

MOUNTAIN VIEW COUNTY
CONSOLIDATED FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2020

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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.

 E-SIGNED by Jeff Holmes

Jeff Holmes
Chief Administrative Officer

April 14, 2021

Independent Auditor's Report

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

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Mountain View County (the "County") which comprise the consolidated statement of financial position as at December 31, 2020, 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 to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the County as at December 31, 2020, and the results of its consolidated operations, its changes in its net assets, and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the County in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

Those charged with governance are responsible for overseeing the County's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 County's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Red Deer, Alberta

April 14, 2021

MNP **LLP**
Chartered Professional Accountants

MOUNTAIN VIEW COUNTY
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2020

	2020	2019
FINANCIAL ASSETS	\$	\$
Cash and temporary investments (note 2)	30,767,458	14,193,633
Taxes receivable (note 3)	1,607,573	1,015,967
Accounts receivable (note 4)		
Federal government	279,791	233,833
Provincial government	166,380	51,826
Local governments	23,155	376
Other	515,027	613,233
Investments (note 5)	31,383,258	44,576,488
Notes receivable (note 15)	8,560,309	9,458,244
Trust accounts (note 6)	519,857	434,113
Total Financial Assets	<u>73,822,808</u>	<u>70,577,713</u>
LIABILITIES		
Accounts payable & accrued liabilities		
Federal government	85,708	-
Provincial government	316,256	81,101
Local governments	112,148	107,829
Trade payables	1,360,741	2,307,543
Deferred revenue (note 7)	2,536,420	2,164,511
Employee benefit obligations (note 8)	614,087	775,995
Trust accounts (note 6)	519,857	434,113
Pit reclamation obligation (note 19)	6,093,900	6,093,900
Liability for contaminated sites (note 1)	3,600,000	3,600,000
Other liabilities	1,694,512	1,395,747
Long-term debt (note 9)	13,517,117	9,409,533
Total Liabilities	<u>30,450,746</u>	<u>26,370,272</u>
Contingencies and Commitments (note 17)		
NET FINANCIAL ASSETS	<u>43,372,062</u>	<u>44,207,441</u>
NON-FINANCIAL ASSETS		
Inventory for consumption	5,338,232	5,721,440
Prepaid expenses	641,538	895,958
Long-term land held for resale	953,710	953,710
Tangible capital assets (note 12)	156,110,056	151,434,553
Resource assets	3,308,421	3,308,421
Total Non-Financial Assets	<u>166,351,957</u>	<u>162,314,082</u>
ACCUMULATED SURPLUS (note 18)	<u>209,724,019</u>	<u>206,521,523</u>

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

(5)

**MOUNTAIN VIEW COUNTY
CONSOLIDATED STATEMENT OF OPERATIONS
FOR THE YEAR ENDING DECEMBER 31, 2020**

	2020 Budget \$	2020 \$	2019 \$
REVENUE			
Net taxes available for municipal purposes (Schedule 2)	29,573,156	29,460,641	29,324,961
Sale of goods	124,000	173,648	186,987
Sale of services	251,500	239,988	329,679
Fees & levies	836,500	678,558	1,054,719
Fines & penalties	441,500	254,665	478,979
Return on investments	1,447,000	1,478,435	1,662,443
Rentals	171,475	171,328	267,760
Recovery	148,000	286,146	655,758
Government transfers for operating (Schedule 4)	1,445,568	2,325,945	1,946,375
Other	-	43,000	-
Total Revenue	<u>34,438,699</u>	<u>35,112,354</u>	<u>35,907,661</u>
EXPENSES			
Council	675,740	525,109	615,179
CAO Services	695,605	698,133	709,402
Corporate Services			
Finance & general office	6,826,979	1,777,936	2,568,736
Assessment	490,842	430,214	488,271
Business services	1,038,221	1,029,823	685,544
Waste management	414,500	376,557	476,935
Planning & Development Services			
Planning	928,491	811,478	1,040,331
Development	550,200	500,918	465,957
Permitting	383,459	315,830	340,041
Legislative & Community Services			
Legislative services	1,519,582	1,365,539	1,294,148
Agriculture & land management	1,263,250	1,125,533	1,245,898
Community grants & transfers	5,096,302	4,761,276	5,931,938
Operational Services			
Roads, facilities & shops	20,596,703	21,227,750	21,969,378
Airports	337,200	350,686	335,960
Total Expenses (Schedule 3)	<u>40,817,074</u>	<u>35,296,782</u>	<u>38,167,718</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES - BEFORE OTHER	(6,378,375)	(184,428)	(2,260,057)
OTHER			
Assets transferred to another municipality	(1,185,000)	(1,157,572)	(141,263)
Gain/(loss) on sale of assets	(200,000)	(428,375)	(235,386)
Government transfers for capital (Schedule 4)	5,373,600	4,972,871	4,165,622
EXCESS(DEFICIENCY) OF REVENUE OVER EXPENSES	<u>(2,389,775)</u>	<u>3,202,496</u>	<u>1,528,916</u>

