

**Consolidated Financial Statements of**

**REGIONAL MUNICIPALITY  
OF WOOD BUFFALO**

**Year ended December 31, 2012**

**Consolidated Financial Statements of**  
**REGIONAL MUNICIPALITY OF WOOD BUFFALO**  
**Year ended December 31, 2012**

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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 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 statement 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

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Elsie Hutton, CMA  
Chief Financial Officer

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Glen Laubenstein  
Chief Administrative Officer

April 23, 2013

## 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, 2012, and the consolidated statements of operations and accumulated surplus, change in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Management's responsibility for the consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### 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, 2012, and the results of its operations, change in its net financial assets, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.



Chartered Accountants

April 23, 2013

**REGIONAL MUNICIPALITY OF WOOD BUFFALO**  
**Consolidated Statement of Financial Position**

December 31, 2012

	2012	2011
<b>Financial assets</b>		
Cash and cash equivalents	\$ 83,910,430	\$ 23,631,478
Restricted cash (Note 2)	24,968,743	23,147,571
Taxes and grants in lieu receivable (Note 3)	5,795,482	5,324,030
Trade and other receivables (Note 4)	61,052,505	110,348,635
Inventories held for resale (Note 5)	58,134,118	66,689,619
Investments (Note 6)	726,473,330	755,857,927
Mortgages and notes receivable (Note 7)	10,193,778	7,805,221
	<u>970,528,386</u>	<u>992,804,481</u>
<b>Liabilities</b>		
Accounts payable and accrued liabilities	123,265,596	133,114,943
Deposit liabilities	8,706,412	8,749,445
Deferred revenue (Note 8)	248,600,959	274,941,921
Employee benefit obligations (Note 9)	16,562,013	13,885,832
Provision for landfill closure and post-closure obligation (Note 10)	13,518,275	12,190,490
Long-term debt (Note 11,12)	438,922,282	456,332,345
	<u>849,575,537</u>	<u>899,214,976</u>
<b>Net financial assets</b>	120,952,849	93,589,505
<b>Non-financial assets</b>		
Tangible capital assets (Note 13)	2,841,795,791	2,548,455,548
Consumable inventories	3,241,271	513,108
Prepaid expenses	5,147,072	2,411,562
	<u>2,850,184,134</u>	<u>2,551,380,218</u>
<b>Accumulated surplus (Note 14)</b>	<u>\$ 2,971,136,983</u>	<u>\$ 2,644,969,723</u>

Contractual obligations and contingent liabilities (Note 15)

See accompanying notes to financial statements.

**Approved by:**

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 Chief Financial Officer

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 Chief Administrative Officer

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

Year ended December 31, 2012

	Budget	2012	2011
	(Unaudited)		
Revenue:			
Net taxes available for municipal purposes (Schedule 1)	504,053,940	498,979,932	480,027,699
Government transfers (Schedule 2)	46,696,318	107,211,828	119,068,740
Sales and user charges (Schedule 3)	82,340,752	86,710,572	81,417,932
Sales to other governments	4,397,954	5,341,330	2,077,293
Penalties and costs on taxes	1,313,085	2,210,060	1,576,980
Licenses and permits	7,048,012	11,132,361	10,583,341
Fines	3,113,475	5,532,318	3,435,635
Franchise and concession contracts	4,737,663	4,576,685	4,598,555
Returns on investments	16,147,565	21,183,689	23,118,587
Rentals	20,446,667	24,462,760	21,332,118
Developers' agreements and levies	-	10,425,834	18,549
Other	2,665,131	5,867,731	7,474,880
Gain on disposal of tangible capital assets	-	735,252	16,026,552
Contributions of tangible capital assets	-	40,345,352	82,082,914
	692,960,562	824,715,704	852,839,775
Expenses: (Schedule 4)			
Council and other legislative	2,125,102	1,916,781	1,468,407
General administration	75,142,080	101,258,749	77,978,117
Other general government	3,048,510	3,909,702	3,848,328
Police	29,803,469	37,842,090	31,840,651
Fire	23,232,208	26,540,852	24,700,258
Disaster and emergency measures	755,313	1,204,450	722,111
Ambulance and first aid	7,535,260	8,548,337	6,774,157
Bylaws enforcement	5,589,359	5,031,365	5,162,463
Common and equipment pool	25,737,988	26,131,187	22,855,623
Roads, streets, walks, lighting	31,230,955	42,868,481	38,785,113
Public transport	20,412,668	24,038,594	20,790,171
Storm sewers and drainage	523,525	3,601,100	1,950,490
Water supply and distribution	21,819,353	32,609,306	29,076,965
Wastewater treatment and disposal	20,855,529	28,907,210	27,275,505
Waste management	18,615,673	23,027,289	21,057,691
Family and community support	6,996,967	5,369,083	6,335,293
Day care	15,000	15,060	15,000
Cemeteries and crematoriums	169,754	118,515	112,067
Land use planning, zoning and development	13,244,804	11,630,567	12,709,267
Subdivision land and development	1,985,560	5,238,834	1,898,374
Public housing operations	30,285,219	36,719,711	40,367,077
Land, housing and building rentals	3,192,934	3,403,454	2,893,814
Recreation boards	1,954,386	1,800,987	1,984,947
Parks and recreation	60,035,331	55,244,031	60,679,362
Culture: libraries, museums, halls	6,508,705	5,482,571	2,415,588
Other	2,555,247	6,090,138	3,126,436
	413,370,899	498,548,444	446,823,275
Annual surplus	279,589,663	326,167,260	406,016,500
Accumulated surplus, beginning of year	2,644,969,723	2,644,969,723	2,238,953,223
Accumulated surplus, end of year	\$ 2,924,559,386	\$ 2,971,136,983	\$ 2,644,969,723

See accompanying notes to consolidated financial statements.

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

Year ended December 31, 2012

	Budget	2012	2011
(Unaudited)			
Annual surplus	\$ 279,589,663	\$ 326,167,260	\$ 406,016,500
Acquisition of tangible capital assets	(727,764,947)	(368,285,742)	(428,773,602)
Contributions of tangible capital assets	-	(40,345,352)	(82,082,914)
Write down on tangible capital assets	-	7,396,000	-
Gain on disposal of tangible capital assets	-	(735,252)	(16,026,552)
Amortization of tangible capital assets	4,766,669	62,981,082	48,390,556
Proceeds on disposal of tangible capital assets	-	45,649,021	22,772,317
	(443,408,615)	32,827,017	(49,703,695)
(Acquisition) use of consumable inventories	-	(2,728,163)	346,941
(Acquisition) use of prepaid expenses	-	(2,735,510)	2,945,495
	-	(5,463,673)	3,292,436
Change in net financial assets	(443,408,615)	27,363,344	(46,411,259)
Net financial assets, beginning of year	93,589,505	93,589,505	140,000,764
Net financial assets, end of year	\$ (349,819,110)	\$ 120,952,849	\$ 93,589,505

See accompanying notes to consolidated financial statements.

