

Consolidated Financial Statements of

LAC LA BICHE COUNTY

Year ended December 31, 2009

LAC LA BICHE COUNTY

Consolidated Financial Statements

Year ended December 31, 2009

Financial Statements

Management's Responsibility for the Consolidated Financial Statements	1
Auditors' Report	2
Consolidated Statement of Financial Position	3
Consolidated Statement of Operations and Accumulated Surplus	4
Consolidated Statement of Changes in Net Financial Assets	5
Consolidated Statement of Cash Flows	6
Notes to Consolidated Financial Statements	7

Management's Responsibility for the Consolidated Financial Statements

The accompanying consolidated financial statements of the Lac La Biche County (the "County") are the responsibility of the County's management and have been prepared in compliance with legislation, and in accordance with generally accepted accounting principles for governments established by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants. A summary of the significant accounting policies are described in note 1 to the consolidated financial statements. The preparation of financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

The County's management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of the consolidated financial statements. These systems are monitored and evaluated by management.

Council meets with management and the external auditors to review the consolidated financial statements and discuss any significant financial reporting or internal control matters prior to approval of the consolidated financial statements.

The consolidated financial statements have been audited by KPMG LLP, independent external auditors appointed by the County. The accompanying Auditors' report outlines their responsibilities, the scope of their examination and their opinion on the County's consolidated financial statements.



Duane Coleman
Chief Administrative Officer
July 26, 2010



Rodney Boyko
Director of Corporate Services
July 26, 2010



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AUDITORS' REPORT TO THE MAYOR AND MEMBERS OF COUNCIL OF THE LAC LA BICHE COUNTY

We have audited the consolidated statement of financial position of the Lac La Biche County ("the County") as at December 31, 2009 and the consolidated statements of operations and accumulated surplus, changes in net financial assets and cash flows for the year then ended. These financial statements are the responsibility of the County's management. 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 the County's 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 County as at December 31, 2009 and the results of its operations and changes in net financial assets and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Chartered Accountants

Edmonton, Canada
July 26, 2010

LAC LA BICHE COUNTY

Consolidated Statement of Financial Position

December 31, 2009, with comparative figures for 2008

	2009	2008
		(Restated - note 2)
Financial assets:		
Cash (note 3)	\$ 44,046,238	\$ 33,884,892
Investments (note 4)	16,046,229	45,817
Accounts receivable (note 5)	15,312,599	14,354,274
	<u>75,405,066</u>	<u>48,284,983</u>
Liabilities:		
Accounts payable and accrued liabilities	13,180,438	8,006,857
Deposit and trust liabilities (note 6)	784,727	727,667
Deferred revenue (note 7)	8,526,094	8,796,401
Landfill closure and post closure liability (note 8)	3,741,759	4,280,655
Long-term debt (notes 9 and 10)	41,807,228	10,875,876
	<u>68,040,246</u>	<u>32,687,456</u>
Net financial assets	7,364,820	15,597,527
Non-financial assets:		
Tangible capital assets (note 11)	243,506,782	219,801,304
Inventories for consumption (note 12)	786,098	872,898
Prepaid expenses and deposits	248,593	175,877
	<u>244,541,473</u>	<u>220,850,079</u>
Accumulated surplus (note 13)	<u>\$ 251,906,293</u>	<u>\$ 236,447,606</u>

Commitments and contingencies (note 15)

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

Approved by:

LAC LA BICHE COUNTY

Consolidated Statement of Operations and Accumulated Surplus

Year ended December 31, 2009, with comparative figures for 2008

	Budget (Unaudited - note 23)	2009	2008 (Restated - note 2)
Revenue:			
Net municipal taxes (note 16)	\$ 27,387,579	\$ 29,726,387	\$ 28,765,885
User fees and sales of goods	7,603,558	6,147,713	6,369,764
Government transfers (note 17)	4,274,581	7,606,641	8,222,675
Investment income	641,949	160,133	1,289,367
Penalties and costs of taxes	68,000	206,423	169,309
Special assessments and local improvements	-	268,224	196,565
Other	293,840	327,051	369,121
Contributions of tangible capital assets	-	357,000	1,297,141
	<u>40,269,507</u>	<u>44,799,572</u>	<u>46,679,827</u>
Expenses (note 18):			
General government	5,880,872	5,225,445	4,312,370
Protective services	1,519,041	1,101,816	1,252,310
Transportation services	7,122,539	5,397,995	5,627,303
Environmental use and protection	399,514	271,235	439,887
Water, sewer, garbage, drainage	3,068,409	1,683,625	2,543,221
Planning and development	1,585,704	1,066,037	1,337,164
Agriculture services	435,172	305,354	84,447
Recreation, culture and other	3,225,069	4,460,511	3,421,840
Natural gas supply and distribution	3,532,480	2,335,757	2,876,602
Amortization of tangible capital assets	-	7,493,110	7,006,092
	<u>26,768,800</u>	<u>29,340,885</u>	<u>28,901,236</u>
Annual surplus	13,500,707	15,458,687	17,778,591
Accumulated surplus, beginning of year	236,447,606	236,447,606	218,669,015
Accumulated surplus, end of year	<u>\$ 249,948,313</u>	<u>\$ 251,906,293</u>	<u>\$ 236,447,606</u>

