

**LAC LA BICHE COUNTY**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2014**

**INDEPENDENT AUDITORS' REPORT**

To the Mayor and Members of Council of Lac La Biche County

*Report on the Consolidated Financial Statements*

We have audited the accompanying consolidated financial statements of Lac La Biche County (the "County"), which comprises the consolidated statement of financial position as at December 31, 2014, and the consolidated statements of operations and accumulated surplus, consolidated changes in net financial assets (debt) and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

*Management's Responsibility for the Financial Statements*

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

*Auditors' Responsibility*

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

*Opinion*

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Lac La Biche County as at December 31, 2014, and the results of its operations, change in its net financial assets (debt) and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Lac La Biche, Alberta  
April 28, 2015

  
Hawkings Epp Dumont LLP  
Chartered Accountants

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**Lac La Biche County**  
welcoming by nature.

## **MANAGEMENT'S RESPONSIBILITY FOR CONSOLIDATED FINANCIAL STATEMENTS**

Administration is responsible for the preparation and presentation of the accompanying consolidated financial statements, including responsibility for significant accounting judgements and estimates in accordance with Canadian public sector accounting standards. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgement is required.

In discharging its responsibility for the integrity and fairness of the consolidated financial statements, Administration 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 the consolidated financial statements.

The elected Mayor and Council of Lac La Biche County are composed entirely of individuals who are neither administration nor employees of the County. The Mayor and Council have the responsibility of meeting with Administration and the external auditors to discuss the internal controls over the financial reporting process, auditing matters, and financial reporting issues. The Mayor and Council are also responsible for the appointment of the County's external auditors.

Hawkings Epp Dumont LLP, an independent firm of Chartered Accountants, is appointed by Council to audit the consolidated financial statements and to report directly to them. The external auditors have full and free access to and meet periodically and separately with both the Mayor and Council and Administration to discuss their audit findings.

Shadia Amblie, Interim Chief Administrative Officer

Maurice Gushie, Manager of Finance



Lac La Biche, Alberta  
April 28, 2015

**LAC LA BICHE COUNTY**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT DECEMBER 31, 2014**

	<u>2014</u>	<u>2013</u> (Restated) (Note 23)
<b>FINANCIAL ASSETS</b>		
Cash and cash equivalents	\$ 55,729,007	\$ 41,023,784
Taxes and grants in place of taxes receivable (Note 3)	709,589	656,317
Trade and other receivables (Note 4)	7,428,501	14,516,572
Investments	<u>57,211</u>	<u>55,034</u>
	<u>63,924,308</u>	<u>56,251,707</u>
<b>FINANCIAL LIABILITIES</b>		
Employee benefit obligations (Note 5)	529,800	525,168
Accounts payable and accrued liabilities (Note 6)	9,426,285	10,865,049
Deposit liabilities (Note 7)	1,918,260	1,284,495
Deferred revenue (Note 8)	2,186,422	3,313,505
Landfill closure and post-closure liability (Note 9)	3,070,856	3,233,668
Gravel pit reclamation liability	890,000	890,000
Long-term debt (Note 10)	<u>32,803,235</u>	<u>38,658,680</u>
	<u>50,824,858</u>	<u>58,770,565</u>
<b>NET FINANCIAL ASSETS (DEBT)</b>	<u>13,099,450</u>	<u>(2,518,858)</u>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (Schedule 5)	324,452,734	323,399,750
Inventory for consumption (Note 11)	2,393,404	1,873,593
Prepaid expenses	<u>78,699</u>	<u>308,266</u>
	<u>326,924,837</u>	<u>325,581,609</u>
<b>ACCUMULATED SURPLUS (Note 14)</b>	<u>\$340,024,287</u>	<u>\$323,062,751</u>

**CONTINGENCIES (Note 15)**

**APPROVED ON BEHALF OF COUNCIL:**

**LAC LA BICHE COUNTY**  
**CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS**  
**FOR THE YEAR ENDED DECEMBER 31, 2014**

	<u>2014</u> (Budget) (Note 19)	<u>2014</u> (Actual)	<u>2013</u> (Actual) (Restated) (Note 23)
<b>REVENUES</b>			
Net municipal property taxes (Schedule 2)	\$46,338,161	<b>\$46,356,202</b>	\$41,587,270
User fees and sales of goods	7,893,259	<b>8,307,115</b>	7,233,172
Government transfers for operating (Schedule 3)	7,178,228	<b>7,380,913</b>	8,249,836
Other	378,474	<b>1,569,613</b>	588,553
Fines, licenses and permits	597,470	<b>1,394,776</b>	757,038
Interest and investment income	574,000	<b>986,669</b>	645,409
Rentals	688,000	<b>779,945</b>	801,149
Penalties and costs on taxes	<u>219,000</u>	<u><b>189,969</b></u>	<u>204,743</u>
	<u>63,866,592</u>	<u><b>66,965,202</b></u>	<u>60,067,170</u>
<b>EXPENSES</b>			
Transportation	11,127,084	<b>16,982,064</b>	15,478,816
Parks and recreation	9,834,112	<b>10,583,150</b>	10,956,614
Administration	6,634,175	<b>5,656,512</b>	6,219,988
Water and waste water services	3,999,085	<b>5,471,781</b>	4,489,588
Natural gas	2,636,964	<b>3,076,529</b>	2,237,602
Solid waste and recycling	1,879,042	<b>2,136,625</b>	1,521,664
Planning and development	1,935,237	<b>1,967,657</b>	1,301,815
Economic and agricultural development	1,558,020	<b>1,201,976</b>	1,448,003
Fire protection and safety services	1,415,076	<b>1,191,142</b>	1,481,356
Family and community support	999,855	<b>994,202</b>	965,357
Legislative	954,950	<b>836,127</b>	803,854
Bylaw enforcement	976,331	<b>743,296</b>	900,583
Culture	<u>498,010</u>	<u><b>674,835</b></u>	<u>649,354</u>
	<u>44,447,941</u>	<u><b>51,515,896</b></u>	<u>48,454,594</u>
<b>EXCESS OF REVENUE OVER EXPENSES BEFORE OTHER INCOME</b>	<u>19,418,651</u>	<u><b>15,449,306</b></u>	<u>11,612,576</u>
<b>OTHER INCOME</b>			
Government transfers for capital (Schedule 3)	1,473,800	<b>1,705,836</b>	10,974,903
Gain (loss) on disposal of tangible capital assets	<u>55,500</u>	<u><b>(193,606)</b></u>	<u>160,234</u>
	<u>1,529,300</u>	<u><b>1,512,230</b></u>	<u>11,135,137</u>
<b>EXCESS OF REVENUE OVER EXPENSES</b>	<u>20,947,951</u>	<u><b>16,961,536</b></u>	<u>22,747,713</u>
<b>ACCUMULATED SURPLUS, BEGINNING OF YEAR AS PREVIOUSLY REPORTED</b>	323,062,751	<b>323,062,751</b>	296,668,099
Change in accounting policy (Note 23)	-	-	<u>3,646,939</u>
<b>ACCUMULATED SURPLUS, BEGINNING OF YEAR AS RESTATED</b>	<u>-</u>	<u><b>323,062,751</b></u>	<u>300,315,038</u>
<b>ACCUMULATED SURPLUS, END OF YEAR</b>	<u>\$344,010,702</u>	<u><b>\$340,024,287</b></u>	<u>\$323,062,751</u>

