

Consolidated Financial Statements of

LAC LA BICHE COUNTY

Year ended December 31, 2010

LAC LA BICHE COUNTY

Consolidated Financial Statements

Year ended December 31, 2010

Financial Statements

Management's Responsibility for the Consolidated Financial Statements	1
Auditors' Report	2
Consolidated Statement of Financial Position	4
Consolidated Statement of Operations and Accumulated Surplus	5
Consolidated Statement of Changes in Net Financial Assets (Net Debt)	6
Consolidated Statement of Cash Flows	7
Notes to Consolidated Financial Statements	8

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 Canadian public sector accounting standards. 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 12, 2011



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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying consolidated financial statements of Lac La Biche County, which comprise the consolidated statement of financial position as at December 31, 2010, the consolidated statements of operations and accumulated surplus, change in net financial assets (net debt) and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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

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 our 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, we consider internal control relevant to the entity's preparation 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 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 consolidated financial position of Lac La Biche County as at December 31, 2010, and its consolidated results of operations, its consolidated change in net financial assets and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

KPMG LLP

Chartered Accountants

July 12, 2011
Edmonton, Canada

LAC LA BICHE COUNTY

Consolidated Statement of Financial Position


December 31, 2010, with comparative figures for 2009


	2010	2009
Financial assets:		
Cash (note 2)	\$ 41,375,946	\$ 44,046,238
Investments (note 3)	5,050,202	16,046,229
Accounts receivable (note 4)	17,672,206	15,312,599
	<u>64,098,354</u>	<u>75,405,066</u>
Liabilities:		
Accounts payable and accrued liabilities	13,361,072	13,180,438
Deposit and trust liabilities (note 5)	748,911	784,727
Deferred revenue (note 6)	15,937,854	8,526,094
Landfill closure and post closure liability (note 7)	3,656,261	3,741,759
Long-term debt (notes 8 and 9)	54,798,645	41,807,228
	<u>88,502,743</u>	<u>68,040,246</u>
Net financial assets (net debt)	(24,404,389)	7,364,820
Non-financial assets:		
Tangible capital assets (note 10)	283,621,249	243,506,782
Inventories for consumption (note 11)	1,106,624	786,098
Prepaid expenses and deposits	192,791	248,593
	<u>284,920,664</u>	<u>244,541,473</u>
Accumulated surplus (note 12)	\$ 260,516,275	\$ 251,906,293

Commitments and contingencies (note 14)

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, 2010, with comparative figures for 2009

	Budget (Unaudited - note 22)	2010	2009
Revenue:			
Net municipal taxes (note 15)	\$ 31,873,081	\$ 31,806,758	\$ 29,726,387
User fees and sales of goods	6,397,239	5,812,353	6,147,713
Government transfers (note 16)	6,401,730	4,926,470	7,606,641
Investment income	641,949	532,399	160,133
Penalties and costs of taxes	74,000	199,305	206,423
Special assessments and local improvements	-	294,168	268,224
Other	513,464	541,540	327,051
Contributions of tangible capital assets	-	59,000	357,000
Gain on disposal of tangible capital assets	-	526,898	-
	<u>45,901,463</u>	<u>44,698,891</u>	<u>44,799,572</u>
Expenses (note 17):			
General government	11,529,930	6,962,524	5,225,445
Protective services	1,311,506	1,171,639	1,101,816
Transportation services	6,025,086	6,885,927	5,397,995
Environmental use and protection	434,434	447,329	271,235
Water, sewer, garbage, drainage	3,193,389	2,488,554	1,683,625
Planning and development	1,172,475	1,337,390	1,066,037
Agriculture services	489,606	310,289	305,354
Recreation, culture and other	5,019,587	5,777,833	4,460,511
Natural gas supply and distribution	3,445,596	2,178,451	2,335,757
Amortization of tangible capital assets	-	8,528,973	7,493,110
	<u>32,621,609</u>	<u>36,088,909</u>	<u>29,340,885</u>
Annual surplus	13,279,854	8,609,982	15,458,687
Accumulated surplus, beginning of year	251,906,293	251,906,293	236,447,606
Accumulated surplus, end of year	<u>\$ 265,186,147</u>	<u>\$ 260,516,275</u>	<u>\$ 251,906,293</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 (Net Debt)