**MOUNTAIN VIEW COUNTY
CONSOLIDATED STATEMENT OF CHANGES IN NET FINANCIAL ASSETS
FOR THE YEAR ENDING DECEMBER 31, 2020**

	2020 Budget \$	2020 \$	2019 \$
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	(2,389,775)	3,202,496	1,528,916
Amortization of tangible capital assets	13,627,506	12,911,676	13,203,058
Acquisition of tangible capital assets	(26,858,130)	(18,759,273)	(12,384,890)
Proceeds from disposition of tangible capital assets	369,500	743,719	728,798
Loss (gain) on disposal of tangible capital assets	200,000	428,375	235,386
Change in inventories and prepaid expenses	<u>-</u>	<u>637,628</u>	<u>(214,789)</u>
INCREASE(DECREASE) IN NET FINANCIAL ASSETS	(15,050,899)	(835,379)	3,096,479
NET FINANCIAL ASSETS, BEGINNING OF YEAR	<u>44,207,441</u>	<u>44,207,441</u>	<u>41,110,962</u>
NET FINANCIAL ASSETS, END OF YEAR	<u>29,156,542</u>	<u>43,372,062</u>	<u>44,207,441</u>

**MOUNTAIN VIEW COUNTY
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDING DECEMBER 31, 2020**

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

	2020 Budget	2020	2019
OPERATING	\$	\$	\$
Excess(Deficiency) of revenue over expenses	(2,389,775)	3,202,496	1,528,916
Non-cash items included in excess of revenues over expenses			
Amortization	13,627,506	12,911,676	13,203,058
Loss (gain) on disposal of tangible capital assets	200,000	428,375	235,386
Net changes to working capital charged to operations			
Decrease (increase) in taxes and accounts receivable	(2,500,000)	(676,691)	1,300,251
Increase (decrease) in accounts payable	-	(621,620)	(2,741,256)
Increase (decrease) in deferred revenue	(753,000)	371,909	(551,101)
Increase (decrease) in pit reclamation obligation	450,000	-	52,597
Increase (decrease) in liability for contaminated sites	-	-	-
Decrease (increase) in inventory	-	383,208	87,461
Net change in other working capital balances	-	391,276	(260,068)
Increase (decrease) in payables pertaining to capital	-	83,008	(160,787)
Cash provided by operating transactions	8,634,731	16,473,637	12,694,457
CAPITAL			
Acquisition of tangible capital assets	(26,858,130)	(18,759,273)	(12,384,890)
Increase (decrease) in payables pertaining to capital	-	(83,008)	160,787
Proceeds on disposal of tangible capital assets	369,500	743,719	728,798
Cash used in capital transactions	(26,488,630)	(18,098,562)	(11,495,305)
FINANCING AND INVESTING			
Change in investments	8,500,000	13,193,230	6,850,908
Notes receivable issued (gross)	-	-	(3,000,000)
Notes receivable collected	1,135,773	897,936	748,073
Long-term debt proceeds (gross)	-	5,000,000	3,000,000
Long-term debt repaid	(1,135,773)	(892,416)	(746,445)
Cash provided by financing and investing activities	8,500,000	18,198,750	6,852,536
Net increase (decrease) in cash and cash equivalents	(9,353,899)	16,573,825	8,051,688
Cash and cash equivalents, beginning of year	14,193,633	14,193,633	6,141,945
Cash and cash equivalents, end of year	4,839,733	30,767,458	14,193,633

SCHEDULE 1
(See note 12)