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

LAC LA BICHE COUNTY

CONSOLIDATED STATEMENT OF CHANGES IN NET FINANCIAL ASSETS (DEBT)

FOR THE YEAR ENDED DECEMBER 31, 2014

	<u>2014</u> (Budget) (Note 19)	<u>2014</u> (Actual)	<u>2013</u> (Actual) (Restated) (Note 23)
<b>EXCESS OF REVENUE OVER EXPENSES</b>	<u>\$20,947,951</u>	<u>\$16,961,536</u>	<u>\$22,747,713</u>
Acquisition of tangible capital assets	(19,291,286)	<b>(12,421,400)</b>	(28,490,334)
Proceeds on disposal of tangible capital assets	55,500	<b>188,173</b>	517,900
Amortization of tangible capital assets	-	<b>10,986,639</b>	10,281,286
Loss (gain) on disposal of tangible capital assets	<u>-</u>	<u><b>193,606</b></u>	<u>(160,234)</u>
	<u>(19,235,786)</u>	<u><b>(1,052,982)</b></u>	<u>(17,851,382)</u>
Net change in inventory for consumption	-	<b>(519,811)</b>	(1,022,940)
Net change in prepaid expenses	<u>-</u>	<u><b>229,565</b></u>	<u>(130,702)</u>
	<u>-</u>	<u><b>(290,246)</b></u>	<u>(1,153,642)</u>
<b>INCREASE IN NET FINANCIAL ASSETS</b>	1,712,165	<b>15,618,308</b>	3,742,689
<b>NET FINANCIAL DEBT, BEGINNING OF YEAR AS PREVIOUSLY REPORTED</b>	-	<b>(2,518,858)</b>	(9,908,486)
Change in accounting policy (Note 23)	-	<u>-</u>	<u>3,646,939</u>
<b>NET FINANCIAL DEBT, BEGINNING OF YEAR</b>	<u>(2,518,858)</u>	<u><b>(2,518,858)</b></u>	<u>(6,261,547)</u>
<b>NET FINANCIAL ASSETS (DEBT), END OF YEAR</b>	<u>\$ (806,693)</u>	<u><b>\$ 13,099,450</b></u>	<u>\$ (2,518,858)</u>

**LAC LA BICHE COUNTY**  
**CONSOLIDATED STATEMENT OF CHANGES IN CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2014**

	<u>2014</u>	<u>2013</u> (Restated) (Note 23)
<b>OPERATING ACTIVITIES</b>		
Excess of revenue over expenditures	\$ 16,961,536	\$ 22,747,713
Deduct items not affecting cash:		
Loss (gain) on disposal of tangible capital assets	193,606	(160,234)
Amortization of tangible capital assets	10,986,639	10,281,286
Change in non-cash working capital balances:		
Taxes and grants in place of taxes receivable	(53,272)	553,292
Trade and other receivables	7,088,071	(1,985,376)
Deposit liabilities	633,765	159,519
Prepaid expenses	229,567	(130,701)
Inventory for consumption	(519,811)	(1,022,940)
Accounts payable and accrued liabilities	(1,438,766)	143,528
Landfill closure and post-closure costs	(162,812)	(1,218,545)
Employee benefit obligations	4,632	46,040
Deferred revenue	<u>(4,326,670)</u>	<u>(6,313,836)</u>
	<u>29,596,485</u>	<u>23,099,746</u>
<b>CAPITAL ACTIVITIES</b>		
Purchase of tangible capital assets	(12,421,400)	(28,490,334)
Proceeds on disposal of tangible capital assets	<u>188,173</u>	<u>517,900</u>
	<u>(12,233,227)</u>	<u>(27,972,434)</u>
<b>INVESTING ACTIVITIES</b>		
Decrease (increase) in restricted cash	4,326,670	6,313,836
Dividend income	<u>(2,177)</u>	<u>(2,152)</u>
	<u>4,324,493</u>	<u>6,311,684</u>
<b>FINANCING ACTIVITIES</b>		
Long-term debt repayments	<u>(5,855,445)</u>	<u>(5,610,963)</u>
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>15,832,306</b>	<b>(4,171,967)</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<b><u>37,710,279</u></b>	<b><u>41,882,246</u></b>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b><u>\$ 53,542,585</u></b>	<b><u>\$ 37,710,279</u></b>
<b>CASH AND CASH EQUIVALENTS ARE COMPRISED OF:</b>		
Cash	\$ 25,711,934	\$ 11,006,949
Term deposits	<u>30,017,073</u>	<u>30,016,835</u>
Cash and cash equivalents	55,729,007	41,023,784
Less: restricted portion of cash related to deferred revenue (Note 8)	<u>(2,186,422)</u>	<u>(3,313,505)</u>
	<b><u>\$ 53,542,585</u></b>	<b><u>\$ 37,710,279</u></b>

LAC LA BICHE COUNTY

SCHEDULE 1

SCHEDULE OF CHANGES IN ACCUMULATED SURPLUS

FOR THE YEAR ENDED DECEMBER 31, 2014

	<u>Budget</u> (Note 19)	<u>Unrestricted</u>	<u>Restricted for Operating</u>	<u>Restricted for Capital</u>	<u>Equity in Tangible Capital Assets</u>	<u>2014 Total</u>	<u>2013 Total</u>
Balance, Beginning of Year as Previously Stated	\$ 15,985,120	\$ 15,985,120	\$ 9,856,242	\$ 8,833,378	\$ 284,741,072	\$ 319,415,812	\$ 296,668,099
Prior Period Adjustment (Note 23)	-	<u>3,646,939</u>	-	-	-	<u>3,646,939</u>	<u>3,646,939</u>
Balance, Beginning of Year, As Restated	\$ 15,985,120	\$ 19,632,059	\$ 9,856,242	\$ 8,833,378	\$ 284,741,072	\$ 323,062,751	\$ 300,315,038
Excess of Revenue over Expenses	20,947,951	16,961,536	-	-	-	<b>16,961,536</b>	22,747,713
Purchase of tangible capital assets	(19,291,289)	(12,421,400)	-	-	12,421,400	-	-
Annual amortization expense	-	10,986,639	-	-	(10,986,639)	-	-
Disposal of tangible capital assets	-	381,779	-	-	(381,779)	-	-
Unrestricted funds designated for future use	-	(26,465,766)	207,660	26,258,106	-	-	-
Long-term debt repaid	<u>(5,855,444)</u>	<u>(5,855,445)</u>	-	-	<u>5,855,445</u>	-	-
Balance, End of Year	\$ <u>11,786,338</u>	\$ <u>3,219,402</u>	\$ <u>10,063,902</u>	\$ <u>35,091,484</u>	\$ <u>291,649,499</u>	\$ <u>340,024,287</u>	\$ <u>323,062,751</u>



