

LAC LA BICHE COUNTY
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013



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, 2013, and the consolidated statements of operations and accumulated surplus, consolidated changes in net financial 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, 2013, and the results of its operations, change in its net financial debt and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Lac La Biche, Alberta
April 29, 2014

Hawkings Epp Dumont LLP

Hawkings Epp Dumont LLP
Chartered Accountants

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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 Ambile, Interim Chief Administrative Officer



Maurice Gushka, Manager of Finance


Lac La Biche, Alberta
April 29, 2014

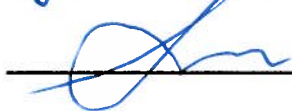
LAC LA BICHE COUNTY
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2013

	<u>2013</u>	<u>2012</u> (Restated) (Note 22)
FINANCIAL ASSETS		
Cash and cash equivalents	\$ 41,023,784	\$ 51,509,587
Taxes and grants in place of taxes receivable (Note 2)	656,317	1,209,609
Trade and other receivables (Note 3)	11,217,254	8,884,258
Investments	<u>55,034</u>	<u>52,884</u>
	<u>52,952,389</u>	<u>61,656,338</u>
FINANCIAL LIABILITIES		
Employee benefit obligations (Note 4)	525,168	479,128
Accounts payable and accrued liabilities (Note 5)	10,865,049	10,721,521
Deposit liabilities (Note 6)	1,284,495	1,124,976
Deferred revenue (Note 7)	3,678,422	9,627,342
Landfill closure and post-closure costs (Note 8)	3,233,668	4,452,213
Gravel pit reclamation liability (Note 22)	890,000	890,000
Long-term debt (Note 9)	<u>38,658,680</u>	<u>44,269,644</u>
	<u>59,135,482</u>	<u>71,564,824</u>
NET FINANCIAL DEBT	<u>(6,183,093)</u>	<u>(9,908,486)</u>
NON-FINANCIAL ASSETS		
Tangible capital assets (Schedule 5)	323,399,750	305,548,368
Inventory for consumption (Note 10)	1,873,593	850,653
Prepaid expenses and deposits	<u>308,265</u>	<u>177,564</u>
	<u>325,581,608</u>	<u>306,576,585</u>
ACCUMULATED SURPLUS (Schedule 1)	<u>\$319,398,515</u>	<u>\$296,668,099</u>

Contingencies (Note 14)

APPROVED ON BEHALF OF COUNCIL:





LAC LA BICHE COUNTY

CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS

FOR THE YEAR ENDED DECEMBER 31, 2013

	<u>2013</u> (Budget) <i>(Unaudited - See Note 17)</i>	<u>2013</u> (Actual)	<u>2012</u> (Actual) (Restated) (Note 22)
REVENUE			
Net municipal property taxes (Schedule 2)	\$40,922,968	\$41,569,973	\$31,546,402
Government transfers for operating (Schedule 3)	8,498,481	8,249,836	8,928,995
User fees and sales of goods	6,110,119	7,233,172	5,829,445
Rentals	608,460	801,149	458,674
Fines, licenses and permits	597,470	757,038	770,850
Interest and investment income	640,000	645,409	683,488
Other	466,600	588,553	1,529,706
Penalties and costs on taxes	<u>178,000</u>	<u>204,743</u>	<u>153,683</u>
	<u>58,022,098</u>	<u>60,049,873</u>	<u>49,901,243</u>
EXPENSES			
Transportation	12,213,920	15,478,816	14,690,141
Parks and recreation	11,018,765	10,956,614	8,848,549
Administration	6,668,145	6,219,988	5,129,226
Water and waste water services	3,599,605	4,489,588	3,227,407
Natural gas	2,129,391	2,237,602	1,721,833
Solid waste and recycling	2,174,727	1,521,664	3,981,263
Fire protection and safety services	1,312,950	1,481,356	882,940
Economic and agricultural development	2,061,950	1,448,003	1,004,443
Planning and development	1,654,816	1,301,815	1,077,082
Family and community support	968,690	965,357	661,115
Bylaw enforcement	921,213	900,583	750,096
Legislative	1,079,761	803,854	666,967
Culture	<u>517,621</u>	<u>649,354</u>	<u>607,220</u>
	<u>46,321,554</u>	<u>48,454,594</u>	<u>43,248,282</u>
EXCESS OF REVENUE OVER EXPENSES BEFORE OTHER INCOME	<u>11,700,544</u>	<u>11,595,279</u>	<u>6,652,961</u>
OTHER INCOME			
Government transfers for capital (Schedule 3)	13,813,443	10,974,903	19,695,515
Gain (loss) on disposal of tangible capital assets	<u>338,000</u>	<u>160,234</u>	<u>(1,600,363)</u>
	<u>14,151,443</u>	<u>11,135,137</u>	<u>18,095,152</u>
EXCESS OF REVENUE OVER EXPENSES	<u>25,851,987</u>	<u>22,730,416</u>	<u>24,748,113</u>
ACCUMULATED SURPLUS, BEGINNING OF YEAR AS PREVIOUSLY STATED			
	<u>296,668,099</u>	<u>297,558,099</u>	<u>272,809,986</u>
Prior period adjustment (Note 22)	-	(890,000)	(890,000)
ACCUMULATED SURPLUS, BEGINNING OF YEAR AS RESTATED	<u>-</u>	<u>296,668,099</u>	<u>271,919,986</u>
ACCUMULATED SURPLUS, END OF YEAR	<u>\$322,520,086</u>	<u>\$319,398,515</u>	<u>\$296,668,099</u>

