

MOUNTAIN VIEW COUNTY

CONSOLIDATED FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT

December 31, 2013

MOUNTAIN VIEW COUNTY
CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2013

CONTENTS

	<u>Page</u>
Auditor's Report	2
Consolidated Statement of Financial Position	3
Consolidated Statement of Operations	4
Consolidated Statement of Changes in Net Financial Assets	5
Consolidated Statement of Cash Flows	6
Schedules	7-10
Consolidated Notes to the Financial Statements	11-27

INDEPENDENT AUDITOR'S REPORT

To the Reeve and Council of Mountain View County

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Report on the Consolidated Financial Statements

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We have audited the accompanying consolidated financial statements of Mountain View County, which comprises of the consolidated statement of financial position as at December 31, 2013 and the consolidated statements of operations, changes in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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

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, these consolidated financial statements present fairly, in all material respects, the financial position of Mountain View County as at December 31, 2013, the results of its operations, changes in its net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Collins Barrow Red Deer LLP

Red Deer, Alberta
May 14, 2014

Chartered Accountants

MOUNTAIN VIEW COUNTY
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
December 31, 2013

	2013	2012
FINANCIAL ASSETS	\$	\$
Cash and temporary investments (note 2)	36,801,960	31,543,975
Taxes receivable (note 3)	666,389	772,382
Accounts receivable (note 4)		
Federal government	444,650	397,915
Provincial government	1,383,942	1,237,513
Local governments	59,418	399,236
Other	1,399,166	2,366,596
Investments (note 5)	1,661,803	1,091,803
Notes receivable (note 16)	9,211,675	8,263,585
Land held for resale	670,970	1,039,464
Trust accounts (note 6)	220,927	144,767
Total Financial Assets	<u>52,520,900</u>	<u>47,257,236</u>
LIABILITIES		
Accounts payable & accrued liabilities		
Federal government	76,473	-
Provincial government	1,879	153,469
Local governments	362,326	281,394
Trade payables	2,836,733	2,512,518
Deferred revenue (note 7)	4,639,137	7,767,745
Employee benefit obligations (note 9)	562,961	525,445
Trust accounts (note 6)	220,927	144,767
Pit reclamation obligation (note 20)	5,953,347	5,717,337
Other liabilities	802,108	987,006
Long-term debt (note 10)	9,149,608	8,200,193
Total Liabilities	<u>24,605,499</u>	<u>26,289,874</u>
Contingencies (note 18)		
NET FINANCIAL ASSETS	<u>27,915,401</u>	<u>20,967,362</u>
NON-FINANCIAL ASSETS		
Inventory for consumption	4,656,655	4,450,267
Prepaid expenses	701,312	657,545
Tangible capital assets (note 13)	140,867,046	135,900,675
Total Non-Financial Assets	<u>146,225,013</u>	<u>141,008,487</u>
ACCUMULATED SURPLUS (note 19)	<u>174,140,414</u>	<u>161,975,849</u>

**MOUNTAIN VIEW COUNTY
CONSOLIDATED STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2013**

	Budget (unaudited)	2013	2012
REVENUE	\$	\$	\$
Net taxes available for municipal purposes (Schedule 2)	26,078,050	26,626,321	24,286,062
Sale of goods	150,600	155,647	159,593
Sale of services	789,900	764,059	760,325
Fees & levies	1,327,150	2,870,519	2,593,062
Fines & penalties	334,500	371,964	402,046
Return on investments	670,200	1,095,079	777,053
Rentals	273,050	299,529	312,794
Recovery	146,030	370,197	388,063
Government transfers for operating (Schedule 4)	1,361,520	2,082,273	1,400,519
Other	20,000	-	24,514
Total Revenue	<u>31,151,000</u>	<u>34,635,588</u>	<u>31,104,031</u>
EXPENSES			
Council	585,900	514,754	457,497
CAO Services	742,100	668,607	579,077
Corporate Services			
Finance & general office	2,026,165	1,854,604	1,914,197
Assessment	618,075	550,545	560,753
Business services	697,475	597,271	570,157
Utilities (Solid Waste Collection)	475,500	478,952	459,263
Planning & Development Services			
Planning	1,214,625	923,606	937,139
Permitting	299,100	358,779	307,795
Development	445,775	314,497	340,323
Legislative & Community Services			
Legislative services	941,150	744,077	874,337
Patrol & bylaw enforcement	480,700	425,185	480,433
Agriculture & land management	1,276,460	952,822	1,116,432
Community grants & transfers	4,053,675	2,857,446	2,937,410
Operational Services			
Road maintenance	18,765,000	19,463,891	16,979,285
Facilities & airports	1,054,800	974,311	1,008,082
Total Expenses (Schedule 3)	<u>33,676,500</u>	<u>31,679,347</u>	<u>29,522,180</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES - BEFORE OTHER	(2,525,500)	2,956,241	1,581,851
OTHER			
Assets transferred to another municipality (note 21)		(10,340)	(1,504,650)
Government transfers for capital (Schedule 4)	11,510,500	9,218,664	5,321,704
EXCESS OF REVENUE OVER EXPENSES	<u>8,985,000</u>	<u>12,164,565</u>	<u>5,398,905</u>
ACCUMULATED SURPLUS, BEGINNING OF YEAR	<u>161,975,849</u>	<u>161,975,849</u>	<u>156,576,944</u>
ACCUMULATED SURPLUS, END OF YEAR (note 19)	<u><u>170,960,849</u></u>	<u><u>174,140,414</u></u>	<u><u>161,975,849</u></u>