**REGIONAL MUNICIPALITY OF WOOD BUFFALO**  
**Consolidated Statement of Cash Flows**

Year ended December 31, 2012

	2012	2011
<b>Cash provided by (used in):</b>		
<b>Operating:</b>		
Annual surplus	\$ 326,167,260	\$ 406,016,500
Items not involving cash:		
Contributions of tangible capital assets	(40,345,352)	(82,082,914)
Gain on disposal of tangible capital assets	(735,252)	(16,026,552)
Write down of tangible capital assets	7,396,000	-
Amortization of tangible capital assets	62,981,082	48,390,556
Change in non-cash assets and liabilities:		
Restricted cash	(1,821,172)	(18,682,456)
Taxes and grants in lieu receivable	(471,452)	641,438
Trade and other receivables	49,296,130	(24,405,184)
Inventories for resale	8,555,501	4,486,885
Accounts payable and accrued liabilities	(9,849,347)	2,772,024
Deposit liabilities	(43,033)	904,009
Deferred revenue	(26,340,962)	(11,824,218)
Employee benefit obligations	2,676,181	(1,498,511)
Provision for landfill closure and post closure costs	1,327,785	3,533,389
Consumable inventories	(2,728,163)	346,941
Prepaid expenses	(2,735,510)	2,945,495
Cash provided by operating transactions	373,329,696	315,517,402
<b>Capital:</b>		
Proceeds on disposal of tangible capital assets	45,649,021	22,772,317
Acquisition of tangible capital assets	(368,285,742)	(428,763,307)
Cash applied to capital transactions	(322,636,721)	(405,990,990)
<b>Investing:</b>		
Increase in mortgages and notes receivable	(2,388,557)	(4,567,787)
Decrease in investments	29,384,597	75,983,338
Cash provided by investing transactions	26,996,040	71,415,551
<b>Financing:</b>		
Long-term debt issued		24,530,041
Long-term debt repaid	(17,410,063)	(46,476,131)
Cash applied to by financing transactions	(17,410,063)	(21,946,090)
Change in cash during the year	60,278,952	(41,004,127)
Cash, beginning of year	23,631,478	64,635,605
Cash, end of year	\$ 83,910,430	\$ 23,631,478

See accompanying notes to consolidated financial statements.



## REGIONAL MUNICIPALITY OF WOOD BUFFALO

Notes to Consolidated Financial Statements

Year ended December 31, 2012

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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  
Wood Buffalo Housing & Development Corporation  
MacDonald Island Park Corporation

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 schedule of 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.

# REGIONAL MUNICIPALITY OF WOOD BUFFALO

Notes to Consolidated Financial Statements

Year ended December 31, 2012

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## 1. Significant accounting policies (continued):

### (b) Basis of accounting:

The Municipality follows the accrual method of accounting for revenues and expenses. Revenues are normally 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 market value assessments determined in accordance with the MGA. Tax mill rates are established annually. Taxation revenues are recorded at the time tax billings are issued. Assessments are subject to appeal. A provision has been recorded in accounts payable and accrued liabilities for potential losses on assessment appeals outstanding at December 31.

Government transfers are recognized in the consolidated financial statements as revenue in the period that the events giving rise to the transfer occurred, providing the transfers are authorized, any eligibility criteria have been met by the Municipality, and the reasonable estimates of the amounts can be made.

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 is 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.

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 and cash equivalents consist of bank deposits and short-term investments with original maturities of less than three months of \$25,482,768 (2011 - \$34,960,175)

### (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.

# REGIONAL MUNICIPALITY OF WOOD BUFFALO

Notes to Consolidated Financial Statements

Year ended December 31, 2012

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## 1. Significant accounting policies (continued):

(e) Investments:

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

(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.

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

(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, are amortized on a straight line basis over their estimated useful lives as follows:

<b>Asset</b>	<b>Useful Life - Years</b>
Land improvements	10 to 30
Buildings and building improvements	5 to 50
Engineered structures	10 to 75
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.

(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) Natural resources

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

(iv) 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.

## REGIONAL MUNICIPALITY OF WOOD BUFFALO

Notes to Consolidated Financial Statements

Year ended December 31, 2012

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### 1. Significant accounting policies (continued):

(g) Non-financial assets (continued):

(v) Capitalization of costs

The Municipality does not capitalize interest costs associated with the acquisition or construction of tangible capital asset with the exception of direct costs relating to certain rental properties under development, including carrying costs such as property taxes, interest on debt specifically related to the properties and other costs.

(vi) 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.

(vii) Consumable inventories

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

(h) Landfill closure and post-closure obligation

The *Alberta Environmental Protection and Enhancement Act* sets 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.

(i) Employee future benefits

The costs of multi-employer defined benefit pension plan benefits such as Local Authorities Pension Plan (LAPP) and APEX pension plans 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 as well as any shortfall or surplus at the end of the period.

(j) Use of estimates

The preparation of 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, accrued liabilities, provisions for tax assessment appeals, tangible capital asset useful lives, provision for investment impairment as well as provisions made for allowances for taxes and other receivables and inventories.

## REGIONAL MUNICIPALITY OF WOOD BUFFALO

Notes to Consolidated Financial Statements

Year ended December 31, 2012

### 2. Restricted cash:

Restricted cash is comprised of security deposits received from tenants in the amount of \$998,411 (2011 - \$898,679) held in trust accounts that bear interest at the Royal Bank of Canada prime rate less 1.9% (2011 - 1.9%), restricted replacement reserves in the amount of \$2,489,948 (2011 - \$1,830,416), Lodge Funds restricted for purchase and maintenance of Rotary House and other projects in the amount of \$1,246,497 (2011 - \$1,113,644), capital grant funds to support the development of affordable housing units in Parsons Creek in the amount \$746,588 (2011 - \$738,402), rent supplement funds payable to Alberta Housing & Urban Affairs in the amount of \$1,281,063 (2011 - \$360,194), and proceeds from the Province of Alberta related to the Hawthorne Heights project of \$18,206,236 (2011 - \$18,206,236) which are restricted as per an amended Hawthorne Heights Conditional grant funding agreement and are to be used for a future development project.

Under the terms of the mortgage agreements with the Royal Bank of Canada related to Wood Buffalo Housing and Development Corporation 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 Royal Bank of Canada following submission of paid invoices for approved major capital repairs.

### 3. Taxes and grants in lieu receivable:

	2012		2011
Current	\$ 4,656,579	\$	4,980,224
Arrears**	1,234,598		885,594
	<u>5,891,177</u>		<u>5,865,818</u>
Less allowance for doubtful accounts	95,695		541,788
	<u>\$ 5,795,482</u>	\$	<u>\$ 5,324,030</u>

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

### 4. Trade and other receivables:

	2012		2011
Government transfers	\$ 5,856,109	\$	32,937,201
GST recoverable	6,195,419		13,761,302
Utility receivables	4,672,012		4,094,980
Developer charges	1,728,974		20,633,010
Trade receivables	42,599,991		38,922,142
	<u>\$ 61,052,505</u>	\$	<u>\$ 110,348,635</u>

The allowance for doubtful accounts for trade and other receivables is \$1,508,253 (2011 - \$1,553,708).

