

MOUNTAIN VIEW COUNTY

**Financial Statements and
Auditors' Report**

December 31, 2007

MOUNTAIN VIEW COUNTY
FINANCIAL STATEMENTS
December 31, 2007

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AUDITORS' REPORT

To the Reeve and Council of Mountain View County

We have audited the consolidated statement of financial position of the Mountain View County as at December 31, 2007 and the consolidated statements of operations and equity and the consolidated statement of changes in financial position for the year then ended. These financial statements are the responsibility of the municipal administration. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Mountain View County as at December 31, 2007 and the results of its operations and the changes in its financial position for the year then ended in accordance with Canadian generally accepted accounting principles.

Collins Barrow Red Deer LLP

Red Deer, Alberta
March 21, 2008

CHARTERED ACCOUNTANTS

**MOUNTAIN VIEW COUNTY
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2007**

ASSETS

	2007	2006
	\$	\$
Financial Assets		
Cash and temporary investments (note 2)	12,945,273	8,242,590
Taxes receivable (note 3)	587,303	626,985
Accounts receivable		
Federal government	255,403	142,590
Provincial government	4,158,252	2,545,548
Local governments	284,231	62,876
Other	666,223	841,099
Investments (note 4, 17)	82,853	82,477
Notes receivable		
MVRWC - note receivable (note 15)	160,287	208,239
MVSH - note receivable (note 15)	2,879,947	2,949,091
Prepaid expenses	602,976	479,978
Land held for resale	150,813	161,999
Trust accounts (note 5)	477,827	411,994
Total Financial Assets	<u>23,251,388</u>	<u>16,755,466</u>
Physical Assets		
Inventory for consumption	3,456,409	2,521,482
Capital assets		
Land and improvements	3,820,085	3,778,703
Buildings	9,369,524	8,971,389
Equipment and furnishings	14,192,388	13,549,128
Vehicles	4,214,002	4,413,325
Total Physical Assets	<u>35,052,408</u>	<u>33,234,027</u>
Total Assets	<u><u>58,303,796</u></u>	<u><u>49,989,493</u></u>

LIABILITIES

	2007	2006
	\$	\$
Liabilities		
Accounts payable and accrued liabilities		
Federal government	176,957	170,677
Provincial government	41,777	50,815
Local governments	75,454	73,609
Trade and other	1,724,757	875,380
Deferred revenue (note 6)	6,394,541	3,070,663
Employee benefit obligations (note 7)	303,257	410,123
Trust accounts (note 5)	477,827	411,994
Other liabilities	83,935	93,733
Long-term debt (note 8)	<u>2,849,205</u>	<u>2,917,616</u>
Total Liabilities	<u>12,127,710</u>	<u>8,074,610</u>

MUNICIPAL EQUITY

Fund Balances		
Unappropriated operating equity	84,777	150,000
Operating reserves (note 10)	11,872,305	9,096,083
Capital reserves (note 10)	2,552,425	1,755,005
Capital fund (note 11)	<u>70,580</u>	<u>201,250</u>
Total fund balances	14,580,087	11,202,338
Equity in capital assets (page 10)	<u>31,595,999</u>	<u>30,712,545</u>
Total Municipal Equity	<u>46,176,086</u>	<u>41,914,883</u>
Total Liabilities and Municipal Equity	<u>58,303,796</u>	<u>49,989,493</u>
Contingency (note 17)		

**MOUNTAIN VIEW COUNTY
CONSOLIDATED STATEMENT OF OPERATIONS
AND EQUITY
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2007**

	Budget (unaudited)	2007	2006
	\$	\$	\$
Revenues			
Net Taxes Available for Municipal Purposes (page 12)	17,670,172	17,948,045	14,932,453
Sale of Goods and Services			
Sale of goods	278,600	313,145	280,953
Sale of services	861,700	907,108	589,002
Sale of capital assets	875,800	530,425	507,312
Other	187,000	224,062	368,337
Other Revenue From Own Sources			
Return on investments	190,000	249,361	209,012
Revenue from funds loaned	170,000	169,785	173,603
Other licenses and permits	895,000	573,946	710,124
Park fees	19,000	31,114	250,194
Penalties and costs on taxes	156,500	133,893	153,670
Rentals	203,100	258,925	281,262
Other	5,036,095	769,912	289,535
Flood Relief Revenue (note 9)	400,000	1,223,950	1,545,000
Unconditional Provincial Grants	31,769	31,769	31,769
Conditional Grants from Other Governments			
Federal (note 21)	750,000	792,365	-
Provincial Transportation road grant	520,723	520,723	520,723
Municipal Infrastructure Grant	4,863,415	1,978,461	-
Municipal Sustainability Initiative Grant	-	973,107	-
Special transportation grants	30,256	136,129	485,149
Other grants (note 21)	1,029,641	891,920	784,520
Municipal	9,000	11,900	10,813
Total Revenues	<u>34,177,771</u>	<u>28,670,045</u>	<u>22,123,431</u>
Total Operating Expenditures (page 9)	27,182,485	23,115,805	18,231,760
Total Capital Expenditures (page 7)	<u>6,684,380</u>	<u>2,176,491</u>	<u>1,433,829</u>
Excess of Revenues over Expenditures	310,906	3,377,749	2,457,842
Fund Balances at Beginning of Year	<u>11,202,338</u>	<u>11,202,338</u>	<u>8,744,496</u>
Fund Balances at End of Year	<u><u>11,513,244</u></u>	<u><u>14,580,087</u></u>	<u><u>11,202,338</u></u>