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

LAC LA BICHE COUNTY

Consolidated Statement of Changes in Net Financial Assets

Year ended December 31, 2009, with comparative figures for 2008

	Budget (Unaudited - note 23)	2009	2008 (Restated - note 2)
Annual surplus	\$ 13,500,707	\$ 15,458,687	\$ 17,778,591
Acquisition of tangible capital assets	(39,759,342)	(30,841,588)	(27,687,068)
Contributions of tangible capital assets	-	(357,000)	(1,297,141)
Amortization of tangible capital assets	-	7,493,110	7,006,092
Proceeds on disposal of tangible capital assets	45,000	-	-
	(26,213,635)	(8,246,791)	(4,199,526)
Consumption of inventories of supplies	-	86,800	113,818
Acquisition of prepaid expenses	-	(72,716)	(5,896)
	-	14,084	107,922
Change in net financial assets	(26,213,635)	(8,232,707)	(4,091,604)
Net financial assets, beginning of year	15,597,527	15,597,527	19,689,131
Net financial assets, end of year	\$ (10,616,108)	\$ 7,364,820	\$ 15,597,527

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

LAC LA BICHE COUNTY

Consolidated Statement of Cash Flows

Year ended December 31, 2009, with comparative figures for 2008

	2009	2008
		(Restated - note 2)
Cash provided by (used in):		
Operations activities:		
Annual surplus	\$ 15,458,687	\$ 17,778,591
Items not involving cash:		
Contributions of tangible capital assets	(357,000)	(1,297,141)
Amortization of tangible capital assets	7,493,110	7,006,092
Change in non-cash assets and liabilities:		
Accounts receivable	(958,325)	(8,722,858)
Accounts payable and accrued liabilities	5,173,581	3,382,079
Deposit and trust liabilities	57,060	220,573
Deferred revenue	(270,307)	6,696,836
Landfill closure and post-closure liability	(538,896)	352,864
Inventories for consumption	86,800	113,816
Prepaid expenses and deposits	(72,716)	(5,896)
	26,071,994	25,524,956
Capital activities:		
Acquisition of tangible capital assets	(30,841,588)	(27,687,068)
Investing activities:		
Purchase of investments	(16,000,412)	-
Proceeds from investments	-	1,958,659
	(16,000,412)	1,958,659
Financing activities:		
Long-term debt issued	31,975,000	2,006,679
Long-term debt repaid	(1,043,648)	(908,859)
	30,931,352	1,097,820
Increase in cash	10,161,346	894,367
Cash, beginning of year	33,884,892	32,990,525
Cash, end of year	\$ 44,046,238	\$ 33,884,892
Cash paid for interest	\$ 720,526	\$ 414,179
Cash received from interest	160,133	1,289,367

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

LAC LA BICHE COUNTY

Notes to Consolidated Financial Statements

Year ended December 31, 2009

Lac La Biche County (the "County") was established on August 1, 2007 when Lakeland County and the Town of Lac La Biche were amalgamated. The amalgamated entity has continued operations under the name Lac La Biche County ("the County"). The County is governed by the Municipal Government Act of the Province of Alberta.

1. Significant accounting policies:

The consolidated financial statements of the County are prepared by the County's management in accordance with Canadian generally accepted accounting principles for governments as recommended by the Public Sector Accounting Board ("PSAB") of the Canadian Institute of Chartered Accountants. Significant accounting policies adopted by the County are as follows:

(a) Basis of consolidation:

i) Consolidated entities

The consolidated financial statements reflect the assets, liabilities, revenues and expenses of the reporting entity. The reporting entity is comprised of all organizations, committees and local boards accountable for the administration of their financial affairs and resources to the County and which are owned or controlled by the County including the Lac La Biche County Library Board.

ii) Other entities

Taxes levied include requisitions for education, health, social and other organizations that are not part of the government reporting entity. The County is also a member of various other boards and commissions that are not included in the government reporting entity.

iii) Trust funds

Trust funds and their related operations administered by the County are not included in these consolidated financial statements.