### 5. Inventories held for resale:

	2012		2011
Inventories held for resale	\$ 400,253	\$	232,662
Property inventory:			
Taiganova Eco Industrial Park	-		2,627,198
Other properties under development	-		3,659,374
Held under equity and affordability programs	57,733,865		60,170,385
	<u>\$ 58,134,118</u>	\$	<u>\$ 66,689,619</u>

**REGIONAL MUNICIPALITY OF WOOD BUFFALO**

Notes to Consolidated Financial Statements

Year ended December 31, 2012

**6. Investments:**

	2012		2011	
	Cost	Market Value	Cost	Market Value
Cash	\$ 3,007,689	\$ 3,007,689	\$ 8,166,039	\$ 8,166,039
Bankers acceptances and notes	43,528,005	43,565,582	90,469,958	90,474,662
Government and government guaranteed bonds	353,654,480	359,606,850	314,057,393	322,791,349
Corporate bonds and debentures	316,356,078	319,860,751	325,177,375	326,390,563
Mutual funds	7,549,264	7,549,264	15,355,446	16,295,352
Accrued interest	2,377,814	2,377,814	2,631,716	2,631,716
	<b>\$ 726,473,330</b>	<b>\$ 735,967,950</b>	<b>\$ 755,857,927</b>	<b>\$ 766,749,681</b>

Bankers acceptances, notes and bonds have maturities of less than one year and stated interest rates from of 2.6% to 5.5% (2011 - Average of 1.7%).

Government and government guaranteed bonds bear interest at stated average interest rates from 1.03% to 6.500% (2011 - 1.399% to 6.500%).

Corporate bonds and debentures bear interest at stated average interest rates from 1.03% to 11.800% (2011 - 1.531% to 11.800%).

The market value of certain investments fluctuates with changing market interest rates. The Municipality has not identified any indication of significant impairment that is other than temporary. As a result no writedowns have been taken in 2012 and 2011.

**7. Mortgages and notes receivable:**

The mortgages and notes receivable include:

- (a) Housing affordability loans, bearing interest at rates ranging from nil % 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. Loans are assumed to have a 25 year amortization.
- (b) 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. Loans are assumed to have a 25 year amortization.
- (c) Demand promissory notes receivable and second mortgages receivable bearing interest at nil % to 6% per annum, with monthly repayment terms representing a 25 year amortization period, secured by land and buildings.
- (d) A vendor take-back mortgage, non-interest bearing until October 2013 and 4% per annum thereafter, due November 1, 2013.
- (e) A net investment in a long-term lease arrangement.

## REGIONAL MUNICIPALITY OF WOOD BUFFALO

Notes to Consolidated Financial Statements

Year ended December 31, 2012

### 8. Deferred revenue:

	2012	2011
<u>Government transfers</u>		
Operating:		
Community Housing Plan Grant	\$ 2,104,579	\$ 1,582,908
Rent Supplement Program Grant	1,055,724	472,680
Marshall House Grant	94,488	134,095
Alberta Housing & Urban Affairs	-	123,139
Sustainable Remote Housing Grant	101,880	106,920
Other Grants	-	529,783
RCMP Grant	349,653	256,512
	3,706,324	3,206,037
Capital:		
Community Development Plan (a)	80,169,823	100,640,331
Alberta Municipal Infrastructure Program (b)	1,093,089	8,657,707
Alberta Municipal Sponsorship Grant	-	112,355
Alberta Municipal Sustainability Initiative Grant (c)	32,227,828	17,719,664
Alberta Infrastructure Transportation Grant (d)	1,094,018	6,790,493
New Deal for Cities and Communities Grant (e)	6,410,556	5,830,592
Alberta Affordable Housing Initiative	46,197,275	46,189,089
Provincial Grant South Police Centre & Cell Block (f)	-	9,154,694
Strategic Transportation Infrastructure Grant (g)	4,821,764	4,763,063
	172,014,353	199,857,988
	175,720,677	203,064,025
Other:		
Corporate Donations and Naming Rights	571,428	666,667
Rights Holder Agreements (h)	1,608,000	1,692,800
Deferred Property Sales (i)	53,265,266	57,007,211
Deferred Property Taxes	13,661,002	8,793,349
Lifetime golf and fitness memberships	1,175,539	1,013,248
Other	2,599,047	2,704,621
	72,880,282	71,877,896
	248,600,959	274,941,921

## REGIONAL MUNICIPALITY OF WOOD BUFFALO

Notes to Consolidated Financial Statements

Year ended December 31, 2012

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### 8. Deferred revenue (continued):

(a) Community Development Plan

The Municipality has 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 2012, the Municipality received a grant allocation of \$35,380,000, recognized \$56,992,342 (2011 - \$67,185,809) as government transfers and allocated interest in the amount of \$1,141,834 (2011 - \$1,647,524).

(b) Alberta Municipal Infrastructure Program

The Province of Alberta introduced the Alberta Municipal Infrastructure Program (AMIP) in 2005 to assist municipalities in addressing capital infrastructure needs. During 2012, the Municipality recognized \$7,629,305 (2011 - \$4,234,420) as government transfers and allocated interest on the unspent grant in the amount of \$64,687 (2011 - \$130,541). This program terminated in 2009.

(c) Alberta Municipal Sustainability Initiative Grant

In 2007, the Province of Alberta introduced the Municipal Sustainability Initiative (MSI) program to assist municipalities with managing growth pressures, provide sustainable funding and support infrastructure needs. In 2012, the Municipality received \$19,779,011 (2011 - \$18,061,319) recognized \$5,465,526 (2011 - \$25,863,786) as government transfers and allocated interest on the unspent grant in the amount of \$194,679 (2011 - \$130,686). Based on a pre-established formula and budget availability, the Municipality will receive an annual grant allocation until 2016.

(d) Alberta Infrastructure Transportation Grant

The Alberta Infrastructure Transportation Grant provides annual cost-shared financial assistance to cities for developing and implementing safe and effective roadway network and transportation systems. In 2012, the Municipality received \$4,138,148 (2011 - \$4,101,466), recognized \$9,909,103 (2011 - \$605,470) as government transfers and allocated interest on the unspent grant in the amount of \$74,480 (2011 - \$38,356).

(e) New Deal for Cities and Communities Grant

The New Deal for Cities and Communities program assists municipalities in addressing their sustainable municipal capital infrastructure needs. Funding is received through the allocation of the federal gasoline tax to Alberta municipalities. In 2012, the Municipality received \$5,012,918 (2011 - \$5,012,918), recognized \$4,502,741 (2011 - \$4,083,961) as government transfers and allocated interest on the unspent grant in the amount of \$69,787 (2011 - \$28,314). This grant program has been extended to 2013 and the Municipality will receive an additional \$5,012,918 under the terms of this program.



## REGIONAL MUNICIPALITY OF WOOD BUFFALO

Notes to Consolidated Financial Statements

Year ended December 31, 2012

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### 8. Deferred revenue (continued):

(f) Provincial Grant South Police Centre & Cell Block

The Municipality entered into an agreement with the Province of Alberta in 2011 to contribute \$10,000,000 towards the cost of the construction and development of a new Wood Buffalo South Police Facility. During 2011, the Municipality received a grant of \$10,000,000 and in 2012 recognized \$9,220,688 (2011 - \$915,132) as government transfers. The Municipality allocated interest in the amount of \$65,994 (2011- \$69,826).

(g) Statagic Transportation Infrastructure Grant

The Municipality entered into an agreement with the Province of Alberta to undertake the maintenance and construction of the Fort MacKay Bridge Replacement project. The Municipality received \$2,000,000 in 2012 (2011- \$5,645,000). The Municipality recognized \$1,988,455 in 2012 (2011 - \$925,394) as government transfers and allocated interest in the amount of \$47,156 (2011 - \$43,457).

(h) Rights Holder Agreements

In exchange for contributions received totaling \$2,120,000 from certain entities within the Municipality, the Municipality granted rights holders the right to refer tenants 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 holders have 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 holders can assign or sell its 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 new terms and conditions. Should the Municipality commit an act of default under the agreements, the contributions become repayable. 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.

