

MOUNTAIN VIEW COUNTY
CONSOLIDATED FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2017

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APRIL 25, 2018

MANAGEMENT'S REPORT

To the Reeve and Members of Council of Mountain View County:

Management is responsible for the preparation and presentation of the accompanying financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian generally accepted accounting principles. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded, and financial records are properly maintained to provide reliable information for the preparation of financial statements.

The elected Council and the Audit Committee are composed entirely of neither management nor employees of the County. The Council has the responsibility of meeting with management and external auditors to discuss the internal controls over the financial reporting process, auditing matters and financial reporting issues. The Council is responsible for recommending the appointment of the County's external auditors.

MNP LLP, an independent firm of Chartered Professional Accountants, is appointed by the Council to audit the financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Audit Committee and management to discuss their audit findings.



Jeff Holmes
Chief Administrative Officer

Independent Auditors' Report

To the Reeve and members of Council of Mountain View County:

We have audited the accompanying consolidated financial statements of Mountain View County, which comprise the consolidated statement of financial position as at December 31, 2017 and the consolidated statements of operations, changes in net financial assets, cash flows and Schedule 1 through 6 for the year then ended, and notes comprising 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 necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or misstatement.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or misstatement. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe the audit evidence we have obtained in our audit 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 consolidated financial position of Mountain View County as at December 31, 2017 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.

Red Deer, Alberta

April 25, 2018


Chartered Professional Accountants

**MOUNTAIN VIEW COUNTY
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2017**

	2017	2016
FINANCIAL ASSETS	\$	\$
Cash and temporary investments (note 2)	2,423,966	47,758,922
Taxes receivable (note 3)	782,162	743,432
Accounts receivable (note 4)		
Federal government	342,698	388,926
Provincial government	28,614	38,113
Local governments	64,813	31,747
Other	759,723	358,021
Investments (note 5)	52,907,079	1,449,487
Notes receivable (note 15)	7,928,098	8,621,293
Land held for resale	-	839,787
Trust accounts (note 6)	378,204	347,667
Total Financial Assets	65,615,357	60,577,395
LIABILITIES		
Accounts payable & accrued liabilities		
Federal government	148,809	142,701
Provincial government	1,425	79,391
Local governments	344,957	972,242
Trade payables	1,985,358	1,806,066
Deferred revenue (note 7)	7,936,397	8,455,676
Employee benefit obligations (note 8)	660,200	646,072
Trust accounts (note 6)	378,204	347,667
Pit reclamation obligation (note 19)	6,662,972	5,764,358
Liability for contaminated sites (note 1)	3,600,000	-
Other liabilities	1,088,559	1,355,443
Long-term debt (note 9)	7,872,820	8,561,284
Total Liabilities	30,679,701	28,130,900
Contingencies and Commitments (note 17 and note 20)		
NET FINANCIAL ASSETS	34,935,656	32,446,495
NON-FINANCIAL ASSETS		
Inventory for consumption	5,169,294	4,689,108
Prepaid expenses	637,362	1,125,241
Long-term land held for resale	953,710	-
Tangible capital assets (note 12)	148,353,694	151,080,841
Resource assets	3,308,421	3,308,421
Total Non-Financial Assets	158,422,481	160,203,611
ACCUMULATED SURPLUS (note 18)	193,358,137	192,650,106

The accompanying notes are an integral part of these financial statements.

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**MOUNTAIN VIEW COUNTY
CONSOLIDATED STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2017**

	Budget	2017	2016
REVENUE	\$	\$	\$
Net taxes available for municipal purposes (Schedule 2)	28,727,770	28,709,878	29,680,233
Sale of goods	150,200	129,776	161,397
Sale of services	238,500	268,648	287,791
Fees & levies	613,500	891,401	755,672
Fines & penalties	451,000	348,145	439,933
Return on investments	1,200,000	1,184,424	1,004,611
Rentals	318,850	331,517	348,045
Recovery	14,300	348,517	159,557
Government transfers for operating (Schedule 4)	1,618,274	1,631,302	1,596,037
Other	-	485	136,179
Total Revenue	33,332,394	33,844,093	34,569,455
EXPENSES			
Council	688,514	610,979	581,373
CAO Services	1,024,550	869,259	393,511
Corporate Services			
Finance & general office	2,125,900	2,081,924	2,191,085
Assessment	624,250	475,702	588,685
Business services	775,760	701,791	690,897
Waste management	275,000	213,935	215,568
Planning & Development Services			
Planning	1,111,950	974,864	1,105,961
Development	543,050	516,062	1,011,064
Permitting	300,050	321,125	193,166
Legislative & Community Services			
Legislative services	1,652,162	1,276,959	1,335,189
Agriculture & land management	1,440,365	1,499,966	1,367,389
Community grants & transfers	4,422,412	3,804,644	3,428,183
Operational Services			
Roads, facilities & shops	20,559,400	24,805,386	19,799,816
Airports	305,400	300,595	297,286
Total Expenses (Schedule 3)	35,848,763	38,453,191	33,199,173
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES - BEFORE OTHER	(2,516,369)	(4,609,098)	1,370,282
OTHER			
Assets transferred to another municipality	-	-	(346,453)
Gain/(loss) on sale of assets	-	468,340	(743,509)
Government transfers for capital (Schedule 4)	12,076,885	4,848,789	4,235,657
EXCESS OF REVENUE OVER EXPENSES	9,560,516	708,031	4,515,977
ACCUMULATED SURPLUS, BEGINNING OF YEAR	192,650,106	192,650,106	188,134,129
ACCUMULATED SURPLUS, END OF YEAR (note 18)	202,210,622	193,358,137	192,650,106

**MOUNTAIN VIEW COUNTY
CONSOLIDATED STATEMENT OF CHANGES IN NET FINANCIAL ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2017**

	Budget	2017	2016
	\$	\$	\$
EXCESS OF REVENUE OVER EXPENSES	9,560,516	708,031	4,515,977
Amortization of tangible capital assets	14,139,125	13,213,477	13,172,163
Acquisition of tangible capital assets	(23,803,985)	(11,809,648)	(18,992,588)
Reclassification of land held for resale	-	(953,710)	-
Proceeds from disposition of tangible capital assets	-	1,791,658	443,044
Loss (gain) on disposal of tangible capital assets	-	(468,340)	743,509
Change in inventories and prepaid expenses	-	7,693	549,890
	<hr/>	<hr/>	<hr/>
INCREASE IN NET FINANCIAL ASSETS	(104,344)	2,489,161	431,995
NET FINANCIAL ASSETS, BEGINNING OF YEAR	<hr/>	<hr/>	<hr/>
	32,446,495	32,446,495	32,014,500
NET FINANCIAL ASSETS, END OF YEAR	<hr/>	<hr/>	<hr/>
	32,342,151	34,935,656	32,446,495