MOUNTAIN VIEW COUNTY
STATEMENT OF OPERATIONS AND OPERATING EQUITY
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2007

	Budget (unaudited)	2007	2006
	\$	\$	\$
Revenues			
Net Taxes Available for Municipal Purposes (page 12)	17,670,172	17,948,045	14,932,453
Sale of Goods and Services			
Sale of goods	278,600	313,145	280,952
Sale of services	861,700	907,108	589,002
Other	187,000	224,062	368,337
Other Revenue From Own Sources			
Return on investments	190,000	249,361	209,012
Revenue from funds loaned	170,000	169,785	173,603
Other licenses and permits	895,000	573,946	710,124
Park fees	19,000	31,114	250,194
Penalties and costs on taxes	156,500	133,893	153,670
Rentals	81,100	85,326	126,448
Other	496,406	195,768	275,772
Flood Relief Revenue (note 9)	400,000	1,223,950	1,545,000
Unconditional Provincial Grants	31,769	31,769	31,769
Conditional Grants from Other Governments			
Federal (note 21)	750,000	792,365	-
Provincial Transportation road grant	520,723	520,723	520,723
Municipal Infrastructure Grant	4,863,415	1,978,461	-
Municipal Sustainability Initiative Grant	-	973,107	-
Special transportation grants	30,256	136,129	485,149
Other grants (note 21)	1,029,641	891,920	784,520
Municipal	9,000	11,900	10,813
Total Revenue	<u>28,640,282</u>	<u>27,391,877</u>	<u>21,447,541</u>
Total Operating Expenditures (page 9)	<u>27,182,485</u>	<u>23,115,805</u>	<u>18,231,760</u>
Excess of Revenues over Expenditures	1,457,797	4,276,072	3,215,781
Net Interfund Transfers			
Operating reserves (page 11)	(286,597)	(2,776,222)	(2,051,554)
Capital fund (page 7)	(1,171,200)	(1,565,073)	(1,092,076)
Increase (Decrease) in Operating Fund Equity During the Year	-	(65,223)	72,151
Beginning Unappropriated Operating Equity	<u>150,000</u>	<u>150,000</u>	<u>77,849</u>
Ending Unappropriated Operating Equity	<u><u>150,000</u></u>	<u><u>84,777</u></u>	<u><u>150,000</u></u>

**MOUNTAIN VIEW COUNTY
STATEMENT OF CAPITAL FUND EQUITY
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2007**

	Budget (unaudited) \$	2007 \$	2006 \$
Revenues			
Sale of capital assets	875,800	530,425	507,312
Grants and other	<u>4,661,689</u>	<u>747,743</u>	<u>168,577</u>
	<u>5,537,489</u>	<u>1,278,168</u>	<u>675,889</u>
Expenditures			
Public works	1,931,500	800,597	736,663
Truck fleet	145,000	127,010	164,600
Buildings and other capital	<u>4,607,880</u>	<u>1,248,884</u>	<u>532,566</u>
	<u>6,684,380</u>	<u>2,176,491</u>	<u>1,433,829</u>
Deficiency of Revenues over Expenditures	(1,146,891)	(898,323)	(757,940)
Net Interfund Transfers			
From (to) capital reserves (page 11)	(137,600)	(797,420)	(455,525)
From operating fund (page 6)	<u>1,171,200</u>	<u>1,565,073</u>	<u>1,092,076</u>
Decrease in Capital Fund Equity During the Year	(113,291)	(130,670)	(121,389)
Capital Fund Equity at Beginning of Year	<u>201,250</u>	<u>201,250</u>	<u>322,639</u>
Capital Fund Equity at End of Year	<u><u>87,959</u></u>	<u><u>70,580</u></u>	<u><u>201,250</u></u>