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

LAC LA BICHE COUNTY
CONSOLIDATED STATEMENT OF CHANGES IN NET FINANCIAL DEBT
FOR THE YEAR ENDED DECEMBER 31, 2013

	<u>2013</u> (Budget) <i>(Unaudited - See Note 17)</i>	<u>2013</u> (Actual)	<u>2012</u> (Actual) (Restated) (Note 22)
EXCESS OF REVENUE OVER EXPENSES	<u>\$ 25,851,987</u>	<u>\$ 22,730,416</u>	<u>\$ 24,748,113</u>
Acquisition of tangible capital assets	(50,338,887)	(28,490,334)	(26,770,904)
Proceeds on disposal of tangible capital assets	338,000	517,900	332,960
Amortization of tangible capital assets	-	10,281,286	9,766,537
Loss (gain) on disposal of tangible capital assets	<u>-</u>	<u>(160,234)</u>	<u>1,600,363</u>
	<u>(50,000,887)</u>	<u>(17,851,382)</u>	<u>(15,071,044)</u>
Net change in inventory for consumption	-	(1,022,940)	278,640
Net change in prepaid expenses	<u>-</u>	<u>(130,701)</u>	<u>(39,146)</u>
	<u>-</u>	<u>(1,153,641)</u>	<u>239,494</u>
DECREASE (INCREASE) IN NET FINANCIAL DEBT	(24,148,900)	3,725,393	9,916,563
NET FINANCIAL DEBT, BEGINNING OF YEAR AS PREVIOUSLY STATED	<u>(9,908,486)</u>	<u>(9,018,486)</u>	<u>(18,935,049)</u>
Prior period adjustment (Note 22)	-	(890,000)	(890,000)
NET FINANCIAL DEBT, BEGINNING OF YEAR AS RESTATED	<u>-</u>	<u>(9,908,486)</u>	<u>(19,825,049)</u>
NET FINANCIAL DEBT, END OF YEAR	<u>\$(34,057,386)</u>	<u>\$ (6,183,093)</u>	<u>\$ (9,908,486)</u>

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

LAC LA BICHE COUNTY
CONSOLIDATED STATEMENT OF CHANGES IN CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2013

	<u>2013</u>	<u>2012</u>
OPERATING ACTIVITIES		
Excess of revenue over expenditures	\$ 22,730,416	\$ 24,748,113
Deduct items not affecting cash:		
Loss (gain) on disposal of tangible capital assets	(160,234)	1,600,363
Amortization of tangible capital assets	10,281,286	9,766,537
Change in non-cash working capital balances:		
Taxes and grants in place of taxes receivable	553,292	(375,816)
Trade and other receivables	(2,332,996)	(4,785,848)
Deposit liabilities	159,519	110,623
Prepaid expenses	(130,701)	(39,146)
Inventory for consumption	(1,022,940)	278,640
Accounts payable and accrued liabilities	143,528	3,896,310
Landfill closure and post-closure costs	(1,218,545)	795,952
Employee benefit obligations	46,040	139,430
Deferred revenue	<u>(5,948,920)</u>	<u>7,546,522</u>
	<u>23,099,745</u>	<u>43,681,680</u>
CAPITAL ACTIVITIES		
Purchase of tangible capital assets	(28,490,334)	(26,770,904)
Proceeds on disposal of tangible capital assets	<u>517,900</u>	<u>332,960</u>
	<u>(27,972,434)</u>	<u>(26,437,944)</u>
INVESTING ACTIVITIES		
Decrease (increase) in restricted cash	\$ 5,948,920	\$ (7,546,522)
Dividend income	<u>(2,152)</u>	<u>(2,006)</u>
	<u>\$ 5,946,768</u>	<u>\$ (7,548,528)</u>
FINANCING ACTIVITIES		
Long-term debt repayments	<u>(5,610,963)</u>	<u>(5,376,719)</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(4,536,884)	4,318,489
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>41,882,246</u>	<u>37,563,757</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 37,345,362</u>	<u>\$ 41,882,246</u>
Cash	\$ 11,006,949	\$ 51,492,937
Term deposits	<u>30,016,835</u>	<u>16,650</u>
Cash and cash equivalents	<u>41,023,784</u>	<u>51,509,587</u>
Less: restricted portion of cash related to deferred revenue (Note 7)	<u>(3,678,422)</u>	<u>(9,627,342)</u>
	<u>\$ 37,345,362</u>	<u>\$ 41,882,245</u>