Year ended December 31, 2010, with comparative figures for 2009

	Budget (Unaudited - note 22)	2010	2009
Annual surplus	\$ 13,279,854	\$ 8,609,982	\$ 15,458,687
Acquisition of tangible capital assets	(60,407,306)	(48,657,281)	(30,841,588)
Contributions of tangible capital assets	-	(59,000)	(357,000)
Amortization of tangible capital assets	-	8,528,973	7,493,110
Proceeds on disposal of tangible capital assets	347,000	599,739	-
Gain on disposal of tangible capital assets	-	(526,898)	-
	(46,780,452)	(31,504,485)	(8,246,791)
Consumption (acquisition) of inventories for consumption	-	(320,526)	86,800
Consumption (acquisition) of prepaid expenses and deposits	-	55,802	(72,716)
	-	(264,724)	14,084
Change in net financial assets	(46,780,452)	(31,769,209)	(8,232,707)
Net financial assets, beginning of year	7,364,820	7,364,820	15,597,527
Net financial assets (net debt), end of year	\$ (39,415,632)	\$ (24,404,389)	\$ 7,364,820

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, 2010, with comparative figures for 2009

	2010	2009
Cash provided by (used in):		
Operations activities:		
Annual surplus	\$ 8,609,982	\$ 15,458,687
Items not involving cash:		
Contributions of tangible capital assets	(59,000)	(357,000)
Amortization of tangible capital assets	8,528,973	7,493,110
Gain on disposal of tangible capital assets	(526,898)	-
Change in non-cash assets and liabilities:		
Accounts receivable	(2,359,607)	(958,325)
Accounts payable and accrued liabilities	180,634	5,173,581
Deposit and trust liabilities	(35,816)	57,060
Deferred revenue	7,411,760	(270,307)
Landfill closure and post-closure liability	(85,498)	(538,896)
Inventories for consumption	(320,526)	86,800
Prepaid expenses and deposits	55,802	(72,716)
	<u>21,399,806</u>	<u>26,071,994</u>
Capital activities:		
Acquisition of tangible capital assets	(48,657,281)	(30,841,588)
Proceeds on disposal of tangible capital assets	599,739	-
	<u>(48,057,542)</u>	<u>(30,841,588)</u>
Investing activities:		
Purchase of investments	(5,003,973)	(16,000,412)
Proceeds from investments	16,000,000	-
	<u>10,996,027</u>	<u>(16,000,412)</u>
Financing activities:		
Long-term debt issued	16,025,000	31,975,000
Long-term debt repaid	(3,033,583)	(1,043,648)
	<u>12,991,417</u>	<u>30,931,352</u>
Increase (decrease) in cash	(2,670,292)	10,161,346
Cash, beginning of year	44,046,238	33,884,892
Cash, end of year	<u>\$ 41,375,946</u>	<u>\$ 44,046,238</u>
Cash paid for interest	\$ 2,092,998	\$ 720,526
Cash received from interest	468,704	160,133

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, 2010

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 public sector accounting standards. 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 the operations of the County and the Lac La Biche County Library Board.

ii) Other entities

Taxes levied include requisitions for education 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.

(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.

LAC LA BICHE COUNTY

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2010

1. Significant accounting policies (continued):

(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.

Sponsorship revenues represent amounts which have been collected from third parties and will be recognized as revenues over the term of the sponsorship agreements in place.

(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 other investments and are recorded at amortized cost which approximates fair value. 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, 2010

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, 2010

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 over the term of construction.

(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 consolidated 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 consolidated financial statements, and the reported amount of revenues and expenses during the period. Actual results could differ from those estimates.

LAC LA BICHE COUNTY

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2010

2. Cash:

	2010	2009
Servus Credit Union account bearing interest at prime less 1.85%	\$ 38,381,727	\$ 41,227,467
ATB Financial account bearing interest at prime less 2% for amounts < \$1,000,000 and prime less 1.9% for amounts > \$1,000,000	2,830,815	2,646,564
Cash - library	130,396	139,481
Cash - other	33,008	32,726
	<u>\$ 41,375,946</u>	<u>\$ 44,046,238</u>

3. Investments:

	2010	2009
Servus Credit Union term deposits maturing October 7, 2010 and bearing interest at 2.25%	\$ 5,000,000	\$ 16,000,000
Other term deposits	1,367	1,367
Servus Credit Union common share account, at cost	48,423	44,450
Gas Alberta Inc., 412 Class A shares, at cost	412	412
	<u>\$ 5,050,202</u>	<u>\$ 16,046,229</u>