**MOUNTAIN VIEW COUNTY
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2017**

NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:

	2017	2016
OPERATING	\$	\$
Excess of revenue over expenses	708,031	4,515,977
Non-cash items included in excess of revenues over expenses		
Amortization	13,213,477	13,172,163
Loss (gain) on disposal of tangible capital assets	(468,340)	743,509
Net changes to working capital charged to operations		
Decrease (increase) in taxes and accounts receivable	(417,772)	(451,970)
Increase (decrease) in accounts payable	(519,853)	(1,257,425)
Increase (decrease) in deferred revenue	(519,279)	507,456
Increase (decrease) in pit reclamation obligation	898,613	86,013
Increase (decrease) in liability for contaminated sites	3,600,000	-
Decrease (increase) in inventory	(480,186)	299,327
Net change in other working capital balances	121,204	137,057
Cash provided by operating transactions	<u>16,135,895</u>	<u>17,752,107</u>
CAPITAL		
Acquisition of tangible capital assets	(11,809,648)	(18,992,588)
Proceeds on disposal of tangible capital assets	1,791,658	443,044
Cash used in capital transactions	<u>(10,017,990)</u>	<u>(18,549,544)</u>
FINANCING AND INVESTING		
Change in investments	(51,457,592)	75,974
Notes receivable issued (gross)	-	-
Notes receivable collected	693,195	665,789
Long-term debt proceeds (gross)	-	-
Long-term debt repaid	(688,464)	(2,315,467)
Cash used by financing and investing activities	<u>(51,452,861)</u>	<u>(1,573,704)</u>
Net increase (decrease) in cash and cash equivalents	<u>(45,334,956)</u>	<u>(2,371,141)</u>
Cash and cash equivalents, beginning of year	<u>47,758,922</u>	<u>50,130,063</u>
Cash and cash equivalents, end of year	<u><u>2,423,966</u></u>	<u><u>47,758,922</u></u>

SCHEDULE 1
(See note 12)

MOUNTAIN VIEW COUNTY
SCHEDULE OF TANGIBLE CAPITAL ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2017

	Land	Land Improvements	Buildings	Engineered Structures	Machinery & Equipment	Vehicles	Construction in Progress	2017 \$	2016 \$
Cost:									
Balance, beginning of year	15,796,712	3,472,528	15,472,571	396,748,875	16,130,053	6,434,326	8,151,007	462,206,072	445,428,587
Acquisition of tangible capital assets	-	9,464	18,689	14,076,016	2,441,769	918,960	(5,655,250)	11,809,648	18,992,588
Contributed tangible capital assets	-	-	-	-	-	-	-	-	-
Disposal of tangible capital assets	(1,218,817)	-	-	-	(292,370)	(92,952)	-	(1,604,139)	(1,942,212)
Write-downs	-	-	-	-	-	-	-	-	(272,891)
Balance, end of year	<u>14,577,895</u>	<u>3,481,992</u>	<u>15,491,260</u>	<u>410,824,891</u>	<u>18,279,452</u>	<u>7,260,334</u>	<u>2,495,757</u>	<u>472,411,581</u>	<u>462,206,072</u>
Accumulated Amortization:									
Balance, beginning of year	-	1,197,484	3,829,331	296,414,645	6,978,602	2,705,169	-	311,125,231	298,981,617
Annual amortization	-	150,733	328,816	11,011,629	1,174,830	547,469	-	13,213,477	13,172,163
Accumulated amortization on disposals	-	-	-	-	(194,870)	(85,951)	-	(280,821)	(1,028,549)
Write-downs	-	-	-	-	-	-	-	-	-
Balance, end of year	<u>-</u>	<u>1,348,217</u>	<u>4,158,147</u>	<u>307,426,274</u>	<u>7,958,562</u>	<u>3,166,687</u>	<u>-</u>	<u>324,057,887</u>	<u>311,125,231</u>
Net Book Value of Tangible Capital Assets	<u>14,577,895</u>	<u>2,133,775</u>	<u>11,333,113</u>	<u>103,398,617</u>	<u>10,320,890</u>	<u>4,093,647</u>	<u>2,495,757</u>	<u>148,353,694</u>	<u>151,080,841</u>

SCHEDULE 2

**MOUNTAIN VIEW COUNTY
SCHEDULE OF TAXES LEVIED
FOR THE YEAR ENDED DECEMBER 31, 2017**

	Budget	2017	2016
	\$	\$	\$
Taxation			
Real property taxes	24,083,613	23,910,690	22,586,917
Power and pipelines	17,594,706	17,573,745	19,454,844
Annexation and other tax revenue	-	60,612	60,612
Net over (under) levy	(94,650)	(85,277)	251,955
	<u>41,583,669</u>	<u>41,459,770</u>	<u>42,354,328</u>
Requisitions			
Alberta School Foundation Fund	12,181,116	12,066,878	12,012,789
Mountain View Seniors' Housing	674,783	683,014	661,306
	<u>12,855,899</u>	<u>12,749,892</u>	<u>12,674,095</u>
Net taxes available for municipal purposes	<u><u>28,727,770</u></u>	<u><u>28,709,878</u></u>	<u><u>29,680,233</u></u>

SCHEDULE 3

**SCHEDULE OF EXPENSES BY OBJECT
FOR THE YEAR ENDED DECEMBER 31, 2017**

	Budget	2017	2016
	\$	\$	\$
Expenses			
Salaries, wages, and benefits	11,086,458	10,895,103	10,698,718
Contracted and purchased services	4,370,951	3,860,034	4,134,774
Materials, goods, supplies, and utilities	1,396,000	6,821,213	1,543,849
Provision for allowances	153,000	40,206	149,166
Bank charges and short term interest	22,250	16,453	73,884
Interest on long term debt	350,000	346,520	373,926
Grants to other organizations	4,730,979	3,739,803	3,648,765
Amortization of tangible capital assets	14,139,125	13,213,477	13,172,163
Allowance for pit reclamation	(400,000)	(479,618)	(596,072)
	<u>35,848,763</u>	<u>38,453,191</u>	<u>33,199,173</u>
Total expenses	<u><u>35,848,763</u></u>	<u><u>38,453,191</u></u>	<u><u>33,199,173</u></u>