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

LAC LA BICHE COUNTY

SCHEDULE 1

SCHEDULE OF CHANGES IN ACCUMULATED SURPLUS

FOR THE YEAR ENDED DECEMBER 31, 2013

	Budget (Unaudited - See Note 17)	Unrestricted	Restricted for Operating (Note 13(a))	Restricted for Capital (Note 13(b))	Equity in Tangible Capital Assets	2013 Total	2012 Total
Balance, Beginning of Year as Previously Stated	\$ 8,308,151	\$ 8,308,151	\$ 9,656,243	\$ 18,314,981	\$ 261,278,724	\$ 297,558,099	\$ 272,809,986
Prior Period Adjustment (Note 22)	-	(890,000)	-	-	-	(890,000)	(890,000)
Balance, Beginning of Year, As Restated	\$ 8,308,151	\$ 7,418,151	\$ 9,656,243	\$ 18,314,981	\$ 261,278,724	\$ 296,668,099	\$ 271,919,986
Excess of Revenue over Expenses	25,851,987	22,730,416	-	-	-	22,730,416	24,748,114
Purchase of tangible capital assets	(50,338,877)	(28,490,334)	-	-	28,490,334	-	-
Annual amortization expense	-	10,281,286	-	-	(10,281,286)	-	-
Disposal of tangible capital assets	-	357,664	-	-	(357,664)	-	-
Unrestricted funds designated for future use	42,000	9,281,603	200,000	(9,481,603)	-	-	-
Long-term debt repaid	(5,329,313)	(5,610,963)	-	-	5,610,963	-	-
Balance, End of Year	\$ (21,466,052)	\$ 15,967,823	\$ 9,856,243	\$ 8,833,378	\$ 284,741,071	\$ 319,398,515	\$ 296,668,100

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

LAC LA BICHE COUNTY

SCHEDULE 2

SCHEDULE OF PROPERTY TAXES LEVIED

FOR THE YEAR ENDED DECEMBER 31, 2013

	<u>2013</u> (Budget) <i>(Unaudited - See Note 17)</i>	<u>2013</u> (Actual)	<u>2012</u> (Actual)
TAXATION			
Real property taxes			
Residential	\$ 5,765,716	\$ 5,707,765	\$ 5,146,616
Non-residential	21,276,580	21,855,089	16,976,244
Linear property taxes	21,789,167	21,812,882	16,141,368
Local improvement taxes	349,834	413,603	418,473
Government grants in place of property taxes	<u>3,091</u>	<u>253,443</u>	<u>242,499</u>
	<u>49,184,388</u>	<u>50,042,782</u>	<u>38,925,200</u>
REQUISITIONS			
Alberta School Foundation Fund	7,443,439	7,645,266	6,661,686
Greater North Foundation	<u>817,981</u>	<u>827,543</u>	<u>717,112</u>
	<u>8,261,420</u>	<u>8,472,809</u>	<u>7,378,798</u>
NET MUNICIPAL TAXES	<u>\$ 40,922,968</u>	<u>\$ 41,569,973</u>	<u>\$ 31,546,402</u>

LAC LA BICHE COUNTY

SCHEDULE 3

SCHEDULE OF GOVERNMENT TRANSFERS

FOR THE YEAR ENDED DECEMBER 31, 2013

	<u>2013</u> (Budget) <i>(Unaudited - See Note 17)</i>	<u>2013</u> (Actual)	<u>2012</u> (Actual)
TRANSFERS FOR OPERATING			
Provincial government	\$ 8,494,781	\$ 8,053,993	\$ 8,916,023
Local government	<u>3,700</u>	<u>195,843</u>	<u>12,972</u>
	<u>8,498,481</u>	<u>8,249,836</u>	<u>8,928,995</u>
TRANSFERS FOR CAPITAL			
Provincial government	10,855,803	8,237,998	19,334,674
Federal government	-	515	97,616
Local government	<u>2,957,640</u>	<u>2,736,390</u>	<u>263,225</u>
	<u>13,813,443</u>	<u>10,974,903</u>	<u>19,695,515</u>
TOTAL GOVERNMENT TRANSFERS	<u>\$ 22,311,924</u>	<u>\$ 19,224,739</u>	<u>\$ 28,624,510</u>