## LAC LA BICHE COUNTY

## SCHEDULE 2

## SCHEDULE OF PROPERTY TAXES LEVIED

FOR THE YEAR ENDED DECEMBER 31, 2014

	<u>2014</u> (Budget) (Note 19)	<u>2014</u> (Actual)	<u>2013</u> (Actual) (Restated) (Note 23)
<b>TAXATION</b>			
Real property taxes			
Residential	\$ 5,844,846	\$ <b>5,842,667</b>	\$ 5,707,764
Non-residential	25,030,582	<b>24,804,946</b>	21,858,176
Linear property taxes	23,650,649	<b>23,699,328</b>	21,812,882
Local improvement taxes	385,407	<b>320,000</b>	430,900
Government grants in place of property taxes	<u>-</u>	<u><b>245,558</b></u>	<u>250,357</u>
	<u>54,911,484</u>	<u><b>54,912,499</b></u>	<u>50,060,079</u>
<b>REQUISITIONS</b>			
Alberta School Foundation Fund	7,778,873	<b>7,761,847</b>	7,645,266
Greater North Foundation	<u>794,450</u>	<u><b>794,450</b></u>	<u>827,543</u>
	<u>8,573,323</u>	<u><b>8,556,297</b></u>	<u>8,472,809</u>
<b>NET MUNICIPAL TAXES</b>	<u>\$46,338,161</u>	<u><b>\$46,356,202</b></u>	<u>\$41,587,270</u>

## LAC LA BICHE COUNTY

## SCHEDULE 3

## SCHEDULE OF GOVERNMENT TRANSFERS

FOR THE YEAR ENDED DECEMBER 31, 2014

	<u>2014</u> (Budget) (Note 19)	<u>2014</u> (Actual)	<u>2013</u> (Actual)
<b>TRANSFERS FOR OPERATING</b>			
Provincial government	\$ 7,177,928	\$ <b>7,338,250</b>	\$ 8,053,993
Local governments	<u>300</u>	<u><b>42,663</b></u>	<u>195,843</u>
	<u>7,178,228</u>	<u><b>7,380,913</b></u>	<u>8,249,836</u>
<b>TRANSFERS FOR CAPITAL</b>			
Provincial government	1,101,723	<b>1,146,969</b>	8,237,998
Federal government	-	-	515
Local government	<u>372,077</u>	<u><b>558,867</b></u>	<u>2,736,390</u>
	<u>1,473,800</u>	<u><b>1,705,836</b></u>	<u>10,974,903</u>
<b>TOTAL GOVERNMENT TRANSFERS</b>	<u>\$ 8,652,028</u>	<u>\$ <b>9,086,749</b></u>	<u>\$ 19,224,739</u>

**LAC LA BICHE COUNTY**  
**SCHEDULE OF SEGMENT DISCLOSURES**  
**FOR THE YEAR ENDED DECEMBER 31, 2014**

**SCHEDULE 4**

	General Revenue	General Government	Protective Services	Transportation Services	Public Utilities	Family and Community Support	Planning and Development	Recreation and Culture	Natural Gas	<b>2014</b>	<b>2013</b> (Restated) (Note 23)
<b>REVENUE</b>											
Taxation	\$ 46,036,202	\$ -	\$ -	\$ -	\$ 320,000	\$ -	\$ -	\$ -	\$ -	<b>\$ 46,356,202</b>	\$ 41,587,270
Government transfers	3,000,000	89,900	12,518	571,792	-	220,687	187,252	3,293,524	5,240	<b>7,380,913</b>	8,249,836
User fees and sales of goods	-	39,179	299,491	41,061	3,850,046	33,207	25,650	442,729	3,575,752	<b>8,307,115</b>	7,233,172
Other revenues	1,354,675	45,035	84,884	281,228	135,832	82,978	1,284,240	665,431	-	<b>3,934,303</b>	2,351,483
Investment income	<u>984,424</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,245</u>	<u>-</u>	<b><u>986,669</u></b>	<u>645,409</u>
	<b><u>51,375,301</u></b>	<b><u>174,114</u></b>	<b><u>396,893</u></b>	<b><u>894,081</u></b>	<b><u>4,305,878</u></b>	<b><u>336,872</u></b>	<b><u>1,497,142</u></b>	<b><u>4,403,929</u></b>	<b><u>3,580,992</u></b>	<b><u>66,965,202</u></b>	<b><u>60,067,170</u></b>
<b>EXPENSES</b>											
Salaries, wages and benefits	-	4,310,633	911,092	4,380,232	2,024,230	754,386	1,260,424	3,455,458	359,432	<b>17,455,887</b>	16,941,162
Amortization	-	92,945	221,990	6,600,881	1,974,140	-	5,832	2,090,682	169	<b>10,986,639</b>	10,281,287
Contracted and general services	-	1,729,996	426,871	2,040,443	2,660,292	95,659	1,503,520	969,044	289,576	<b>9,715,401</b>	9,424,580
Materials, goods, supplies and utilities	-	189,814	374,484	3,936,653	1,005,512	24,283	57,415	1,182,611	2,430,749	<b>9,201,521</b>	8,189,359
Interest on long-term debt	-	-	-	23,855	194,159	-	-	1,387,024	-	<b>1,605,038</b>	1,848,415
Transfers to local governments	-	3,583	-	-	10,434	127,889	70,666	2,153,009	-	<b>2,365,581</b>	1,386,536
Other expenses	<u>-</u>	<u>165,673</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>20,156</u>	<u>-</u>	<b><u>185,829</u></b>	<u>383,255</u>
	<u>-</u>	<b><u>6,492,644</u></b>	<b><u>1,934,437</u></b>	<b><u>16,982,064</u></b>	<b><u>7,868,767</u></b>	<b><u>1,002,217</u></b>	<b><u>2,897,857</u></b>	<b><u>11,257,984</u></b>	<b><u>3,079,926</u></b>	<b><u>51,515,896</u></b>	<b><u>48,454,594</u></b>
<b>EXCESS OF REVENUE OVER EXPENSES</b>											
	51,375,301	(6,318,530)	(1,537,544)	(16,087,983)	(3,562,889)	(665,345)	(1,400,715)	(6,854,055)	501,066	<b>15,449,306</b>	11,612,576
Government transfers for capital	-	-	-	1,101,724	45,245	-	-	558,867	-	<b>1,705,836</b>	10,974,903
Gain (loss) on disposal of tangible capital assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>47,443</u>	<u>(241,049)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<b><u>(193,606)</u></b>	<u>160,234</u>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES</b>											
	<b><u>\$ 51,375,301</u></b>	<b><u>\$ (6,318,530)</u></b>	<b><u>\$ (1,537,544)</u></b>	<b><u>\$ (14,938,816)</u></b>	<b><u>\$ (3,758,693)</u></b>	<b><u>\$ (665,345)</u></b>	<b><u>\$ (1,400,715)</u></b>	<b><u>\$ (6,295,188)</u></b>	<b><u>\$ 501,066</u></b>	<b><u>\$ 16,961,536</u></b>	<b><u>\$ 22,747,713</u></b>