LAC LA BICHE COUNTY

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2010

4. Accounts receivable:

	2010	2009
Taxes and grants in place receivable	\$ 1,185,460	\$ 1,308,329
Requisition over-levy	(5,225)	(5,225)
Less – allowance for doubtful taxes	(534,662)	(428,517)
	645,573	874,587
Grant and contributions receivable	13,025,210	12,152,686
Goods and services tax receivable	2,787,205	1,385,958
Utility receivable	835,552	909,156
Other receivables	868,710	480,256
Less - allowance for doubtful accounts	(490,044)	(490,044)
	17,026,633	14,438,012
	\$ 17,672,206	\$ 15,312,599

5. 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, 2010

6. Deferred revenue:

Deferred revenue is comprised of the following:

	2010	2009
Provincial government transfers:		
New Deal financing	\$ 1,855,930	\$ 790,301
Bridge financing	-	101,263
Disaster services exercises	15,343	-
Street improvement program	210,240	-
Wastewater treatment plant	12,815,711	7,292,415
Municipal sustainability initiative	-	298,681
Municipal sponsorship	98,954	-
Water supply expansion program	-	43,434
	<u>14,996,178</u>	<u>8,526,094</u>
Sponsorship agreements	941,676	-
Balance, end of year	<u>\$ 15,937,854</u>	<u>\$ 8,526,094</u>

Continuity of deferred revenue is as follows:

	2010	2009
Provincial government transfers, beginning of year	\$ 8,526,094	\$ 8,796,401
Amounts received during the year	11,355,411	7,252,812
Interest earned on government transfers	41,143	83,522
Amounts recognized as revenue during the year	(4,926,470)	(7,606,641)
Provincial government transfers, end of year	<u>14,996,178</u>	<u>8,526,094</u>
Sponsorship agreements, beginning of year	-	-
Amounts received during the year	1,007,598	-
Amounts recognized as revenue during the year	(65,922)	-
Sponsorship agreements, end of year	<u>941,676</u>	<u>-</u>
Balance, end of year	<u>\$ 15,937,854</u>	<u>\$ 8,526,094</u>

The County has secured sponsorships agreements relating to the Bold Center totaling \$3,718,665 of which the County was entitled to and has received \$1,007,598 as of December 31, 2010 based on the terms of sponsorship agreements. The remaining amounts are to be received in future years.

LAC LA BICHE COUNTY

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2010

7. 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% (2009 – 4.31%) and assuming annual inflation of 2.0% (2009 – 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.

	2010	2009
Estimated capacity used:		
Beaver Lake (former Town)	80%	90%
Craigend	95%	90%
Elinor Lake	97%	85%
Hyla	94%	95%
Owl River	94%	95%
Plamondon	98%	90%
Rich Lake	94%	97%
Estimated closure costs	\$ 1,947,240	\$ 1,729,617
Estimated post-closure costs	1,709,021	2,012,142
Total liability	\$ 3,656,261	\$ 3,741,759

LAC LA BICHE COUNTY

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2010

8. Long-term debt:

	2010	2009
Tax supported debentures	\$ 54,798,645	\$ 41,807,228

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, 2010, 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
2011	\$ 5,152,283	\$ 2,324,974	\$ 7,477,257
2012	5,376,718	2,100,539	7,477,257
2013	5,610,963	1,866,294	7,477,257
2014	5,855,444	1,621,813	7,477,257
2015	6,110,612	1,366,645	7,477,257
Thereafter	26,692,625	3,156,959	29,849,584
	\$ 54,798,645	\$ 12,437,224	\$ 67,235,869

LAC LA BICHE COUNTY

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2010

9. 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:

	2010	2009
Total debt limit	\$ 61,209,085	\$ 56,090,699
Total long-term debt	54,798,645	41,807,228
Amount of unused debt limit	\$ 6,410,440	\$ 14,283,471
Percentage used (%)	89.53%	74.54%
Debt servicing limit	\$ 10,201,514	\$ 9,348,450
Debt servicing	7,477,257	5,289,271
Amount of unused debt servicing limit	\$ 2,724,257	\$ 4,059,179
Percentage used (%)	73.30%	56.58%