MOUNTAIN VIEW COUNTY
CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2007

	2007	2006
	\$	\$
Cash provided by (used in):		
Operating Activities		
Increase (decrease) in operating fund	(65,223)	72,151
Increase in operating reserves	2,776,222	2,051,554
Decrease in capital fund	(130,670)	(121,389)
Increase in capital reserves	797,420	455,525
Increase in equity in capital assets	883,454	1,433,829
Additions to physical assets (page 10)	(2,176,491)	(1,433,829)
Cost of physical assets disposed (page 10)	<u>1,293,037</u>	<u>-</u>
 Total increase in equity	 <u>3,377,749</u>	 <u>2,457,841</u>
Changes in Non-Cash Working Capital		
Decrease in taxes receivable	39,682	232,444
Decrease (increase) in accounts receivable	(1,771,996)	400,750
Increase in inventory for consumption	(934,927)	(759,939)
Increase in prepaid expenses	(122,998)	(129,619)
Decrease (increase) in land held for resale	11,186	-
Increase (decrease) in accounts payable	848,464	(448,321)
Increase in deferred revenue	3,323,878	90,221
Increase (decrease) in employee benefit obligations	(106,866)	122,615
Decrease in other liabilities	<u>(9,798)</u>	<u>(392,112)</u>
 Total change in non-cash working capital	 <u>1,276,625</u>	 <u>(883,961)</u>
Total Funds Provided (Used) by Operating Activities	 <u>4,654,374</u>	 <u>1,573,880</u>
Investing and Financing Activities		
Change in investments	(376)	(291)
Changes in note receivable - MVSH	69,144	65,325
Issue (repay) debenture	(68,411)	(64,633)
Change in note receivable - MVRWC	<u>47,952</u>	<u>24,674</u>
 Total Funds Provided (Used) by Investing and Financing Activities	 <u>48,309</u>	 <u>25,075</u>
 Change in Cash and Cash Equivalents	 4,702,683	 1,598,955
Cash and Cash Equivalents, Beginning	<u>8,242,590</u>	<u>6,643,635</u>
Cash and Cash Equivalents, Ending	<u><u>12,945,273</u></u>	<u><u>8,242,590</u></u>
 Cash and Cash Equivalents Consists of:		
Cash	262,309	457,712
Bonds and other deposits	<u>12,682,964</u>	<u>7,784,878</u>
	<u><u>12,945,273</u></u>	<u><u>8,242,590</u></u>

MOUNTAIN VIEW COUNTY
SCHEDULE OF OPERATING EXPENDITURES
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2007

	Budget (unaudited)	2007	2006
	\$	\$	\$
General Government			
Legislative	427,450	336,443	311,923
CAO's Office	932,765	893,116	687,487
Corporate Services			
Finance and General Office	1,374,100	1,420,544	1,261,866
Assessment and Taxation	454,900	445,565	465,811
Business Services	603,300	458,661	397,832
Development/Community Services			
Planning & Development	1,388,300	931,650	856,956
Community Services	525,550	476,107	392,857
Family and Community Support Services	327,050	269,613	281,233
Public Transportation	45,000	42,000	43,500
Third Party Services			
Fire Protection	1,217,374	958,834	427,982
Recreation Boards, Libraries and Other Grants	1,134,290	750,550	589,439
Operational Services			
Public Works	17,680,433	15,003,798	11,262,915
Airports	40,600	63,515	96,470
Agriculture Service Board	689,734	717,328	651,505
Recreation Buildings and Facilities	95,125	104,241	269,126
Fiscal Services			
Debt Charges and Allowances	246,514	243,840	234,858
Total Expenditures	<u>27,182,485</u>	<u>23,115,805</u>	<u>18,231,760</u>

**MOUNTAIN VIEW COUNTY
SCHEDULE OF EQUITY IN CAPITAL ASSETS
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2007**

	2007	2006
	\$	\$
Changes in equity in capital assets are as follows:		
Balance at beginning of year	30,712,545	29,278,716
Add:		
Additions to physical assets	2,176,491	1,433,829
Less:		
Cost of assets disposed of	1,293,037	-
	<u>31,595,999</u>	<u>30,712,545</u>
Balance at end of year	<u>31,595,999</u>	<u>30,712,545</u>
	2007	2006
	\$	\$
Equity in capital assets consists of:		
Capital assets	31,595,999	30,712,545
	<u>31,595,999</u>	<u>30,712,545</u>