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

**LAC LA BICHE COUNTY**  
**SCHEDULE OF TANGIBLE CAPITAL ASSETS**  
**FOR THE YEAR ENDED DECEMBER 31, 2014**

**SCHEDULE 5**

	<u>Land</u>	<u>Land Improvements</u>	<u>Buildings</u>	<u>Engineered Structures</u>	<u>Machinery and Equipment</u>	<u>Vehicles</u>	<u>Construction in Progress</u>	<u>2014</u>	<u>2013</u>
<b>COST:</b>									
Balance, Beginning of Year	\$47,079,126	\$10,812,615	\$55,210,313	\$308,166,268	\$17,503,096	\$ 6,318,265	\$ 16,173,184	<b>\$ 471,262,867</b>	\$ 444,747,438
Additions	265,000	378,113	3,991,314	16,039,801	1,662,659	988,649	(10,904,136)	<b>12,421,400</b>	28,490,334
Disposals	<u>-</u>	<u>-</u>	<u>(134,941)</u>	<u>(243,890)</u>	<u>(27,211)</u>	<u>(64,570)</u>	<u>(41,059)</u>	<b>(511,671)</b>	<u>(1,974,906)</u>
Balance, End of Year	<u>47,344,126</u>	<u>11,190,728</u>	<u>59,066,686</u>	<u>323,962,179</u>	<u>19,138,544</u>	<u>7,242,344</u>	<u>5,227,989</u>	<b>483,172,596</b>	<u>471,262,866</u>
<b>ACCUMULATED AMORTIZATION:</b>									
Balance, Beginning of Year	-	4,246,825	9,775,686	125,427,651	4,904,759	3,508,194	-	<b>147,863,115</b>	139,199,072
Amortization expense	-	683,217	1,323,423	7,222,850	1,267,947	489,202	-	<b>10,986,639</b>	10,281,286
Disposals	<u>-</u>	<u>-</u>	<u>(31,549)</u>	<u>(43,900)</u>	<u>(22,158)</u>	<u>(32,285)</u>	<u>-</u>	<b>(129,892)</b>	<u>(1,617,242)</u>
Balance, End of Year	<u>-</u>	<u>4,930,042</u>	<u>11,067,560</u>	<u>132,606,601</u>	<u>6,150,548</u>	<u>3,965,111</u>	<u>-</u>	<b>158,719,862</b>	<u>147,863,116</u>
<b>2014 NET BOOK VALUE</b>	<b><u>\$47,344,126</u></b>	<b><u>\$ 6,260,686</u></b>	<b><u>\$57,999,126</u></b>	<b><u>\$191,355,578</u></b>	<b><u>\$12,987,996</u></b>	<b><u>\$ 3,277,233</u></b>	<b><u>\$ 5,227,989</u></b>	<b><u>\$ 324,452,734</u></b>	<b><u>\$ -</u></b>
<b>2013 NET BOOK VALUE</b>	<b><u>\$47,079,126</u></b>	<b><u>\$ 6,565,790</u></b>	<b><u>\$55,434,626</u></b>	<b><u>\$182,738,617</u></b>	<b><u>\$12,598,336</u></b>	<b><u>\$ 2,810,071</u></b>	<b><u>\$ 16,173,184</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 323,399,750</u></b>

**LAC LA BICHE COUNTY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2014**

**1. SIGNIFICANT ACCOUNTING POLICIES**

The consolidated financial statements of Lac La Biche County (the "County") are the representations of management prepared in accordance with Canadian generally accepted accounting principles for local governments established by the Public Sector Accounting Boards ("PSAB") of the Canadian Institute of Chartered Accountants ("CICA"). Significant aspects of the accounting policies adopted by the County are as follows:

**(a) Reporting entity**

The consolidated financial statements reflect the assets, liabilities, revenues, and expenses, changes in net financial position and cash flows of the reporting entity. This entity is comprised of the municipal operations plus all of the organizations that are owned or controlled by the County and are, therefore, accountable to Council for the administration of their financial affairs and resources. Included with the County is the Lac La Biche County Library Board. The County is also a member of various other boards and commissions that are not included in the government reporting entity.

The schedule of taxes levied also includes requisitions for education, health, social and other external organizations that are not part of the municipal reporting entity.

The consolidated statements exclude trust assets that are administered by the County for the benefit of external parties. 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 records revenue as it is earned and measurable. Expenses are recognized as they are incurred and measurable based upon receipt of goods or services and/or the legal obligation to pay.

Revenues are accounted for in the period in which the transactions or events occurred that gave rise to the revenues are reliably measured and reasonably estimated. Funds from external parties and earnings thereon restricted by agreement or legislation are accounted for as deferred revenue until used for the purpose specified.

Government transfers, contributions and other amounts are received from third parties pursuant to legislation, regular or agreement and may only be used for certain programs, in the completion of specific work, or for the purchase of tangible capital assets. In addition, certain user fees are collected for which the related services have yet to be performed. Revenues are recognized in the period when the related expenses are incurred, services performed or the tangible capital assets are acquired.

Expenses are recognized in the period the goods or services are acquired and a liability is incurred or transfers are due.

(CONT'D)

**LAC LA BICHE COUNTY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2014**

**1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**(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 management uncertainty exists, the consolidated financial statements have been prepared within reasonable limits of materiality. Actual results could differ from those estimates.

Accounts receivable are stated after evaluation as to their collectibility and an appropriate allowance for doubtful accounts is provided where considered necessary. The amounts recorded for valuation of tangible capital assets, the useful lives and related amortization of tangible capital assets, landfill closure and post-closure costs, and provision for gravel pit reclamation are areas where management makes significant estimates and assumptions in determining the amounts to be recorded in the consolidated financial statements.

**(d) Cash and cash equivalents**

Cash and cash equivalents consist of cash on deposit and term deposits with original maturities of 90 days or less at the date of acquisition and are recorded at cost.

**(e) Investments**

Investments are recorded at the lower of original cost and market value. When there has been a loss in value that is other than a temporary decline, the investment is written down to recognize the loss.

**(f) Local Improvements**

When a service or improvement is deemed to benefit a specific area more than the municipality as a whole, the project may be classified as a local improvement under the *Municipal Government Act*, to be paid in whole or in part by a tax imposed on the benefiting property owners. The property owner's share of the improvements is recognized as revenue, and established as a receivable, in the period that the project expenditures are completed. This accounting policy was adopted in the current year on a retroactive basis as disclosed in Note 23.