MOUNTAIN VIEW COUNTY
SCHEDULE OF TANGIBLE CAPITAL ASSETS
FOR THE YEAR ENDING DECEMBER 31, 2020

	Land	Land Improvements	Buildings	Engineered Structures	Machinery & Equipment	Vehicles	Construction in Progress	2020 \$	2019 \$
Cost:									
Balance, beginning of year	14,527,652	3,533,874	16,660,630	430,328,671	20,561,514	7,503,658	5,595,171	498,711,170	489,140,290
Acquisition of tangible capital assets	-	692,711	146,935	13,280,053	2,890,665	595,009	5,865,133	23,470,506	18,467,163
Contributed tangible capital assets	-	-	-	-	-	-	-	-	-
Disposal of tangible capital assets	(8,823)	(15,724)	-	(1,086,016)	(2,183,782)	(241,454)	(4,711,234)	(8,247,033)	(8,896,283)
Write-downs	-	-	-	-	-	-	-	-	-
Balance, end of year	14,518,829	4,210,861	16,807,565	442,522,708	21,268,397	7,857,213	6,749,070	513,934,643	498,711,170
Accumulated Amortization:									
Balance, beginning of year	-	1,583,766	4,827,528	329,117,027	7,847,950	3,900,346	-	347,276,617	335,923,385
Annual amortization	-	179,317	341,588	10,433,281	1,360,919	596,571	-	12,911,676	13,203,043
Accumulated amortization on disposals	-	(6,619)	-	(690,973)	(1,463,384)	(202,730)	-	(2,363,706)	(1,849,811)
Write-downs	-	-	-	-	-	-	-	-	-
Balance, end of year	-	1,756,464	5,169,116	338,859,335	7,745,485	4,294,187	-	357,824,587	347,276,617
Net Book Value of Tangible Capital Assets	14,518,829	2,454,397	11,638,449	103,663,373	13,522,912	3,563,026	6,749,070	156,110,056	151,434,553

**MOUNTAIN VIEW COUNTY
SCHEDULE OF TAXES LEVIED
FOR THE YEAR ENDING DECEMBER 31, 2020**

	2020 Budget \$	2020 \$	2019 \$
Taxation			
Real property taxes	25,743,400	25,696,743	24,873,506
Power and pipelines	17,918,568	17,909,169	17,952,329
Annexation and other tax revenue	-	-	34,926
Net over (under) levy	-	52,362	12,954
	<u>43,661,968</u>	<u>43,658,274</u>	<u>42,873,715</u>
Requisitions			
Alberta School Foundation Fund	12,162,368	12,294,306	12,230,675
Designated Industrial Property	139,490	139,490	148,645
Mountain View Seniors' Housing	1,786,954	1,763,837	1,169,434
	<u>14,088,812</u>	<u>14,197,633</u>	<u>13,548,754</u>
Net taxes available for municipal purposes	<u><u>29,573,156</u></u>	<u><u>29,460,641</u></u>	<u><u>29,324,961</u></u>

**SCHEDULE OF EXPENSES BY OBJECT
FOR THE YEAR ENDING DECEMBER 31, 2020**

	2020 Budget \$	2020 \$	2019 \$
Expenses			
Salaries, wages, and benefits	11,190,096	10,606,844	10,944,708
Contracted and purchased services	4,165,755	4,086,161	4,524,265
Materials, goods, supplies, and utilities	1,669,959	2,866,141	3,284,220
Provision for allowances	5,175,000	198,270	665,022
Bank charges and short term interest	11,000	12,393	12,752
Interest on long term debt	317,500	336,578	291,642
Grants to other organizations	5,110,258	4,775,682	5,682,372
Amortization of tangible capital assets	13,627,506	12,911,676	13,203,058
Allowance for pit reclamation	(450,000)	(496,963)	(440,321)
	<u>40,817,074</u>	<u>35,296,782</u>	<u>38,167,718</u>
Total expenses	<u><u>40,817,074</u></u>	<u><u>35,296,782</u></u>	<u><u>38,167,718</u></u>