**MOUNTAIN VIEW COUNTY
CONSOLIDATED STATEMENT OF CHANGES IN NET FINANCIAL ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2013**

	Budget (unaudited)	2013	2012
	\$	\$	\$
Excess of revenue over expenses	8,985,000	12,164,565	5,398,905
Amortization of tangible capital assets	12,370,000	11,216,526	11,700,734
Acquisition of tangible capital assets	(20,133,715)	(16,493,256)	(11,624,967)
Proceeds from disposition of tangible capital assets	-	419,950	62,252
Loss (gain) on disposal of tangible capital assets	-	(109,591)	44,925
Change in inventories and prepaid expenses	-	(250,155)	(153,020)
	<u>1,221,285</u>	<u>6,948,039</u>	<u>5,428,829</u>
Increase in net financial assets			
Net Financial Assets, Beginning of Year	<u>20,967,362</u>	<u>20,967,362</u>	<u>15,538,533</u>
Net Financial Assets, End of Year	<u><u>22,188,647</u></u>	<u><u>27,915,401</u></u>	<u><u>20,967,362</u></u>

**MOUNTAIN VIEW COUNTY
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2013**

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

	2013 Budget (unaudited) \$	2013 \$	2012 \$
Operating			
Excess of Revenues Over Expenses	8,985,000	12,164,565	5,398,905
Non-cash items included in excess of revenues over expenses			
Amortization	12,370,000	11,216,526	11,700,734
Loss (gain) on disposal of tangible capital assets	-	(109,591)	44,925
Net changes to working capital charged to operations	(3,923,000)	-	-
Decrease (increase) in taxes and accounts receivable	-	1,220,077	(2,369,119)
Increase in accounts payable	-	330,030	1,203,048
Increase (decrease) in deferred revenue	-	(3,128,608)	2,589,249
Increase (decrease) in pit reclamation obligation	-	236,010	(370,451)
Increase in inventory	-	(206,388)	(203,582)
Net change in other working capital balances	-	177,345	534,948
Cash provided by operating transactions	<u>17,432,000</u>	<u>21,899,966</u>	<u>18,528,657</u>
Capital			
Acquisition of tangible capital assets	(20,133,715)	(16,493,256)	(11,624,967)
Proceeds on disposal of tangible capital assets	-	419,950	62,252
Cash used in capital transactions	<u>(20,133,715)</u>	<u>(16,073,306)</u>	<u>(11,562,715)</u>
Financing and Investing			
Change in investments	-	(570,000)	(87,090)
Notes receivable issued (gross)	-	(1,400,000)	-
Notes receivable collected	-	451,910	434,843
Long-term debt proceeds (gross)	-	1,400,000	-
Long-term debt repaid	-	(450,585)	(431,644)
Cash used by financing and investing activities	<u>-</u>	<u>(568,675)</u>	<u>(83,891)</u>
Net increase (decrease) in cash and cash equivalents	<u>(2,701,715)</u>	<u>5,257,985</u>	<u>6,882,051</u>
Cash and Cash Equivalents, Beginning of Year	<u>31,543,975</u>	<u>31,543,975</u>	<u>24,661,924</u>
Cash and Cash Equivalents, End of Year	<u><u>28,842,260</u></u>	<u><u>36,801,960</u></u>	<u><u>31,543,975</u></u>