(i) Deferred Property Sales

Deferred property sales represent the cash, mortgages and notes, net of discounting, received as consideration by the Municipality relating to properties under certain housing equity and affordability programs. The housing equity and affordability program agreements include certain market appreciation guarantees which establish the final amount to be paid to the Municipality once the mortgage and note holders sell or otherwise convey an interest in the underlying properties. The amount to be paid to the Municipality, whether at the option of the mortgage and note holder, or as a result of the sale, is the original amount of the note and mortgage receivable, plus a percentage of the increased market value of the property less any interest previously paid to the Municipality. During the year, the Municipality recognized \$3,920,772 (2011 - \$6,305,709) in revenue relating to the sales of certain properties and \$178,827 (2011 - \$41,187,090) in net sales deferred. As the ultimate selling price of these properties is uncertain and substantially all of the rights and responsibilities of the ownership of the properties have not been transferred at the end of the year, the Municipality has not recognized revenue related to these sales. The properties are reflected as part of the property inventory is held under equity and affordability programs and related revenues have been deferred and will be recognized when there is greater certainty as to the ultimate proceeds.

## REGIONAL MUNICIPALITY OF WOOD BUFFALO

Notes to Consolidated Financial Statements

Year ended December 31, 2012

### 9. Employee benefit obligations:

	2012	2011
Accrued vacation pay and overtime bank	\$ 6,824,045	\$ 7,335,522
Accrued salary and benefits	9,737,968	6,550,310
	<u>\$ 16,562,013</u>	<u>\$ 13,885,832</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 Local Authorities Pension Plan (LAPP), which is covered by the Alberta Public Sector Pension Plans Act.

The Municipality is required to make current service contributions to LAPP of 9.91% (2011 - 9.49%) of pensionable earnings up to the Canada Pension Plan Year's Maximum Pensionable Earnings and 13.74% (2011 - 13.1%) for the excess. Employees of the Municipality are required to make current service contributions of 8.91% (2011 - 8.49%) of pensionable salary up to the year's maximum pensionable salary and 12.74% (2011 - 12.13%) 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 LAPP were \$12,169,407 (2011 - \$9,667,169). Total current service contributions by the employees of the Municipality to LAPP in 2012 were \$11,131,530 (2011 - \$10,618,137).

The LAPP reported a deficiency for the overall plan as at December 31, 2011 of \$ 4,639,390,000 (2010 - \$4,635,250,000). Information as at December 31, 2012 was not available at the time of preparing these consolidated financial statements.

(c) APEX supplementary pension plan

The APEX Supplementary Pension Plan, an Alberta Urban Municipalities Association (AUMA) 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 (approximately 91 beneficiaries). The plan supplements the Local Authorities Pension Plan.

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% respectively on pensionable earnings up to \$132,333 per employee per year.

## REGIONAL MUNICIPALITY OF WOOD BUFFALO

Notes to Consolidated Financial Statements

Year ended December 31, 2012

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### 9. Employee benefit obligations (continued):

(c) APEX supplementary pension plan (continued)

Total current service contributions by the Municipality to APEX in 2012 were \$413,366 (2011 - \$325,550). Total current service contributions by the employees of the Municipality were \$340,803 (2011 - \$272,660).

The cost of post-retirement benefits earned by employees is actuarially determined 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.

(d) Other employee benefit plans

Basic Life, accidental death and dismemberment, short term disability, long term disability, extended health, dental and vision benefits are fully funded by the Municipality. 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 (18) 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 incomes 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.

Shared rental accommodation is also available for up to six months through several houses currently rented by the Municipality.

(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 are eligible to join.

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.

## REGIONAL MUNICIPALITY OF WOOD BUFFALO

Notes to Consolidated Financial Statements

Year ended December 31, 2012

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### 9. Employee benefit obligations (continued):

(f) Employee housing initiative - home equity protection program (continued)

At December 31, 2012, no amounts have been accrued (2011 - \$nil) within the financial statements relating to this program as management is of the opinion that, based on current market conditions, no obligations exist with respect to the outstanding arrangements.

At December 31, 2012, 202 employees were approved for participation under the program with an aggregate secured property value of \$113,318,674 based on assessed values. Of the participating employees, 171 currently meet the eligibility requirements with a secured property value of \$93,286,073 based on assessed values.

(g) MuniSERP - supplemental retirement program

MuniSERP is an accrued benefit obligation for certain groups of employees; future benefit plan commenced in 2012. An actuarial valuation for this plan was completed by Aon Consulting Inc. as of December 31, 2012.

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 (AMSC).

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 accrued liability balance as at December 31, 2012 based on actuarial valuation was \$410,186 (2011 - N/A).

The actuarial valuation is based on assumptions about future events. The economic assumptions used in these valuations are the best estimates of expected rates of:

	December 31, 2012
Inflation	2.50 % p.a.
Wages and salaries escalations	4.00 % p.a.
Interest (discount rate on accrued benefit obligations)	5.00 % p.a.
Average Municipal service	2.00 years

**REGIONAL MUNICIPALITY OF WOOD BUFFALO**

Notes to Consolidated Financial Statements

Year ended December 31, 2012

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**10. Landfill closure and post-closure obligation:**

The obligation recorded at December 31, 2012 for the landfill closure was \$13,518,275 (2011 - \$12,190,490) and represents the present value of closure and post-closure costs of the Municipality Landfill sites, using assumed annual rates of 1.30% (2011 – 2.2%) for inflation and discount rates of 3.063% for post closure and 2.370% for pre closure (2011 – 3.193% for both).

The closing of existing facilities involve 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. Estimates are based on the current closure plan developed for and approved by Alberta Environment. 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.

As of the end of 2012 there are 5 sites that are currently closed. Two of these sites, being Janvier and Conklin, were closed in late 2011. The Fort MacKay site is currently being re-closed following the identification of post closure damage to the site. Additional accruals have been provided in 2011 and 2012 to remediate the damages.

The Fort McMurray site completed operations in early 2011 and closure activities will be completed in 2013. Increases in obligation costs are expected as part of the two phase landfill closure that has been approved by Alberta Environment to support the landfill gas management system construction capital project.

The Fort Chipewyan and the Fort McMurray Regional landfill are currently the only open landfill sites within the Regional Municipality of Wood Buffalo. The old Fort Chipewyan site was closed in June 2012. The 2011 accrued obligations for this site have been increased to reflect the inclusion of a geomembrane within the Fort Chipewyan site in 2012 as part of the closure plan. The new Fort Chipewyan landfill began operations in June 2012.

The Fort McMurray Regional Landfill site came in to operation during early 2011 and has existing capacity of 66% with an estimated life of 80 years.