**MOUNTAIN VIEW COUNTY
SCHEDULE OF GOVERNMENT TRANSFERS
FOR THE YEAR ENDED DECEMBER 31, 2017**

	Budget	2017	2016
	\$	\$	\$
TRANSFERS FOR OPERATING:			
Federal			
Federal Environmental Stewardship Grants (ALUS)	32,790	50,000	58,600
Provincial			
Municipal Sustainability Initiative - Operating (MSI)	170,000	167,135	169,414
Municipal Sustainability Initiative - Capital (MSI)	121,500	91,294	-
Basic Municipal Transportation Grant	521,000	520,723	520,723
Family & Community Services Grant (FCSS)	342,984	342,984	342,984
Agricultural Services Board Grant	210,000	228,359	228,359
Intermunicipal Collaboration Initiative (ICI)	160,000	85,775	45,632
Alberta Municipal Affairs - Municipal Internship Program	-	42,260	-
Summer Temporary Employment Program (STEP)	-	20,552	16,334
Environmental Stewardship Grants (ACA)	20,000	20,000	26,875
Cremona Fire Disbursement	40,000	62,220	118,872
Alberta Disaster Recovery	-	-	68,244
Total Operating Grants	<u>1,618,274</u>	<u>1,631,302</u>	<u>1,596,037</u>
TRANSFERS FOR CAPITAL:			
Federal			
Federal Gas Tax Fund - Capital	665,000	668,486	666,313
Provincial			
Other Provincial Grants	60,000	6,000	7,950
Municipal Sustainability Initiative - Capital (MSI)	3,869,000	4,080,581	3,537,545
Municipal Sustainability Initiative - Carry Forward	4,632,885	-	-
Flood Recovery Grant	2,850,000	93,722	23,849
Total Capital Grants	<u>12,076,885</u>	<u>4,848,789</u>	<u>4,235,657</u>
TOTAL GOVERNMENT TRANSFERS	<u>13,695,159</u>	<u>6,480,091</u>	<u>5,831,694</u>

MOUNTAIN VIEW COUNTY
SCHEDULE OF CHANGES IN ACCUMULATED SURPLUS
FOR THE YEAR ENDED DECEMBER 31, 2017

ACTUAL RESULTS	Unrestricted Surplus	Restricted Surplus	Unfunded	Equity in Resource Assets	Equity in Tangible Capital Assets	2017 \$	2016 \$
BALANCE, BEGINNING OF YEAR	956,669	44,845,573	(7,541,398)	3,308,421	151,080,841	192,650,106	188,134,129
Excess of revenues over expenses	708,031	-	-	-	-	708,031	4,515,977
Unrestricted funds designated for future use (1)	(6,940,804)	6,940,804	-	-	-	-	-
Current year funds used, recoverable in future years	-	-	-	-	-	-	-
Designation of additional unfunded amounts	3,344,839	-	(3,344,839)	-	-	-	-
Restricted funds used for operations (1)	-	-	-	-	-	-	-
Restricted funds used for tangible capital assets (1)	-	-	-	-	-	-	-
Current year funds used for tangible capital assets	(11,809,648)	-	-	-	11,809,648	-	-
Disposal of tangible capital assets	1,323,318	-	-	-	(1,323,318)	-	-
Annual amortization expense	13,213,477	-	-	-	(13,213,477)	-	-
Change in accumulated surplus	(160,788)	6,940,804	(3,344,839)	-	(2,727,147)	708,031	4,515,977
BALANCE, END OF YEAR	795,881	51,786,377	(10,886,237)	3,308,421	148,353,694	193,358,137	192,650,106
BUDGET (PLAN) (Unaudited)	Unrestricted Surplus	Restricted Surplus	Unfunded	Equity in Resource Assets	Equity in Tangible Capital Assets	2017 \$	2016 \$
BALANCE, BEGINNING OF YEAR	956,669	44,845,573	(7,541,398)	3,308,421	151,080,841	192,650,106	188,134,129
Excess of revenues over expenses	9,560,516	-	-	-	-	9,560,516	4,669,198
Transfer of tangible capital assets to other municipalities	-	-	-	-	-	-	-
Unrestricted funds designated for future use (1)	(9,198,256)	9,198,256	-	-	-	-	-
Current year funds used, recoverable in future years	-	-	-	-	-	-	-
Restricted funds used for operations (1)	9,302,600	(9,302,600)	-	-	-	-	-
Restricted funds used for tangible capital assets (1)	-	-	-	-	-	-	-
Current year funds used for tangible capital assets	(23,803,985)	-	-	-	23,803,985	-	-
Disposal of tangible capital assets	-	-	-	-	-	-	-
Annual amortization expense	14,139,125	-	-	-	(14,139,125)	-	-
Change in accumulated surplus	-	(104,344)	-	-	9,664,860	9,560,516	4,669,198
BALANCE, END OF YEAR	956,669	44,741,229	(7,541,398)	3,308,421	160,745,701	202,210,622	192,803,327

Notes:

(1) Transfers into and out of restricted funds are related to specific projects and programs as presented in the budget or approved by Council during the year.

MOUNTAIN VIEW COUNTY
SCHEDULE OF SEGMENTED DISCLOSURE
FOR THE YEAR ENDED DECEMBER 31, 2017

REVENUE	Council	CAO's Services	Corporate Services	Planning & Development Services	Legislative, Community Services & Agriculture	Operational Services	Unallocated	Total
Net taxes available for municipal purposes (Schedule 2)	-	-	-	-	-	-	28,709,878	28,709,878
Sale of goods	-	-	4,896	38	1,270	123,572	-	129,776
Sale of services	-	-	23,176	130,599	14,725	100,148	-	268,648
Fees & levies	-	-	-	464,375	500	426,526	-	891,401
Fines & penalties	-	-	169,712	-	178,433	-	-	348,145
Return on investments	-	-	1,184,424	-	-	-	-	1,184,424
Rentals	-	-	150	-	140,295	191,072	-	331,517
Recovery	-	4,622	38,376	160,875	118,491	26,153	-	348,517
Government transfers for operating (Schedule 4)	-	85,775	42,260	-	891,251	612,016	-	1,631,302
Other	-	-	-	-	485	-	-	485
Total Revenue	-	90,397	1,462,994	755,887	1,345,450	1,479,487	28,709,878	33,844,093
EXPENSES								
Salaries, wages, and benefits	417,090	573,687	1,924,540	1,499,152	1,778,262	4,702,372	-	10,895,103
Contracted and purchased services	164,384	280,350	859,740	265,976	603,050	1,686,534	-	3,860,034
Materials, goods, supplies, and utilities	20,271	12,674	95,957	14,831	406,798	6,270,682	-	6,821,213
Provision for allowances	-	-	40,206	-	-	-	-	40,206
Bank charges and short term interest	-	-	16,453	-	-	-	-	16,453
Interest on long term debt	-	-	346,520	-	-	-	-	346,520
Grants to other organizations	9,234	2,548	1,800	1,250	3,509,613	215,358	-	3,739,803
Amortization of tangible capital assets	-	-	188,136	30,842	283,846	12,710,653	-	13,213,477
Allowance for pit reclamation	-	-	-	-	-	(479,618)	-	(479,618)
Total Expenses	610,979	869,259	3,473,352	1,812,051	6,581,569	25,105,981	-	38,453,191
NET REVENUE	(610,979)	(778,862)	(2,010,358)	(1,056,164)	(5,236,119)	(23,626,494)	28,709,878	(4,609,098)

