\$ -	\$ 729,352,566	\$ 651,114,855
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	\$ 389,148,196	\$ 176,848,946	\$ 713,868,071	\$ 1,669,611,136	\$ 65,263,522	\$ 31,268,753	\$ 984,478,432	\$ 4,030,487,056	\$ 3,702,206,233
2014 NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	\$ 373,589,481	\$ 118,186,342	\$ 518,159,399	\$ 1,510,479,671	\$ 52,205,207	\$ 32,312,208	\$ 1,097,273,925	\$ 3,702,206,233	

REGIONAL MUNICIPALITY OF WOOD BUFFALO

Notes to Consolidated Financial Statements

For the Year Ended December 31, 2015

14. Tangible capital assets (continued)

a) *Assets under construction*

Assets under construction having a value of \$984,478,432 (2014 - \$1,097,273,925) have not been amortized. Amortization of these assets will commence when the assets are available for use.

b) *Contributed tangible capital assets*

Contributed tangible capital assets have been recognized at fair value at the date of contribution. The value of contributed tangible capital assets received during the year is \$44,431,178 (2014 - \$19,270,965).

Contributed tangible capital assets received consists of:

	2015	2014
Roadway System	\$ 36,028,820	\$ 10,212,188
Water System	1,872,713	2,206,434
Wastewater System	1,055,722	2,308,199
Storm System	2,767,521	3,958,203
Land	2,656,054	387,081
Land Improvements	15,923	134,730
Machinery and Equipment	34,425	64,130
	<u>\$ 44,431,178</u>	<u>\$ 19,270,965</u>

c) *Tangible capital assets disclosed at nominal values*

Assets recognized at nominal value by the Municipality consist of certain land, land improvements, machinery and equipment, engineered structures, and vehicles.

REGIONAL MUNICIPALITY OF WOOD BUFFALO

Notes to Consolidated Financial Statements

For the Year Ended December 31, 2015

15. Accumulated surplus

	2015	2014
Operations:		
Surplus - undesignated	\$ 124,538	\$ 124,538
Operating reserves:		
General administration	154,258,467	121,374,437
Common services	142,575	142,575
Recreation	392,045	383,702
Urban parks	289,775	289,775
Regional Municipality of Wood Buffalo Library Board	1,415,982	1,480,141
Wood Buffalo Housing & Development Corporation	54,892,202	36,525,053
Regional Recreation Corporation of Wood Buffalo	(487,770)	69,757
	210,903,276	160,265,440
Total operations	211,027,814	160,389,978
Capital:		
Deficiency - undesignated	(446,593,781)	(373,255,194)
Capital reserves:		
General	560,097,439	519,086,018
Equipment	706,327	706,327
Common services	708,599	708,599
Roads and streets	32,542	32,390
Water supply	2,052,107	2,052,107
Sewage	2,317,650	2,317,650
Recreation	6,907,212	6,907,212
Regional Municipality of Wood Buffalo Library Board	287,438	-
Wood Buffalo Housing & Development Corporation	9,027,358	7,880,145
Regional Recreation Corporation of Wood Buffalo	1,769,438	1,660,213
	583,906,110	541,350,661
Equity in tangible capital assets		
Tangible capital assets (Note 14)	4,759,839,622	4,353,321,088
Accumulated amortization (Note 14)	(729,352,566)	(651,114,855)
Long-term debt (Note 12)	(407,063,107)	(417,874,672)
	3,623,423,949	3,284,331,561
Total capital	3,760,736,278	3,452,427,028
Accumulated surplus	\$ 3,971,764,092	\$ 3,612,817,006

Reserves are a key tool used to set aside funds to replace existing tangible capital assets, respond to emergent needs, stabilize tax rates, and fund future capital projects. Capital reserves are substantially committed to current budgeted capital projects.

Operating and capital reserves related to the Regional Municipality of Wood Buffalo Library Board, Wood Buffalo Housing & Development Corporation and the Regional Recreation Corporation of Wood Buffalo are dedicated for those entities and are not available for general use by the Municipality.