Capacity utilization

		<u>Total Cell</u>	<u>Cell Used</u>	<u>% Used</u>
1	Fort McMurray - regional landfill	8	2.7	34%
2	Fort Chipewyan - new site	2	0.2	10%

**REGIONAL MUNICIPALITY OF WOOD BUFFALO**

## Notes to Consolidated Financial Statements

Year ended December 31, 2012

**11. Long-term debt:**

	<b>2012</b>	<b>2011</b>
Municipal debt:		
Capital leases supported by general tax levies (a)	\$ 25,357	\$ 33,363
Debentures supported by general tax levies (b)	204,695,808	213,326,426
Debentures supported by utility rates (b)	142,629,319	148,935,748
	<u>347,350,484</u>	<u>362,295,537</u>
Controlled organizations debt:		
Capital leases	3,803	141,697
Demand loans - capital (c)	-	17,236
Long-term debt (d)	91,567,995	93,877,875
	<u>91,571,798</u>	<u>94,036,808</u>
	<u>\$ 438,922,282</u>	<u>\$ 456,332,345</u>

Municipal debt

## (a) Capital leases supported by general tax levies

The Municipality has entered into capital lease agreements for vehicles. The payments on principal and interest in the remainder of the lease are as follows:

	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2013	\$ 8,407	\$ 1,055	\$ 9,462
2014	8,828	634	9,462
2015	8,122	191	8,313
	<u>\$ 25,357</u>	<u>\$ 1,880</u>	<u>\$ 27,237</u>

Interest on capital leases above in 2012 amounted to \$1,458 (2011- \$9,903).

## (b) 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 are as follows:

	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2013	\$ 15,094,931	16,333,526	31,428,457
2014	15,225,088	15,583,270	30,808,358
2015	15,764,292	14,827,919	30,592,211
2016	15,702,338	14,054,973	29,757,311
2017	16,115,009	13,267,030	29,382,039
Thereafter	269,423,469	103,738,120	373,161,589
	<u>\$ 347,325,127</u>	<u>\$ 177,804,838</u>	<u>\$ 525,129,965</u>

Interest on long-term debt in 2012 amounted to \$16,934,816 (2011 - \$17,683,453).

Debenture debt above is repayable to Alberta Capital Finance Authority has interest rates ranging from 2.4% to 11.0% per annum, and matures in years 2013 through 2035.

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

**REGIONAL MUNICIPALITY OF WOOD BUFFALO**

Notes to Consolidated Financial Statements

Year ended December 31, 2012

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**11. Long-term debt (continued):**

Controlled organizations debt

(c) Demand loans - capital

The demand loan repaid in 2012 was a revolving demand loan at a fixed rate of 5.06%.

(d) Long-term debt

Long term debt is comprised of two commercial mortgages with interest rates ranging from 3.435% to 5.074%, payments of \$64,971 and \$466,752 per month including principal and interest, maturities from March 2013 to March 2022, with land and buildings pledged as collateral with a carrying value of \$182,319,495 (2011 - \$167,059,604).

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

	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2013	\$ 2,413,456	\$ 4,112,080	\$ 6,525,536
2014	2,521,754	4,082,418	6,604,172
2015	2,634,990	3,964,872	6,599,862
2016	2,753,393	2,841,746	5,595,139
2017	2,877,204	2,963,520	5,840,724
Thereafter	78,367,198	56,231,879	134,599,077
	<u>\$ 91,567,995</u>	<u>\$ 74,196,515</u>	<u>\$ 165,764,510</u>

The long term debt is also collateralized by property and equipment 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

Year ended December 31, 2012

### 12. Debt and debt service limits:

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

#### Debt Limit

	<u>2012</u>	<u>2011</u>
Maximum allowable debt	\$ 1,282,438,604	\$ 1,220,870,356
Total municipal debt	347,350,484	362,295,537
Amount of total debt limit available	<u>\$ 935,088,120</u>	<u>\$ 858,574,819</u>
Percentage used	27.09%	29.68%

#### Debt service limit

Maximum allowable debt service	\$ 224,426,756	\$ 213,652,312
Annual payments on existing municipal debt	31,437,919	32,010,267
Amount of service on debt limit available	<u>\$ 192,988,837</u>	<u>\$ 181,642,045</u>
Percentage used	14.01%	14.98%

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 such revenue. Incurring debt beyond these limitations requires approval by the 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 MacDonald Island Park Corporation.

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

Year ended December 31, 2012

**13. Tangible capital assets:**

	2012								2012 Total
	Land	Land Improvements	Buildings and Improvements	Engineered Structures	Machinery and Equipment	Vehicles	Construction in Progress		
<b>COST:</b>									
<i>Balance, Beginning of Year</i>	\$ 303,239,296	\$ 50,282,336	\$ 491,866,634	\$ 1,361,025,618	\$ 52,205,772	\$ 59,515,815	\$ 692,183,790	\$ 3,010,319,261	
Acquisition of tangible capital assets	49,789,440	42,671,486	53,892,686	559,054,521	8,558,988	21,425,270	(326,761,297)	408,631,094	
Reclassification / Adjustment	-	8,382,982	(12,542,908)	-	4,159,926	-	-	-	
Write down	-	-	-	-	-	-	(7,396,000)	(7,396,000)	
Disposal of tangible capital assets	(13,510,950)	-	(85,925)	-	(210,700)	(2,177,788)	(31,039,673)	(47,025,036)	
<i>Balance, End of Year</i>	\$ 339,517,786	\$ 101,336,804	\$ 533,130,487	\$ 1,920,080,139	\$ 64,713,986	\$ 78,763,297	\$ 326,986,820	\$ 3,364,529,319	
<b>ACCUMULATED AMORTIZATION:</b>									
<i>Balance, Beginning of Year</i>	\$ -	\$ 13,279,212	\$ 44,615,549	\$ 358,521,490	\$ 21,070,423	\$ 24,377,039	\$ -	\$ 461,863,713	
Annual amortization	-	3,791,104	12,840,757	32,362,457	6,562,685	7,424,079	-	62,981,082	
Accumulated amortization on disposals	-	-	(56,710)	-	(130,880)	(1,923,677)	-	(2,111,267)	
<i>Balance, End of Year</i>	\$ -	\$ 17,070,316	\$ 57,399,596	\$ 390,883,947	\$ 27,502,228	\$ 29,877,441	\$ -	\$ 522,733,528	
<b>NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS, End of Year</b>									
	\$ 339,517,786	\$ 84,266,488	\$ 475,730,891	\$ 1,529,196,192	\$ 37,211,758	\$ 48,885,856	\$ 326,986,820	\$ 2,841,795,791	

**REGIONAL MUNICIPALITY OF WOOD BUFFALO**

Notes to Consolidated Financial Statements

Year ended December 31, 2012

**13. Tangible capital assets (continued):**

	2011								2011 Total
	Land	Land Improvements	Buildings and Improvements	Engineered Structures	Machinery and Equipment	Vehicles	Construction in Progress		
<b>COST:</b>									
<i>Balance, Beginning of Year</i>	\$ 233,587,495	\$ 33,917,335	\$ 449,113,768	\$ 1,316,384,876	\$ 40,931,142	\$ 49,945,538	\$ 384,171,331	\$	2,508,051,485
Acquisition of tangible capital assets	75,246,420	16,365,001	43,331,892	44,640,742	11,647,682	11,612,320	308,012,459		510,856,516
Disposal of tangible capital assets	(5,594,619)	-	(579,026)	-	(373,052)	(2,042,043)	-		(8,588,740)
<i>Balance, End of Year</i>	\$ 303,239,296	\$ 50,282,336	\$ 491,866,634	\$ 1,361,025,618	\$ 52,205,772	\$ 59,515,815	\$ 692,183,790	\$	3,010,319,261
<b>ACCUMULATED AMORTIZATION:</b>									
<i>Balance, Beginning of Year</i>	\$ -	\$ 11,252,482	\$ 34,236,881	\$ 332,883,228	\$ 17,008,535	\$ 19,935,006	\$ -	\$	415,316,132
Annual amortization	-	2,026,730	10,421,825	25,638,262	4,431,300	5,872,439	-		48,390,556
Accumulated amortization on disposals	-	-	(43,157)	-	(369,412)	(1,430,406)	-		(1,842,975)
<i>Balance, End of Year</i>	\$ -	\$ 13,279,212	\$ 44,615,549	\$ 358,521,490	\$ 21,070,423	\$ 24,377,039	\$ -	\$	461,863,713
<b>NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS, End of Year</b>	\$ 303,239,296	\$ 37,003,124	\$ 447,251,085	\$ 1,002,504,128	\$ 31,135,349	\$ 35,138,776	\$ 692,183,790	\$	2,548,455,548

## REGIONAL MUNICIPALITY OF WOOD BUFFALO

Notes to Consolidated Financial Statements

Year ended December 31, 2012

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### 13. Tangible capital assets (continued):

(a) Assets under construction

Assets under construction having a value of \$326,986,820 (2011 - \$692,183,790) have not been amortized. Amortization of these assets will commence when the assets are put into service.