**(g) Provision for Gravel Pit Reclamation**

Pursuant to the *Alberta Environmental Protection and Enforcement Act*, the County is required to fund the future reclamation of its gravel pits. Closure activities include the final top soil cover, landscaping and visual inspection. The requirement is being provided for based on the estimated length of time until all the gravel has been extracted.

(CONT'D)

**LAC LA BICHE COUNTY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2014**

**1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**(h) Landfill closure and post-closure liability**

Pursuant to the *Alberta Environmental Protection and Enforcement 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 requirement is being provided for over the estimated remaining life of the landfill sites based on usage.

The annual provision is reported as an operating expense in solid waste and recycling services and the accumulated provision is reported as a liability on the Consolidated Statement of Financial Position.

**(i) Tax Revenue**

Property tax revenue is based on market value assessments determined in accordance with the *Municipal Government Act*. Tax rates are established annually. Taxation revenues are recorded at the time tax billings are issued. Assessments are subject to appeal.

Construction and borrowing costs associated with local improvement projects are recovered through annual special property assessments during the period of the related borrowing. These levies are collectible from property owners for work performed by the County. Under the accrual basis of accounting, revenues to be received from local improvement assessments are recognized in full in the period the local improvement project costs are incurred and the passing of the related imposition by-law.

**(j) 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, or the result of a direct financial return.

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 determined.

**(k) 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 normal course of operations. The change in non-financial assets during the year, together with the excess of revenues over expenses, provides the change in net financial assets (debt) for the year.

(CONT'D)

**LAC LA BICHE COUNTY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2014**

**1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

*Tangible Capital Assets*

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to the acquisition, construction, development or betterment of the asset. Contributed assets are capitalized and are recorded at their estimated fair value upon acquisition and are also recorded as revenue. Construction in progress represents assets which are not available for productive use and therefore are not subject to amortization. The cost, less residual value, of tangible capital assets is amortized on a straight-line basis over the estimated useful life as follows:

	<u>Years</u>
Land improvements	3 - 45
Buildings	15 - 50
Engineered structures	
Water system	25 - 75
Wastewater system	25 - 75
Other engineered structures	3 - 60
Machinery and equipment	5 - 40
Vehicles	10 - 15

The amortization in the year of acquisition is charged at one half the normal annual rate and no amortization is charged in the year of disposal.

Historical artifacts owned by the County are not included in tangible capital assets.

*Inventory*

Inventory held for consumption is valued at the lower of cost or replacement cost, with cost determined by the average cost method.

**(l) 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 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.

**(m) Pension Expenses**

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

(CONT'D)



**LAC LA BICHE COUNTY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2014**

**1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**(n) Future Accounting Standard Pronouncements**

The following summarizes upcoming changes to *Public Sector Accounting Standards*. In 2015, the County will continue to assess the impact and prepare for the adoption of these standards.

i) *Liability for Contaminated Sites*

PS 3260, *Contaminated Sites* established standards applying to local governments for fiscal years beginning on or after April 1, 2014. The section defines the activities included with regards to remediation, establishes where to recognize and how to measure the liability, as well as discusses the presentation and disclosure requirements. The County continues to review policies, procedures and systems to ensure consistent and accurate identification and estimation of reclamation liabilities associated with contaminated sites. The County has not yet determined what, if any, financial reporting implications may arise from this standard.

ii) *Financial Instruments*

PS 3450, *Financial Instruments* established recognition, measurement and disclosure requirements for derivative and non-derivative financial instruments applying for fiscal years beginning on or after April 1, 2016. The standard requires fair value measurement of derivative and equity instruments; all other financial instruments can be measured at cost/amortized cost or fair value at the election of the government. Unrealized gains and losses are presented in a new statement of re-measurement gains and losses. There is the requirement to disclose the nature and extent of risks arising from financial instruments and clarification is given for the de-recognition of financial liabilities.

**2. CASH AND CASH EQUIVALENTS**

	<u>2014</u>	<u>2013</u>
Cash	\$ 25,711,934	\$ 11,006,949
Term deposits	<u>30,017,073</u>	<u>30,016,835</u>
	<u>\$ 55,729,007</u>	<u>\$ 41,023,784</u>

Term deposits have original maturities of three months or less bearing interest at rates ranging from 0.90% to 1.70% maturing during 2015.

Included in term deposits is a restricted amount of \$2,186,422 (2013 - \$3,313,505) received from money-in-place of municipal reserves and held exclusively for municipal and public recreation purposes.

**LAC LA BICHE COUNTY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2014**

**3. TAXES AND GRANTS IN PLACE OF TAXES RECEIVABLES**

	<u>2014</u>	<u>2013</u>
Current taxes and grants in place of taxes	\$ <b>589,353</b>	\$ 581,963
Arrears taxes	<u><b>899,115</b></u>	<u>756,196</u>
	<b>1,488,468</b>	1,338,159
Less: Allowance for doubtful accounts	<u><b>(778,879)</b></u>	<u>(681,842)</u>
	<u><b>\$ 709,589</b></u>	<u>\$ 656,317</u>

**4. TRADE AND OTHER RECEIVABLES**

	<u>2014</u>	<u>2013</u>
Debt recoverable-local improvements (Note 23)	\$ <b>3,339,589</b>	\$ 3,299,318
Trade accounts receivable	<b>3,141,588</b>	5,952,701
Receivables from governments	<b>531,683</b>	4,663,475
Goods and Services Tax recoverable	<u><b>415,641</b></u>	<u>601,078</u>
	<u><b>\$ 7,428,501</b></u>	<u>\$ 14,516,572</u>

The County passed Bylaws No. 14-016 and 14-017 authorizing Council to provide for local improvements to install water and wastewater pipelines to the Ulliach Beach and Mission-Spruce Bay subdivisions. The total cost of the local improvement was \$810,341. Owners are liable to pay the local improvement tax in 15 annual installments of \$1,621 including interest at 2.551% per annum maturing December 2028.

**5. EMPLOYEE BENEFITS OBLIGATION**

	<u>2014</u>	<u>2013</u>
Vacation	\$ <b>455,138</b>	\$ 434,894
Overtime	<u><b>74,662</b></u>	<u>90,274</u>
	<u><b>\$ 529,800</b></u>	<u>\$ 525,168</u>

Employee benefits 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 does not provide post-employment benefits to employees.

**LAC LA BICHE COUNTY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2014**

**6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

	<u>2014</u>	<u>2013</u>
Trade accounts payable	<b>\$ 6,244,883</b>	\$ 7,079,773
Holdbacks payable	<b>3,141,095</b>	3,744,451
Payable to governments	<u><b>40,307</b></u>	<u>40,825</u>
	<u><b>\$ 9,426,285</b></u>	<u>\$10,865,049</u>

**7. DEPOSIT LIABILITIES**

	<u>2014</u>	<u>2013</u>
Development performance bonds	<b>\$ 1,081,841</b>	\$ 894,062
Land sales	<b>805,013</b>	365,113
Other	<u><b>31,406</b></u>	<u>25,320</u>
	<u><b>\$ 1,918,260</b></u>	<u>\$ 1,284,495</u>

**8. DEFERRED REVENUE**

Deferred revenue is comprised of the following amounts, which have been received from various third parties and are restricted to the eligible operating and capital projects as approved in the funding agreements for a specified purpose. These amounts are recognized as revenue in the period in which the related expenditures are incurred.