REGIONAL MUNICIPALITY OF WOOD BUFFALO

Notes to Consolidated Financial Statements

For the Year Ended December 31, 2015

15. Accumulated surplus (continued)

Changes in accumulated surplus

	Unrestricted Surplus (Deficit)	Restricted Surplus	Equity in Tangible Capital Assets	2015	2014
Balance, beginning of year	\$ (373,130,656)	\$ 701,616,101	\$ 3,284,331,561	\$ 3,612,817,006	\$ 3,271,873,368
Annual surplus	358,947,086	-	-	358,947,086	340,943,638
Unrestricted funds designated for future use	444,346,910	(444,346,910)	-	-	-
Restricted funds used for operations	42,168,232	(42,168,232)	-	-	-
Restricted funds used for tangible capital assets	-	579,708,427	(579,708,427)	-	-
Current year funds used for tangible capital assets	(953,283,915)	-	953,283,915	-	-
Contributed tangible capital assets	(44,431,178)	-	44,431,178	-	-
Disposal of tangible capital assets	9,829,722	-	(9,829,722)	-	-
Annual amortization expense	88,348,612	-	(88,348,612)	-	-
Long-term debt issued	-	-	(8,452,491)	(8,452,491)	(15,455,210)
Long-term debt repaid	(19,264,056)	-	19,264,056	-	-
Capital debt - used for tangible capital assets	-	-	8,452,491	8,452,491	15,455,210
Change in accumulated surplus	(73,338,587)	93,193,285	339,092,388	358,947,086	340,943,638
Balance, end of year	\$ (446,469,243)	\$ 794,809,386	\$ 3,623,423,949	\$ 3,971,764,092	\$ 3,612,817,006

REGIONAL MUNICIPALITY OF WOOD BUFFALO

Notes to Consolidated Financial Statements

For the Year Ended December 31, 2015

16. Net taxes available for municipal purposes

	Budget	2015	2014
	(Note 23)		
Taxation:			
Real property taxes	\$ 689,142,262	\$ 752,897,865	\$ 698,322,940
Government grants in lieu of property taxes	767,260	1,187,001	1,149,298
Special assessments and local improvement taxes	374,200	356,341	356,510
Well drilling	800,000	431,714	936,610
	691,083,722	754,872,921	700,765,358
Requisitions:			
Alberta School Foundation Fund	-	70,918,855	46,584,650
School boards	-	6,002,442	21,895,613
	-	76,921,297	68,480,263
Net taxes available for municipal purposes	\$ 691,083,722	\$ 677,951,624	\$ 632,285,095

The Municipality is required to levy taxes under section 353 of the Municipal Government Act towards payment of education requisitions. Education tax revenues are recorded at the amounts levied. Actual taxes levied over/under the amount requisitioned are recorded as an adjustment to taxes and grants in lieu receivable.

17. Government transfers

	Budget	2015	2014
	(Note 23)		
Transfers for Operating:			
Conditional shared cost agreements and grants			
Federal Government	\$ -	\$ 181,256	\$ 56,475
Provincial Government	15,409,531	15,112,745	15,444,206
Total government transfers for operating	15,409,531	15,294,001	15,500,681
Transfers for Capital:			
Conditional shared cost agreements and grants			
Federal Government	5,000,000	-	-
Provincial Government	30,600,000	78,440,810	67,707,886
Total government transfers for capital	35,600,000	78,440,810	67,707,886
Total government transfers	\$ 51,009,531	\$ 93,734,811	\$ 83,208,567

REGIONAL MUNICIPALITY OF WOOD BUFFALO

Notes to Consolidated Financial Statements

For the Year Ended December 31, 2015

17. Government transfers (continued)

In addition to those government transfers relating to deferred revenues, as described in Note 8, the following operating provincial government transfers were received:

Operating government transfers

(a) *Dispatch Contract*

Alberta Health Services provides a dispatch contract to partially offset the cost of running the Municipality's dispatch centre. During 2015, the Municipality received and recognized as operating government transfers \$645,228 (2014 - \$ 585,228).

(b) *Family and Community Support Services Grant*

The Province of Alberta provides the Family and Community Support Services Grant to support several programs for children, youth, families, adults, seniors, community development, and social planning in the Municipality's different communities in accordance with the Family and Community Support Services Act and Regulation. During 2015, the Municipality received and recognized as operating government transfers \$1,646,304 (2014 - \$1,531,445).

(c) *Urban Aboriginal Connection Initiative Project Grant*

The Government of Canada provides the Urban Aboriginal Connection Initiative Project Grant to identify potential services gaps for the urban aboriginal residents, as well as impediments for full collaboration and/or participation in mainstream (Non-Aboriginal) initiatives with the view to improve services delivery to the Aboriginal communities in the region. During 2015, the Municipality received and recognized as operating government transfers \$172,256 (2014 - \$64,000).