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, 2010

10. Tangible capital assets:

	2010							
	Land	Land improvements	Buildings	Engineered structures	Machinery and equipment	Vehicles	Assets under construction	Total
<u>Cost:</u>								
Balance, beginning of year	\$ 46,395,166	\$ 3,691,013	\$ 13,313,411	\$ 258,497,055	\$ 6,374,970	\$ 4,793,837	\$ 23,279,661	\$ 356,345,113
Additions	146,730	4,935,464	46,106,074	6,071,887	8,862,237	59,548	(17,465,659)	48,716,281
Disposals	-	(22,111)	-	(139,234)	(406,788)	(425,021)	-	(993,154)
Balance, end of year	46,541,896	8,604,366	59,419,485	264,429,708	14,830,419	4,428,364	5,814,002	404,068,240
<u>Accumulated amortization:</u>								
Balance, beginning of year	-	1,882,605	6,175,513	99,511,755	2,526,173	2,742,285	-	112,838,331
Amortization expense	-	407,169	721,943	6,354,490	734,951	310,420	-	8,528,973
Disposals	-	(19,070)	-	(75,826)	(402,541)	(422,876)	-	(920,313)
Balance, end of year	-	2,270,704	6,897,456	105,790,419	2,858,583	2,629,829	-	120,446,991
<u>Net book value, end of year</u>	\$ 46,541,896	\$ 6,333,662	\$ 52,522,029	\$ 158,639,289	\$ 11,971,836	\$ 1,798,535	\$ 5,814,002	\$ 283,621,249

LAC LA BICHE COUNTY

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2010

10. Tangible capital assets (continued):

	2009								
	Land	Land improvements	Land	Buildings	Engineered structures	Machinery and equipment	Vehicles	Assets under construction	Total
<u>Cost:</u>									
Balance, beginning of year	\$ 44,796,448	\$ 3,227,022	\$ 12,842,827	\$ 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	11,141,034	31,198,588	
Disposals	-	-	-	-	-	-	-	-	
Balance, end of year	46,395,166	3,691,013	13,313,411	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	
<u>Net book value, end of year</u>	\$ 46,395,166	\$ 1,808,408	\$ 7,137,898	\$ 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, 2010

10. Tangible capital assets (continued):

a) Assets under construction

Assets under construction having a value of \$5,814,002 (2009 - \$23,279,661) 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 \$59,000 (2009 - \$357,000).

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.

11. Inventory for consumption:

	2010	2009
Gravel	\$ 528,632	\$ 182,523
Chemicals	53,463	50,990
Public works and general municipal materials and supplies	524,529	552,585
	<u>\$ 1,106,624</u>	<u>\$ 786,098</u>

LAC LA BICHE COUNTY

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2010

12. Accumulated surplus:

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

	2010	2009
Restricted surplus for:		
Operating purposes	\$ 14,527,786	\$ 14,675,178
Capital purposes	15,215,420	16,117,480
Total restricted surplus	29,743,206	30,792,658
Unrestricted surplus	1,950,465	19,414,081
Invested in tangible capital assets	228,822,604	201,699,554
	<u>\$ 260,516,275</u>	<u>\$ 251,906,293</u>

Restricted surplus amounts represent reserves identified by Council for future operating and capital initiatives.

13. 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 9.06% (2009 – 8.46%) of pensionable earnings up to the year's maximum pensionable earnings under the Canada Pension Plan and 12.53% (2009 - 11.66%) on pensionable earnings above this amount. Employees of the County are required to make current service contributions of 8.06% (2009 - 7.46%) of pensionable salary up to the year's maximum pensionable salary and 11.53% (2009 - 10.66%) 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 2010 were \$531,634 (2009 - \$380,368). Total service contributions by the employees of the County to the Local Authorities Pension Plan in 2010 were \$477,088 (2009 - \$426,243).

LAC LA BICHE COUNTY

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2010

14. 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.

15. Net municipal taxes:

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

	Budget (Unaudited - note 22)	2010	2009
Levies:			
Residential land and improvements	\$ 4,090,845	\$ 4,334,735	\$ 3,837,301
Non-resident land, improvements, machinery and equipment	34,724,236	35,219,381	32,326,218
	38,815,081	39,554,116	36,163,519
Fire protection	540,936	540,083	508,357
Well drilling tax	-	-	98,135
	39,356,017	40,094,199	36,770,011
Less requisitions:			
Alberta School Foundation Fund	7,224,936	7,175,814	6,785,486
Greater North Foundation	258,000	1,111,627	258,138
	7,482,936	8,287,441	7,043,624
Net taxes for general municipal purposes	\$ 31,873,081	\$ 31,806,758	\$ 29,726,387