**MOUNTAIN VIEW COUNTY
SCHEDULE OF GOVERNMENT TRANSFERS
FOR THE YEAR ENDING DECEMBER 31, 2020**

	2020 Budget \$	2020 \$	2019 \$
TRANSFERS FOR OPERATING:			
Federal			
Federal Environmental Stewardship Grants (ALUS)	30,000	(71,713)	15,000
Provincial			
Agricultural Services Board Grant	182,359	123,907	236,934
Alberta Shallow Gas Tax Relief Initiative	-	-	520,753
Alberta Municipal Affairs - Municipal Internship Program	43,500	43,446	-
Basic Municipal Transportation Grant (MSI)	466,000	466,000	420,000
CAP Risk Mitigation Grant	10,000	3,250	-
Community and Regional Economic Support (CARES)	-	-	-
Cremona Fire Disbursement	120,725	68,730	137,756
Environmental Stewardship Grants (ACA)	25,000	24,967	25,030
Family & Community Services Grant (FCSS)	342,984	342,984	342,984
Intermunicipal Collaboration Initiative (ICI)	60,000	17,910	-
Municipal Sustainability Initiative - Operating (MSI)	165,000	165,858	157,977
Municipal Operating Support Transfer (MOST)	-	1,140,481	-
Summer Temporary Employment Program (STEP)	-	-	20,066
Municipal Climate Change Action Centre (MCCAC)	-	125	69,875
Total Operating Grants	<u>1,445,568</u>	<u>2,325,945</u>	<u>1,946,375</u>
TRANSFERS FOR CAPITAL:			
Federal			
Federal Gas Tax Fund - Capital	748,000	747,855	1,477,370
Provincial			
Flood Recovery Erosion Control (FREC)	50,000	25,705	30,622
Municipal Asset Management Program (MAMP)	-	-	-
Municipal Stimulus Program (MSP)	-	173,034	-
Municipal Sustainability Initiative - Capital (MSI)	3,532,000	2,971,538	2,655,071
Municipal Sustainability Initiative - Carry Forward	703,000	702,923	-
Strategic Transportation Infrastructure Program (STIP)	170,300	170,316	2,559
Other Provincial Grants	-	2,000	-
Other			
Cash in Lieu	-	9,500	-
Olds Didsbury Flying Association (ODFA)	170,300	170,000	-
Total Capital Grants	<u>5,373,600</u>	<u>4,972,871</u>	<u>4,165,622</u>
TOTAL GOVERNMENT TRANSFERS	<u>6,819,168</u>	<u>7,298,816</u>	<u>6,111,997</u>

**MOUNTAIN VIEW COUNTY
SCHEDULE OF CHANGES IN ACCUMULATED SURPLUS
FOR THE YEAR ENDING DECEMBER 31, 2020**

ACTUAL RESULTS	Unrestricted Surplus	Restricted Surplus	Unfunded	Equity in Resource Assets	Equity in Tangible Capital Assets	2020 \$	2019 \$
BALANCE, BEGINNING OF YEAR	-	65,038,251	(10,259,704)	3,308,421	148,434,553	206,521,523	204,992,607
Excess of revenues over expenses	3,202,496	-	-	-	-	3,202,496	1,528,916
Unrestricted funds designated for future use (1)	205,984	(205,984)	-	-	-	-	-
Designation of additional unfunded amounts	82,113	-	(82,113)	-	-	-	-
Restricted funds used for operations (1)	-	-	-	-	-	-	-
Current year funds used for tangible capital assets	(17,459,273)	(1,300,000)	-	-	18,759,273	-	-
Disposal of tangible capital assets	1,172,094	-	-	-	(1,172,094)	-	-
Annual amortization expense	12,911,676	-	-	-	(12,911,676)	-	-
Loan obligation for tangible capital assets	-	5,000,000	-	-	(5,000,000)	-	-
Loan payments	(115,090)	-	-	-	115,090	-	-
Change in accumulated surplus	-	3,494,016	(82,113)	-	(209,406)	3,202,496	1,528,916
BALANCE, END OF YEAR	-	68,532,267	(10,341,817)	3,308,421	148,225,147	209,724,019	206,521,523
BUDGET (PLAN) (Unaudited)	Unrestricted Surplus	Restricted Surplus	Unfunded	Equity in Resource Assets	Equity in Tangible Capital Assets	2020 \$	2019 \$
BALANCE, BEGINNING OF YEAR	-	65,038,251	(10,259,704)	3,308,421	148,434,553	206,521,523	204,992,607
Excess/(Deficiency) of revenues over expenses	(2,389,775)	-	-	-	-	(2,389,775)	904,549
Contingency funds for operations	(295,000)	-	-	-	-	(295,000)	-
Unrestricted funds designated for future use (1)	(8,704,211)	8,704,211	-	-	-	-	-
Designation of additional unfunded amounts	450,000	-	(450,000)	-	-	-	-
Restricted funds used for operations (1)	(23,950,111)	23,950,111	-	-	-	-	-
Current year funds used for tangible capital assets	(26,858,130)	-	-	-	26,858,130	-	-
Disposal of tangible capital assets	369,500	-	-	-	(369,500)	-	-
Annual amortization expense	13,627,506	-	-	-	(13,627,506)	-	-
Change in accumulated surplus	(47,750,221)	32,654,322	(450,000)	-	12,861,124	(2,684,775)	904,549
BALANCE, END OF YEAR	(47,750,221)	97,692,573	(10,709,704)	3,308,421	161,295,677	203,836,748	205,897,156