(b) Basis of accounting:

The County follows the accrual basis of accounting for revenues and expenses. Revenues are normally recognized in the year in which they are earned and measurable. Expenses are recognized as they are incurred and measurable as a result of receipt of goods and services and/or the creation of a legal obligation to pay.

LAC LA BICHE COUNTY

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2009

1. Significant accounting policies (continued):

(c) Government transfers:

Government transfers are recognized in the consolidated 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 made. Amounts to be recognized in future periods are recorded as deferred revenue.

(d) Deferred revenue:

Deferred revenues represent amounts which have been collected from third parties for which the related activities have yet to be performed. These amounts will be recognized as revenues in the fiscal year when the activities are performed.

(e) Requisition over-levy and under-levy:

Over-levies and under-levies arise from the difference between the actual property tax levy made to cover each requisition relating to the Alberta School Foundation Fund and the Greater North Foundation 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.

(f) Investment income:

Investment income is reported as revenue in the year earned. When required by the funding government or related Act, investment income earned on deferred revenue is added to the investment and forms part of the deferred revenue balance.

(g) Investments:

Investments include term deposits and are recorded at amortized cost. Discounts and premiums arising on the purchase of these investments are amortized over the term of the investments. Other investments are recorded at cost. When there has been a loss in value that is other than a temporary decline in value, the respective investment is written down to recognize the loss.

LAC LA BICHE COUNTY

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2009

1. Significant accounting policies (continued):

(h) Landfill closure and post-closure liability:

Pursuant to the Alberta Environmental Protection and Enhancement Act, the County is required to fund the closure of its landfill site and provide for post-closure care of the facility. Closure and post-closure activities include the final clay cover, landscaping, as well as surface and ground water monitoring, leachate control, and visual inspection. The liability for closure of operational sites and post-closure care has been recognized based on estimated future expenses, estimated inflation and the usage of the site's capacity during the year.

(i) Non-financial assets:

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations.

(i) Tangible capital assets

Tangible capital assets are recorded at cost which includes amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets, excluding land, are amortized on a straight-line basis over their estimated useful lives as follows:

Asset	Useful Life-Years
Land improvements	3 - 45
Buildings and building improvements	15 - 50
Vehicles	10 - 15
Machinery and equipment	5 - 40
Water and wastewater infrastructure	25 - 75
Roads infrastructure	3 - 60

Landfill sites are amortized using the units of production method based upon capacity used during the year.

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 the asset is available for productive use.

LAC LA BICHE COUNTY

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2009

1. Significant accounting policies (continued):

(i) Non-financial assets (continued):

(ii) Contributions of tangible capital assets

Tangible capital assets received as contributions are recorded at fair value at the date of receipt and also are recorded as revenue.

(iii) Natural resources

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

(iv) Works of art and cultural and historic assets

Works of art and cultural and historic assets are not recorded as tangible capital assets in these consolidated financial statements.

(v) Interest capitalization

Interest is capitalized whenever external debt is issued to finance the construction of tangible capital assets.

(vi) Inventories for consumption

Inventories for consumption are recorded at the lower of cost and replacement cost, with cost determined on an average cost basis.

(j) Use of estimates:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, and the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amount of revenues and expenses during the period. Significant estimates include assumptions used in estimating the provisions for uncollectible accounts receivable and assumptions related to recording accrued liabilities. In addition, the County's implementation of PSAB section 3150 has required management to make estimates of historical cost and useful lives of tangible capital assets. Actual results could differ from those estimates.

LAC LA BICHE COUNTY

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2009

2. Change in accounting policies:

The County has implemented PSAB sections 1200 Financial Statement Presentation and 3150 Tangible Capital Assets. Section 1200 establishes general reporting principles and standards for the disclosure of information in government financial statements. Section 3150 requires governments to record and amortize their tangible capital assets in their financial statements. In prior years, tangible capital asset additions were expensed in the year of acquisition or construction.

The financial information includes the actual or estimated historical cost of the tangible capital assets. When historical cost records were not available, other methods were used to estimate the costs and accumulated amortization of the assets. The County applied a consistent method of estimating the replacement or reproduction cost of the tangible capital assets for which it did not have historical cost records, except in circumstances where it could be demonstrated that a different method would provide a more accurate estimate of the cost of a particular type of tangible capital asset. After defining replacement or reproduction cost, an appropriate index was applied to deflate the replacement or reproduction cost to an estimated historical cost in the year of acquisition.