LAC LA BICHE COUNTY

SCHEDULE 4

SCHEDULE OF SEGMENT DISCLOSURES

FOR THE YEAR ENDED DECEMBER 31, 2013

	General Revenue	General Government	Protective Services	Transportation Services	Public Utilities	Family and Community Support	Planning and Development	Recreation and Culture	Natural Gas	2013	2012
REVENUE											
Taxation	\$ 39,982,715	\$ -	\$ 1,173,655	\$ 64,962	\$ 348,641	\$ -	\$ -	\$ -	\$ -	\$ 41,569,973	\$ 31,546,402
Government transfers	4,000,000	43,000	7,500	565,407	-	239,190	160,452	3,039,725	(1,281)	8,053,993	8,928,995
User fees and sales of goods	-	28,698	171,437	55,475	3,910,316	38,989	10,139	331,116	2,686,882	7,233,052	5,822,232
Other revenues	397,477	56,489	244,517	292,197	149,144	165,910	456,054	783,657	-	2,547,445	2,920,126
Investment income	642,630	-	-	-	-	-	-	2,760	-	645,410	683,488
	<u>45,022,822</u>	<u>130,187</u>	<u>1,597,109</u>	<u>978,041</u>	<u>4,408,101</u>	<u>444,089</u>	<u>626,645</u>	<u>4,157,278</u>	<u>2,685,601</u>	<u>60,049,873</u>	<u>49,901,243</u>
EXPENSES											
Salaries, wages and benefits	-	4,211,221	1,088,906	4,004,210	1,831,877	708,374	1,301,894	3,395,327	399,353	16,941,162	13,762,242
Amortization	-	52,027	156,426	6,344,767	1,635,746	-	5,491	2,086,830	-	10,281,287	9,766,537
Contracted and general services	-	2,075,567	540,449	2,224,218	1,359,292	80,457	937,463	2,050,428	156,706	9,424,580	9,670,811
Materials, goods, supplies and utilities	-	327,833	596,158	2,879,712	1,245,714	44,944	85,467	1,327,988	1,681,543	8,189,359	6,614,728
Interest on long-term debt	-	-	-	25,909	244,338	-	-	1,578,168	-	1,848,415	2,084,562
Transfers to local governments	-	2,373	-	-	12,055	131,582	74,222	1,166,304	-	1,386,536	1,113,328
Other expenses	-	354,820	-	-	27,512	-	-	923	-	383,255	236,074
	-	<u>7,023,841</u>	<u>2,381,939</u>	<u>15,478,816</u>	<u>6,356,534</u>	<u>965,357</u>	<u>2,404,537</u>	<u>11,605,968</u>	<u>2,237,602</u>	<u>48,454,594</u>	<u>43,248,282</u>
EXCESS OF REVENUE OVER EXPENSES	45,022,822	(6,893,654)	(784,830)	(14,500,775)	(1,948,433)	(521,268)	(1,777,892)	(7,448,690)	447,999	11,595,279	6,652,961
Government transfers for capital	-	-	-	3,794,961	4,443,038	-	-	2,645,545	-	10,974,904	19,695,515
Gain (loss) on disposal of tangible capital assets	-	-	-	160,234	-	-	-	-	-	160,234	(1,600,363)
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	<u>\$ 45,022,822</u>	<u>\$ (6,802,294)</u>	<u>\$ (784,830)</u>	<u>\$ (10,545,580)</u>	<u>\$ 2,494,605</u>	<u>\$ (521,268)</u>	<u>\$ (1,777,892)</u>	<u>\$ (4,803,145)</u>	<u>\$ 447,999</u>	<u>\$ 22,730,417</u>	<u>\$ 24,748,113</u>

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

LAC LA BICHE COUNTY

SCHEDULE 5

SCHEDULE OF TANGIBLE CAPITAL ASSETS

FOR THE YEAR ENDED DECEMBER 31, 2013

	Land	Land Improvements	Buildings	Engineered Structures	Machinery and Equipment	Vehicles	Construction in Progress	2013	2012
COST:									
Balance, Beginning of Year	\$46,991,896	\$ 9,660,741	\$65,214,783	\$277,552,456	\$16,016,868	\$ 4,985,325	\$ 24,325,369	\$ 444,747,438	\$ 420,213,232
Additions	87,230	1,151,874	946,755	30,613,812	2,246,200	1,569,136	(8,124,673)	28,490,334	26,770,904
Disposals	-	-	(951,225)	-	(759,973)	(236,196)	(27,512)	(1,974,906)	(2,236,696)
Balance, End of Year	<u>47,079,126</u>	<u>10,812,615</u>	<u>65,210,313</u>	<u>308,166,268</u>	<u>17,503,095</u>	<u>6,318,265</u>	<u>16,173,184</u>	<u>471,262,866</u>	<u>444,747,440</u>
ACCUMULATED AMORTIZATION:									
Balance, Beginning of Year	-	3,584,293	9,372,787	118,688,186	4,277,902	3,275,904	-	139,199,072	129,735,908
Amortization expense	-	662,532	1,287,539	6,739,465	1,188,500	403,250	-	10,281,286	9,766,537
Disposals	-	-	(884,639)	-	(561,643)	(170,960)	-	(1,617,242)	(303,373)
Balance, End of Year	-	<u>4,246,825</u>	<u>9,775,687</u>	<u>125,427,651</u>	<u>4,904,759</u>	<u>3,508,194</u>	-	<u>147,863,116</u>	<u>139,199,072</u>
2013 NET BOOK VALUE	\$47,079,126	\$ 6,565,790	\$55,434,626	\$182,738,617	\$12,598,336	\$ 2,810,071	\$ 16,173,184	\$ 323,399,750	\$ -
2012 NET BOOK VALUE	\$46,991,896	\$ 6,076,450	\$55,841,996	\$158,864,270	\$11,738,966	\$ 1,709,421	\$ 24,325,369	\$ -	\$ 305,548,368