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 ENDING DECEMBER 31, 2020

REVENUE	Council	CAO's Services	Corporate Services	Planning & Development Services	Legislative, Community Services & Agriculture	Operational Services	Requisitions	Unallocated	Total
Net taxes available for municipal purposes (Schedule 2)	-	-	-	-	-	-	14,197,633	29,460,641	29,460,641
Sale of goods	-	-	3,729	-	2,068	167,851	-	-	173,648
Sale of services	-	-	29,000	70,560	16,937	123,490	-	-	239,988
Fees & levies	-	-	-	265,952	-	412,607	-	-	678,558
Fines & penalties	-	-	140,797	-	113,867	-	-	-	254,665
Return on investments	-	-	1,478,435	-	-	-	-	-	1,478,435
Rentals	-	-	100	-	146,374	24,854	-	-	171,328
Recovery	-	-	143,481	3,175	47,709	91,781	-	-	286,146
Government transfers for operating (Schedule 4)	-	1,140,481	43,446	17,909	658,108	466,000	-	-	2,325,945
Other	-	-	-	-	43,000	-	-	-	43,000
Total Revenue	-	1,140,481	1,838,988	357,596	1,028,064	1,286,583	14,197,633	29,460,641	35,112,354
EXPENSES									
Salaries, wages, and benefits	426,299	597,848	1,666,273	1,485,950	1,765,412	4,665,062	-	-	10,606,844
Contracted and purchased services	76,444	80,040	908,526	109,590	464,412	2,447,150	-	-	4,086,161
Materials, goods, supplies, and utilities	20,051	20,245	223,162	15,729	283,801	2,303,152	-	-	2,866,141
Provision for allowances	-	-	198,270	-	-	-	-	-	198,270
Bank charges and short term interest	-	-	12,393	-	-	-	-	-	12,393
Interest on long term debt	-	-	336,578	-	-	-	-	-	336,578
Grants to other organizations	2,315	-	21,990	-	4,514,409	236,969	-	-	4,775,682
Amortization of tangible capital assets	-	-	247,337	16,957	224,315	12,423,066	-	-	12,911,676
Allowance for pit reclamation	-	-	-	-	-	(496,963)	-	-	(496,963)
Total Expenses	525,109	698,133	3,614,530	1,628,226	7,252,348	21,578,436	-	-	35,296,782
NET REVENUE	(525,109)	442,348	(1,775,542)	(1,270,630)	(6,224,284)	(20,291,853)	14,197,633	29,460,641	(184,428)

MOUNTAIN VIEW COUNTY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

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, 2020

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, 2020**

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, 2020, 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, 2020

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) **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 ENDING DECEMBER 31, 2020**

2. CASH AND TEMPORARY INVESTMENTS	2020	2019
	\$	\$
Cash on deposit	30,905,397	14,315,865
Less: outstanding cheques	(137,938)	(122,232)
Net cash	<u>30,767,458</u>	<u>14,193,633</u>

The County has a \$12,500,000 (end of 2019 - \$5,000,000) authorized overdraft with Mountain View Credit Union. This overdraft bears interest when utilized at 2.45%. As at December 31, 2020 there is \$0 drawn on this overdraft (end of 2019 - \$0).