This change was applied retroactively and prior periods have been restated. This change in accounting policy has changed amounts reported in the prior period as follows:

Accumulated surplus at January 1, 2008:	
Operating fund	\$ -
Capital fund	-
Reserve fund	30,899,872
Equity in tangible capital assets	73,438,155
Accumulated surplus, as previously reported	104,338,027
Net book value of tangible capital assets recorded	114,330,988
Accumulated surplus, as restated	\$ 218,669,015
Annual surplus for 2008:	
Net deficiency of revenue over expenses, as previously reported	\$ (4,199,526)
Contributions of tangible capital assets	1,297,141
Tangible capital assets capitalized but previously expensed	27,687,068
Amortization expense not previously recorded	(7,006,092)
Annual surplus, as restated	\$ 17,778,591

LAC LA BICHE COUNTY

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2009

3. Cash:

	2009	2008
Servus Credit Union account bearing interest at prime less 1.85% (2008 - prime less 1.85%)	\$ 41,227,467	\$ 29,354,487
ATB Financial account bearing interest at prime less 2% for amounts < \$1,000,000 and prime less 1.9% for amounts > \$1,000,000	2,646,564	4,498,067
Cash - library	139,481	-
Cash - other	32,726	32,338
	<u>\$ 44,046,238</u>	<u>\$ 33,884,892</u>

4. Investments:

	2009	2008
Servus Credit Union term deposit maturing January 29, 2010 and bearing interest at 0.36%	\$ 16,000,000	\$ -
Other term deposits	1,367	1,367
Servus Credit Union common share account, at cost	44,450	44,450
Gas Alberta Inc., 412 Class A shares, at cost	412	-
	<u>\$ 16,046,229</u>	<u>\$ 45,817</u>

LAC LA BICHE COUNTY

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2009

5. Accounts receivable:

	2009	2008
Taxes and grants in place receivable	\$ 1,308,329	\$ 916,310
Requisition over-levy	(5,225)	(5,225)
Less – allowance for doubtful taxes	(428,517)	(371,494)
	874,587	539,591
Grant and contributions receivable	12,152,686	10,881,831
Goods and services tax receivable	1,385,958	1,528,630
Utility receivable	909,156	1,176,051
Other receivables	480,256	640,924
Less - allowance for doubtful accounts	(490,044)	(412,753)
	14,438,012	13,814,683
	\$ 15,312,599	\$ 14,354,274

6. Deposits and trust liabilities:

Deposits and trust liabilities are comprised of deposits received from developers and the proceeds from the sale of tax recovery properties acquired by the County in excess of the amount of any property tax arrears and penalties on the properties.

LAC LA BICHE COUNTY

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2009

7. Deferred revenue:

Deferred revenue is comprised of the following:

	2009	2008
Provincial government transfers:		
New Deal financing	\$ 790,301	\$ 780,507
Bridge financing	101,263	5,066
Disaster services exercises	-	9,419
Jubilee Hall	-	10,650
Wastewater treatment plant	7,292,415	7,222,000
Municipal Sustainability Initiative	298,681	-
Municipal restructuring	-	297,921
Ground ambulance	-	42,165
Water supply expansion program	43,434	43,015
Waste water study	-	38,767
Rural transportation grant	-	338,963
Other grants	-	7,928
	<u>\$ 8,526,094</u>	<u>\$ 8,796,401</u>

Continuity of deferred revenue is as follows:

	2009	2008
Balance, beginning of year	\$ 8,796,401	\$ 2,099,565
Amounts received during the year	7,252,812	14,840,356
Interest earned on government transfers	83,522	79,155
Amounts recognized as revenue during the year	(7,606,641)	(8,222,675)
Balance, end of year	<u>\$ 8,526,094</u>	<u>\$ 8,796,401</u>

LAC LA BICHE COUNTY

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2009

8. Landfill closure and post-closure liability:

Alberta environmental law requires closure and post-closure care of landfill sites, which includes final covering and landscaping, pumping of ground water and leachates from the site, and ongoing environmental monitoring, site inspections and maintenance.

The estimated total liability is based on the sum of discounted future cash flows for closure and post-closure activities for 25 years after closure using a discount rate of 4.31% (2008 – 4.31%) and assuming annual inflation of 3.0% (2008 – 3.0%)

During the year, the County revised their estimate on each landfill capacity levels. The County has not designated assets for settling closure and post-closure liabilities.