(b) Contributed tangible capital assets

Contributed capital assets have been recognized at fair value at the date of contribution. The value of contributed assets received during the year is \$40,345,352 (2011 - \$82,082,914).

(c) Tangible capital assets disclosed at nominal values

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

(d) Works of art and historical treasures

The Municipality manages and controls various works of art and non-operational historical cultural assets including buildings, artifacts, paintings and sculptures located at Municipal sites and public display areas. These assets are not recorded as tangible capital assets and are not amortized.

(e) Building - Edgewater Court

On April 17, 2007, a fire damaged an apartment building that was part of the Edgewater Court project. The building had a net book value of \$8,392,186 on April 17, 2007 and amortization of the building ceased on that date. Effective August 2012 construction was completed, the building was put back into service, and amortization recommenced.

(f) Reclassification / Adjustment

During the year the Municipality reclassified the land improvements and equipment related to the MacDonald Island Park facility to better represent the classification of the components of the facility.

(g) Write down

During the year the Municipality wrote down \$7,396,000 related to assets previously capitalized as it was determined that the assets were impaired.

**REGIONAL MUNICIPALITY OF WOOD BUFFALO**

Notes to Consolidated Financial Statements

Year ended December 31, 2012

**14. Accumulated surplus:**

	2012	2011
Operations:		
Surplus - undesignated	\$ 124,538	\$ 124,538
Operating reserves:		
General administration	101,330,789	87,252,515
Common services	142,575	145,003
Roads and streets	-	57,231
Municipal planning	-	33,526
Land and housing	-	547
Recreation	365,934	368,554
Urban parks	294,775	289,777
Regional Municipality of Wood Buffalo Library	3,055,330	3,340,718
Wood Buffalo Housing & Development Corporation	55,044,036	54,225,966
MacDonald Island Park Corporation	(681,150)	(465,362)
	159,552,289	145,248,475
<b>Total operations</b>	<b>159,676,827</b>	<b>145,373,013</b>
Capital:		
Deficiency - undesignated	(149,259,717)	(104,242,148)
Capital reserves:		
General	539,627,152	493,456,348
Equipment	706,327	706,327
Firefighting and preventive services	-	154,651
Common services	708,599	774,064
Roads and streets	32,059	162,918
Water supply	2,052,107	2,045,026
Sewage	2,317,650	2,324,731
Recreation	6,907,212	7,606,715
Wood Buffalo Housing & Development Corporation	4,010,045	3,217,660
MacDonald Island Park Corporation	1,485,213	1,267,216
	557,846,364	511,715,655
<b>Invested in tangible capital assets</b>	<b>2,402,873,509</b>	<b>2,092,123,203</b>
<b>Total capital</b>	<b>2,811,460,156</b>	<b>2,499,596,710</b>
<b>Accumulated surplus</b>	<b>\$ 2,971,136,983</b>	<b>\$ 2,644,969,723</b>

Reserves are a key tool used to set aside funds to replace existing 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, Wood Buffalo Housing & Development Corporation and MacDonald Island Park Corporation 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

Year ended December 31, 2012

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### 15. Contractual obligations and contingent liabilities:

#### (a) Operating leases

The Municipality has entered into lease agreements for the leasing of office space and equipment until 2022. The annual lease payments in each of the following years are:

2013	\$4,010,865
2014	3,956,513
2015	3,903,310
2016	3,830,929
2017	3,242,548
Thereafter	<u>9,712,516</u>
	<u>\$28,656,681</u>

#### (b) Capital commitments

The 2013 Capital Budget was approved by Council on December 11, 2012 in the amount of \$629,132,702. The approved projects along with a number of capital projects in progress are expected to be completed in 2013.

#### (c) 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 \$250,000 and \$9,000,000 which bear interest at prime and prime plus 3% respectively. At December 31, 2012, no amounts were drawn against these facilities. In addition, one of the Municipality's controlled entities has access to a \$60,000 Visa business facility which is drawn upon from time to time with their accounts receivable pledged as security on this facility.

#### (d) Development agreements

Developers have entered into agreements with the Municipality in the amount of approximately \$61,000,000 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 \$2,480,117 (2011 - \$5,916,411) and letters of credit in the amount of \$40,197,413 to ensure performance by the developers under the agreements.

#### (e) Contingent liabilities

The Municipality is defendant in various lawsuits as at December 31, 2012. 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

Year ended December 31, 2012

**16. 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 2012	Total 2011
Mayor Blake (d)	\$ 123,638	\$ 18,519	\$ 142,157	\$ 143,673
Ward 1				
Councillor Germain	36,411	12,041	48,452	46,914
Councillor Kirschner	36,411	13,588	49,999	49,500
Councillor Meagher	36,411	13,908	50,319	48,849
Councillor Thomas	36,411	13,612	50,023	49,535
Councillor Burton	16,204	5,011	21,215	-
Councillor Tatum	16,204	5,021	21,225	-
Ward 2				
Councillor Blair	36,411	13,612	50,023	46,863
Councillor Flett	36,411	7,782	44,193	44,817
Ward 3				
Councillor Vinni	36,411	13,050	49,461	48,858
Ward 4				
Councillor Stroud	36,411	12,060	48,471	47,206
Former				
Councillor Allen	10,887	9,553	20,440	45,939
Councillor Scott	10,887	6,549	17,436	49,500
Councillor Janvier				3,848
Chief Administrative Officers (d)	347,888	116,840	464,728	528,865
Designated Officer				
Current	162,299	30,398	192,697	-
Former	180,204	65,669	245,873	263,509
	<b>\$ 1,159,499</b>	<b>\$ 357,213</b>	<b>\$ 1,516,712</b>	<b>\$ 1,417,876</b>

(a) Salary is only 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 (CPP), Employment Insurance (EI), 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, car and technology allowances.

(d) An automobile is provided and no amount is included in the benefits and allowances figure.

## REGIONAL MUNICIPALITY OF WOOD BUFFALO

Notes to Consolidated Financial Statements

Year ended December 31, 2012

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### 17. 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 Implementation 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** - including the Wood Buffalo Housing & Development Corporation, MacDonald Island Park Corporation and the Regional Municipality of Wood Buffalo Library.