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

LAC LA BICHE COUNTY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2013

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.

Taxation revenues are recorded at the time tax billings are issued. Taxation billings are subject to appeal. A provision has been recorded in accounts payable and accrued liabilities for potential losses on taxation revenue appeals outstanding as of December 31, 2013.

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, 2013

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) 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.

(g) 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.

(CONT'D)

LAC LA BICHE COUNTY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2013

1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(h) 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.

(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 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 debt for the year.

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.

(CONT'D)

LAC LA BICHE COUNTY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2013

1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(j) 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.

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

(k) Recent Accounting Pronouncements

Contaminated Sites

The Public Standards Accounting Board released a standard related to *Contaminated Sites* (PS 3260). The standard applies 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 has processes in place for assessing land for contamination on a periodic basis, and estimating the costs of reclamation. The County has not yet determined what, if any, financial reporting implications may arise from this standard.

2. TAXES AND GRANTS IN PLACE OF TAXES RECEIVABLES

	<u>2013</u>	<u>2012</u>
Current taxes and grants in place of taxes	\$ 581,963	\$ 963,026
Arrears taxes	<u>756,196</u>	<u>806,130</u>
	1,338,159	1,769,156
Less: Allowance for doubtful accounts	<u>(681,842)</u>	<u>(559,547)</u>
	<u>\$ 656,317</u>	<u>\$ 1,209,609</u>

3. TRADE AND OTHER RECEIVABLES

	<u>2013</u>	<u>2012</u>
Receivables from governments	\$ 4,663,475	\$ 3,807,347
Trade accounts receivable	5,952,701	3,154,556
Goods and Services Tax	<u>601,078</u>	<u>1,922,355</u>
	<u>\$11,217,254</u>	<u>\$ 8,884,258</u>

LAC LA BICHE COUNTY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2013

4. EMPLOYEE BENEFITS OBLIGATION

	<u>2013</u>	<u>2012</u>
Vacation	\$ 434,894	\$ 395,988
Overtime	<u>90,274</u>	<u>83,140</u>
	<u>\$ 525,168</u>	<u>\$ 479,128</u>

The vacation and overtime liability 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.

5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	<u>2013</u>	<u>2012</u>
Trade accounts payable	\$ 7,120,598	\$ 8,029,492
Holdbacks payable	<u>3,744,451</u>	<u>2,692,029</u>
	<u>\$10,865,049</u>	<u>\$10,721,521</u>

6. DEPOSIT LIABILITIES

	<u>2013</u>	<u>2012</u>
Development performance bonds	\$ 1,052,762	\$ 897,538
Tax sale of land	206,413	206,413
Other	<u>25,320</u>	<u>21,025</u>
	<u>\$ 1,284,495</u>	<u>\$ 1,124,976</u>

7. DEFERRED REVENUE

	<u>2013</u>	<u>2012</u>
Prepaid local improvement charges	\$ 364,917	\$ 362,153
Sponsorship agreements	1,484,600	1,406,860
Air Weapons Range and other provincial grants	1,559,848	7,828,640
Bold Centre leases and memberships	<u>269,057</u>	<u>29,689</u>
	<u>\$ 3,678,422</u>	<u>\$ 9,627,342</u>

Prepaid local improvement charges are being amortized to revenue at varying interest rates between 4% and 7% from 2014 to 2026.

Sponsorship agreements are being amortized to revenue on a straightline basis per agreement over the next 1 to 11 years.

Funding received from the various grant programs noted above are restricted to the eligible operating and capital projects as approved in the funding agreements. Unexpended funds related to the funding advances are supported by restricted cash.

LAC LA BICHE COUNTY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2013

8. LANDFILL CLOSURE AND POST-CLOSURE COSTS

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 3.074% (2012 - 3.20%) and assuming annual inflation of 2.50% (2012 - 3.00%).