**MOUNTAIN VIEW COUNTY
SCHEDULE OF RESERVES
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2007**

	Budget (unaudited) \$	2007 \$	2006 \$
Balance at beginning of year			
Operating Fund	9,096,083	9,096,083	7,044,529
Capital Fund	<u>1,755,005</u>	<u>1,755,005</u>	<u>1,299,480</u>
	10,851,088	10,851,088	8,344,009
Add (Deduct)			
Transfer from Operating Fund	3,790,800	5,767,773	3,593,529
Transfer to Operating Fund	<u>(3,504,203)</u>	<u>(2,991,551)</u>	<u>(1,541,975)</u>
Net Transfer to Operating Fund	<u>286,597</u>	<u>2,776,222</u>	<u>2,051,554</u>
Transfer from Capital Fund Equity	(50,600)	-	(35,676)
Transfer to Capital Fund Equity	<u>188,200</u>	<u>797,420</u>	<u>491,201</u>
Net Transfer from Capital Fund Equity	<u>137,600</u>	<u>797,420</u>	<u>455,525</u>
Change in Fund Balance	<u>424,197</u>	<u>3,573,642</u>	<u>2,507,079</u>
Balance at end of year (note 10)			
Operating Fund	9,382,680	11,872,305	9,096,083
Capital Fund	<u>1,892,605</u>	<u>2,552,425</u>	<u>1,755,005</u>
	<u>11,275,285</u>	<u>14,424,730</u>	<u>10,851,088</u>

SCHEDULE 4

**MOUNTAIN VIEW COUNTY
SCHEDULE OF TAXES LEVIED
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2007**

	Budget (unaudited) \$	2007 \$	2006 \$
Taxation			
Real property taxes	14,730,319	14,841,192	13,509,250
Power and pipelines	13,658,260	13,742,988	11,660,323
Previous Year (Underlevy)Overlevy	112,108	24,293	175,698
Current Year Underlevy(Overlevy)		(71,341)	(24,293)
	<u>28,500,687</u>	<u>28,537,132</u>	<u>25,320,978</u>
Requisitions			
Alberta School Foundation Fund	9,656,794	9,656,794	9,542,088
Mountain View Emergency Services	607,813	366,385	335,445
Mountain View Management Board	343,613	343,613	310,781
Mountain View Regional Waste Management	222,295	222,295	200,211
	<u>10,830,515</u>	<u>10,589,087</u>	<u>10,388,525</u>
Net Taxes Available for Municipal Purposes	<u><u>17,670,172</u></u>	<u><u>17,948,045</u></u>	<u><u>14,932,453</u></u>

SCHEDULE 5

**SCHEDULE OF EXPENDITURES BY OBJECT
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2007**

	2007 \$	2006 \$
Expenditures		
Salaries, wages, and benefits	7,717,694	7,240,494
Contracted and purchased services	7,921,376	4,981,791
Materials, goods, supplies, and utilities	5,124,829	4,400,485
Provision for allowances	52,416	22,535
Bank charges and short-term interest	14,692	39,016
Long-term debt and leases	169,785	173,603
Grants to other organizations	2,115,013	1,373,836
Physical assets acquired	2,176,491	1,433,829
	<u>25,292,296</u>	<u>19,665,589</u>
Total Expenditures	<u><u>25,292,296</u></u>	<u><u>19,665,589</u></u>

**MOUNTAIN VIEW COUNTY
NOTES TO FINANCIAL STATEMENTS
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2007**

1. **SIGNIFICANT ACCOUNTING POLICIES**

The consolidated financial statements of Mountain View County are the representations of management prepared in accordance with the Canadian Generally Accepted Accounting Principles for local governments established by the Public Sector Accounting and Auditing Board of the Canadian Institute of Chartered Accountants. 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 change 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, Mountain View Regional Emergency Services, 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**

Revenues are recognized in the period the transactions or events occurred that gave rise to the revenues. Funds from external parties and earnings thereon restricted by agreement or legislation are accounted for as deferred revenue until used for the purpose specified. Expenditures are recognized in the period the goods and services are acquired and a liability is incurred or transfers are due, with the exception of pension expenditures as disclosed in Note 1(f).

c) **Use of Estimates**

The preparation of financial statements in conformity with Canadian generally accepted accounting principles 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 ALARIE investment, and fair value of financial instruments. Actual results could differ from those estimates as additional information becomes available in the future.

d) **Fund Accounting**

Management funds consist of the operating, capital and reserve funds. Transfers between funds are recorded as adjustments to the appropriate equity account.

e) **Government Transfers**

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

f) **Pension Expenditure**

Contributions for current and past service pension benefits are recorded as expenditures in the year in which they become due.