MOUNTAIN VIEW COUNTY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

1. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of Mountain View County are the representations of management prepared in accordance with the Canadian Public Sector Accounting Standards established by the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants of Canada. Significant aspects of the accounting policies adopted by Mountain View County are as follows:

a) **Reporting Entity**

The consolidated financial statements reflect the assets, liabilities, revenues and expenditures, and changes in fund balances and in financial position of the reporting entity which comprises all the organizations that are accountable for the administration of their financial affairs and resources to the Council and are owned or controlled by the municipality. Included with the municipality is the Agricultural Service Board.

The schedule of taxes levied also includes requisitions for education and seniors' lodges that are not part of the municipal reporting entity. Interdepartmental and organizational transactions and balances are eliminated.

b) **Basis of Accounting**

The consolidated financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting recognizes the effect of transactions and events in the period in which the transactions and events occur, regardless of whether there has been a receipt or payment of cash or its equivalent.

i) Revenue

Revenues are recognized as they are earned and measurable. Funds from external parties, and earnings thereon, restricted by agreement or legislation are accounted for as deferred revenue until the related expenses are incurred, services performed, or tangible capital assets are acquired.

ii) Tax Revenue

Taxes are recognized as assets and revenue when they meet the definition of an asset, are authorized by Council, and the taxable event has occurred. Tax revenue is initially measured at administration's best estimate of the amount resulting from the original taxable event in accordance with the legislation. Requisitions operate as a flow through and are excluded from municipal revenue.

iii) Revenue on investments and rentals are recognized when earned, on a time-proportioned basis.

iv) Government Transfers

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

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

MOUNTAIN VIEW COUNTY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

v) **Expenses**

Expenses are recognized as they are incurred and measurable based upon receipt of goods or services and/or legal obligation to pay with the exception of pension expenditures as disclosed in Note 1(e).

c) **Use of Estimates**

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenditure during the period. Where measurement uncertainty exists, the financial statements have been prepared based on reasonable estimates made by management. Significant areas requiring the use of estimates include: valuation of accounts receivable, allowance for doubtful accounts, valuation of inventory for consumption, gravel pit reclamation obligation, valuation of tangible capital assets and their useful lives, residual/salvage values, liability for contaminated sites, and valuation of post-employment benefits. For each reported segment, the revenues and expenses represent both amounts that are directly attributable to the segment and amounts considered allocated on a reasonable basis. Actual results could differ from those estimates as additional information becomes available in the future.

d) **Fund Accounting**

Accumulated surplus consists of operating, capital and reserve funds. Transfers between funds are recorded as adjustments within accumulated surplus.

e) **Pension Expenditure**

The County participates in a multi-employer pension plan. The plan is accounted for as a defined contribution plan. Contributions for current and past service pension benefits are recorded as expenditures in the year in which they become due.

f) **Cash and Cash Equivalents**

Cash and cash equivalents include bank balances, term deposits with short maturities, and highly liquid investments that are readily convertible to cash.

g) **Investments**

Investments are recorded at market value. Investment premiums and discounts are amortized proportionately 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.

h) **Land Held for Resale**

Land held for resale is recorded at the lower of cost or net realizable value. Costs include costs for land acquisition and improvements required to prepare the land for servicing such as clearing, stripping and leveling charges.

i) **Gravel Pit Reclamation**

The County owns and leases gravel pits and is responsible for reclamation costs related to those pits under Alberta Environmental law. Engineering studies are used to determine disturbed area and an obligation is accreted as land is disturbed based on assumptions on future costs.

**MOUNTAIN VIEW COUNTY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017**

j) **Contaminated Sites**

The County is legally obligated to remediate ground contaminants and contamination of ground water when it exceeds environmental standards. As of December 31, 2017, the County has estimated its total valuation of remediation at \$3,600,000. This valuation is based on site assessments done by engineering firms. The Didsbury shop site remediation is based on removal source volume of 20,000 m³ at a maximum estimated cost of \$140.00/m³ for a total of \$2,800,000. The Sundre shop site has a maximum expected cost of \$500,000 for excavation and follow-up remedial activities. The Carstairs shop site has a maximum expected cost of \$300,000 for removal of impacted soil. The County also has a contaminated site at the Olds shop, however, no reasonable estimate can be made for this site at this time. The County has started to perform environmental monitoring on all its known contaminated sites and will be hiring an environmental consultant on a three year term to assist in calculating remediation costs and to suggest possible organizational changes to reduce the impact of contaminated sites.

k) **Non-Financial Assets**

Non-financial assets are assets that are not available to discharge existing liabilities but held for use in County operations. Such assets have useful lives extending beyond the current year and are not intended for sale in the normal course of County operations.

i) **Tangible Capital Assets**

Tangible capital assets are recorded at cost or deflated engineering values (as recommended in Guidelines on Valuations of Tangible Capital Assets for PSAB 3150, published by Alberta Municipal Affairs - Local Government Services). These costs/deflated engineering values include all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost/deflated value less residual value of tangible capital assets is amortized on a straight-line basis over the estimated useful life as follows:

	Years
Land	(not amortized)
Land improvements	10-25
Buildings	25-50
Engineered structures	3-40
Machinery & equipment	3-25
Vehicles	3-25

One-half of the annual amortization is charged in the year of acquisition and in the year of disposal. Assets under construction are not amortized until such asset is available for productive use. Government contributions for the acquisition of capital assets are recorded as capital revenue and do not reduce the related capital asset costs.

ii) **Contributions of Tangible Capital Assets**

Contributed tangible capital assets are recorded at fair value at the date of receipt and are recorded as revenue in the year of acquisition.

iii) **Inventories**

Inventories of materials and supplies are valued at the lower of cost or net realizable value with cost determined using the average cost method.

iv) **Resource Assets**

In 2015, the County paid for a portion of the regional waterline. In exchange, the County obtained the right to draw water from that line. The County has the right to access water from the Red Deer River by way of permit issued from the Government of Alberta. The resource asset value will not be amortized as long as the waterline access and Red Deer River water access have not changed.