Mountain View County
Schedule of Tangible Capital Assets
FOR THE YEAR ENDED DECEMBER 31, 2013
Schedule 1 (see note 13)

	Land	Land Improvements	Buildings	Engineered Structures	Machinery & Equipment	Vehicles	Construction in Progress	2013 \$	2012 \$
Cost:									
Balance, beginning of year	15,865,977	3,191,235	11,091,029	361,827,313	13,635,601	4,248,282	6,303,045	416,162,482	404,870,820
Acquisition of tangible capital assets	-	25,000	25,398	12,045,112	566,548	419,293	3,411,905	16,493,256	11,624,967
Contributed tangible capital assets	-	-	-	-	-	-	-	-	-
Disposal of tangible capital assets	-	-	-	(115,114)	(617,365)	(610,270)	-	(1,342,749)	(333,305)
Balance, end of year	15,865,977	3,216,235	11,116,427	373,757,311	13,584,784	4,057,305	9,714,950	431,312,989	416,162,482
Accumulated Amortization:									
Balance, beginning of year	-	614,579	2,718,405	269,496,087	5,186,261	2,246,475	-	280,261,807	268,787,201
Annual amortization	-	142,619	270,889	9,627,620	841,623	333,775	-	11,216,526	11,700,734
Accumulated amortization on disposals	-	-	-	(113,275)	(427,808)	(491,307)	-	(1,032,390)	(226,128)
Balance, end of year	-	757,198	2,989,294	279,010,432	5,600,076	2,088,943	-	290,445,943	280,261,807
Net Book Value of Tangible Capital Assets	15,865,977	2,459,037	8,127,133	94,746,879	7,984,708	1,968,362	9,714,950	140,867,046	135,900,675

SCHEDULE 2

**MOUNTAIN VIEW COUNTY
SCHEDULE OF TAXES LEVIED
FOR THE YEAR ENDED DECEMBER 31, 2013**

	Budget (unaudited)	2013	2012
	\$	\$	\$
Taxation			
Real property taxes	20,167,950	20,735,456	19,441,800
Power and pipelines	17,625,000	17,713,952	16,282,373
Annexation and other tax revenue	60,600	60,612	60,612
Net over (under) levy	11,000	(98,408)	33,072
	<u>37,864,550</u>	<u>38,411,612</u>	<u>35,817,857</u>
Requisitions			
Alberta School Foundation Fund	11,320,000	11,318,826	11,082,782
Mountain View Seniors' Housing	311,400	311,360	311,825
Mountain View Regional Waste Management	155,100	155,105	137,188
	<u>11,786,500</u>	<u>11,785,291</u>	<u>11,531,795</u>
Net Taxes Available for Municipal Purposes	<u><u>26,078,050</u></u>	<u><u>26,626,321</u></u>	<u><u>24,286,062</u></u>

SCHEDULE 3

**SCHEDULE OF EXPENSES BY OBJECT
FOR THE YEAR ENDED DECEMBER 31, 2013**

	Budget (unaudited)	2013	2012
	\$	\$	\$
Expenses			
Salaries, wages, and benefits	10,245,500	8,694,898	8,405,895
Contracted and purchased services	3,912,640	5,393,843	3,993,698
Materials, goods, supplies, and utilities	2,690,235	2,892,186	1,677,992
Provision for allowances	52,000	147,707	219,127
Bank charges and short term interest	14,000	12,965	14,738
Long term debt and leases	370,500	365,868	382,935
Grants to other organizations	4,021,625	3,064,945	3,082,136
Amortization of tangible capital assets	12,370,000	11,216,526	11,700,734
Loss (gain) on disposal of tangible capital assets	-	(109,591)	44,925
	<u>33,676,500</u>	<u>31,679,347</u>	<u>29,522,180</u>
Total Expenses	<u><u>33,676,500</u></u>	<u><u>31,679,347</u></u>	<u><u>29,522,180</u></u>