3. TAXES RECEIVABLE	2020	2019
	\$	\$
Current taxes and grants in lieu	1,270,218	992,495
Tax arrears	<u>447,097</u>	<u>380,142</u>
	1,717,315	1,372,637
Less: Allowance for uncollected taxes	<u>109,742</u>	<u>356,670</u>
	<u>1,607,573</u>	<u>1,015,967</u>

**MOUNTAIN VIEW COUNTY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDING DECEMBER 31, 2020**

4. ACCOUNTS RECEIVABLE

Federal	2020	2019
	\$	\$
GST	<u>279,791</u>	<u>233,833</u>
	<u>279,791</u>	<u>233,833</u>
	2020	2019
	\$	\$
Alberta Transportation	<u>111,941</u>	<u>10,798</u>
Alberta Justice Agency funds	<u>23,434</u>	<u>19,186</u>
Alberta Environment & Parks	<u>-</u>	<u>3,440</u>
Alberta Municipal Affairs	<u>31,005</u>	<u>-</u>
Workers Compensation	<u>-</u>	<u>18,403</u>
	<u>166,380</u>	<u>51,826</u>
	2020	2019
	\$	\$
Other Local Governments	<u>23,155</u>	<u>376</u>
	<u>23,155</u>	<u>376</u>
	2020	2019
	\$	\$
Other accounts receivable	<u>510,652</u>	<u>588,082</u>
Overlevy	<u>4,375</u>	<u>25,151</u>
	<u>515,027</u>	<u>613,233</u>
	2020	2019
	\$	\$
RMA (trade division)	<u>4,136</u>	<u>4,136</u>
GICs	<u>31,374,562</u>	<u>44,567,641</u>
Other	<u>4,561</u>	<u>4,711</u>
	<u>31,383,258</u>	<u>44,576,488</u>

RMA (Rural Municipalities of Alberta) 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.

GICs have over 90 day maturities and are earning interest from 0.99% to 3.55% (2019 - 2.23% to 3.55%).

**MOUNTAIN VIEW COUNTY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDING DECEMBER 31, 2020**

6. TRUST ACCOUNTS

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

	2020	2019
	\$	\$
Cash in lieu of Municipal Reserve		
Balance, beginning of Year	404,659	390,197
Additions to reserve	16,781	16,341
Use of Funds (net)	(9,500)	(10,190)
Interest revenue	4,183	8,311
	416,123	404,659
Cremona Recreation Board		
	2020	2019
	\$	\$
Balance, beginning of Year	29,454	42,652
Additions to reserve	210,647	206,743
Use of funds (net)	(136,453)	(220,436)
Interest revenue	86	495
	103,734	29,454
Total Trust Funds	519,857	434,113

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 ENDING DECEMBER 31, 2020

7. DEFERRED REVENUE

	2020	2019
	\$	\$
Municipal Sustainability Initiative grant	549,452	702,923
Other grants and taxes	<u>1,986,968</u>	<u>1,461,587</u>
	<u><u>2,536,420</u></u>	<u><u>2,164,511</u></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.

	2020	2019
	\$	\$
Unexpended funds from last year	702,923	1,302,047
Interest earned in the year	8,746	11,241
Funds received during the year	4,144,102	2,622,683
Amount spent on eligible capital projects	(3,674,461)	(2,655,071)
Amount spent on eligible operating expenses	<u>(631,858)</u>	<u>(577,977)</u>
Unexpended funds at year end	<u><u>549,452</u></u>	<u><u>702,923</u></u>

Federal Gas Tax Fund 2014-2024

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

	2020	2019
	\$	\$
Funds received during the year	747,855	1,477,370
Amount spent on eligible projects	<u>(747,855)</u>	<u>(1,477,370)</u>
Unexpended funds at year end	<u><u>-</u></u>	<u><u>-</u></u>

Other Grants/Deferred Revenue

	2020	2019
	\$	\$
Alberta Municipal Affairs 2014 Mgmt of Red Deer Upstream	1,310,641	1,319,568
Alberta Municipal Affairs 2016 Alberta Community Partnership	50,641	68,550
Municipal Operating Support Transfer (MOST)	188,379	-
Municipal Stimulus Program (MSP)	352,198	-
Alberta Energy Management Agency (AEMA) - Phase 1	-	1,880
Alberta Energy Management Agency (AEMA) - Phase 2	-	7,423
ALUS	77,610	-
Olds/Didsbury Flying Association (Runway Extension)	-	56,667
Future Seidel Pit Reclamation	<u>7,500</u>	<u>7,500</u>
	<u><u>1,986,968</u></u>	<u><u>1,461,587</u></u>

**MOUNTAIN VIEW COUNTY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDING DECEMBER 31, 2020**

8. EMPLOYEE BENEFIT OBLIGATIONS	2020	2019
	\$	\$
Vacation	257,769	352,426
Accrued payroll	169,764	164,711
Post-employment benefits	186,555	258,858
	614,087	775,995

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 program. Actual costs incurred for post retirement benefits in 2020 were \$10,190 (2019 - \$14,836).