**MOUNTAIN VIEW COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2007**

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) **Inventories**

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

i) **Capital Assets**

Capital assets are reported as expenditures in the period they are acquired. Capital assets are reported at cost except for donated assets, which are reported at estimated fair value.

The cost of road construction and road maintenance are not capitalized in the accounts and are included in the annual expenditures of Mountain View County.

Government contributions for the acquisition of capital assets are recorded as capital revenue and do not reduce the related capital asset costs.

Capital assets for government purposes are not depreciated.

j) **Tangible Capital Assets**

On January 1, 2009, Section 3150 – Tangible Capital Assets of the Public Sector Accounting Handbook comes into effect. Accounting Guideline 7 (PSG-7) of the Public Sector Accounting Handbook of the Canadian Institute of Chartered Accountants (“CICA”) provides transitional guidance on presenting information related to the tangible capital assets until Section 3150 takes effect.

During 2007, Mountain View County began working towards compliance of the new recommendations for accounting for tangible capital assets. To date, Mountain View County has completed a policy and a preliminary review of its assets. A complete listing of assets and values for all tangible capital assets is expected to be completed by December 31, 2008.

k) **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.

l) **Allowances for Operating Assets**

Allowances for asset valuations are netted against the related asset. Increases in allowances are recorded as an expenditure while decreases in allowances are recorded as a revenue in the operating fund.

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.

**MOUNTAIN VIEW COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2007**

n) **Equity in Capital Assets**

Equity in capital assets represents Mountain View County's net investment in its total physical assets, after deducting the portion financed by third parties through debenture, bond, and mortgage debts, long-term capital borrowing, capitalized leases, and other capital liabilities.

o) **Over-levies and Under-levies**

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

If the actual levy exceeds the requisition, the 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 taxes.

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

**MOUNTAIN VIEW COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2007**

2. CASH AND TEMPORARY INVESTMENTS

	2007	2006
	\$	\$
Cash	262,309	457,712
Bonds and other deposits	<u>12,682,964</u>	<u>7,784,878</u>
	<u><u>12,945,273</u></u>	<u><u>8,242,590</u></u>

Bonds with an original cost of \$830,350 (2006 - \$830,350) are held as part of the temporary investments. The bonds have an average yield of 5.78% and maturity dates from 2008 to 2016. Other deposits consist primarily of liquid investments that can be transferred to cash accounts within 24 hours.

Included in temporary investments is \$6,394,541 (2006 - \$3,070,663) of conditional grants received but not yet spent. (See Note 6)

The County has a \$500,000 operating line of credit bearing interest at prime (currently 5.25%) less 0.25% with the bank which was not being utilized at year end. The County has arrangements to increase the line of credit available between June 12 and November 15 of each year. The line of credit is secured by taxes receivable. During this period, the County was authorized to a maximum of \$5,000,000.

3. TAXES RECEIVABLE

	2007	2006
	\$	\$
Current taxes and grants in lieu	487,194	499,127
Tax arrears	<u>401,100</u>	<u>381,682</u>
	888,294	880,809
Less: Allowance for uncollected taxes	<u>300,991</u>	<u>253,824</u>
	<u><u>587,303</u></u>	<u><u>626,985</u></u>

4. INVESTMENTS

	2007	2006
	\$	\$
ALARIE	71,437	71,437
A.A.M.D.&C. (Trade Division)	5,216	5,166
Other	<u>6,200</u>	<u>5,874</u>
	<u><u>82,853</u></u>	<u><u>82,477</u></u>

ALARIE (Alberta Local Authorities Reciprocal Insurance Exchange) is a reciprocal insurance fund designed to provide long term stability for local authorities liability insurance coverage. In 2002 the ALARIE fund was discontinued. (See Note 17)

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.

**MOUNTAIN VIEW COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2007**

5. TRUST FUNDS

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

	2007	2006
	\$	\$
Cash in lieu of Municipal Reserve		
Balance Beginning of Year	391,229	395,076
Additions to Reserve	56,442	109,202
Interest Revenue	15,881	14,568
Grants	(6,913)	(127,617)
Balance End of Year	<u>456,639</u>	<u>391,229</u>
Cremona Recreation Board		
Balance Beginning of Year	20,765	21,700
Additions to Reserve	68,730	64,224
Interest Revenue	755	690
Board and Other Expenses	(332)	(466)
Grants	(68,730)	(65,383)
Balance End of Year	<u>21,188</u>	<u>20,765</u>
Total Trust Funds	<u><u>477,827</u></u>	<u><u>411,994</u></u>