	<u>2013</u>	<u>Additions</u>	<u>Revenue Recognized</u>	<u>2014</u>
Sponsorship agreements	\$ 1,484,600	\$ 196,798	\$ (331,792)	<b>\$ 1,349,606</b>
Provincial grants	1,559,848	7,375,402	(8,435,466)	<b>499,784</b>
Bold Centre leases and memberships	<u>269,057</u>	<u>67,975</u>	<u>-</u>	<u><b>337,032</b></u>
	<u><b>\$ 3,313,505</b></u>	<u><b>\$ 7,640,175</b></u>	<u><b>\$(8,767,258)</b></u>	<u><b>\$ 2,186,422</b></u>

Sponsorship agreements are being amortized to revenue on a straightline basis per agreement over the next 10 years.

**LAC LA BICHE COUNTY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2014**

**9. 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 1.58% (2013 - 3.074%) and assuming annual inflation of 2.57% (2013 - 2.50%).

The accrued liability portion is based on the cumulative capacity used at year end compared to the estimated total landfill capacity. At December 31, 2014, approximately 68% (2013 - 60%) of the aggregate landfill capacity had been utilized.

	<u>2014</u>	<u>2013</u>
Accrued to date closure costs	<b>\$ 1,104,314</b>	\$ 1,430,521
Accrued to date post-closure costs	<b><u>1,966,542</u></b>	<u>1,803,147</u>
Total liability accrued to date	<b><u>\$ 3,070,856</u></b>	<b><u>\$ 3,233,668</u></b>

**LAC LA BICHE COUNTY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2014**

**10. LONG-TERM DEBT**

	<u>2014</u>	<u>2013</u>
Debenture debt held by Alberta Capital Finance Authority, repayable in semi-annual installments of \$2,980,329 including interest at 4.315%; due June 2020; issued for the Bold Center.	<b>\$28,908,415</b>	\$33,473,414
Debenture debt held by Alberta Capital Finance Authority, repayable in semi-annual installments of \$263,130 including interest at 4.307%; due December 2015; issued for east and west water and waste water line.	<b>509,737</b>	998,208
Debenture debt held by Alberta Capital Finance Authority, repayable in annual installments of \$241,920 including interest at 3.77%; due September 2015; issued to finance the east and west waste water line.	<b>470,496</b>	923,744
Debenture debt held by Alberta Capital Finance Authority, repayable in semi-annual installments of \$69,140 including interest at 4.565%; due December 2023; issued for Lakeview Estate water and waste water line.	<b>1,011,263</b>	1,100,319
Debenture debt held by Alberta Capital Finance Authority, repayable in semi-annual installments of \$182,779 including interest at 5.375%; due December 2018; issued for the water treatment plant.	<b>642,521</b>	783,203
Debenture debt held by Alberta Capital Finance Authority, repayable in semi-annual installments of \$34,438 including interest at 4.805%; due September 2022; issued for Sunset Bay subdivision water and waste water lines.	<b>453,018</b>	498,481
Debenture debt held by Alberta Capital Finance Authority, repayable in semi-annual installments of \$14,231 including interest at 4.565%; due December 2023; issued for base paving of 99 Avenue in the Town of Lac La Biche.	<b>208,143</b>	226,473
Debenture debt held by Alberta Capital Finance Authority, repayable in annual installments of \$26,024 including interest at 6.00%; due April 2023; issued for Lac La Biche town water and waste water lines.	<b>177,006</b>	191,537

(CONT'D)

**LAC LA BICHE COUNTY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2014**

**10. LONG-TERM DEBT (CONT'D)**

	<u>2014</u>	<u>2013</u>
Debenture debt held by Alberta Capital Finance Authority, repayable in annual installments of \$6,840 including interest at 4.805%; due September 2022; issued for Bulk Station road base paving.	<b>89,981</b>	99,012
Debenture debt held by Alberta Capital Finance Authority, repayable in semi-annual installments of \$5,842 including interest at 4.805%; due September 2022; issued for Gauthier subdivision base paving, curb and gutter replacement.	<b>76,855</b>	84,568
Debenture debt held by Alberta Capital Finance Authority, repayable in semi-annual installments of \$5,781 including interest at 4.805%; due September 2022; issued for Plamondon curb and sidewalk replacement and water and waste water lines.	<b>76,053</b>	83,685
Debenture debt held by Alberta Capital Finance Authority, repayable in semi-annual installments of \$4,872 including interest at 4.565%; due December 2023; issued for upgrading on Main Street, Lac La Biche Town.	<b>71,264</b>	77,539
Debenture debt held by Alberta Capital Finance Authority, repayable in semi-annual installments of \$4,872 including interest at 4.565%; due December 2023; issued for Bulk Station road water and waste water lines.	<b>71,263</b>	77,539
Debenture debt held by Alberta Capital Finance Authority, repayable in semi-annual installments of \$2,830 including interest at 4.805%; due September 2022; issued to finance Clearwater Cove subdivision primary water and waste water line.	<u><b>37,220</b></u>	<u>40,958</u>
	<u><b>\$32,803,235</b></u>	<u><b>\$38,658,680</b></u>

(CONT'D)

**LAC LA BICHE COUNTY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2014**

**10. LONG-TERM DEBT (CONT'D)**

The current portion of the long-term debt amounts to \$ 6,110,612 (2013 - \$5,610,963).

Principal and interest repayments:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 6,110,612	\$ 1,366,646	\$ 7,477,258
2016	5,356,605	1,110,552	6,467,157
2017	5,592,827	874,329	6,467,156
2018	5,839,489	627,667	6,467,156
2019	5,914,273	370,103	6,284,376
Thereafter	<u>3,989,429</u>	<u>174,310</u>	<u>4,163,739</u>
	<u>\$32,803,235</u>	<u>\$ 4,523,607</u>	<u>\$37,326,842</u>

Debenture debt is issued on the credit and security of the County at large.

The County's total cash payments for interest is \$1,621,813 (2013 - \$1,866,294).