\$165,205 (2019 - \$83,091) of the Post-employment benefits are unfunded (note 18).

9. LONG TERM DEBT			2020	2019
			\$	\$
Debentures			13,517,117	9,409,533
			13,517,117	9,409,533
	Original Principal	Rate	Anniversary Date	Final Payment
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
Debenture (4002676)	600,000	2.683%	December 16	2039
Debenture (4002677)	1,100,000	2.683%	December 16	2039
Debenture (4002678)	1,300,000	2.683%	December 16	2039
Debenture (4002783)	5,000,000	1.882%	September 15	2040

The purpose of \$5,632,208 (2019 - \$6,409,533) of the debentures is to allow the County to provide financing to Mountain View Seniors' Housing and the remaining \$7,884,909 (2019 - \$3,000,000) is for capital of the County. 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:

	Principal	Interest	Payments
2021	1,135,773	399,896	1,535,669
2022	1,176,516	359,153	1,535,669
2023	1,218,882	316,787	1,535,669
2024	1,262,941	272,728	1,535,669
2025	1,174,383	226,903	1,401,286
Thereafter	7,548,622	1,184,890	8,733,511
	13,517,117	2,760,357	16,277,473

In 2020, the County paid \$336,578 (2019 - \$291,643) 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 ENDING DECEMBER 31, 2020

10. RESERVES

Reserves for the County are as follows:

	Beginning of Year \$	Additions \$	Deletions \$	End of Year \$
AG Society Arena Reserve	65,636	-	65,636	-
Agriculture	237,949	-	100,000	137,949
Bad Debt Reserve	-	2,500,000	-	2,500,000
Bridge	9,133,417	3,693,650	2,893,192	9,933,874
Carry Over Project Reserve	6,090,641	3,395,389	5,522,989	3,963,041
Emergency Facilities	2,822,964	153,000	-	2,975,964
Environmental	248,000	43,000	-	291,000
Equipment Fleet	1,395,125	3,319,219	1,913,485	2,800,859
Facility	3,970,049	642,600	24,301	4,588,348
General Fire	200,000	549,769	-	749,769
Intermunicipal	806,528	13,413	-	819,941
Intermunicipal Collaboration - Cremona	150,194	84,219	234,000	413
Office Equipment	652,494	200,000	214,541	637,952
Operating Expense	2,000,000	-	-	2,000,000
Park Facilities	-	-	-	-
Pit Stripping and Reclamation	2,421,582	542,618	-	2,964,200
Radio Hub	50,639	-	50,639	-
Road	29,371,936	1,530,000	6,275,356	24,626,580
Strings and Keys Music	17,035	-	4,050	12,985
Tax Rate Stabilization	2,404,064	1,532,581	1,107,254	2,829,392
TOTAL RESERVES:	<u>62,038,251</u>	<u>18,199,459</u>	<u>18,405,443</u>	<u>61,832,267</u>
Other Restricted Equity:				
ACFA Capital Loan	3,000,000	5,000,000	1,300,000	6,700,000
	<u>65,038,251</u>	<u>23,199,459</u>	<u>19,705,443</u>	<u>68,532,267</u>

**MOUNTAIN VIEW COUNTY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDING DECEMBER 31, 2020**

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:

	2020	2019
	\$	\$
Total debt limit (maximum allowed)	52,668,531	53,861,491
Total debt (current)	<u>13,517,117</u>	<u>9,409,533</u>
Amount below total debt limit	<u>39,151,415</u>	<u>44,451,958</u>
Service on debt limit (maximum allowed)	8,778,089	8,976,915
Service on debt (current)	<u>1,535,669</u>	<u>1,234,514</u>
Amount below limit on debt service	<u>7,242,420</u>	<u>7,742,402</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

	2020	2020	2020	2019
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
	\$	\$	\$	\$
Land	14,518,829	-	14,518,829	14,527,652
Land improvements	4,210,861	1,756,464	2,454,397	1,950,108
Buildings	16,807,565	5,169,116	11,638,449	11,833,102
Engineered structures	442,522,708	338,859,335	103,663,373	101,211,644
Machinery & equipment	21,268,397	7,745,485	13,522,912	12,713,564
Vehicles	7,857,213	4,294,187	3,563,026	3,603,312
Construction in progress	<u>6,749,070</u>	<u>-</u>	<u>6,749,070</u>	<u>5,595,171</u>
Total	<u>513,934,643</u>	<u>357,824,587</u>	<u>156,110,056</u>	<u>151,434,553</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 the end of the current period. 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 ENDING DECEMBER 31, 2020

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 over 275,000 people and 420 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 9.39% of the pensionable earnings up to the Canada Pension Plan Year's Maximum Pensionable Earnings and 13.84% for the excess. Employees of the County are required to make current service contributions of 8.39% of pensionable salary up to the year's maximum pensionable salary and 12.84% on pensionable salary above this amount.