LAC LA BICHE COUNTY

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2010

16. Government transfers:

	Budget (Unaudited - note 22)	2010	2009
Transfers for operating:			
Provincial government	\$ 1,326,296	\$ 1,092,635	\$ 537,185
Other local government	-	-	20,682
	1,326,296	1,092,635	557,867
Transfers for capital:			
Provincial government	5,075,434	3,833,835	7,048,774
Total government transfers	\$ 6,401,730	\$ 4,926,470	\$ 7,606,641

17. Expenses by object:

	Budget (Unaudited - note 22)	2010	2009
Salaries, wages and benefits	\$ 11,611,680	\$ 10,712,470	\$ 9,345,268
Contracted and general services	5,073,485	5,878,895	4,861,717
Materials, goods, and utilities	10,063,139	6,598,617	5,194,124
Transfers to local boards and agencies	1,366,561	2,052,891	1,570,998
Debenture interest	4,506,744	2,155,392	739,314
Bad debts	-	161,671	136,354
Amortization of tangible capital assets	-	8,528,973	7,493,110
	\$ 32,621,609	\$ 36,088,909	\$ 29,340,885

LAC LA BICHE COUNTY

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2010

18. 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	2010 Total	2009 Total
Mayor				
Peter Kyrilchuk	\$ 34,594	\$ 3,917	\$ 38,511	\$ 48,756
Deputy Mayor				
Cecilia Quist	21,720	5,079	26,799	38,615
Aurel Langevin	5,225	-	5,225	-
Councillors				
Grigorii Bochkarev	19,043	4,578	23,621	33,046
Terry Colosimo	19,422	4,070	23,492	35,213
Gordon Coutney	19,349	148	19,497	26,594
Philip Lane	18,089	4,987	23,076	33,160
David Lozinski	18,036	4,070	22,106	36,084
Heather Stromquist	19,582	4,987	24,569	40,870
Gail Broadbent	5,497	685	6,182	-
Alvin Kumpula	5,968	685	6,653	-
Mary Jane Siebold	5,977	685	6,662	-
John Nowak	4,758	685	5,443	-
Guy Piquette	5,097	685	5,782	-
Tim Thompson	5,497	685	6,182	-
Eugene Uganecz	27,984	5,190	33,174	40,283
	174,299	32,140	206,439	245,250
Chief Administrative Officer	207,228	25,975	233,203	227,224

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, 2010

19. 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.

20. 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, 2010

20. Segmented information (continued):

	2010		
	Municipal Operations	Utility Operations	Total
Revenue:			
Net municipal taxes	\$ 31,806,758	\$ -	\$ 31,806,758
User fees and sales of goods	1,291,820	4,520,533	5,812,353
Government transfers	4,926,470	-	4,926,470
Investment income	532,399	-	532,399
Penalties and costs of taxes	183,885	15,420	199,305
Special assessments and local improvements	294,168	-	294,168
Other	539,883	1,657	541,540
Contributions of tangible capital assets	59,000	-	59,000
Gain on disposal of tangible capital assets	526,898	-	526,898
Total revenues	40,161,281	4,537,610	44,698,891
Expenses:			
Salaries, wages and benefits	9,349,641	1,362,829	10,712,470
Contracted and general services	5,167,936	710,959	5,878,895
Materials, goods and utilities	3,919,902	2,678,715	6,598,617
Transfers to local boards and agencies	2,052,891	-	2,052,891
Debenture interest	2,155,392	-	2,155,392
Bad debts	161,671	-	161,671
Amortization of tangible capital assets	7,217,112	1,311,861	8,528,973
Total expenses	30,024,545	6,064,364	36,088,909
Annual surplus (deficit)	\$ 10,136,736	\$ (1,526,754)	\$ 8,609,982

LAC LA BICHE COUNTY

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2010

20. 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	4,281,033	580,684	4,861,717
Materials, goods and utilities	2,597,767	2,596,357	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	23,578,556	5,762,329	29,340,885
Annual surplus (deficit)	\$ 16,377,396	\$ (918,709)	\$ 15,458,687

21. Comparative figures:

Certain other comparative figures have been reclassified to conform to the 2010 financial statement presentation.

22. Budget:

The unaudited 2010 budget data presented in these consolidated financial statements is based upon the 2010 operating and capital budgets approved by Council on January 10, 2010. Amortization was not contemplated on development of the budget and, as such, has not been included.