**11. INVENTORY FOR CONSUMPTION**

	<u>2014</u>	<u>2013</u>
Gravel	\$ 1,649,204	\$ 1,215,360
Material and supplies	<u>744,200</u>	<u>658,233</u>
	<u>\$ 2,393,404</u>	<u>\$ 1,873,593</u>

**LAC LA BICHE COUNTY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2014**

**12. DEBT 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:

	<u>2014</u>	<u>2013</u>
Total debt limit	<b>\$100,447,803</b>	\$ 90,100,755
Total debt	<b><u>(32,803,235)</u></b>	<u>(38,658,680)</u>
Amount of debt limit unused	<b><u>\$ 67,644,568</u></b>	<b><u>\$ 51,442,075</u></b>
Service on debt limit	<b>\$ 16,741,301</b>	\$ 15,016,793
Service on debt	<b><u>(7,477,258)</u></b>	<u>(7,477,230)</u>
Amount of service on debt limit unused	<b><u>\$ 9,264,043</u></b>	<b><u>\$ 7,539,563</u></b>

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 limits requires approval by the Minister of Municipal Affairs. These thresholds are guidelines used by Alberta Municipal Affairs to identify municipalities which 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. EQUITY IN TANGIBLE CAPITAL ASSETS**

	<u>2014</u>	<u>2013</u>
Net book value of tangible capital assets	<b>\$324,452,734</b>	\$323,399,750
Long-term debt related to tangible capital assets	<b><u>(32,803,235)</u></b>	<u>(38,658,680)</u>
	<b><u>\$291,649,499</u></b>	<b><u>\$284,741,070</u></b>



**LAC LA BICHE COUNTY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2014**

**14. ACCUMULATED SURPLUS**

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

	<u>2014</u>	<u>2013</u> (Restated) (Note 23)
Unrestricted surplus	<u>\$ 3,219,402</u>	<u>\$ 19,632,059</u>
Restricted surplus		
General operations	<u>10,063,902</u>	9,856,242
Capital	<u>35,091,484</u>	<u>8,833,378</u>
	<u>45,155,386</u>	<u>18,689,620</u>
Equity in tangible capital assets	<u>291,649,499</u>	<u>284,741,072</u>
	<u>\$340,024,287</u>	<u>\$323,062,751</u>

**15. CONTINGENCIES**

- i) The County is a member of the Genesis Reciprocal Insurance Exchange ("GENESIS") and the Jubilee Reciprocal Insurance Exchange ("JRIE"). Under the terms of membership, the County could become liable for its proportionate share of any claim losses in excess of the funds held by GENESIS and JRIE. Any liability incurred would be accounted for as a current transaction in the year the losses are determined.
- ii) The County is reviewing environmental objectives and liabilities for its activities and properties as well as any potential site reclamation obligations. The amount of any such obligations has not been determined.

**16. LOCAL AUTHORITIES PENSION PLAN**

Employees of the County participate in the *Local Authorities Pension Plan* ("LAPP"), which is one of the 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. Contributions for current service are recorded as expenditures in the year in which they become due.

The County is required to make current service contributions to the LAPP consisting of 11.39% of pensionable earnings up to the year's maximum pensionable earnings ("YMPE") under the Canada Pension Plan ("CPP") and 15.84% of the excess.

Total current service contributions made by the County to the LAPP in 2014 were \$1,156,449 (2013 - \$1,079,912). Total current service contributions made by the employees of the County to the LAPP in 2014 were \$1,063,915 (2013 - \$991,402).

At December 31, 2013, the LAPP disclosed an actuarial deficiency of \$4.86 billion (2013 - \$4.978 billion).

LAC LA BICHE COUNTY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2014

**17. SALARY AND BENEFITS DISCLOSURE**

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

	<u>Salary</u>	<u>Honorarium</u>	<u>Benefits</u>	<u>Total 2014</u>	<u>Total 2013</u>
O. Moghrabi, Mayor <i>(July 25 to December 31, 2014)</i>	\$ 21,266	\$ 14,885	\$ 1,489	\$ <b>37,640</b>	\$ -
A. Langevin, Mayor <i>(January 1 to May 6, 2014)</i>	16,718	12,750	4,102	<b>33,570</b>	87,428
A. Kumpula, Ward 1	-	-	-	-	57,536
W. Austin, Ward 1	28,050	39,375	9,280	<b>76,705</b>	12,465
R. Richard, Ward 2	29,045	34,500	8,101	<b>71,646</b>	69,261
G. Piquette, Ward 3	-	-	-	-	46,588
R. Olson, Ward 3	27,540	37,600	9,105	<b>74,245</b>	9,459
E. Uganecz, Ward 4	-	-	-	-	51,191
D. Phillips, Ward 4	27,930	39,725	8,567	<b>76,222</b>	5,805
MJ Siebold, Ward 5	27,540	26,950	8,107	<b>62,597</b>	51,702
T. Thompson, Ward 6	28,278	33,600	7,062	<b>68,940</b>	51,972
J. Nowak, Ward 7	32,999	39,875	8,448	<b>81,322</b>	63,892
G. Broadbent, Ward 7	-	-	-	-	51,320
H. Haymour, Ward 7	<u>27,540</u>	<u>29,375</u>	<u>7,273</u>	<u><b>64,188</b></u>	<u>12,895</u>
	<u>\$ 266,906</u>	<u>\$ 308,635</u>	<u>\$ 71,534</u>	<u>\$ <b>647,075</b></u>	<u>\$ 571,514</u>
Chief Administrative Officer	<u>\$ 263,128</u>	<u>\$ -</u>	<u>\$ 13,827</u>	<u>\$ <b>276,955</b></u>	<u>\$ 239,258</u>

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

Benefits include the employer's share of all employee benefits and contributions or payments including pension, health care, dental coverage, vision coverage, group life insurance, accidental disability and dismemberment insurance, long-term and short-term disability plans, professional membership dues, and tuition.

**18. SEGMENTED INFORMATION**

The County provides a range of services to its ratepayers. For each reported segment, revenues and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. The accounting policies used in these segments are consistent with those followed in the preparation of the financial statements as disclosed in Note 1. Refer to the Schedule of Segmented Disclosure (Schedule 4).

LAC LA BICHE COUNTY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2014

**19. BUDGET DATA**

The budget presented in these financial statements is based on the 2014 operating budget approved by Council on March 12, 2014. The County compiles a budget on a modified accrual basis. The budget expensed all tangible capital asset purchases rather than including amortization expense. The reconciliation below adjusts excess revenue over expenditures to align with the budget process. It should not be used as a replacement for the statement of operations and accumulated surplus. Users should note that this information may not be appropriate for their purposes.

	<u>Budget 2014</u>	<u>Actual 2014</u>	<u>Actual 2013</u>
Excess of Revenue over Expenses, per financial statements	\$ <u>20,947,951</u>	\$ <u>16,961,536</u>	\$ <u>22,747,713</u>
Add back:			
Amortization expense	-	<u>10,986,639</u>	10,281,286
Net transfers (to) from reserves	<u>-</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>10,986,639</u>	<u>10,281,286</u>
Deduct:			
Principal debt repayments	-	<u>5,855,445</u>	5,610,963
Capital purchases	<u>-</u>	<u>12,421,400</u>	<u>28,490,334</u>
	<u>-</u>	<u>18,276,845</u>	<u>34,101,297</u>
Results of Operations as Budgeted	\$ <u>20,947,951</u>	\$ <u>9,671,330</u>	\$ <u>(1,072,298)</u>

**20. FINANCIAL INSTRUMENTS**

The County's financial instruments include cash and cash equivalents, trade and other accounts receivable, accounts payable and accrued liabilities, tax over-levies, and long-term debt. It is management's opinion that the County is not exposed to significant interest or currency risk arising from these financial instruments.