The current service contributions by Mountain View County to the Local Authorities Pension Plan in 2020 were \$761,400 (2019 - \$767,486). Total current service contributions by the employees of Mountain View County to the Local Authorities Pension Plan in 2020 were \$691,120 (2019 - \$696,786).

At December 31, 2019, the Plan disclosed an actuarial surplus of \$7.9 billion (2018 - \$3.5 billion).

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:

	# of Persons	2020			2019	
		Salary (1) \$	Benefits & Allowances (2) \$	Total \$	# of Persons	Total \$
Reeve						
Division 4	1	79,451	4,373	83,824	1	82,470
Councillors						
Division 1	1	47,334	6,013	53,347	1	62,519
Division 2	1	45,815	5,915	51,730	1	56,312
Division 3	1	46,215	5,938	52,153	1	56,817
Division 5	1	56,202	6,494	62,696	1	70,476
Division 6	1	47,973	6,043	54,016	1	55,325
Division 7	1	40,782	5,633	46,415	1	46,538
Chief Administrative Officer	1	195,503	33,561	229,064	1	221,497

(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.

MOUNTAIN VIEW COUNTY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDING DECEMBER 31, 2020

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 2020 the County provided \$354,567 (2019 - \$453,145) 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 five urban municipalities.

In 2020, the County provided \$1,763,837 (2019 - \$1,169,434) as its share to support the operations of MVSH.

Mountain View County has loaned a total principal amount of \$15,252,000 to MVSH with a principal balance remaining at December 31, 2020 of \$8,517,117 (2019 - \$9,409,533) plus accrued interest of \$43,192 (2019 - \$48,711). MVSH used the funds received prior to 2019 to finance capital assets and construction of lodges, the funds received in 2019 were for general purposes. 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, additionally the 2019 loans included a one time administration fee. The amounts are repayable in terms from 15 - 25 years from the loan date with \$1,234,514 payable each year with interest ranging from 2.683% to 6.000%. The notes will be paid in full in 2039. The security of all loans is the right of MVSH to requisition for any deficiencies.

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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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, 2020. 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

	2020	2019
	\$	\$
Unappropriated operating equity	-	-
Reserves (note 10)	68,532,267	65,038,251
Land Deficit	(1,394,375)	(1,394,375)
Airport development costs	(108,849)	(108,849)
Unfunded gravel pit reclamation (note 19)	(5,073,387)	(5,073,387)
Unfunded liability for contaminated sites	(3,600,000)	(3,600,000)
Unfunded post retirement obligation	(165,205)	(83,091)
Equity in resource asset	3,308,421	3,308,421
Equity in tangible capital assets (Schedule 1)	<u>148,225,147</u>	<u>148,434,553</u>
	<u>209,724,019</u>	<u>206,521,523</u>
Equity in tangible capital assets is comprised of		
Tangible capital assets (Schedule 1)	156,110,056	151,434,553
Debt for Capital	(7,884,909)	(3,000,000)
	<u>148,225,147</u>	<u>148,434,553</u>

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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, 2020 and the obligation is currently estimated at \$6,093,900 (2019 - \$6,093,900). For 2020 there was no change to the pit reclamation obligation or 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 2020 was \$0 (2019 - \$689,675). The County has not designated any other assets for settling the reclamation obligation.

20. BUDGET AMOUNTS

The 2020 budget was approved by Council on April 22, 2020.

21. EMERGING RISK

The COVID-19 pandemic is causing significant financial market and social dislocation. The situation is dynamic with various levels of government around the world responding in different ways to address the outbreak. The County continues to monitor its operations and assess the impact COVID-19 will have on its business activities. The extent of the effect of the COVID-19 pandemic on the County is uncertain.

22. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved by Council and Management.