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

	<u>2013</u>	<u>2012</u>
Accrued to date closure costs	\$ 1,430,521	\$ 2,108,233
Accrued to date post-closure costs	<u>2,693,147</u>	<u>2,343,980</u>
Total liability accrued to date	<u>\$ 4,123,668</u>	<u>\$ 4,452,213</u>

LAC LA BICHE COUNTY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2013

9. LONG-TERM DEBT

	<u>2013</u>	<u>2012</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 multipurpose recreation centre (Bold Centre).	\$33,473,414	\$37,847,630
Debenture debt held by Alberta Capital Finance Authority, repayable in semi-annual installments of \$263,130 including interest at 3.770%; due December 2015; issued for east and west water and waste water line.	998,208	1,466,302
Debenture debt held by Alberta Capital Finance Authority, repayable in annual installments of \$241,920 including interest at 4.307%; due September 2015; issued to finance the east and west waste water line.	923,744	1,360,376
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.	1,100,319	1,185,444
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.	783,203	916,709
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.	498,481	541,837
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.	226,473	243,994
Debenture debt held by Alberta Capital Finance Authority, repayable in annual installments of \$26,024 including interest at 6.000%; due April 2023; issued for Lac La Biche town water and waste water lines.	191,537	205,246

(CONT'D)

LAC LA BICHE COUNTY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2013

9. LONG-TERM DEBT (CONT'D)

	<u>2013</u>	<u>2012</u>
Debenture debt held by Alberta Capital Finance Authority, repayable in annual installments of \$6,840 including interest at 4.085%; due September 2022; issued for Bulk Station road base paving.	99,012	107,623
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 base paving, curb and gutter replacement.	84,568	91,924
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.	83,685	90,964
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 Avenue.	77,539	83,538
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 wastewater.	77,539	83,538
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 Clear Water Cove subdivision primary water and waste water line.	<u>40,958</u>	<u>44,519</u>
	<u>\$38,658,680</u>	<u>\$44,269,644</u>

(CONT'D)

LAC LA BICHE COUNTY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2013

9. LONG-TERM DEBT (CONT'D)

Repayments of principal and interest over the next five years are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 5,890,668	\$ 1,621,816	\$ 7,512,484
2015	6,149,852	1,366,646	7,516,498
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
Thereafter	<u>9,829,239</u>	<u>544,413</u>	<u>10,373,652</u>
	<u>\$38,658,680</u>	<u>\$ 6,145,423</u>	<u>\$44,804,103</u>

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

The County's total cash payments for interest in 2013 were \$1,866,294 (2012 - \$2,100,538).

10. INVENTORY FOR CONSUMPTION

	<u>2013</u>	<u>2012</u>
Gravel	\$ 1,215,360	\$ 324,137
Material and supplies	<u>658,233</u>	<u>526,516</u>
	<u>\$ 1,873,593</u>	<u>\$ 850,653</u>

LAC LA BICHE COUNTY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2013

11. 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>2013</u>	<u>2012</u>
Total debt limit	\$ 90,074,810	\$ 74,851,865
Total debt	<u>(38,658,680)</u>	<u>(44,269,644)</u>
Amount of debt limit unused	<u>\$ 51,416,130</u>	<u>\$ 30,582,221</u>
Service on debt limit	\$ 15,012,468	\$ 12,475,311
Service on debt	<u>(7,512,484)</u>	<u>(7,477,230)</u>
Amount of service on debt limit unused	<u>\$ 7,499,984</u>	<u>\$ 4,998,081</u>

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.

12. EQUITY IN TANGIBLE CAPITAL ASSETS

	<u>2013</u>	<u>2012</u>
Net book value of tangible capital assets	\$323,399,750	\$305,548,368
Long-term debt related to tangible capital assets	<u>(38,658,680)</u>	<u>(44,269,644)</u>
	<u>\$284,741,070</u>	<u>\$261,278,724</u>

LAC LA BICHE COUNTY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2013

13. RESERVES

(a) Restricted for operating

Operating reserves provide working capital for six months until tax revenues are collected in June.

(b) Restricted for capital

	<u>2013</u>	<u>2012</u>
Gravity sewer - Highway 55	\$ 4,376,214	\$ 2,769,467
Beaver Hill Road	1,522,032	1,962,662
Bridgin to new high school	700,379	750,000
Plamondon water and sewer	688,195	3,745,518
Exhaust system - fire halls	365,562	-
Fire fighting equipment	179,188	-
Salt shed roof replacement	120,000	-
West lift station removal	102,370	854,805
South sewage main line alterations	101,000	158,100
CBC Tower	85,399	-
Lake Shore storm water	70,304	-
South sewage lift station	40,000	-
Water treatment plant upgrade	38,940	-
Rescue vehicles	30,923	-
Server room generator	25,000	-
Water tower/communication project	18,000	18,000
Beaver Hill Road water and sewer	-	1,495,431
BNR Plant Road	-	1,200,000
Egg Lake Road	-	1,047,934
Ulliach Beach water and sewer	-	977,250
BNR plant	-	494,060
Natural gas supply line	-	450,000
Plamondon/Highway 858 sewer line	-	390,000
Green Bank Estate water and sewer	-	300,000
Airport lighting	-	250,000
Tandem axel plow truck	-	220,000
Single axel plow truck	-	215,000
Township Road 674	-	170,211
Animal shelter construction	-	100,000
Greenbank Estates water and sewer	-	100,000
Blais Resort drainage	-	98,532
Airport security fence	-	64,255
Bulk fuel storage tanks	-	60,000
Recycling bins	-	42,000
Recycling trailer	-	18,000
Backup storage	-	10,000
Network attached storage	-	10,000
Park reserve	<u>369,872</u>	<u>343,756</u>
Total capital reserves	<u>\$ 8,833,378</u>	<u>\$18,314,981</u>