**MOUNTAIN VIEW COUNTY
SCHEDULE OF GOVERNMENT TRANSFERS
FOR THE YEAR ENDED DECEMBER 31, 2013**

	Budget (unaudited)	2013	2012
	\$	\$	\$
TRANSFERS FOR OPERATING:			
Provincial			
Municipal Sustainability Initiative Grant	315,000	314,289	316,728
Transportation Grant	520,700	520,723	520,723
Family & Community Services Grant	285,820	285,820	285,820
Agricultural Services Board Grant	200,000	218,359	218,359
Other Grants	40,000	743,082	58,889
Total Operating	<u>1,361,520</u>	<u>2,082,273</u>	<u>1,400,519</u>
TRANSFERS FOR CAPITAL:			
Federal			
Federal Gas Tax Rebate	700,500	1,707,540	860,899
Provincial			
Strategic Transportation Infrastructure Program	1,450,000	541,040	2,564,481
Municipal Sustainability Initiative Grant	9,360,000	6,788,758	707,890
Recoveries	-	181,326	1,188,434
Total Capital	<u>11,510,500</u>	<u>9,218,664</u>	<u>5,321,704</u>
TOTAL GOVERNMENT TRANSFERS	<u>12,872,020</u>	<u>11,300,937</u>	<u>6,722,223</u>

MOUNTAIN VIEW COUNTY
SCHEDULE OF CHANGES IN ACCUMULATED SURPLUS
FOR THE YEAR ENDED DECEMBER 31, 2013

SCHEDULE 5

ACTUAL RESULTS	Unrestricted Surplus	Restricted Surplus	Unfunded	Equity in Tangible Capital Assets	2013 \$	2012 \$
BALANCE, BEGINNING OF YEAR	228,138	34,196,332	(8,349,296)	135,900,675	161,975,849	156,576,944
Excess of revenues over expenses	12,164,565	-	-	-	12,164,565	5,398,905
Unrestricted funds designated for future use (1)	(11,254,837)	11,254,837	-	-	-	-
Current year funds used for previously unfunded amounts	(75,345)	-	75,345	-	-	-
Restricted funds used for operations (1)	1,919,451	(1,919,451)	-	-	-	-
Restricted funds used for tangible capital assets (1)	-	(2,234,399)	-	2,234,399	-	-
Current year funds used for tangible capital assets	(14,258,857)	-	-	14,258,857	-	-
Contributed tangible capital assets	-	-	-	-	-	-
Annexed tangible capital assets	-	-	-	-	-	-
Disposal of tangible capital assets	310,359	-	-	(310,359)	-	-
Annual amortization expense	11,216,526	-	-	(11,216,526)	-	-
Change in accumulated surplus	21,862	7,100,987	75,345	4,966,371	12,164,565	5,398,905
BALANCE, END OF YEAR	250,000	41,297,319	(8,273,951)	140,867,046	174,140,414	161,975,849

BUDGET (PLAN) (Unaudited)	Unrestricted Surplus	Restricted Surplus	Unfunded	Equity in Tangible Capital Assets	2013 \$	2012 \$
BALANCE, BEGINNING OF YEAR	228,138	34,196,332	(8,349,296)	135,900,675	161,975,849	156,576,944
Excess of revenues over expenses	8,985,000	-	-	-	8,985,000	6,170,000
Transfer of tangible capital assets to other municipalities	-	-	-	-	-	(2,041,000)
Unrestricted funds designated for future use (1)	(5,858,000)	5,858,000	-	-	-	-
Current year funds used, recoverable in future years	85,000	-	(85,000)	-	-	-
Restricted funds used for operations (1)	2,603,100	(2,603,100)	-	-	-	-
Restricted funds used for tangible capital assets (1)	-	(1,948,615)	-	1,948,615	-	-
Current year funds used for tangible capital assets	(18,185,100)	-	-	18,185,100	-	-
Annual amortization expense	12,370,000	-	-	(12,370,000)	-	-
Change in accumulated surplus	-	1,306,285	(85,000)	7,763,715	8,985,000	4,129,000
BALANCE, END OF YEAR	228,138	35,502,617	(8,434,296)	143,664,390	170,960,849	160,705,944

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
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013

1. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of Mountain View County are the representations of management prepared in accordance with 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, seniors' lodges, and Mountain View Regional Waste Commission 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) 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.

iii) 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).

MOUNTAIN VIEW COUNTY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013

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, and valuation of post-employment benefits. 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**

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 cost. 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) **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.

**MOUNTAIN VIEW COUNTY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013**

i) **Non-Financial Assets (continued)**

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	3-10

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.

j) **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.

k) **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.

l) **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.

**MOUNTAIN VIEW COUNTY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013**

2. CASH AND TEMPORARY INVESTMENTS

	2013	2012
	\$	\$
Cash on deposit	477,983	801,707
Less: outstanding cheques	<u>(2,516,391)</u>	<u>(28,220)</u>
Net cash	(2,038,407)	773,487
Other deposits	<u>38,840,368</u>	<u>30,770,488</u>
	<u><u>36,801,960</u></u>	<u><u>31,543,975</u></u>

Other deposits consist of short term investments maturing within the next 9-11 months earning interest from 1.99% - 2.11%.