(d) *Firesmart Community Grant*

The Province of Alberta provides the Firesmart Community Grant to fund initiatives geared at reducing the risk of fires in general, with special emphasis on wildfires, by increasing the level of awareness and encouraging actions to make homes "Firesmart". In 2015, the Municipality received and recognized as operating government transfers \$40,000 (2014 - \$45,000).

(e) *Alberta Municipal Affairs – Public Library Operating Grant*

The Municipality receives a per capita operating grant from the Province of Alberta through Alberta Municipal Affairs to support the operation of library services. In 2015, the Municipality received and recognized as operating government transfers \$646,059 (2014 - \$499,285).

Capital government transfers

(f) *GreenTRIP Transportation Grants*

The Municipality entered into an agreement with the Province of Alberta to undertake the construction of a transit maintenance facility and the purchase 34 low floor buses. The grant is a cost share grant whereby the Province of Alberta will provide 66.67% of eligible costs. In 2015, the Municipality received and recognized as capital government transfers \$1,677,071 (2014 - \$907,555) towards the costs of the transit facility.

(g) *Alberta Transportation Grant*

The Municipality entered into an agreement with the Province of Alberta to undertake the design, engineering, construction and project administration of the Highway 69 intersection improvements at the West Airport Boundary Road. The Province of Alberta contributed funding of \$2,000,000 towards the project. In 2015, the Municipality received and recognized as capital government transfers \$2,000,000 (2014 - \$nil) towards the costs of the intersection improvements.

REGIONAL MUNICIPALITY OF WOOD BUFFALO

Notes to Consolidated Financial Statements

For the Year Ended December 31, 2015

17. Government transfers (continued)

Capital government transfers (continued)

(h) Alberta Municipal Water/Wastewater Grant

The Municipality entered into two agreements with the Province of Alberta to undertake the design, engineering and construction of two projects: the Fort Chipewyan Sewage Lagoon Upgrades and the Conklin Water Treatment Plant Expansion. The Province of Alberta contributed funding of \$970,865 towards the Fort Chipewyan Sewage Lagoon Upgrades project and \$922,500 towards the Conklin Water Treatment Plant Expansion project. In 2015, the Municipality received and recognized as capital government transfers \$1,893,365 (2014 - \$nil) towards the costs of the projects.

(i) Alberta Community Partnership Grant

The Municipality entered into an agreement with the Province of Alberta to undertake the construction of the Fort Chipewyan Swimming Pool project. The Province of Alberta contributed funding of \$799,000 towards the project. In 2015, the Municipality received and recognized as capital government transfers \$779,000 (2014 - \$nil) towards the costs of the project.

(j) Community Facility Enhancement Program

The Community Facility Enhancement Program is funded by the Province of Alberta through the Alberta Lottery Fund to assist with fostering the unique characteristics of Alberta's communities. In 2015, the Municipality received and recognized as capital government transfers \$109,225 (2014 - \$nil) towards the costs of the projects.

18. Expenses by object

	Budget	2015	2014
	(Note 23)		
Salaries, wages and benefits	\$ 276,941,197	\$ 257,417,400	\$ 223,237,680
Contracted and general services	143,035,318	122,881,529	158,779,289
Purchases from other governments	24,869,100	23,789,071	23,387,184
Materials, goods, supplies and utilities	64,173,004	59,013,940	45,546,537
Provision for allowances	596,100	2,061,493	619,009
Transfers to local boards and agencies	660,000	660,000	918,500
Transfers to individuals and organizations	4,136,200	20,326,014	15,861,130
Bank charges and short-term interest	881,600	505,266	477,754
Interest on long-term debt	17,905,337	18,052,699	18,636,259
Other	324,200	17,078,854	10,553,153
Amortization of tangible capital assets	-	88,348,612	74,398,095
Loss on disposal of tangible capital assets	-	6,343,715	2,528,553
Total expenses	\$ 533,522,056	\$ 616,478,593	\$ 574,943,143

REGIONAL MUNICIPALITY OF WOOD BUFFALO

Notes to Consolidated Financial Statements

For the Year Ended December 31, 2015

19. Contractual obligations and contingent liabilities

(a) Operating leases

The Municipality has entered into lease agreements for the leasing of office space and equipment until 2023. The annual lease payments in each of the following years are:

2016	\$ 5,617,592
2017	3,567,192
2018	2,714,244
2019	2,471,950
2020	2,034,185
Thereafter	4,910,135
	<u>\$ 21,315,298</u>

(b) Borrowing facilities (line of credit)

Two of the Municipality's controlled entities entered into banking agreements that include a revolving demand credit facility available in the amount of \$1,000,000 (2014 - \$1,000,000) and \$9,000,000 (2014 - \$9,000,000) which bear interest at prime minus 0.5% and prime plus 3.0% respectively. At December 31, 2015, no amounts were drawn against these facilities (2014 - \$nil). In addition, one of the Municipality's controlled entities has access to a \$100,000 (2014 - \$100,000) Visa business facility which is drawn upon from time to time with their accounts receivable pledged as security on this facility.

(c) Development agreements

Developers have entered into agreements with the Municipality in the amount of approximately \$41,000,000 and are committed to installing and constructing certain works to serve the development of lands within the Municipality. The Municipality has taken security from developers in the form of deposit liabilities in the amount of \$6,553,712 (2014 - \$6,985,207) and letters of credit in the amount of \$30,757,833 (2014 - \$35,281,133) to ensure performance by the developers under the agreements.

(d) Contingent liabilities

The Municipality identified one contaminated site where the costs are expected to be paid by a third party. This site in Abasand is a former oil sands site and contaminants in soil and groundwater have been found to exceed environmental standards. The undiscounted expected expenditures to reclaim this site have been estimated at \$2,000,000.

The Municipality is a defendant in various lawsuits as at December 31, 2015. Where the occurrence of future events is considered likely to result in a loss with respect to an existing condition, and the amount of loss can be reasonably estimated, amounts have been included in accrued liabilities. Where the resulting losses, if any, cannot be determined or the occurrence of future events is unknown, amounts have not been recorded. Any losses arising from these actions will be recorded in the year in which the related litigation is settled.

REGIONAL MUNICIPALITY OF WOOD BUFFALO

Notes to Consolidated Financial Statements

For the Year Ended December 31, 2015

20. Salary and benefits disclosure

Disclosure of salaries and benefits for elected municipal officials, the chief administrative officer and designated officer by Alberta Regulation 313/2000 is as follows:

	Salary (a)	Benefits and Allowances (b,c)	Total 2015	Total 2014
Mayor Blake (d)	\$ 137,245	\$ 21,099	\$ 158,344	\$ 147,769
Ward 1				
Councillor Germain	40,419	13,855	54,274	50,095
Councillor Meagher	40,419	12,416	52,835	49,980
Councillor McGrath	40,419	15,573	55,992	52,495
Councillor Bussieres	40,419	12,416	52,835	49,559
Councillor Ault	40,419	15,573	55,992	52,495
Councillor Tatum	27,446	10,680	38,126	-
Ward 2				
Councillor Cardinal	40,419	12,392	52,811	49,557
Ward 3				
Councillor Vinni	40,419	15,598	56,017	52,378
Ward 4				
Councillor Stroud	45,130	11,822	56,952	53,323
Former				
Councillor Boutilier	4,574	3,594	8,168	53,573
Councillor Chadi	36,070	11,622	47,692	49,559
Chief Administrative Officers (d)				
Current	395,992	64,297	460,289	316,396
Former	-	-	-	940,323
Designated Officer	305,747	32,879	338,626	341,906
	\$ 1,235,137	\$ 253,816	\$ 1,488,953	\$ 2,259,408

- (a) Salaries are disclosed as gross wages paid.
- (b) Employer's share of all employee benefits and contributions or payments made on behalf of employees including retirement pension, Canada Pension Plan, 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.
- (c) Benefits and allowances figures also include the employer's share of the costs of additional taxable benefits including special leave with pay, travel, and technology allowances.
- (d) An automobile is provided and no amount is included in the benefits and allowance figure.