MOUNTAIN VIEW COUNTY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

l) **Debt Charges Recoverable**

Debt charges recoverable consist of amounts that are recoverable from municipal agencies or other local governments with respect to outstanding debentures or other long-term debt pursuant to joint capital undertakings. These recoveries are recorded at a value that equals the offsetting portion of the unmatured long-term debt.

m) **Reserves for Future Expenditures**

Reserves are established at the discretion of council to set aside funds for future operating and capital expenditures. Transfers to and/or from reserves are reflected as an adjustment to the respective fund.

n) **Over-levies and Under-levies**

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

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

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

o) **Segments**

The County conducts its business through a number of reportable segments. Six operating segments are established by management and facilitate the achievement of long-term objectives and aid in resource allocation decisions.

p) **Change in Estimate for Inventory**

For 2017, the County reassessed the standard cost of Gravel. The prior year's process included adjustment entries that would return the gravel inventory to a set standard cost. In 2017, a new calculated rate was used based on the direct costs that impact the gravel. These costs are for crushing, royalty fees, and a \$2.08/tonne liability. This valuation generates a new standard cost which affects the overall value of gravel. In past years, the opening balances would dictate the cost of gravel but these balances have not been updated since 2009. Due to these opening balances, some gravel pit inventories had a much higher price per tonne for gravel than others. By re-evaluating the estimated costs, the County's new standard costs result in a better reflection of average cost for gravel. The change in inventory value due to the standard cost adjustment for 2017 is \$161,267.

q) **Foreign Currency Translation**

Transaction amounts denominated in foreign currencies are translated into their Canadian dollar equivalents at exchange rates prevailing at the transaction dates. Carrying values of monetary assets and liabilities reflect the exchange rates at the date of the statement of financial position. Gains and losses on translation or settlement are included in the determination of net income/loss for the current period.

MOUNTAIN VIEW COUNTY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

2. CASH AND TEMPORARY INVESTMENTS

	2017	2016
	\$	\$
Cash on deposit	2,735,243	6,525,431
Less: outstanding cheques	<u>(313,119)</u>	<u>(322,890)</u>
Net cash	2,422,124	6,202,541
Other deposits	<u>1,842</u>	<u>41,556,380</u>
	<u>2,423,966</u>	<u>47,758,922</u>

Other deposits consist of short term investments maturing within 90 days earning interest at 1.25% annually.
(2016 - maturing in 3 - 10 months earning interest at 1.40% - 1.60%).

3. TAXES RECEIVABLE

	2017	2016
	\$	\$
Current taxes and grants in lieu	687,487	782,784
Tax arrears	<u>835,847</u>	<u>982,535</u>
	1,523,334	1,765,319
Less: Allowance for uncollected taxes	<u>741,172</u>	<u>1,021,887</u>
	<u>782,162</u>	<u>743,432</u>

Within the allowance is \$700,453 (Arrears - \$638,077) which relates to tax rolls owned by Neo Exploration Inc., which is currently bankrupt.

MOUNTAIN VIEW COUNTY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

4. ACCOUNTS RECEIVABLE

Federal

	2017 \$	2016 \$
Waterton Lake National Park	49,465	-
2017 4th Qtr GST	<u>293,233</u>	<u>388,926</u>
	<u><u>342,698</u></u>	<u><u>388,926</u></u>

Provincial

	2017 \$	2016 \$
Alberta Transportation	4,325	11,026
Alberta Justice Agency funds	10,871	15,825
Alberta Environment & Parks	2,588	-
Other Provincial receivables	<u>10,830</u>	<u>11,262</u>
	<u><u>28,614</u></u>	<u><u>38,113</u></u>

Local Governments

	2017 \$	2016 \$
Other Local Governments	<u>64,813</u>	<u>31,747</u>
	<u><u>64,813</u></u>	<u><u>31,747</u></u>

Other

	2017 \$	2016 \$
Other accounts receivable	757,753	278,944
Underlevy	<u>1,970</u>	<u>79,077</u>
	<u><u>759,723</u></u>	<u><u>358,021</u></u>

5. INVESTMENTS

	2017 \$	2016 \$
AAMDC (trade division)	4,136	4,136
Bonds - Wood Gundy	1,383,926	1,440,640
GICs - MVCU	51,514,306	-
Other	<u>4,711</u>	<u>4,711</u>
	<u><u>52,907,079</u></u>	<u><u>1,449,487</u></u>

AAMDC (Alberta Association of Municipal Districts and Counties) is a purchasing group designed to provide municipal local authorities with lower cost goods and services through bulk purchasing. Annual dividends less a 20% reserve are paid based on the municipality's annual dollar volume of goods or services purchased during the year. The annual reserve is held for five years and then paid out to the municipality. The investment amount represents the last five years' reserves.

Bonds are held at market value and have a weighted average effective yield of 7.54% (2016 - 3.04%) and maturity dates from 2107 to 2108.

GICs have over 90 day maturities and are earning interest from 1.78% to 2.63%.

**MOUNTAIN VIEW COUNTY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017**

6. TRUST ACCOUNTS

A summary of trust fund activities by Mountain View County is as follows:

	2017	2016
	\$	\$
Cash in lieu of Municipal Reserve		
Balance, beginning of Year	325,418	231,686
Additions to reserve	49,949	93,132
Interest revenue	1,372	600
	376,739	325,418
Balance, end of Year	376,739	325,418
 Cremona Recreation Board		
	2017	2016
	\$	\$
Balance, beginning of Year	22,249	33,410
Additions to reserve	-	-
Use of funds (net)	(20,874)	(11,226)
Interest revenue	90	65
	1,465	22,249
Balance, end of Year	1,465	22,249
Total Trust Funds	378,204	347,667

Cash in lieu of Municipal Reserve

When property is developed within the County, the County has the option of receiving cash instead of land set aside for municipal purposes within a developed area. When cash is received instead of property the cash must be used according to Section 671(2) of the Municipal Government Act.