Included in cash is \$4,639,137 (2012 - \$7,767,745) of amounts held in conditional grants received but not yet spent. (Note 7)

The County has a \$500,000 operating line of credit bearing interest at prime (currently 3.0%) less 0.25% with the bank which was not being utilized at year end. The County has arrangements to increase the line of credit, secured by taxes receivable, available between July 2 and November 15 of each year. During this period in 2013, the County did not increase the line of credit.

3. TAXES RECEIVABLE

	2013	2012
	\$	\$
Current taxes and grants in lieu	731,295	755,913
Tax arrears	<u>806,838</u>	<u>740,506</u>
	1,538,133	1,496,419
Less: Allowance for uncollected taxes	<u>871,743</u>	<u>724,037</u>
	<u><u>666,389</u></u>	<u><u>772,382</u></u>

The Allowance is increasing primarily due to rolls owned by Neo Exploration Inc. The amount of the increase that relates to Neo Exploration is \$119,922 (2012 - \$169,383). The company is currently in receivership.

MOUNTAIN VIEW COUNTY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013

4. ACCOUNTS RECEIVABLE

Federal

	2013	2012
	\$	\$
GST Receivable	444,650	397,915
	<u>444,650</u>	<u>397,915</u>

Provincial

	2013	2012
	\$	\$
Disaster Services Funding	638,467	279,935
Alberta Infrastructure & Transportation (Bridge Program)	171,790	225,565
Alberta Infrastructure Resource Road Grant (Burnt Timber Road Paving)	9,445	724,541
Federal Gas Tax Funding (Big Prairie Bridge)	381,053	-
Other Provincial receivables	183,187	7,472
	<u>1,383,942</u>	<u>1,237,513</u>

Local Governments

	2013	2012
	\$	\$
M.D. Of Bighorn (note 21)	6,327	376,163
Other Local Governments	53,092	23,073
	<u>59,418</u>	<u>399,236</u>

Other

	2013	2012
	\$	\$
Interest Receivable (investment bonds)	51,258	476,170
Shell Canada (note 21)	-	812,271
Trade Accounts Receivable	1,347,908	1,044,552
Underlevy	-	33,603
	<u>1,399,166</u>	<u>2,366,596</u>

5. INVESTMENTS

	2013	2012
	\$	\$
A.A.M.D.&C. (Trade Division)	6,210	6,210
Bonds	1,653,326	1,083,125
Other	2,267	2,468
	<u>1,661,803</u>	<u>1,091,803</u>

A.A.M.D.&C. (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 cost and have an average yield of 3.58% and maturity dates from 2016 to 2019.

**MOUNTAIN VIEW COUNTY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013**

6. TRUST ACCOUNTS

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

	2013	2012
	\$	\$
Cash in lieu of Municipal Reserve		
Balance, Beginning of Year	144,644	92,161
Additions to Reserve	75,252	61,899
Interest Revenue	907	584
Grants	-	(10,000)
	<u>220,803</u>	<u>144,644</u>
Balance, End of Year	<u>220,803</u>	<u>144,644</u>
	2013	2012
	\$	\$
Cremona Recreation Board		
Balance, Beginning of Year	123	7,305
Use of funds (Net)	-	(7,200)
Interest Revenue	1	18
	<u>124</u>	<u>123</u>
Balance, End of Year	<u>124</u>	<u>123</u>
Total Trust Funds	<u><u>220,927</u></u>	<u><u>144,767</u></u>

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.

7. DEFERRED REVENUE

	2013	2012
	\$	\$
Municipal Sustainability Initiative Grant	4,422,893	7,062,641
Federal Gas Tax Grant (New Deal)	-	625,960
Other Grants	216,244	79,144
	<u>4,639,137</u>	<u>7,767,745</u>

**MOUNTAIN VIEW COUNTY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013**

7. DEFERRED REVENUE (continued)

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.