	2009	2008
Estimated capacity used:		
Beaver Lake (former Town)	90%	100%
Craigend	85%	100%
Elinor Lake	85%	100%
Hylö	95%	100%
Owl River	95%	100%
Plamondon	90%	100%
Rich Lake	97%	100%
Estimated closure costs	\$ 1,729,617	\$ 2,283,455
Estimated post-closure costs	2,012,142	1,997,200
Total liability	\$ 3,741,759	\$ 4,280,655

LAC LA BICHE COUNTY

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2009

9. Long-term debt:

	2009	2008
Tax supported debentures	\$ 41,807,228	\$ 10,875,876

Lac La Biche County has a debt certificate for \$48,000,000 but has only drawn on \$31,975,000 to date.

Debenture debt is repayable to the Alberta Capital Finance Authority. The debt bears interest at rates between 3.77% and 6% per annum, before Provincial subsidy, with maturities between 2015 and 2023. Debenture debt is issued on the credit and security of the County at large.

In addition, the County has a credit facility of \$1,000,000 available at a rate of prime minus 0.5%. At December 31, 2009, this facility had not been drawn upon.

Principal and interest repayment requirements on long-term debt over the next five years and thereafter are as follows:

	Principal	Interest	Total
2010	\$ 3,033,583	\$ 2,255,688	\$ 5,289,271
2011	5,152,283	2,324,974	7,477,257
2012	5,376,719	2,100,538	7,477,257
2013	5,610,963	1,866,294	7,477,257
2014	5,855,444	1,621,813	7,477,257
Thereafter	16,778,236	4,523,605	21,301,841
	\$ 41,807,228	\$ 14,692,912	\$ 56,500,140

LAC LA BICHE COUNTY

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2009

10. Debt and debt service limits:

Section 276(2) of the Municipal Government Act requires that debt and debt limits as defined by Alberta Regulation 255/00 for the County be disclosed as follows:

	2009	2008
Total debt limit	\$ 56,090,699	\$ 59,568,005
Total long-term debt	41,807,228	10,875,876
Amount of unused debt limit	\$ 14,283,471	\$ 48,692,129
Percentage used (%)	74.54%	18.26%
Debt servicing limit	\$ 9,348,450	\$ 9,928,001
Debt servicing	5,289,271	1,516,600
Amount of unused debt servicing limit	\$ 4,059,179	\$ 8,411,401
Percentage used (%)	56.58%	15.28%

The debt limit is calculated at 1.5 times revenue of the County (as defined in Alberta Regulation 255/00) 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.

LAC LA BICHE COUNTY

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2009

11. Tangible capital assets:

	2009							
	Land	Land improvements	Buildings	Engineered structures	Machinery and equipment	Vehicles	Assets under construction	Total
<u>Cost:</u>								
Balance, beginning of year	\$ 44,822,073	\$ 3,227,022	\$ 12,817,202	\$ 241,758,677	\$ 5,935,675	\$ 4,447,249	\$ 12,138,627	\$ 325,146,525
Additions	1,598,718	463,991	470,584	16,738,378	439,295	346,588	21,386,017	41,443,571
Transfers	-	-	-	-	-	-	(10,244,983)	(10,244,983)
Balance, end of year	46,420,791	3,691,013	13,287,786	258,497,055	6,374,970	4,793,837	23,279,661	356,345,113
<u>Accumulated amortization:</u>								
Balance, beginning of year	-	1,657,233	5,896,513	93,334,895	2,043,617	2,412,963	-	105,345,221
Amortization expense	-	225,372	279,000	6,176,860	482,556	329,322	-	7,493,110
Balance, end of year	-	1,882,605	6,175,513	99,511,755	2,526,173	2,742,285	-	112,838,331
Net book value, end of year	\$ 46,420,791	\$ 1,808,408	\$ 7,112,273	\$ 158,985,300	\$ 3,848,797	\$ 2,051,552	\$ 23,279,661	\$ 243,506,782

LAC LA BICHE COUNTY

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2009

11. Tangible capital assets (continued):

	2008 (Restated - note 2)							
	Land	Land improvements	Buildings	Engineered structures	Machinery and equipment	Vehicles	Assets under construction	Total
<u>Cost:</u>								
Balance, beginning of year	\$ 40,751,073	\$ 3,214,713	\$ 12,817,202	\$ 231,712,766	\$ 4,134,965	\$ 3,531,597	\$ -	\$ 296,162,316
Additions	4,071,000	12,309	-	10,045,911	1,800,710	915,652	12,138,627	28,984,209
Transfers	-	-	-	-	-	-	-	-
Balance, end of year	44,822,073	3,227,022	12,817,202	241,758,677	5,935,675	4,447,249	12,138,627	325,146,525
<u>Accumulated amortization:</u>								
Balance, beginning of year	-	1,447,069	5,620,514	87,496,526	1,649,851	2,125,169	-	98,339,129
Amortization expense	-	210,164	275,999	5,838,369	393,766	287,794	-	7,006,092
Balance, end of year	-	1,657,233	5,896,513	93,334,895	2,043,617	2,412,963	-	105,345,221
Net book value, end of year	\$ 44,822,073	\$ 1,569,789	\$ 6,920,689	\$ 148,423,782	\$ 3,892,058	\$ 2,034,286	\$ 12,138,627	\$ 219,801,304