**MOUNTAIN VIEW COUNTY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017**

7. DEFERRED REVENUE

	2017	2016
	\$	\$
Municipal Sustainability Initiative grant	4,477,033	4,790,600
Federal Gas Tax	-	-
Other grants	<u>3,459,364</u>	<u>3,665,076</u>
	<u>7,936,397</u>	<u>8,455,676</u>

Municipal Sustainability Initiative

The use of these funds is restricted to eligible projects approved under the funding agreement. The interest earned has been added to the funds.

	2017	2016
	\$	\$
Unexpended funds from last year	4,790,600	4,433,076
Interest earned in the year	66,351	25,138
Funds received during the year	4,312,680	4,560,068
Amount spent on eligible capital projects	(4,080,581)	(3,537,545)
Amount spent on eligible operating expenses	<u>(612,017)</u>	<u>(690,137)</u>
Unexpended funds at year end	<u>4,477,033</u>	<u>4,790,600</u>

Gas Tax Funding 2010-2017

The use of these funds is restricted to eligible projects. Interest earned has been added to the funds.

	2017	2016
	\$	\$
Funds received during the year	668,486	666,311
Amount spent on eligible projects	<u>(668,486)</u>	<u>(666,311)</u>
Unexpended funds at year end	<u>-</u>	<u>-</u>

Other Grants/Deferred Revenue

	2017	2016
	\$	\$
Alberta Municipal Affairs 2013/14 Flood Recovery Program	623,406	648,033
Alberta Municipal Affairs 2014 Mgmt of Red Deer Upstream	2,748,577	2,817,675
Alberta Municipal Affairs 2016 Alberta Community Partnership	68,593	154,368
Environment Canada 2016 Environmental Damages	-	37,500
Alberta Municipal Affairs - Municipal Internship Program	1,188	-
Alberta Government 2017 Community and Regional Economic Support Program	10,100	-
Future Seidel Pit Reclamation	<u>7,500</u>	<u>7,500</u>
	<u>3,459,364</u>	<u>3,665,076</u>

MOUNTAIN VIEW COUNTY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

8. EMPLOYEE BENEFIT OBLIGATIONS	2017	2016
	\$	\$
Vacation	284,027	294,302
Accrued payroll	138,111	145,342
Post-employment benefits	238,062	206,428
	<u>660,200</u>	<u>646,072</u>

The employee benefit obligation is comprised of: vacation, accrued wages including overtime and post employment benefits.

Employees have either earned the benefits (and are vested) or are entitled to these benefits within the next budgetary year.

The County also offers partially subsidized post employment extended health and dental benefits to retiring employees. Employees must meet eligibility requirements to participate in the benefits. Actual costs incurred for the prior year were \$9,874 (2016 - \$9,916). \$140,553 (2016 - \$109,046) of the Post-employment benefits are unfunded (note 18).

9. LONG TERM DEBT

Debtentures	\$	\$
	<u>7,872,820</u>	<u>8,561,284</u>
	<u>7,872,820</u>	<u>8,561,284</u>

	<u>Original</u> <u>Principal</u>	<u>Rate</u>	<u>Anniversary</u> <u>Date</u>	<u>Final</u> <u>Payment</u>
Debenture 1-03	1,000,000	6.000%	September 2	2028
Debenture 2-03	1,000,000	5.875%	November 3	2028
Debenture 3-03	1,000,000	5.750%	December 15	2028
Debenture 1-04	100,000	4.960%	March 23	2029
Debenture (4001590)	1,400,000	3.295%	December 16	2028
Debenture (4000910)	3,000,000	4.047%	March 15	2025
Debenture (4001077)	3,500,000	3.885%	December 15	2025
Debenture (4001723)	1,252,000	2.814%	September 15	2029

The purpose of the debentures is to allow the County to provide financing to Mountain View Seniors' Housing. The debentures are offset by a note receivable from Mountain View Seniors' Housing (see Note 15). The details of the debentures are above. They are all payable to Alberta Capital Finance Authority. Each \$1,000,000 debenture has annual payments with the payments due on their anniversary dates. The others have payments due twice a year.

Estimated principal and interest payments for the next five years are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Payments</u>
2018	716,842	322,873	1,039,715
2019	746,445	293,270	1,039,715
2020	777,326	262,389	1,039,715
2021	809,546	230,169	1,039,715
2022	843,163	196,552	1,039,715
Thereafter	3,979,498	494,268	4,473,766
	<u>7,872,820</u>	<u>1,799,521</u>	<u>9,672,341</u>

In 2017 the County paid \$351,251 (2016 - \$378,458) in interest on long term debt. The County also received interest on notes receivable to offset this interest (Note 15).

MOUNTAIN VIEW COUNTY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

10. RESERVES

Reserves for operating and capital activities are as follows:

OPERATING RESERVES:	Beginning of Year	Additions	Deletions	End of Year
	\$	\$	\$	\$
General Fire	695,972	1,172,728	606,005	1,262,695
Local Roads Project	6,200,603	-	-	6,200,603
Pit Stripping and Reclamation	2,844,725	479,617	400,385	2,923,957
Road Maintenance	999,595	-	-	999,595
Snow Removal	1,000,000	-	-	1,000,000
Statutory Documents	300,000	-	-	300,000
Strings and Keys Music	27,000	485	-	27,485
Tax Rate Stabilization	2,878,932	1,918,256	86,694	4,710,494
Working Capital	213,563	-	213,563	-
Agricultural	37,949	400,000	-	437,949
Park Facilities	13,198	-	-	13,198
	<u>15,211,537</u>	<u>3,971,086</u>	<u>1,306,647</u>	<u>17,875,976</u>
Total Operating Reserves				
	<u>15,211,537</u>	<u>3,971,086</u>	<u>1,306,647</u>	<u>17,875,976</u>
CAPITAL RESERVES:	Beginning of Year	Additions	Deletions	End of Year
	\$	\$	\$	\$
Asphalt	2,147,005	61,662	-	2,208,667
Bridge	4,802,186	819,975	-	5,622,161
Equipment Fleet	3,139,379	1,985,531	2,222,615	2,902,295
Facility	3,083,775	688,999	569,890	3,202,884
Office Equipment	505,264	198,766	236,906	467,124
Radio Hub	50,722	-	-	50,722
Re-Chipping	3,652,168	-	1,152,168	2,500,000
Recreation Facility	444,799	519,955	-	964,754
Re-Graveling	208,242	-	-	208,242
Road Network	11,600,496	4,587,667	404,611	15,783,552
	<u>29,634,036</u>	<u>8,862,555</u>	<u>4,586,190</u>	<u>33,910,401</u>
Total Capital Reserves				
	<u>29,634,036</u>	<u>8,862,555</u>	<u>4,586,190</u>	<u>33,910,401</u>
TOTAL RESERVES:	<u><u>44,845,573</u></u>	<u><u>12,833,641</u></u>	<u><u>5,892,837</u></u>	<u><u>51,786,377</u></u>