6. DEFERRED REVENUE

Alberta Municipal Infrastructure Program Grant	5,592,624	2,546,773
Municipal Sustainability Initiative Grant	274,574	-
Municipal Sponsorship Grants	183,689	53,716
FCSS Grants	7,305	35,906
Municipal Ground Ambulance Grant	-	70,983
Regional Partnerships Initiative Grant	-	48,300
Alberta Water Management & Erosion Control Grant	301,057	290,311
Other Grants	35,292	24,674
	<u><u>6,394,541</u></u>	<u><u>3,070,663</u></u>

Alberta Municipal Infrastructure Program Grant

Funding of \$4,828,608 was received in 2007 which along with the \$2,414,304 received in 2005 brings the total funding received from the Alberta Municipal Infrastructure Program to \$7,242,912. The use of these funds is restricted to eligible infrastructure projects approved under the funding agreement. In 2007 \$1,978,461 was spent on eligible projects. The unexpended funds have earned interest of \$195,703 in 2007 (2006 -\$ 95,813). The interest earned has been added to the funds.

Municipal Sustainability Initiative

Funding of \$1,807,741 was received in 2007 under the Province of Alberta Municipal Sustainability Initiative (MSI). The use of these funds is restricted to eligible projects approved under the funding agreement. In 2007 \$1,540,251 was spent on eligible projects. The unexpended funds have earned interest of \$7,084 in 2007. The interest earned has been added to the funds.

Alberta Water Management & Erosion Control Grant

Funding of \$275,000 was received in 2005 from the Alberta Water Management & Erosion Control Program. The use of these funds is restricted to the Molmac Subdivision Bank Stabilization Project. The unexpended funds which were advanced to the County on June 3, 2005 have earned interest of \$10,746 in 2007 (2006 - \$10,922). The interest earned has been added to the funds.

**MOUNTAIN VIEW COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2007**

7. EMPLOYEE BENEFIT OBLIGATIONS

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. These costs are treated as current year employment costs and are not accrued for during the employee's service. The cost of these benefits in 2007 was \$10,240 (2006 - \$9,559)

8. LONG-TERM DEBT

	2007 \$	2006 \$
Debentures	2,849,205	2,917,616
Current portion	72,409	68,410
	2,776,796	2,849,206

	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%	September 23	2029

The purpose of the debenture was to allow the County to provide financing to Mountain View Senior's Housing. The debentures are offset by a note receivable from the Mountain View Senior's 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 \$100,000 debenture has payments due twice per year.

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

	Principal	Interest	Payments
2008	72,409	166,519	238,928
2009	76,641	162,287	238,928
2010	81,120	157,808	238,928
2011	85,562	153,366	238,928
2012	90,881	148,047	238,928
Thereafter	2,442,592	2,578,408	5,021,000
	2,849,205	3,366,435	6,215,640

**MOUNTAIN VIEW COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2007**

9. 2005 FLOODING

In June 2005 there was significant rainfall in the County which resulted in flooding in the western areas of the County. This flooding caused significant damage to personal property as well as the bridge and road infrastructure of the County. To repair the damage to County infrastructure \$5.1 million has been spent (\$1.2 million- 2007, \$1.7 million - 2006, \$2.2 million - 2005). The Federal and Provincial Governments have a disaster assistance program to help municipalities pay these unusual one time costs. Under this program \$1.15 million has been advanced to the County and an accounts receivable accrual for \$3,519,000 has been recorded. The accrual is an estimate based on the total amount expected to be recovered under the disaster recovery program. This amount will not be known with certainty until final claims have been submitted and processed. County Council has determined that any variance in the final claim amount will flow through the Tax Rate Stabilization Reserve.

10. RESERVES

Reserves for operating and capital activities are as follows:

OPERATING RESERVES:	Beginning of Year \$	Additions \$	Deletions \$	End of Year \$
Public Transportation	224,518	4,814	10,231	219,101
Road Maintenance		150,000		150,000
Gravel	228,362	32,675	228,362	32,675
Re-Chipping	806,832	-	473,521	333,311
Snow Removal	220,643	-	-	220,643
Pit Stripping and Reclamation	373,032	516,174	461,178	428,028
Road Network	-	1,939,527	-	1,939,527
Projects	1,131,385	788,860	359,109	1,561,136
Family & Community Support Services (F.C.S.S.)	4,855	53	4,908	-
Tax Rate Stabilization	1,828,359	885,021	357,811	2,355,569
Rural Community Grant	87,633	11,894	12,625	86,902
Parks	13,198	-	-	13,198
Agriculture	-	50,534	-	50,534
Didsbury Fire	269,834	5,920	-	275,754
General Fire (2)	-	777,082	683,806	93,276
Working Capital (1), (2)	3,907,432	605,219	400,000	4,112,651
Total Operating Reserves	9,096,083	5,767,773	2,991,551	11,872,305