LAC LA BICHE COUNTY

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2009

11. Tangible capital assets (continued):

a) Assets under construction

Assets under construction having a value of \$23,279,661 (2008 - \$12,138,627) have not been amortized. Amortization of these assets will commence when the asset is put into service.

b) Contributed Tangible Capital Assets

Contributed capital assets have been recognized at fair market value at the date of contribution. The value of contributed assets received during the year is \$357,000 (2008 - \$1,297,141).

c) Tangible Capital Assets Disclosed at Nominal Values

Where an estimate of fair value could not be made, the tangible capital asset was recognized at a nominal value. Land is the only category where nominal values were assigned.

d) Works of Art and Historical Treasures

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

LAC LA BICHE COUNTY

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2009

12. Inventory for consumption:

	2009	2008
Gravel	\$ 182,523	\$ 378,141
Chemicals	50,990	48,847
Public works and general municipal materials and supplies	552,585	445,910
	<u>\$ 786,098</u>	<u>\$ 872,898</u>

13. Accumulated surplus:

The County's accumulated surplus is comprised of the following:

	2009	2008
		(Restated - note 2)
Restricted for operating purposes:		
General operating	\$ 722,401	\$ 722,401
Carry over projects	9,099,172	9,099,172
Plamondon	5,510	5,510
Fire	250,000	242,428
Emergency services/disaster	50,000	50,000
Gravel inventories	121,000	121,000
Snow and ice control	76,000	76,000
Weather operations/calcium	150,000	150,000
Oiling	600,000	600,000
Base paving – overlay and chip	596,000	596,000
Base paving – general	783,955	783,955
Base paving – Egg Lake	1,500,000	275,000
Landfill reclamation	250,000	150,000
Walking trails	276,000	276,000
Municipal parks and schools	156,497	156,497
Airport	9,916	9,916
Recreation	25,029	25,029
Mail run days	1,367	1,367
Regional landfill	2,331	2,331
	<u>14,675,178</u>	<u>13,342,606</u>

LAC LA BICHE COUNTY

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2009

13. Accumulated surplus (continued):

	2009	2008
		(Restated - note 2)
Restricted surplus for capital purposes:		
General capital	\$ 88,090	\$ 88,090
Office equipment	100,000	100,000
Council computers	12,000	12,000
Fire equipment	470,000	470,000
Interpretive centre	1,050,000	1,050,000
Municipal reserve	11,704	11,704
Library reserve	60,883	60,883
Offsite levy	110,001	110,001
Bylaw equipment	60,000	60,000
Vehicle replacement	183,000	183,000
Heavy equipment replacement	1,229,856	1,229,856
Building replacement	1,183,000	1,133,000
Regional landfill	2,013,101	2,013,101
Landfill closure and post-closure costs	195,835	-
Water and sewer mains	113,000	113,000
Water and sewer expansion	1,183,145	1,183,145
Water and sewer servicing	1,745,270	1,745,270
Waste water plant	1,813,100	1,813,100
ASB equipment	140,000	140,000
Natural gas line expansion	97,089	-
Electronic meters	101,116	101,116
GPS program	15,000	15,000
Recreation equipment	115	115
Recreational multiplex	4,142,175	3,758,109
	16,117,480	15,390,490
Unfunded landfill closure and post-closure costs	-	(934,930)
Total restricted surplus	30,792,658	27,798,166
Unrestricted surplus (deficiency)	19,414,081	(275,988)
Invested in tangible capital assets	201,699,554	208,925,428
	\$ 251,906,293	\$ 236,447,606

LAC LA BICHE COUNTY

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2009

14. Local authorities pension plan:

Employees of the County participate in the Local Authorities Pension Plan (LAPP), which is one of the multi-employer plans covered by the Alberta Public Sector Pension Plans Act. The LAPP is financed by employer and employee contributions and by investment earnings of the LAPP Fund.

The County is required to make current service contributions to the LAPP of 8.46% (2008 – 7.75%) of pensionable earnings up to the year's maximum pensionable earnings under the Canada Pension Plan and 11.66% (2008 - 10.64%) on pensionable earnings above this amount. Employees of the County are required to make current service contributions of 7.46% (2008 - 6.75%) of pensionable salary up to the year's maximum pensionable salary and 10.66% (2008 - 9.64%) on pensionable salary above this amount. Contributions for current service are recorded as expenses in the year in which they become due.