REGIONAL MUNICIPALITY OF WOOD BUFFALO

Notes to Consolidated Financial Statements

For the Year Ended December 31, 2015

21. Segment disclosures

The Municipality provides a wide range of services to its ratepayers. Segment disclosures are intended to enable 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 directly attributable to the segment and 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) **Fiscal Services** provides financial and purchasing services for the Municipality.
- (b) **General Government** consists of corporate administration and general municipal services for the Municipality.
- (c) **Protective Service** is comprised of police, traffic safety, bylaw enforcement, fire rescue and ambulance services.
- (d) **Transportation** includes bus, roadway and parking services.
- (e) **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.
- (f) **Public Health and Welfare** provides family and community support services along with cemeteries.
- (g) **Planning and Development** is comprised of the Community Development Planning branch, the Comprehensive Planning branch and the Safety Codes branch.
- (h) **Recreation and Culture** develops initiatives to provide opportunities and support in the areas of arts heritage and culture, and in recreation, sport and leisure.
- (i) **Subsidiary Entities** include Wood Buffalo Housing & Development Corporation, Regional Recreation Corporation of Wood Buffalo and the Regional Municipality of Wood Buffalo Library Board.

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

REGIONAL MUNICIPALITY OF WOOD BUFFALO

Notes to Consolidated Financial Statements

For the Year Ended December 31, 2015

21. Segment disclosures (continued)

	2015									
	Fiscal Services	General Government	Protective Service	Transportation	Environmental Use and Protection	Public Health and Welfare	Planning and Development	Recreation and Culture	Subsidiary Entities	2015 Total
Revenue:										
Net taxes available for municipal purposes	\$ 677,634,106	\$ -	\$ -	\$ 155,131	\$ 203,810	\$ -	\$ -	\$ -	\$ (41,423)	\$ 677,951,624
Government transfers	-	75,142,409	9,438,109	(429)	-	1,646,304	-	272,739	7,235,679	93,734,811
Sales and user charges	-	6,230,809	3,248,666	2,604,859	43,988,231	22,033	118,278	1,396,322	25,397,012	83,006,210
Sales to other governments	-	-	268,300	-	3,304,800	-	-	-	-	3,573,100
Penalties and costs on taxes	1,374,636	279,615	-	-	167,560	-	-	-	(48)	1,821,763
Licenses and permits	-	551,345	333,923	8,665	-	-	4,714,335	355	-	5,608,623
Fines	-	-	3,717,209	-	-	-	-	-	64,798	3,782,007
Franchise and concession contracts	-	8,165,601	-	-	-	-	-	-	-	8,165,601
Returns on investments	-	10,677,566	-	152	-	-	-	8,343	894,302	11,580,363
Rentals	-	3,805	279,527	13,595	-	-	623,974	6,615	23,204,233	24,131,749
Developers' agreements and levies	-	13,105,025	-	-	-	-	-	-	-	13,105,025
Contributions of tangible capital assets	-	-	2,587,000	38,881,318	2,928,435	34,425	-	-	-	44,431,178
Other	-	585,061	31,457	-	121,506	436,231	9,333	130,507	3,219,530	4,533,625
	679,008,742	114,741,236	19,904,191	41,663,291	50,714,342	2,138,993	5,465,920	1,814,881	59,974,083	975,425,679
Expenses:										
Salaries, wages and benefits	-	64,304,765	52,343,024	39,052,136	31,070,846	4,866,015	11,222,721	18,248,627	36,309,266	257,417,400
Contracted and general services	-	40,504,038	5,767,417	39,318,809	13,091,325	331,712	7,174,901	6,204,564	10,488,763	122,881,529
Purchases from other governments	-	17,849	23,338,166	423,893	-	790	8,189	-	184	23,789,071
Materials, goods, supplies and utilities	-	5,534,479	2,619,132	13,304,412	9,910,007	2,368,976	313,090	2,594,763	22,369,081	59,013,940
Provision for allowances	35,511	1,878,798	-	-	2,566	-	-	-	144,618	2,061,493
Transfers to local boards and agencies	-	-	-	-	-	-	-	660,000	-	660,000
Transfers to (from) individuals and organizations	-	139,851	62,307	-	-	23,658,831	-	12,093,481	(15,628,456)	20,326,014
Bank charges and short-term interest	-	196,644	1,126	33	17,958	-	42,900	1,056	245,549	505,266
Interest on long-term debt	-	458,540	683,304	458,817	6,524,769	3,963	974,480	5,603,673	3,345,153	18,052,699
Other	17,044,102	28,712	1,485	-	4,225	-	-	330	-	17,078,854
Loss (gain) on disposal of tangible capital assets	-	6,344,715	-	-	-	-	-	-	(1,000)	6,343,715
	17,079,613	119,408,391	84,815,961	92,558,100	60,621,696	31,230,287	19,736,281	45,406,494	57,273,158	528,129,981
Annual surplus (deficit), before amortization	661,929,129	(4,667,155)	(64,911,770)	(50,894,809)	(9,907,354)	(29,091,294)	(14,270,361)	(43,591,613)	2,700,925	447,295,698
Amortization of tangible capital assets	-	2,485,332	5,268,725	25,836,713	29,157,557	-	232,187	14,806,282	10,561,816	88,348,612
Annual surplus (deficit)	\$ 661,929,129	\$ (7,152,487)	\$ (70,180,495)	\$ (76,731,522)	\$ (39,064,911)	\$ (29,091,294)	\$ (14,502,548)	\$ (58,397,895)	\$ (7,860,891)	\$ 358,947,086