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

Year ended December 31, 2012

**17. Segment disclosures (continued):**

	2012									
	Fiscal Services	General Government	Protective Service	Transportion	Environmental use and Protection	Public Health and Welfare	Planning and Development	Recreation and Culture	Subsidiary Entities	2012 Total
<b>Revenue:</b>										
Net taxes available for municipal purposes	495,624,301	-	-	168,499	241,356	-	-	-	2,945,776	498,979,932
Government transfers	-	96,520,763	8,455,998	353,323	3,140	1,531,894	32,206	49,498	265,006	107,211,828
Sales and user charges	2,490	549,960	2,562,606	4,154,914	48,886,796	26,743	187,125	311,442	30,028,496	86,710,572
Sales to other governments	-	-	234,928	-	5,106,402	-	-	-	-	5,341,330
Penalties and costs on taxes	1,589,638	456,408	-	-	164,639	-	-	-	(625)	2,210,060
Licenses and permits	-	761,434	45,972	7,525	-	-	10,893,405	285	(576,260)	11,132,361
Fines	-	164,440	5,303,724	-	-	-	-	-	64,154	5,532,318
Franchise and concession contracts	4,576,685	-	-	-	-	-	-	-	-	4,576,685
Returns on investments	-	19,749,648	-	-	-	446	951	10,322	1,422,322	21,183,689
Rentals	-	26,380	-	10,680	-	-	337,945	16,448	24,071,307	24,462,760
Developers' agreements and levies	-	10,421,881	-	3,953	-	-	-	-	-	10,425,834
Other	-	1,949,331	94,929	1,551	150,400	360,932	10,000	255,682	3,044,906	5,867,731
Gain (loss) on disposal of tangible capital assets	-	763,285	-	-	-	-	-	-	(28,033)	735,252
Contributions of tangible capital assets	-	1,897,875	-	16,965,106	21,482,371	-	-	-	-	40,345,352
	501,793,114	133,261,405	16,698,157	21,665,551	76,035,104	1,920,015	11,461,632	643,677	61,237,049	824,715,704
<b>Expenses:</b>										
Salaries, wages and benefits	-	48,489,359	41,247,814	22,433,956	26,160,996	4,055,196	8,178,233	14,960,146	23,739,656	189,265,356
Contracted and general services	3,776	42,877,756	6,108,086	43,303,532	20,927,547	300,761	10,339,402	5,276,998	8,591,728	137,729,586
Purchases from other governments	-	32,796	22,239,550	649,062	-	-	765	-	-	22,922,173
Materials, goods, supplies and utilities	-	3,405,375	2,873,289	8,664,360	13,773,269	186,252	144,423	2,683,166	17,596,467	49,326,601
Provision (recovery) for allowances	83,783	(878,949)	245,682	-	17,091	-	-	-	14,298	(518,095)
Transfers to other governments	-	-	44,001	-	-	-	-	-	-	44,001
Transfers to local boards and agencies	-	-	-	-	-	-	-	3,665,000	-	3,665,000
Transfers to individuals and organizations	-	14,746,846	20,000	12,000	-	2,655,254	250,000	13,731,399	(21,512,542)	9,902,957
Bank charges and short-term interest	-	328,955	1,398	105	9,944	50	75,362	854	154,009	570,677
Interest on long-term debt	-	541,052	843,131	663,482	7,641,892	11,237	1,059,152	6,176,326	4,358,871	21,295,143
Other	153,618	1,214,215	1,718,227	25,575	(42,080)	(1,711,568)	(3,049)	9,025	-	1,363,963
Amortization of tangible capital assets	-	1,814,223	2,595,037	14,382,344	19,365,113	5,476	228,745	8,493,211	16,096,933	62,981,082
	241,177	112,571,628	77,936,215	90,134,416	87,853,772	5,502,658	20,273,033	54,996,125	49,039,420	498,548,444
<b>Annual surplus</b>	<b>501,551,937</b>	<b>20,689,777</b>	<b>(61,238,058)</b>	<b>(68,468,865)</b>	<b>(11,818,668)</b>	<b>(3,582,643)</b>	<b>(8,811,401)</b>	<b>(54,352,448)</b>	<b>12,197,629</b>	<b>326,167,260</b>



**REGIONAL MUNICIPALITY OF WOOD BUFFALO**

Notes to Consolidated Financial Statements

Year ended December 31, 2012

**17. Segment disclosures (continued):**

	2011									2011 Total
	Fiscal Services	General Government	Protective Service	Transportation	Environmental use and Protection	Public Health and Welfare	Planning and Development	Recreation and Culture	Susidiary Entities	
<b>Revenue:</b>										
Net taxes available for municipal purposes	477,654,215	-	-	174,712	159,282	-	-	-	2,039,490	480,027,699
Government transfers	-	106,540,603	8,270,510	188,813	1,939	1,531,687	230,242	32,455	2,272,491	119,068,740
Sales and user charges	-	2,390,126	2,444,163	3,130,455	44,252,326	40,864	490,226	392,337	28,277,435	81,417,932
Sales to other governments	-	-	205,597	-	1,871,696	-	-	-	-	2,077,293
Penalties and costs on taxes	1,228,812	192,076	-	-	156,092	-	-	-	-	1,576,980
Licenses and permits	-	746,444	45,940	4,915	-	-	9,785,757	285	-	10,583,341
Fines	-	144,565	3,228,017	-	-	-	-	-	63,053	3,435,635
Franchise and concession contracts	4,625,246	(26,691)	-	-	-	-	-	-	-	4,598,555
Returns on investments	-	22,134,011	-	-	-	442	-	9,367	974,767	23,118,587
Rentals	-	42,793	(45)	28,328	-	-	261,029	17,386	20,982,627	21,332,118
Developers' agreements and levies	-	1,723	-	16,826	-	-	-	-	-	18,549
Other	10,443	1,276,814	269,940	2,529	820,453	286,400	1,505,918	348,896	2,953,487	7,474,880
Gain (loss) on disposal of tangible capital assets	-	16,239,686	-	-	-	-	-	-	(213,134)	16,026,552
Contributions of tangible capital assets	-	-	-	10,333,890	2,245,195	-	53,503,829	-	16,000,000	82,082,914
	483,518,716	149,682,150	14,464,122	13,880,468	49,506,983	1,859,393	65,777,001	800,726	73,350,216	852,839,775
<b>Expenses:</b>										
Salaries, wages and benefits	-	48,725,625	37,438,744	21,909,837	23,144,035	3,494,601	9,083,364	15,879,704	23,004,609	182,680,519
Contracted and general services	-	30,022,474	5,336,000	39,799,723	13,473,384	437,647	6,700,000	5,766,541	13,129,211	114,664,980
Purchases from other governments	-	18,393	19,678,732	480,434	-	-	166	-	-	20,177,725
Materials, goods, supplies and utilities	34,336	2,146,000	2,451,052	8,915,212	14,557,727	392,928	160,867	2,708,463	18,242,383	49,608,968
Provision (recovery) for allowances	585,578	36,591	201,885	-	(73,511)	-	-	890	14,645	766,078
Transfers to other governments	-	-	46,367	-	-	-	-	-	-	46,367
Transfers to local boards and agencies	-	-	-	-	-	-	-	5,458,268	(4,893,268)	565,000
Transfers to individuals and organizations	-	1,434,081	20,000	-	-	2,034,191	250,000	14,641,002	(10,656,172)	7,723,102
Bank charges and short-term interest	-	255,079	970	398	6,216	390	40,000	38	191,108	494,199
Interest on long-term debt	-	567,022	894,869	771,623	7,883,712	14,201	1,085,281	6,476,649	3,746,313	21,439,670
Other	779	59,574	668,677	(368,773)	(2,173)	82,926	3,506	(178,405)	-	266,111
Amortization of tangible capital assets	-	2,535,759	2,462,344	12,872,944	18,420,771	5,476	180,117	6,316,568	5,596,577	48,390,556
	620,693	85,800,598	69,199,640	84,381,398	77,410,161	6,462,360	17,503,301	57,069,718	48,375,406	446,823,275
<b>Annual surplus</b>	<b>482,898,023</b>	<b>63,881,552</b>	<b>(54,735,518)</b>	<b>(70,500,930)</b>	<b>(27,903,178)</b>	<b>(4,602,967)</b>	<b>48,273,700</b>	<b>(56,268,992)</b>	<b>24,974,810</b>	<b>406,016,500</b>