Total current service contributions by the County to the LAPP in 2009 were \$380,368 (2008 - \$308,522). Total service contributions by the employees of the County to the Local Authorities Pension Plan in 2009 were \$426,243 (2008 - \$272,276).

15. Commitments and contingencies:

The County is a member of the Alberta Municipal Insurance Exchange (MUNIX). Under the terms of membership, the County could become liable for its proportionate share of any claim losses in excess of funds held by the exchange. Any liability incurred would be accounted for as a current transaction in the year the losses are determined.

The County is a member of a reciprocal insurance exchange (GENESIS) to cover its liability insurance needs. GENESIS was previously referred to as Jubilee Reciprocal Insurance Exchange (JRIE). A Statement of Claim was filed in 2004 by some of the previous subscribers of JRIE. The statement of claim requests the return of surplus funds in the amount of \$3,820,516. 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.

LAC LA BICHE COUNTY

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2009

16. Net municipal taxes:

Taxation revenue, reported on the consolidated statement of operations, is made up of the following:

	Budget	2009	2008
	(Unaudited - note 23)		
Levies:			
Residential land and improvements	\$ 8,564,234	\$ 9,096,957	\$ 9,443,467
Non-resident land, improvements, machinery and equipment	25,033,860	27,066,562	25,234,003
	<u>33,598,094</u>	<u>36,163,519</u>	<u>34,677,470</u>
Fire protection	510,000	508,357	693,764
Well drilling tax	-	98,135	115,113
	<u>34,108,094</u>	<u>36,770,011</u>	<u>35,486,347</u>
Less requisitions:			
Alberta School Foundation Fund	6,481,126	6,785,486	6,481,093
Greater North Foundation	239,389	258,138	239,369
	<u>6,720,515</u>	<u>7,043,624</u>	<u>6,720,462</u>
Net taxes for general municipal purposes	\$ <u>27,387,579</u>	\$ <u>29,726,387</u>	\$ <u>28,765,885</u>

17. Government transfers:

	Budget	2009	2008
	(Unaudited - note 23)		
Transfers for operating:			
Provincial government	\$ 1,149,868	\$ 537,185	\$ 2,551,992
Other local government	-	20,682	-
	<u>1,149,868</u>	<u>557,867</u>	<u>2,551,992</u>
Transfers for capital:			
Provincial government	3,124,713	7,048,774	5,670,683
Total government transfers	\$ <u>4,274,581</u>	\$ <u>7,606,641</u>	\$ <u>8,222,675</u>

LAC LA BICHE COUNTY

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2009

18. Expenses by object:

	Budget	2009	2008
	(Unaudited - note 23)		(Restated - note 2)
Salaries, wages and benefits	\$ 10,528,387	\$ 9,345,268	\$ 7,591,182
Contracted and general services	4,375,366	4,861,717	5,929,762
Materials, goods, and utilities	9,194,675	5,194,124	5,551,906
Transfers to local boards and agencies	1,326,606	1,570,998	2,277,453
Debenture interest	1,343,766	739,314	419,421
Bad debts	-	136,354	125,420
Amortization of tangible capital assets	-	7,493,110	7,006,092
	\$ 26,768,800	\$ 29,340,885	\$ 28,901,236

LAC LA BICHE COUNTY

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2009

19. Salary and benefits disclosure:

Disclosure of salaries and benefits for municipal officials, the chief administrative officer and designated officers as required by Alberta Regulation 313/2000 is as follows:

	Salary	Benefits	2009 Total	2008 Total
Mayor				
Peter Kirylichuk	\$ 42,896	\$ 5,860	\$ 48,756	\$ 51,394
Deputy Mayor				
Cecilia Quist	31,220	7,395	38,615	43,173
Councillors				
Phillip Lane	26,439	6,721	33,160	32,524
David Lozinski	29,499	6,585	36,084	30,394
Greg Bochkarev	27,239	5,807	33,046	29,016
Eugene Uganecz	33,499	6,784	40,283	38,484
Terry Colosimo	29,074	6,139	35,213	35,781
Todd Thompson (Jan – Mar)	-	-	-	7,211
Heather Stromquist (Apr – Dec)	33,220	7,650	40,870	22,998
Gordon Coutney	25,459	1,135	26,594	25,466
	204,429	40,821	245,250	221,874
Chief Administrative Officer	193,697	33,527	227,224	203,139

Salary includes regular base pay, bonuses, overtime, lump sum payments, gross honoraria and any other direct cash remuneration.