	2013	2012
	\$	\$
Unexpended Funds from last year	7,062,641	3,584,771
Interest earned in the year	85,697	77,630
Funds received during the year	4,063,313	4,424,859
Amount spent on eligible projects	<u>(6,788,758)</u>	<u>(1,024,619)</u>
Unexpended Funds at year end	<u><u>4,422,893</u></u>	<u><u>7,062,641</u></u>

Federal Gas Tax Funding 2010-2014

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

	2013	2012
	\$	\$
Unexpended Funds from last year	625,960	775,518
Interest earned in the year	-	10,814
Funds received during the year	700,527	700,527
Amount spent on eligible projects	<u>(1,326,487)</u>	<u>(860,899)</u>
Unexpended Funds at year end	<u><u>-</u></u>	<u><u>625,960</u></u>

MOUNTAIN VIEW COUNTY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013

8. EXPENSE RECONCILIATION	2013
	\$
Total Expenses planned for the year 2013	33,676,500
Less: expense variances	
- Snow Removal	1,033,634
- Tangible Capital Asset Amortization difference	(1,153,474)
- Fire Equipment - delayed purchase	(1,007,160)
- Other expenses over/(under) budget (net)	<u>(870,153)</u>
	<u>(1,997,153)</u>
	<u><u>31,679,347</u></u>

9. EMPLOYEE BENEFIT OBLIGATIONS	2013	2012
	\$	\$
Vacation & Overtime	348,849	296,881
Post-employment benefits	<u>214,111</u>	<u>228,564</u>
	<u><u>562,961</u></u>	<u><u>525,445</u></u>

The employee benefit obligation is comprised of the vacation and overtime that employees are deferring to future years. 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 current year were \$9,936 (2012 - \$8,699).

MOUNTAIN VIEW COUNTY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013

10. LONG TERM DEBT

	2013	2012
	\$	\$
Debentures	9,149,608	8,200,193
Current portion	543,895	450,585

	8,605,713	7,749,608
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	<u>Original Principal</u>	<u>Rate</u>	<u>Anniversary Date</u>	<u>Final 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

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 the Mountain View Seniors' Housing. (See Note 16) 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>
2014	543,895	392,925	936,820
2015	567,031	369,789	936,820
2016	591,186	345,634	936,820
2017	616,408	320,412	936,820
2018	642,744	294,076	936,820
Thereafter	6,188,343	1,312,437	7,500,780
	9,149,608	3,035,272	12,184,880

MOUNTAIN VIEW COUNTY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013

11. RESERVES

Reserves for operating and capital activities are as follows:

OPERATING RESERVES:	Beginning of Year \$	Additions \$	Deletions \$	End of Year \$
Public Transportation	88,567	2,207	43,375	47,399
Road Maintenance	900,000	150,000	350,405	699,595
Gravel	787,445	435,634	-	1,223,079
Re-Chipping	2,014,688	158,711	-	2,173,399
Snow Removal	783,890	750,000	1,033,634	500,256
Pit Stripping and Reclamation	550,656	338,755	-	889,411
Road Network	7,213,740	553,167	-	7,766,907
Projects	3,698,741	2,954,521	1,063,012	5,590,250
Tax Rate Stabilization	4,860,000	719,663	254,663	5,325,000
Rural Community Grant	43,598	1,191	15,000	29,789
Parks	13,198	-	-	13,198
Sundre Airport Reserve	5,981	-	-	5,981
Agriculture	73,838	-	-	73,838
Didsbury Fire	98,295	3,244	-	101,539
General Fire (2)	889,043	484,327	235,840	1,137,530
Statutory Documents Reserve	150,000	50,000	-	200,000
Working Capital (1)	4,112,650	-	-	4,112,650
Total Operating Reserves	26,284,330	6,601,420	2,995,929	29,889,821

CAPITAL RESERVES:	Beginning of Year \$	Additions \$	Deletions \$	End of Year \$
Administration Equipment	313,771	162,514	98,973	377,312
Radio Hub	32,871	3,395	-	36,266
Truck Fleet Reserve	230,349	-	-	230,349
Facility	1,243,793	568,832	22,898	1,789,727
Asphalt Road Reserve	1,547,923	660,981	-	2,208,904
Bridge Replacement Reserve	750,000	1,550,485	67,348	2,233,137
Heavy Equipment	3,693,295	1,602,260	968,702	4,326,853
Recreation Facilities Reserve	100,000	104,950	-	204,950
Total Capital Reserves	7,912,002	4,653,417	1,157,921	11,407,498

TOTAL RESERVES:	34,196,332	11,254,837	4,153,850	41,297,319
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(1) This reserve is set aside to provide liquidity and reduce financing costs in the interim period between when most of the County's expenses are incurred and when annual property taxes are collected. The maximum amount of the reserve is set by a capping formula. This reserve was first established in 2002 with a transfer from Unappropriated Equity.