REGIONAL MUNICIPALITY OF WOOD BUFFALO

Notes to Consolidated Financial Statements

For the Year Ended December 31, 2015

21. Segment disclosures (continued)

	2014									
	Fiscal Services	General Government	Protective Service	Transportation	Environmental Use and Protection	Public Health and Welfare	Planning and Development	Recreation and Culture	Subsidiary Entities	2014 Total
Revenue:										
Net taxes available for municipal purposes	\$ 631,414,484	\$ -	\$ -	\$ 155,299	\$ 203,810	\$ -	\$ -	\$ -	\$ 511,502	\$ 632,285,095
Government transfers	-	43,496,829	9,621,701	1,335,793	172,818	1,543,980	-	219,000	26,818,446	83,208,567
Sales and user charges	-	11,126,119	4,122,628	2,548,594	53,985,411	64,195	305,955	1,286,827	17,557,014	90,996,743
Sales to other governments	-	-	274,348	-	3,006,351	-	-	-	-	3,280,699
Penalties and costs on taxes	1,420,848	372,765	-	-	165,329	-	-	-	(837)	1,958,105
Licenses and permits	-	765,657	396,260	9,015	-	-	9,118,195	390	(35)	10,289,482
Fines	-	-	4,093,540	-	-	-	-	-	67,696	4,161,236
Franchise and concession contracts	8,948,639	-	-	-	-	-	-	-	-	8,948,639
Returns on investments	-	12,082,061	-	170	-	1,301	2,656	8,864	1,075,284	13,170,336
Rentals	-	5,157	1,180,333	12,685	-	-	786,807	25,239	28,330,705	30,340,926
Developers' agreements and levies	-	9,663,697	-	-	-	-	-	-	-	9,663,697
Contributions of tangible capital assets	-	-	-	14,557,472	4,514,633	-	-	198,860	-	19,270,965
Other	-	4,024,112	40,747	129,903	200	336,829	3,456	150,665	3,626,379	8,312,291
	641,783,971	81,536,397	19,729,557	18,748,931	62,048,552	1,946,305	10,217,069	1,889,845	77,986,154	915,886,781
Expenses:										
Salaries, wages and benefits	-	54,401,789	46,692,915	27,223,154	31,951,181	4,781,739	10,395,426	13,687,875	34,103,601	223,237,680
Contracted and general services	-	56,071,201	8,135,754	47,053,952	19,710,281	566,700	8,819,251	6,470,758	11,951,392	158,779,289
Purchases from other governments	-	27,381	22,850,188	506,915	-	429	2,271	-	-	23,387,184
Materials, goods, supplies and utilities	-	4,025,447	2,922,024	9,003,799	13,883,476	291,610	211,609	2,428,128	12,780,444	45,546,537
Provision for allowances	34,192	6,533	405,360	-	26,987	-	-	-	145,937	619,009
Transfers to local boards and agencies	-	-	-	-	-	18,000	-	900,500	-	918,500
Transfers to (from) individuals and organizations	-	170,457	20,000	-	-	19,863,022	250,000	12,230,797	(16,673,146)	15,861,130
Bank charges and short-term interest	-	157,372	2,083	-	29,641	-	79,954	908	207,796	477,754
Interest on long-term debt	-	486,818	737,356	521,029	6,760,422	6,171	1,003,996	5,829,078	3,291,389	18,636,259
Other	10,454,817	90,101	7,021	-	1,208	-	6	-	-	10,553,153
Loss (gain) on disposal of tangible capital assets	-	2,530,553	-	-	-	-	-	-	(2,000)	2,528,553
	10,489,009	117,967,652	81,772,701	84,308,849	72,363,196	25,527,671	20,762,513	41,548,044	45,805,413	500,545,048
Annual surplus (deficit), before amortization	631,294,962	(36,431,255)	(62,043,144)	(65,559,918)	(10,314,644)	(23,581,366)	(10,545,444)	(39,658,199)	32,180,741	415,341,733
Amortization of tangible capital assets	-	442,410	4,024,468	22,390,243	26,960,983	2,738	225,963	12,018,039	8,333,251	74,398,095
Annual surplus (deficit)	\$ 631,294,962	\$ (36,873,665)	\$ (66,067,612)	\$ (87,950,161)	\$ (37,275,627)	\$ (23,584,104)	\$ (10,771,407)	\$ (51,676,238)	\$ 23,847,490	\$ 340,943,638