LAC LA BICHE COUNTY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2013

14. CONTINGENCIES

The County is a member of the reciprocal insurance exchange ("GENESIS") and 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.

15. 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 serves about 223,643 people and 423 employers. 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 10.43% of pensionable earnings up to the year's maximum pensionable earnings ("YMPE") under the Canada Pension Plan ("CPP") and 14.47% of the excess. Employees of the County are required to make current service contributions of 9.43% of pensionable salary up to the YMPE and 13.47% on pensionable salary above this amount.

Total current service contributions made by the County to the LAPP in 2013 were \$1,079,912 (2012 - \$769,062). Total current service contributions made by the employees of the County to the LAPP in 2013 were \$991,402 (2012 - \$707,361).

At December 31, 2012, the date of the most recent actuarial valuation, the LAPP disclosed an actuarial deficiency of \$4.978 billion (2011 - \$4.635 billion).

LAC LA BICHE COUNTY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2013

16. 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:

	<u>Salary</u>	<u>Honorarium</u>	<u>Benefits</u>	<u>Total 2013</u>	<u>Total 2012</u>
A. Langevin, Mayor <i>(September 21, 2012 to December 31, 2013)</i>	\$ 48,018	\$ 27,750	\$ 11,660	\$ 87,428	\$ 25,815
P. Kirylichuk, Mayor <i>(January 1, 2012 to June 19, 2012)</i>	-	-	-	-	38,533
A. Kumpula, Ward 1 <i>(January 1 to October 31, 2013)</i>	22,889	28,000	6,647	57,536	67,409
W. Austin, Ward 1 <i>(October 31 to December 31, 2013)</i>	4,590	6,875	1,000	12,465	-
A. Langevin, Ward 2 <i>(January 1, 2012 to July 10, 2012)</i>	-	-	-	-	33,896
R. Richard, Ward 2 <i>(July 11, 2012 to December 31, 2013)</i>	28,435	32,375	8,451	69,261	19,555
G. Piquette, Ward 3 <i>(January 1 to October 31, 2013)</i>	22,889	18,945	4,754	46,588	51,720
R. Olson, Ward 3 <i>(October 31 to December 31, 2013)</i>	4,590	3,125	1,744	9,459	-
E. Uganecz, Ward 4 <i>(January 1 to October 31, 2013)</i>	22,889	20,430	7,872	51,191	59,797
D. Phillips, Ward 4 <i>(October 31 to December 31, 2013)</i>	4,590	-	1,215	5,805	-
MJ Siebold, Ward 5	27,585	16,450	7,667	51,702	52,692
T. Thompson, Ward 6	27,585	18,031	6,356	51,972	49,068
J. Nowak, Ward 7	27,585	28,125	8,182	63,892	46,188
G. Broadbent, Ward 7 <i>(January 1 to October 31, 2013)</i>	27,128	17,250	6,942	51,320	63,999
H. Haymour, Ward 7 <i>(October 31 to December 31, 2013)</i>	<u>4,590</u>	<u>6,750</u>	<u>1,555</u>	<u>12,895</u>	<u>-</u>
	<u>\$ 273,363</u>	<u>\$ 224,106</u>	<u>\$ 74,045</u>	<u>\$ 571,514</u>	<u>\$ 508,672</u>
Chief Administrative Officer	<u>\$ 206,423</u>	<u>\$ -</u>	<u>\$ 32,835</u>	<u>\$ 239,258</u>	<u>\$ 205,849</u>

Executive salaries and benefit obligations have been fully funded by the County. Salary includes regular base pay, bonuses, lump sum payments, honoraria, and any other direct cash remuneration.

Benefits and allowances include the employer's share of all employee benefits and contributions or payments made on behalf of employees 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.