(2) Funding to the General Fire Reserve is based on a 20 year capital replacement plan. Although the 20 year plan is fully funded, within the plan there are years when the reserve will be under funded at year end. When this occurs, funds will be loaned from other funds to offset the deficiency in the General Fire Reserve and the loan is shown as a deduction from the loaning fund and an addition to the General Fire Reserve.

**MOUNTAIN VIEW COUNTY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013**

12. 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:

	2013	2012
	\$	\$
Total debt limit (maximum allowed)	51,953,382	46,656,046
Total debt (current)	<u>9,149,608</u>	<u>8,200,193</u>
Amount below total debt limit	<u><u>42,803,775</u></u>	<u><u>38,455,853</u></u>
Service on debt limit (maximum allowed)	8,658,897	7,776,008
Service on debt (current)	<u>936,820</u>	<u>817,778</u>
Amount below limit on debt service	<u><u>7,722,077</u></u>	<u><u>6,958,230</u></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.

MOUNTAIN VIEW COUNTY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013

13. TANGIBLE CAPITAL ASSETS

	2013	2013	2013	2012
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
	\$	\$	\$	\$
Land	15,865,977	-	15,865,977	15,865,979
Land Improvements	3,216,235	757,198	2,459,037	2,576,656
Buildings	11,116,427	2,989,294	8,127,133	8,372,624
Engineered Structures				
Bridges	26,216,074	11,464,968	14,751,106	11,941,707
Gravel Roads	150,590,568	131,941,275	18,649,293	19,845,436
Chip seal Roads	170,522,963	125,626,712	44,896,251	45,302,788
Dirt Roads	451,688	444,088	7,600	8,207
Asphalt Roads	25,976,018	9,533,389	16,442,629	15,233,088
Machinery & Equipment	13,584,784	5,600,076	7,984,708	8,449,339
Vehicles	4,057,305	2,088,943	1,968,362	2,001,807
Construction in Progress	<u>9,714,950</u>	<u>-</u>	<u>9,714,950</u>	<u>6,303,044</u>
Total	<u>431,312,989</u>	<u>290,445,943</u>	<u>140,867,046</u>	<u>135,900,675</u>

Total land holdings of the County are comprised of 28,320 acres. This includes an estimated 21,811 acres of road right-of ways. 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 2,863 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 61 km of asphalt roads, 834 km of chip sealed roads, 1965 km of gravel roads and 18 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, 2013. These projects correspond to roads, bridges and/or heavy equipment that were under construction and not yet complete as of December 31, 2013.

**MOUNTAIN VIEW COUNTY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013**

14. 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 223,643 people and 428 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 10.43% of the pensionable earnings up to the Canada Pension Plan Year's Maximum Pensionable Earnings and 14.47% for the excess. Employees of the County are required to make current service contributions of 9.43% of pensionable salary up to the year's maximum pensionable salary and 13.47% on pensionable salary above this amount.

The current service contributions by Mountain View County to the Local Authorities Pension Plan in 2013 were \$536,267 (2012 - \$596,569). Total current service contributions by the employees of Mountain View County to the Local Authorities Pension Plan in 2013 were \$586,885 (2012 - \$542,488).

At December 31, 2012, the Plan disclosed an actuarial deficit of \$4.98 Billion (2011 - \$4.64 Billion).

15. 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:

	----- 2013 -----			----- 2012 -----		
	<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	67,809	3,581	71,390	1	65,880
Councillors						
Division 1	2	37,561	5,429	42,990	1	31,794
Division 2	1	47,602	5,882	53,484	1	53,355
Division 3	1	38,469	5,417	43,886	1	44,165
Division 5	2	35,356	5,121	40,477	1	43,186
Division 6	2	43,069	5,646	48,715	1	54,654
Division 7	1	45,663	5,714	51,377	1	54,454
Chief Administrative Officer	1	158,609	33,547	192,156	1	190,400
Designated officers	2	211,860	42,654	254,514	2	243,028

(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, professional memberships and tuition, and any other direct cash remuneration.

MOUNTAIN VIEW COUNTY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013

16. 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 2013 the County provided \$155,105 (2012 - \$137,188) as its share to support the operations of MVRWC.