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.

LAC LA BICHE COUNTY

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2009

20. Financial instruments:

The County's financial instruments consist of cash, accounts receivable, investments, accounts payable and accrued liabilities, deposit and trust liabilities and long-term debt. It is management's opinion that the County is not exposed to significant interest or currency risks arising from these financial instruments.

The County is subject to credit risk with respect to taxes and grants in place of taxes receivables and trade and other receivables. Credit risk arises from the possibility that taxpayers and entities to which the County provides services may experience financial difficulty and be unable to fulfill their obligations. The large number and diversity of taxpayers and customers minimizes the credit risk. Unless otherwise noted, the carrying value of the financial instrument approximates fair value.

21. Segmented information:

Segmented information has been identified based upon lines of service provided by the County. County services are provided by departments and their activities are reported by functional area in the body of the financial statements. Certain lines of service that have been separately disclosed in the segmented information, along with the services they provide, are as follows:

(i) Municipal Operations:

The County provides services that include protective services, transportation services, planning and development, agricultural services, recreational services and cultural services.

(ii) Utility Operations:

The County is responsible for programs such as the engineering and operation of natural gas, water and wastewater systems and waste management.

Certain allocation methodologies are employed in the preparation of segmented financial information. Taxation and payments-in-lieu of taxes are allocated to the segments based on the segment's budgeted net expenses. User charges and other revenue have been allocated to the segments based upon the segment that generated the revenue. Government transfers have been allocated to the segment based upon the purpose for which the transfer was made. Development levies earned and developer contributions received were allocated to the segment for which the charge was collected.

The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements as disclosed in Note 1.

LAC LA BICHE COUNTY

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2009

21. Segmented information (continued):

	2009		
	Municipal Operations	Utility Operations	Total
Revenue:			
Net municipal taxes	\$ 29,726,387	\$ -	\$ 29,726,387
User fees and sales of goods	1,348,992	4,798,721	6,147,713
Government transfers	7,567,874	38,767	7,606,641
Investment income	160,133	-	160,133
Penalties and costs of taxes	201,651	4,772	206,423
Special assessments and local improvements	268,224	-	268,224
Other	325,691	1,360	327,051
Contributions of tangible capital assets	357,000	-	357,000
Total revenues	39,955,952	4,843,620	44,799,572
Expenses:			
Salaries, wages and benefits	7,964,031	1,381,237	9,345,268
Contracted and general services	4,216,482	645,235	4,861,717
Materials, goods and utilities	2,771,485	2,422,639	5,194,124
Transfers to local boards and agencies	1,570,998	-	1,570,998
Debenture interest	739,314	-	739,314
Bad debts	136,354	-	136,354
Amortization of tangible capital assets	6,289,059	1,204,051	7,493,110
Total expenses	23,687,723	5,653,162	29,340,885
Annual surplus (deficit)	\$ 16,268,229	\$ (809,542)	\$ 15,458,687

LAC LA BICHE COUNTY

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2009

21. Segmented information (continued):

	2008 (Restated - note 2)		
	Municipal Operations	Utility Operations	Total
Revenue:			
Net municipal taxes	\$ 28,765,884	\$ -	\$ 28,765,885
User fees and sales of goods	401,840	5,967,924	6,369,764
Government transfers	7,918,943	303,732	8,222,675
Investment income	1,289,367	-	1,289,367
Penalties and costs of taxes	151,695	17,614	169,309
Special assessments and local improvements	196,565	-	196,565
Other	366,083	3,039	369,121
Contributions of tangible capital assets	1,157,141	140,000	1,297,141
Total revenues	40,247,518	6,432,309	46,679,827
Expenses:			
Salaries, wages and benefits	6,209,945	1,381,237	7,591,182
Contracted and general services	5,385,916	543,846	5,929,762
Materials, goods and utilities	2,646,174	2,905,732	5,551,906
Transfers to local boards and agencies	2,277,453	-	2,277,453
Debenture interest	419,421	-	419,421
Bad debts	125,420	-	125,420
Amortization of tangible capital assets	5,876,305	1,129,787	7,006,092
Total expenses	22,940,634	5,960,602	28,901,236
Annual surplus	\$ 17,306,884	\$ 471,707	\$ 17,778,591

LAC LA BICHE COUNTY

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2009

22. Comparative figures:

Certain other comparative figures have been reclassified to conform to the 2009 financial statement presentation.

23. Budget:

The unaudited 2009 budget data presented in these consolidated financial statements is based upon the 2009 operating and capital budgets approved by Council on January 10, 2009. Amortization was not contemplated on development of the budget and, as such, has not been included.