MOUNTAIN VIEW COUNTY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

11. DEBT LIMIT

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

	2017	2016
	\$	\$
Total debt limit (maximum allowed)	50,766,139	51,854,183
Total debt (current)	<u>7,872,820</u>	<u>8,561,284</u>
Amount below total debt limit	<u>42,893,319</u>	<u>43,292,899</u>
Service on debt limit (maximum allowed)	8,461,023	8,642,364
Service on debt (current)	<u>1,039,715</u>	<u>1,039,715</u>
Amount below limit on debt service	<u>7,421,308</u>	<u>7,602,649</u>

The debt limit is calculated at 1.5 times revenue of the County (as defined in Alberta Regulation 255/2000) and the debt service limit is calculated at 0.25 times such revenue. Incurring debt beyond these limitations requires approval by the Minister of Municipal Affairs. These thresholds are guidelines used by Alberta Municipal Affairs to identify municipalities that could be at financial risk if further debt is acquired. The calculation taken alone does not represent the financial stability of the County. Rather, the financial statements must be interpreted as a whole.

12. TANGIBLE CAPITAL ASSETS

	2017	2017	2017	2016
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
	\$	\$	\$	\$
Land	14,577,895	-	14,577,895	15,796,712
Land improvements	3,481,992	1,348,217	2,133,775	2,275,044
Buildings	15,491,260	4,158,147	11,333,113	11,643,240
Engineered structures				
Bridges	32,041,361	13,656,234	18,385,127	26,141,526
Gravel roads	154,313,870	137,336,797	16,977,073	13,919,404
Chip seal roads	184,895,067	140,053,841	44,841,226	33,868,632
Dirt roads	451,688	446,520	5,168	5,978
Asphalt roads	39,122,905	15,932,882	23,190,023	26,399,690
Machinery & equipment	18,279,452	7,958,562	10,320,890	9,151,451
Vehicles	7,260,334	3,166,687	4,093,647	3,729,157
Construction in progress	<u>2,495,757</u>	<u>-</u>	<u>2,495,757</u>	<u>8,151,007</u>
Total	<u>472,411,581</u>	<u>324,057,887</u>	<u>148,353,694</u>	<u>151,081,841</u>

Total land holdings of the County are comprised of 28,420 acres. This includes an estimated 21,811 acres of road rights-of-way. The remaining land consists of 407 acres designated as municipal reserves, environmental reserves and public utility lots; 2,603 acres of gravel pits and gravel reserves; 636 acres for municipal operations including airports, as well as 2,963 acres of general land.

Land Improvements include parking lots, landscaping, signage, fencing and parks structures.

There are 253 bridges maintained by Mountain View County.

Roads in the County are composed of 69 km of asphalt roads, 854 km of chip sealed roads, 1,970 km of gravel roads and 16 km of unimproved/dirt roads. Roads are further broken down into surface and base.

Machinery & equipment is separated into three sub-categories - heavy equipment, agricultural/shop/patrol equipment, and office equipment and furniture. Heavy equipment includes graders, loaders, trailers, excavators, plows and sanders. Office equipment and furniture includes computer, telephone, audio/visual equipment, printers, copiers, faxes and office furniture and workstations, along with airport navigation equipment. Agricultural/shop/patrol equipment includes tractors, mowers, sprayers, shop tools, radios, radar units, and scales.

Vehicles include trucks and sport utility vehicles.

Construction in Progress includes projects which have commenced but which were not completed by December 31, 2017. These projects correspond to roads, bridges and/or heavy equipment that were under construction at year end.

MOUNTAIN VIEW COUNTY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

13. LOCAL AUTHORITIES PENSION PLAN

Employees of Mountain View County participate in the Local Authorities Pension Plan (LAPP), which is covered by the Public Sector Pensions Plan Act. The Plan serves 253,862 people and 417 employers. It is financed by employer and employee contributions and investment earnings of the LAPP Fund.

Mountain View County is required to make current service contributions to the plan of 11.39% of the pensionable earnings up to the Canada Pension Plan Year's Maximum Pensionable Earnings and 15.84% for the excess. Employees of the County are required to make current service contributions of 10.39% of pensionable salary up to the year's maximum pensionable salary and 14.84% on pensionable salary above this amount. Effective January 1, 2018 service contributions for all parties will decrease by 1%.

The current service contributions by Mountain View County to the Local Authorities Pension Plan in 2017 were \$866,965 (2016 - \$860,112). Total current service contributions by the employees of Mountain View County to the Local Authorities Pension Plan in 2017 were \$799,786 (2016 - \$793,329).

At December 31, 2016, the Plan disclosed an actuarial deficit of \$637 million (2015 - \$923 million).

14. SALARY AND BENEFITS DISCLOSURE

Disclosure of salaries and benefits for elected municipal officials, the Chief Administrative Officer and designated officers as required by provincial regulation 313/2000 is as follows:

	----- 2017 -----			----- 2016 -----		
	<u># of Persons</u>	<u>Salary (1) \$</u>	<u>Benefits & Allowances (2) \$</u>	<u>Total \$</u>	<u># of Persons</u>	<u>Total \$</u>
Reeve						
Division 4	1	69,051	4,221	73,272	1	76,115
Councillors						
Division 1	2	49,672	6,354	56,026	1	61,173
Division 2 *	2	52,254	6,678	58,932	1	56,923
Division 3	1	45,262	6,130	51,392	1	53,554
Division 5 **	1	50,491	6,937	57,428	1	65,328
Division 6	2	43,246	3,382	46,628	1	53,821
Division 7	1	35,685	5,681	41,366	1	45,523
Chief Administrative Officer	1	199,334	40,219	239,553	1	229,170
Designated officers	2	273,321	59,274	332,595	2	324,399

(1) Salary includes regular base pay, bonuses, overtime, lump sum payments and per diem payments.