REGIONAL MUNICIPALITY OF WOOD BUFFALO

Notes to Consolidated Financial Statements

For the Year Ended December 31, 2015

22. Sales and user charges by segment

	Budget (Note 23)	2015	2014
Council and other legislative	\$ 25,000	\$ 33,028	\$ 11,932
General administration	420,900	6,068,286	10,960,926
Other general government	305,900	16,811	19,968
Police	1,083,400	621,649	1,045,127
Fire	65,800	119,621	162,052
Disaster and emergency measures	-	412	280
Ambulance and first aid	1,415,000	2,449,294	2,897,688
Bylaw enforcement	-	4,081	2,917
Common and equipment pool	30,000	(13,723)	289,194
Roads, streets, walks, lighting	1,089,500	1,469,169	2,256,218
Public transport	(43,000)	1,115,804	24,929
Storm sewers and drainage	-	(6,391)	(21,747)
Water supply and distribution	21,956,700	17,995,781	20,268,525
Wastewater treatment and disposal	20,337,700	14,361,514	19,714,607
Waste management	13,515,600	10,818,226	13,161,846
Family and community support	-	1,293	36,879
Cemeteries and crematoriums	21,000	20,740	27,316
Land use planning, zoning and development	298,500	118,278	305,936
Public housing operations	488,731	8,915,237	4,961,930
Land, housing and building rentals	-	-	19
Parks and recreation	29,722,682	18,897,100	14,870,201
Total sales and user charges	\$ 90,733,413	\$ 83,006,210	\$ 90,996,743

23. Budget data

The budget data presented in these consolidated financial statements is based upon the 2015 operating and capital budgets approved by Council.

Amortization was not contemplated on development of the budget and, as such, has not been included. The table below reconciles the approved budget to the budget figures reported in these consolidated financial statements.

	Budget Amount
Revenue:	
Operating budget	\$ 781,632,900
Capital budget	362,275,385
Subsidiaries' budget	58,466,795
Less:	
Transfers from other funds	295,753,063
Total revenue	906,622,017
Expenses:	
Operating budget	781,632,900
Capital budget	362,275,385
Subsidiaries' budget	53,152,476
Less:	
Transfers to other funds	285,499,020
Capital expenditures	362,275,385
Long-term debt principal payments	15,764,300
Total expenses	533,522,056
Annual surplus	\$ 373,099,961

REGIONAL MUNICIPALITY OF WOOD BUFFALO

Notes to Consolidated Financial Statements

For the Year Ended December 31, 2015

24. Financial instruments

The Municipality's financial instruments consist of cash and cash equivalents, restricted cash, taxes and grants in lieu receivable, trade and other receivables, investments, accounts payable and accrued liabilities, deposit liabilities, and long-term debt. It is management's opinion that the Municipality is not exposed to significant currency risks from its financial instruments.

The Municipality is subject to credit risk with respect to taxes and grants in lieu receivable, trade and other receivables and mortgages and notes receivable. 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. The Municipality is subject to interest rate risk arising primarily from fluctuations in rates on its cash, investments and long-term debt.

25. Comparative figures

Certain comparative figures for 2014 have been reclassified to conform to the presentation adopted in the current year. In the consolidated statement of financial position and the statement of cash flows for the year ended December 31, 2014, cash and cash equivalents decreased by \$23,166,108 and the portfolio investments increased by \$23,166,108. This change is also reflected in the comparative figures in Note 6 Investments.

26. Approval of financial statements

These financial statements were approved by management and presented to Mayor and Council.