## REGIONAL MUNICIPALITY OF WOOD BUFFALO

Notes to Consolidated Financial Statements

Year ended December 31, 2012

### 18. Budget data:

The unaudited budget data presented in these consolidated financial statements is based upon the 2012 operating and capital budgets approved by Council and its subsidiaries.

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	\$ 605,162,627
Capital budget	727,764,947
Subsidiaries' budget	55,185,102
Less:	
Transfers from other funds	376,546,756
Proceeds from issuance of long-term debt	318,605,358
Total revenue	692,960,562
Expenses:	
Operating budget	605,162,627
Capital budget	727,764,947
Subsidiaries' budget	52,226,240
Less:	
Transfers to other funds	229,073,236
Capital expenditures	727,764,947
Long-term debt principal payments	14,944,732
Total expenses	413,370,899
Annual surplus	\$ 279,589,663

### 19. 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. Unless otherwise noted, the carrying value of its financial instruments approximates fair value.

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.

## **REGIONAL MUNICIPALITY OF WOOD BUFFALO**

Notes to Consolidated Financial Statements

Year ended December 31, 2012

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### **20. Comparative figures**

Certain comparative figures were reclassified to conform to current year presentation as follows:

- (a) Note 6: Investments - The 2011 financial statements presented the mortgages and notes receivable figures as part of the investments balance. These amounts and the notes relating to these amounts have been reclassified to mortgages and notes receivable (note 7) for the 2012 financial statements.
- (b) Note 8: Deferred Revenue - The 2011 financial statements presented the deferred property tax figures as part of the accounts payable balance. These amounts have been reclassified to deferred revenues for the 2012 financial statements.

### **21. Approval of financial statements:**

These financial statements were approved by Management and presented to Mayor and Council on April 23, 2013.

**REGIONAL MUNICIPALITY OF WOOD BUFFALO****Consolidated Net Taxes Available For Municipal Purposes**

Schedule 1

Year ended December 31, 2012

	<b>Budget</b>	<b>2012</b>	<b>2011</b>
	(Unaudited - note 18)		
Taxation:			
Real property taxes	\$ 502,272,291	\$ 538,229,439	\$ 514,932,735
Government grants in lieu of property taxes	1,104,649	1,546,921	1,184,234
Special assessments and local improvement taxes	177,000	409,854	333,994
Well drilling	500,000	769,327	1,054,959
	<u>504,053,940</u>	<u>540,955,541</u>	<u>517,505,922</u>
Less Requisitions:			
Alberta School Foundation Fund	-	40,925,847	36,540,935
School boards	-	1,049,762	937,288
	<u>-</u>	<u>41,975,609</u>	<u>37,478,223</u>
<b>Net taxes available for municipal purposes</b>	<b>\$ 504,053,940</b>	<b>\$ 498,979,932</b>	<b>\$ 480,027,699</b>

**REGIONAL MUNICIPALITY OF WOOD BUFFALO**  
**Consolidated Government Transfers**

Schedule 2

Year ended December 31, 2012

	<b>Budget</b>	<b>2012</b>	<b>2011</b>
	(Unaudited - note 18)		
Federal transfers:			
Conditional shared cost agreements and grants			
- Operating	\$ 705,797	\$ 792,749	\$ 843,838
- Capital	-	-	399,368
<b>Total federal government transfers</b>	<b>705,797</b>	<b>792,749</b>	<b>1,243,206</b>
Provincial transfers:			
Conditional shared cost agreements and grants			
- Operating	12,297,725	23,661,624	15,189,413
- Capital	33,692,796	82,757,455	102,636,121
<b>Total provincial government transfers</b>	<b>45,990,521</b>	<b>106,419,079</b>	<b>117,825,534</b>
<b>Total government transfers</b>	<b>\$ 46,696,318</b>	<b>\$ 107,211,828</b>	<b>\$ 119,068,740</b>

**REGIONAL MUNICIPALITY OF WOOD BUFFALO**  
**Consolidated Sales and User Charges**

Schedule 3

Year ended December 31, 2012

	<b>Budget</b>	<b>2012</b>	<b>2011</b>
	(Unaudited - note 18)		
Council and other legislative	\$ 15,000	\$ 37,495	\$ 36,307
General administration	342,299	324,399	353,167
Other general government	10,000	190,556	9,493
Police	964,000	1,122,386	1,149,225
Fire	114,425	133,540	82,192
Ambulance and first aid	1,200,411	1,304,314	1,208,766
Bylaw enforcement	-	2,366	-
Common and equipment pool	131,086	69,724	96,120
Roads, streets, walks, lighting	1,237,400	2,275,106	1,497,014
Public transport	1,447,600	1,810,083	1,537,321
Water supply and distribution	18,253,198	21,380,783	19,069,942
Wastewater treatment and disposal	17,555,044	16,237,155	15,791,126
Waste management	8,554,724	11,268,858	9,391,259
Family and community support (recovery)	-	(2,850)	11,504
Cemeteries and crematoriums	21,800	29,593	29,360
Land use planning, zoning and development	255,500	165,980	490,226
Public housing operations	20,188,191	18,500,609	19,512,494
Land, housing and building rentals	-	21,146	-
Recreation boards	27,000	6,086	10,412
Parks and recreation	12,023,074	11,833,243	11,142,004
<b>Total sales and user charges</b>	<b>\$ 82,340,752</b>	<b>\$ 86,710,572</b>	<b>\$ 81,417,932</b>

**REGIONAL MUNICIPALITY OF WOOD BUFFALO**  
**Consolidated Expenses by Object**

Schedule 4

Year ended December 31, 2012

	<b>Budget</b>	<b>2012</b>	<b>2011</b>
	(Unaudited - note 18)		
Salaries, wages and benefits	182,841,009	189,265,356	182,680,519
Contracted and general services	123,772,402	137,729,586	114,664,980
Purchases from other governments	19,347,496	22,922,173	20,177,725
Materials, goods, supplies and utilities	40,238,110	49,326,601	49,608,968
Provision for allowances	289,116	(518,095)	766,078
Transfers to other governments	46,036	44,001	46,367
Transfers to local boards and agencies	665,000	3,665,000	565,000
Transfers to individuals and organizations	19,485,172	9,902,957	7,723,102
Bank charges and short-term interest	500,177	570,677	494,199
Interest on long-term debt	21,406,617	21,295,143	21,439,670
Other	13,095	1,363,963	266,111
Amortization of tangible capital assets	4,766,669	62,981,082	48,390,556
<b>Total expenses</b>	<b>413,370,899</b>	<b>498,548,444</b>	<b>446,823,275</b>