(2) Employer's share of all employee benefits and contributions or payments made on behalf of employees including pension, health care, dental coverage, group life insurance, accidental disability and dismemberment insurance, long term disability plans, WCB, professional memberships and tuition, and any other direct cash remuneration.

* Division 2 Councillor was Deputy Reeve till October 2017.

** Division 5 Councillor became Deputy Reeve in October 2017.

MOUNTAIN VIEW COUNTY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

15. RELATED PARTY TRANSACTIONS

Unless specifically indicated all transactions with related parties are at fair market value.

Mountain View Regional Waste Management Commission (MVRWC)

MVRWC provides solid waste disposal services to the residents of both Mountain View County and the five urban areas within the County. MVRWC is a commission operated jointly by the County and the five urban municipalities.

In 2017 the County provided \$206,735 (2016 - \$204,572) as its share to support the operations of MVRWC.

Mountain View Seniors' Housing (MVSH) (See Note 9)

MVSH provides senior's and subsidized housing to the residents of both Mountain View County and the five urban areas within the County. MVSH is established under Ministerial Order from the Province of Alberta and operated jointly by the County and the five urban municipalities.

In 2017, the County provided \$688,464 (2016 - \$661,306) as its share to support the operations of MVSH. Mountain View County has loaned a total principal amount of \$12,252,000 to MVSH with a principal balance remaining at December 31, 2017 of \$7,872,820 (2016 - \$8,561,284) plus accrued interest of \$55,278 (2016 - \$60,009). MVSH used the funds to finance capital assets including the construction of senior's lodges in Didsbury and Olds and the purchase of land for a lodge in Sundre. The loans are to be repaid to Mountain View County according to the repayment schedule for the debentures that Mountain View County borrowed from Alberta Capital Financing Authority. The amounts are repayable in terms from 15 - 25 years from the loan date with \$1,039,715 payable each year with interest ranging from 2.814% to 6.000%. The notes will be paid in full in 2029. The notes receivable are secured by the requisitions payable to MVSH by each of the funding municipalities.

16. FINANCIAL INSTRUMENTS

The County's financial instruments consist of cash and temporary investments, taxes receivable, accounts receivable, investments, notes receivable, accounts payable and accrued liabilities, other liabilities, employee benefit obligations, and long-term debt.

The fair value of these financial instruments approximates their carrying value.

It is management's opinion that the County is not exposed to significant price, credit, liquidity or cash flow risks arising from these financial instruments. The risk is detailed below.

The County is exposed to interest rate price risk as the cash and temporary investments, notes receivable, and long-term debt bear interest at fixed interest rates. Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The County is exposed to market price risk as some financial instruments included in cash and deposit certificates are traded in the market. Market price risk is the risk that the value of an investment will fluctuate as a result of changes in market prices whether those changes are caused by factors specific to the individual security or its issuer or factors affecting all securities traded in the market. The market price risk of the financial instruments held is closely related to the interest rate price risk.

The County is exposed to credit risk as it grants credit to its customers in the normal course of business. This risk is largely mitigated since the majority of receivables are generated from other governments, government related parties, or from tax payers, whose land acts as security for payment. To further mitigate credit risk for receivables, the County regularly reviews its accounts receivable list.

The County is also exposed to credit risk, as included in cash and temporary investments, are bonds and accrual notes. The County follows the investment criteria as established in section 250 of the Municipal Government Act which is designed to limit credit risk. Credit risk is the risk that the County will incur a financial loss because a customer, or issuer of a bond or accrual note, has failed to discharge an obligation.

MOUNTAIN VIEW COUNTY
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FOR THE YEAR ENDED DECEMBER 31, 2017

17. CONTINGENCIES

Mountain View County, in the conduct of its normal activities can be named as a defendant in legal proceedings. The ultimate outcome of these proceedings can often not be determined until the proceedings are completed. Should any loss result from the resolution of these proceedings or if the amount of the loss can be determined, such amounts would be expensed as they become known to the County. Currently, there are no determinable amounts.

The County is a member of the Jubilee Reciprocal Insurance Exchange as at December 31, 2017. Under the terms of the membership, the County could become liable for its proportionate share of any claim losses in excess of the funds held by the exchange. Any liability incurred would be accounted for as a current transaction in the year the losses are determined.

As part of its normal activities, the County participates in commission and managed boards. Activities and debts in these entities could result in additional funding requirements by the County.

18. ACCUMULATED SURPLUS

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

	2017	2016
	\$	\$
Unappropriated operating equity	795,881	956,669
Operating reserves (note 10)	17,875,976	15,211,537
Capital reserves (note 10)	33,910,401	29,634,036
Land Deficit	(1,394,375)	(2,579,657)
Airport development costs	(108,849)	(108,849)
Unfunded gravel pit reclamation (note 19)	(5,642,459)	(4,743,846)
Unfunded liability for contaminated sites	(3,600,000)	-
Unfunded post retirement obligation	(140,553)	(109,046)
Equity in resource asset	3,308,421	3,308,421
Equity in tangible capital assets (Schedule 1)	<u>148,353,694</u>	<u>151,080,841</u>
	<u>193,358,137</u>	<u>192,650,106</u>

MOUNTAIN VIEW COUNTY
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19. GRAVEL PIT RECLAMATION OBLIGATION

The County owns and leases gravel pits and is responsible for reclamation costs related to those pits under Alberta environmental law. These costs are expected to be incurred over the life of the pit. To help cover pit stripping and future reclamation costs, the County has a Pit Stripping and Reclamation Reserve (note 10) with contributions of \$2.08 per tonne of gravel mined in the year.

The most recent estimate of this obligation was prepared to December 31, 2017 and the obligation is currently estimated at \$6,662,972 (2016 - \$5,764,358). For 2017, the net increase in reclamation obligation of \$898,614 resulted in a corresponding increase in the unfunded liability. Significant assumptions were used in determining this obligation. Engineering studies were used to determine the disturbed area. When necessary, the engineering studies were adjusted to include recent activity. The current reclamation cost/cubic metre has been used without adjustments for discounting or inflation.

Total reclamation expense in 2017 was \$535,480 (2016 - \$31,041). The County has not designated any other assets for settling the reclamation obligation.

20. COMMITMENTS

The following commitments exist as of December 31, 2017:

East Side Shop construction with Scott Builders Inc. - \$560,000.

Minimum guarantee gravel crushing contract with Rick Martin Trucking Inc. - \$1,100,000.

21. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to be consistent with current year presentation.

22. BUDGET AMOUNTS

The 2017 budget was approved by Council on April 17, 2017.

23. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved by Council and Management.