In 2003, the County entered into an agreement to provide administrative support services to MVRWC. The agreement began January 1, 2004. MVRWC pays a monthly fee which is an approximation of variable and fixed costs associated with the administrative support and does not contain a profit component, the total amount paid in 2013 is \$91,200 (2012 - \$91,200).

Mountain View Seniors' Housing (MVSH) (See Note 10)

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 2013, the County provided \$311,360 (2012 - \$311,825) as its share to support the operations of MVSH. Mountain View County has loaned a total principal amount of \$11,000,000 to MVSH with a principal balance remaining at December 31, 2013 of \$9,149,608 (2012 - \$8,200,193) plus accrued interest of \$62,067 (2012 - \$63,392). MVSH used the funds to finance capital assets including the construction of senior's lodges in Didsbury and Olds. 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 \$936,820 payable each year with interest ranging from 3.295% 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.

South Red Deer Regional Wastewater Commission (SRDRWC)

In 2013, the County entered into an agreement to provide administrative support services to SRDRWC. The agreement began September 1, 2013. SRDRWC pays a monthly fee which is an approximation of variable and fixed costs associated with the administrative support and does not contain a profit component, the amount paid in 2013 is \$14,200. Related to the transition of SRDRWC an additional amount of \$10,952 was paid to the County.

Village of Cremona (Cremona)

In 2013, the County entered into an agreement to provide administrative support services to Cremona. The agreement began October 1, 2013. Cremona pays a monthly fee which is an approximation of variable and fixed costs associated with the administrative support and does not contain a profit component, the amount paid in 2013 is \$9,000. Related to the transition of Cremona an additional amount of \$12,755 was paid to the County.

MOUNTAIN VIEW COUNTY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013

17. 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, market, 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.

18. 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.

ALARIE (Alberta Local Authorities Reciprocal Insurance Exchange) was a pool of funds that provided the member municipalities with insurance coverage. It has been winding down for a number of years but has not yet resolved all the outstanding claims. The actual amount that the County will receive, if any, is contingent on the final resolution of all assets and liabilities of ALARIE.

**MOUNTAIN VIEW COUNTY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013**

19. ACCUMULATED SURPLUS

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

	2013	2012
	\$	\$
Unappropriated operating equity	250,000	228,138
Operating reserves (note 11)	29,889,821	26,284,330
Capital reserves (note 11)	11,407,498	7,912,002
Airport development costs - deficit	(623,215)	(347,660)
Land Deficit	(2,574,656)	(2,574,656)
Unfunded gravel pit reclamation (note 20)	(4,932,835)	(5,254,219)
Unfunded post retirement obligation	(143,245)	(172,761)
Equity in capital assets (Schedule 1)	<u>140,867,046</u>	<u>135,900,675</u>
	<u><u>174,140,414</u></u>	<u><u>161,975,849</u></u>

20. 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 11) with contributions of \$2.50 per yard of gravel mined in the year.

The most recent estimate of this obligation was prepared to December 31, 2013 and the obligation is currently estimated at \$5,953,347 (2012 - \$5,717,337). For 2013, the net increase in reclamation obligation of \$236,010 was funded from current operations. 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 2013 was \$321,385 (2012 - \$370,451). The County has not designated any other assets for settling the reclamation obligation.

**MOUNTAIN VIEW COUNTY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013**

21. BURNT TIMBER ROAD PAVING FUNDING	2013	2012
The Burnt Timber Road was re-paved in 2012 with some residual work in 2013. It was a joint project between the M.D. of Bighorn and Mountain View County.	\$	\$
Total Cost	22,078	3,249,083
Recovery from Shell Canada & M.D. of Bighorn	6,327	1,188,434
Portion of asset transferred to M.D. Of Bighorn	10,340	1,504,650

22. COMMITMENTS

The County has incurred costs of \$5,563,976 toward the construction of the Acme Road (Phase I). The estimated cost to complete the project in 2014 is \$1,625,172 with funding to come from the Municipal Sustainability Initiative grant. Further the County is committed to the construction of the Acme Road (Phase II) which is to begin in 2014. Phase II is estimated to cost \$5,849,950 with funding to also come from the Municipal Sustainability Initiative grant.

The County has incurred costs of \$1,399,444 toward the construction of a bridge style culvert on range road 292 north of highway 581. The estimated cost to complete the project in 2014 is \$400,000 with funding to come from County reserves.

The County is also committed to the completion of a contract with Rick Martin Trucking to crush aggregate and to strip gravel pits. The estimated cost to complete this contract in 2014 is \$417,600.

23. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved by Council and Management.