**MOUNTAIN VIEW COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2007**

10. RESERVES (Continued)

CAPITAL RESERVES:	Beginning of Year	Additions	Deletions	End of Year
	\$	\$	\$	\$
Administration Equipment	111,475	16,748	-	128,223
Radio Hub	13,998	6,999	-	20,997
New Administration Building Facility	-	134,180	-	-
Heavy Equipment	1,500,000	639,493	-	2,139,493
Total Capital Reserves	<u>1,755,005</u>	<u>797,420</u>	<u>-</u>	<u>2,552,425</u>
TOTAL RESERVES:	<u>10,851,088</u>	<u>6,565,193</u>	<u>2,991,551</u>	<u>14,424,730</u>

- (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 Operating 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 deletion from the loaning fund and an addition to the General Fire Reserve. The balance of the amount loaned to the General Fire Reserve from the Working Capital Reserve in 2007 was \$0 (2006 - \$221,026).

11. CAPITAL FUND

	2007	2006
	\$	\$
Truck Fleet	176,914	161,799
Miscellaneous Capital	(349,636)	(316,440)
Heavy Equipment	<u>243,302</u>	<u>355,891</u>
	<u>70,580</u>	<u>201,250</u>

The Capital Fund represents either unexpended or in some cases over expended amounts under the above 3 categories.

The miscellaneous category represents all capital areas that do not fall under the truck fleet or heavy equipment. Miscellaneous items will vary from year to year. It is not unusual for this area to be over expended as unanticipated capital expenditures often impact the balance. When there are these types of expenditures funding is usually identified and the over expenditure repaid over time. In 2005, the County purchased the Olds/Didsbury airport which created an over expenditure at the end of 2005. The airport purchase is expected to be funded from the sale of lots at the airport in future years. In 2006 funds were spent on engineering and site preparation for a new County salt and sand facility in the Sundre area. These costs were expected to be funded from a debenture when the County constructed a shop in the area. It is not expected a debenture will be issued so an alternate source of funding will be identified in 2008.

**MOUNTAIN VIEW COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2007**

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:

	2007	2006
	\$	\$
Total debt limit	43,005,068	33,185,147
Total debt	<u>2,849,205</u>	<u>2,917,616</u>
Amount below total debt limit	<u>40,155,863</u>	<u>30,267,531</u>
Service on debt limit	7,167,511	5,530,858
Service on debt	<u>238,928</u>	<u>238,928</u>
Amount below limit on debt service	<u>6,928,583</u>	<u>5,291,930</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.

13. LOCAL AUTHORITIES PENSION PLAN

Employees of the Mountain View County participate in the Local Authorities Pension Plan (LAPP), which is covered by the Alberta Public Sector Pensions Plan Act. The Plan serves about 168,000 people and 408 employers. It is financed by employer and employee contributions and investment earnings of the LAPP Fund.

The Mountain View County is required to make current service contributions to the plan of 7.75% of the pensionable earnings up to the Canada Pension Plan Year's Maximum Pensionable Earnings and 10.64% for the excess. Employees of the County are required to make current service contributions of 6.75% of pensionable salary up to the year's maximum pensionable salary and 9.64% on pensionable salary above this amount.

The current service contributions by the Mountain View County to the Local Authorities Pension Plan in 2007 were \$439,342 (2006 - \$353,160). Total current service contributions by the employees of the Mountain View County to the Local Authorities Pension Plan in 2007 were \$388,862 (2006 - \$312,267).

At December 31, 2006, the Plan disclosed an actuarial deficit of \$0.75 Billion (2005 - \$0.86 Billion).

**MOUNTAIN VIEW COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2007**

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:

	----- 2007 -----			----- 2006 -----		
	<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 7	1	38,824	4,829	43,653	1	43,367
Councillors						
Division 1	1	31,279	4,809	36,088	1	30,978
Division 2	1	24,465	2,520	26,985	1	19,643
Division 3	2	22,828	3,587	26,415	1	25,478
Division 4	1	30,704	4,396	35,100	1	28,714
Division 5	2	5,369	755	6,124	1	26,483
Division 6	1	22,578	2,361	24,939	1	26,664
Chief Administrative Officer	1	146,379	25,684 (3)	172,063	1	158,509
Designated officers	2	202,587	33,696	236,283	2	180,050

(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 and short term disability plans, professional memberships and tuition, and any other direct cash remuneration.