The County is subject to credit risk with respect to taxes and grants in lieu 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 fulfil their obligations. The large number and diversity of taxpayers and customers minimizes the credit risk.

Unless otherwise noted, the carrying values of the financial instruments approximates fair values.

**LAC LA BICHE COUNTY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2014**

**21. COMPARATIVE FIGURES**

Certain comparative figures have been restated to conform to the current year's presentation.

**22. APPROVAL OF FINANCIAL STATEMENTS**

Council and Management have approved these consolidated financial statements on April 28, 2015.

**23. CHANGE IN ACCOUNTING POLICY**

Effective January 1, 2014 the County adopted *Public Sector Accounting Standards 3510 - Tax Revenue* relating to the recognition of local improvements. Local improvement projects are completed on a cost-sharing basis between the County and property owners. Previously, the revenue for the property owner's share of the local improvement was recognized as it was billed over an agreed upon repayment period of fifteen years. Commencing in 2014 the local improvement revenue and receivable is recognized for the full amount of the property owner's share of the cost in the year the local improvement project is complete. This accounting policy more closely reflects the underlying nature of the transaction with the property owners. This change has been applied retroactively with restatement of prior period results.

The effect on the financial statements has been to decrease the 2013 deferred revenue by \$364,917, increase local improvement levy receivable by \$3,299,318, increase excess of revenue over expenses by \$17,297 and increase opening accumulated surplus (equity in tangible capital assets) and net financial assets by \$3,646,939.

## LAC LA BICHE COUNTY

### INTERNAL/EXTERNAL COMMITTEE MEMBERSHIP

Each member of the Council participates in many internal and external committees.

#### Lac La Biche County Committee Listing by Elected Official - 2014

<b>Member Omer Moghrabi Mayor*</b>	<b>Mayor*</b>	<i>Internal</i> CAO Recruitment Committee Municipal Planning Commission Regional Economic Development Authority  <i>External</i> Lac La Biche Health Services Foundation/Lakeland Doctor Recruitment Board Lac La Biche Pow Wow & Fish Derby Association Northeast Alberta Information HUB Oilsands Developers Group
<b>Wanda Austin</b>	<b>Councillor, Ward 1</b>	<i>Internal</i> Agricultural Service Board Emergency Advisory Committee State of Local Emergency Committee Lac La Biche County Library Board  <i>External</i> Beaver River Watershed Alliance Lakeland Agricultural Research Association Northern Lights Library Board System VSI Services
<b>Robert Richard</b>	<b>Councillor, Ward 2</b>	<i>Internal</i> CAO Recruitment Committee Agricultural/Environmental Appeals Committee Solid Waste Management Committee Transportation Master Plan Committee Municipal Planning Commission  <i>External</i> Coalition for a Safer 63 & 881 Fort McMurray Traffic Corridors Working Group Greater North Foundation (alternate) Ports to Plains Alliance / Veteran's Memorial Highway Association
<b>Rick Olson</b>	<b>Councillor, Ward 3</b>	<i>Internal</i> Agricultural Service Board Community Policing Committee Emergency Advisory Committee Transportation Master Plan Committee  <i>External</i> Greater North Foundation Natural Gas Partnership Committee Natural Gas System & Natural Gas Issues Plamondon & District Community Development Society Ports to Plains Alliance / Veteran's Memorial Highway Association (alternate)
<b>Dave Phillips</b>	<b>Councillor, Ward 4</b>	<i>Internal</i> Assessment Review Boards State of Local Emergency Committee Lac La Biche County Housing Task Force Subdivision and Development Appeal Board  <i>External</i> Lac La Biche Health Services Foundation/Lakeland Doctor Recruitment Board Community Futures Lac La Biche Lac La Biche Pow Wow & Fish Derby Association Natural Gas Partnership Committee Natural Gas System & Natural Gas Issues (alternate)

**LAC LA BICHE COUNTY**

**INTERNAL/EXTERNAL COMMITTEE MEMBERSHIP (CONT'D)**

<b>MJ Siebold</b>	<b>Councillor, Ward 5</b>	<p><i>Internal</i></p> <ul style="list-style-type: none"> <li>Agricultural/Environmental Appeals Committee</li> <li>Assessment Review Boards</li> <li>CAO Recruitment Committee (alternate)</li> <li>Municipal Planning Commission</li> <li>Environmental Stewardship Advisory Committee</li> <li>Lac La Biche County Library Board</li> <li>Strategic Communication Planning Team</li> </ul> <p><i>External</i></p> <ul style="list-style-type: none"> <li>AUMA Municipal Governance Standing Committee</li> <li>Lakeland Interpretive Society</li> <li>Northern Lights Library System Board (alternate)</li> <li>Lakeland Agricultural Research Association (alternate)</li> </ul>
<b>Tim Thompson</b>	<b>Councillor, Ward 6</b>	<p><i>Internal</i></p> <ul style="list-style-type: none"> <li>Agricultural/Environmental Appeals Committee</li> <li>Lac La Biche County Housing Task Force</li> <li>FCSS Advisory Board</li> <li>Transportation Master Plan Committee</li> <li>Municipal Planning Commission</li> <li>Solid Waste Management Committee</li> </ul> <p><i>External</i></p> <ul style="list-style-type: none"> <li>Lac La Biche Golf Club Society</li> </ul>
<b>John Nowak</b>	<b>Councillor, Ward 7 Deputy Mayor</b>	<p><i>Internal</i></p> <ul style="list-style-type: none"> <li>CAO Recruitment Committee</li> <li>CN Switching Yards Relocation Committee</li> <li>Lac La Biche County Housing Task Force</li> <li>Environmental Stewardship Advisory Committee</li> <li>Community Policing Committee</li> <li>Regional Economic Development Authority</li> <li>Solid Waste Management Committee</li> <li>Strategic Communication Planning Team</li> <li>Subdivision and Development Appeal Board</li> <li>Emergency Advisory Committee</li> <li>State of Local Emergency Committee</li> </ul> <p><i>External</i></p> <ul style="list-style-type: none"> <li>Lac La Biche &amp; District Chamber of Commerce</li> <li>Lac La Biche Health Services Foundation/Lakeland Doctor Recruitment Board</li> </ul>
<b>Hajar (Jerry) Haymour</b>	<b>Councillor, Ward 7</b>	<p><i>Internal</i></p> <ul style="list-style-type: none"> <li>CAO Recruitment Committee</li> <li>Lac La Biche County Housing Task Force</li> <li>CN Switching Yards Relocation Committee</li> <li>FCSS Advisory Committee</li> <li>Municipal Planning Commission</li> </ul> <p><i>External</i></p> <ul style="list-style-type: none"> <li>Greater North Foundation</li> </ul>