(3) Benefits and allowance figures also include a car allowance.

**MOUNTAIN VIEW COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2007**

15. RELATED PARTY TRANSACTIONS

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

Mountain View Regional Emergency Services (MVRES)

MVRES provides ambulance services to the residents of Mountain View County and the five urban municipalities within the County. MVRES is a commission operated jointly by the 6 municipalities served.

In 2007 the County provided \$366,385 (2006 - \$334,845) as its share to support the operations of MVRES.

The County continued to offer administrative support to MVRES for a monthly fee in 2007. The fees charged are an approximation of variable and fixed costs associated with the administrative support and do not contain a profit component, the total amount in 2007 is \$42,240 (2006 - \$38,280).

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 2007 the County provided \$222,295 (2006 - \$200,211) 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 in 2007 is \$79,380 (2006 - \$72,732).

In 2003 the County advanced MVRWC \$137,121 in prepaid operating requisition. This amount was converted into a loan. In 2007 the Commission paid \$19,846 (2006 - \$0) in principal and \$17,848 (2006 - \$15,077) in interest. In addition, Mountain View County sold rural waste bins, that were previously purchased from MVRWC, back to MVRWC for the original cost of \$97,896. The County is providing financing for the bins with a 5 year loan to MVRWC. The loan is repayable in annual payments. During the year, the MVRWC repaid \$19,520 (2006 - \$18,474) in principal and \$3,506 (2006 - \$4,551) in interest to the County. The final payment is expected in 2009.

Mountain View Senior's Housing (MVSH) (See Note 8)

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 2007 the County provided \$343,613 (2006 - \$310,781) as its share to support the operations of MVSH.

Mountain View County has loaned an original principal amount of \$3,100,000 to MVSH. MVSH used the funds to construct a senior's lodge in Didsbury. MVSH provides senior housing to the residents of both the County and the five urban areas within the County. MVSH is operated with representation from the County and the five urban municipalities within the County. The loan is to be repaid to Mountain View County according to the repayment schedule for the \$3,100,000 debentures that Mountain View County borrowed from Alberta Capital Financing Authority. The amount is repayable over 25 years with \$238,928 payable each year. The note will be paid in full in 2029. This note receivable is secured by the requisitions payable to MVSH by each of the funding municipalities.

MOUNTAIN VIEW COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2007

16. FINANCIAL INSTRUMENTS

The County's financial instruments consist of cash and temporary investments, taxes receivable, accounts receivable, investments, notes receivable, accounts payable, other liabilities, 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. For the assets, interest rate price risk is the risk that interest rates will increase over the term of an investment resulting in the County receiving returns on its investment at a lower interest rate than if it had entered into a floating interest rate investment. For the liabilities, interest rate price risk is the risk that interest rates will decrease over the term of an obligation resulting in the County repaying its debt at a higher interest rate than if it had entered into a floating interest rate agreement.

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.

17. CONTINGENCY

Contained within the County's investments is an investment in ALARIE (see Note 4) of \$71,437 (2006 - \$71,437). ALARIE is currently in the process of being wound down. At this point the actual amount that the County will receive cannot be determined. The final amount realized from the investment is contingent on the final resolution of all assets and liabilities of ALARIE. Final liabilities will not be known until all claims have been satisfied or assumed by another party.

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.

**MOUNTAIN VIEW COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2007**

18. GRAVEL PIT RETIREMENT 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, but are not able to be reasonably estimated in aggregate at this time. However, to help cover future reclamation costs, the County has a Pit Stripping and Reclamation Reserve (note 10) with contributions of \$2.00 per yard of gravel mined in the year.

The County has not designated any other assets for settling the retirement obligation.

19. COMMITMENTS

The County has committed a total of \$300,000 to the construction of the Olds Community Learning Campus. This commitment will be funded out of the Cash in Lieu of Municipal Reserves.

20. COMPARATIVE AMOUNTS

The presentation of certain accounts of the previous year has been changed to conform with the presentation adopted for the current year.

21. RESTATEMENT OF PRIOR PERIOD AMOUNTS

Alberta Environmentally Sustainable Agriculture (AESAs)

In 2006, the AESA grant of \$50,570 was incorrectly classified as a Federal Grant. The 2006 and 2007 AESA grants are reflected under Other Grants on the Statement of Operations and Equity

22. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved by Council and Management.