LAC LA BICHE COUNTY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2013

17. BUDGET DATA

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 2013</u>	<u>Actual 2013</u>	<u>Actual 2012</u>
Excess of Revenue over Expenses, per financial statements	\$ <u>25,851,987</u>	\$ <u>22,730,416</u>	\$ <u>24,748,113</u>
Add back:			
Amortization expense	-	10,281,287	9,766,537
Net transfers (to) from reserves	<u>15,674,325</u>	<u>-</u>	<u>-</u>
	<u>15,674,325</u>	<u>10,281,287</u>	<u>9,766,537</u>
Deduct:			
Principal debt repayments	5,329,313	5,610,963	5,376,719
Capital purchases	<u>42,652,056</u>	<u>28,490,334</u>	<u>26,770,904</u>
	<u>47,981,369</u>	<u>34,101,297</u>	<u>32,147,623</u>
Results of Operations as Budgeted	\$ <u>(6,455,057)</u>	\$ <u>(1,089,594)</u>	\$ <u>2,367,027</u>

The budget figures are provided for information only and have not been audited.

18. SEGMENTED DISCLOSURE

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).

19. FINANCIAL INSTRUMENTS

The County as part of its operations carries a number of financial instruments which 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, 2013

20. COMPARATIVE FIGURES

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

21. APPROVAL OF FINANCIAL STATEMENTS

Council and Management have approved these consolidated financial statements on April 29, 2014.

22. PRIOR PERIOD ADJUSTMENT

Subsequent to the 2013 year, the County received an estimate for the cost to remediate the gravel pit located near Christy Lake. This estimate had a range of \$785,000 to \$995,000. No estimate had been previously made for this liability.

The Christy Lake gravel pit has not been active since prior to the 2012 year therefore the County has accounted for this liability retrospectively and restated comparative figures. The effect on the financial statements has been to create a gravel pit reclamation liability for \$890,000 and to decrease unrestricted accumulated surplus by the same amount.

LAC LA BICHE COUNTY

INTERNAL/EXTERNAL COMMITTEE MEMBERSHIP

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

Aurel Langevin	Mayor*	<i>Internal</i> CAO Performance Appraisal Committee State of Local Emergency Committee Municipal Planning Commission Regional Economic Development Authority <i>External</i> Big Dock Preservation Committee Lac La Biche County - Northern Lights School Division Advocacy Committee Northeast Alberta Information HUB Oilsands Developers Group Ports to Plains Alliance Greater North Foundation Lac La Biche Health Services Foundation/Lakeland Doctor Recruitment Board
Alvin Kumpula	Councillor, Ward 1 (Jan 1 - Oct 31, 2013)	<i>Internal</i> Agricultural Service Board Assessment Review Boards Community Policing Committee Solid Waste Management Committee <i>External</i> Beaver River Watershed Alliance Lakeland Agricultural Research Association Natural Gas Partnership Committee Natural Gas System & Issues
Wanda Austin	Councillor, Ward 1 (Oct 31 - Dec 31, 2013)	<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
Robert Richard	Councillor, Ward 2 Deputy Mayor	<i>Internal</i> Agricultural/Environmental Appeals Committee Land Use Planning Task Force Solid Waste Management Committee Transportation Master Plan Committee State of Local Emergency Committee Municipal Planning Commission <i>External</i> Coalition for a Safer 63 & 881 Fort McMurray Traffic Corridors Working Group Plamondon & District Community Development Society Ports to Plains Alliance / Veteran's Memorial Highway Association Lac La Biche County - Northern Lights School Division Advocacy Committee

LAC LA BICHE COUNTY

INTERNAL/EXTERNAL COMMITTEE MEMBERSHIP (CONT'D)

Guy Piquette

Councillor, Ward 3
(Jan 1 - Oct 31, 2013)

Internal

Environmental Stewardship Advisory Committee
Municipal Planning Commission
Transportation Master Plan Committee

External

Community Futures Lac La Biche
Greater North Foundation
Natural Gas Partnership Committee
Natural Gas System & Issues (alternate)

Rick Olson

Councillor, Ward 3
(Oct 31 - Dec 31, 2013)

Internal

Agricultural Service Board
Community Policing Committee
Emergency Advisory Committee
Environmental Stewardship Advisory Committee
Transportation Master Plan Committee

External

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)

Eugene Uganecz

Councillor, Ward 4
(Jan 1 - Oct 31, 2013)

Internal

Agricultural Service Board
FCSS Advisory Board
Lac La Biche County Library Board

External

2012 Summer Senior Games
Greater North Foundation
Lakeland Agricultural Research Association
Northern Lights Library System Board
Veteran's Memorial Highway Association (alternate)

Dave Phillips

Councillor, Ward 4

Internal

Assessment Review Boards
State of Local Emergency Committee
Subdivision and Development Appeal Board

External

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)

MJ Siebold

Councillor, Ward 5

Internal

Agricultural/Environmental Appeals Committee
Assessment Review Boards
CAO Performance Appraisal Committee
CN Switching Yards Relocation Committee
Environmental Stewardship Advisory Committee
Land Use Planning Task Force
Lac La Biche County Library Board
Strategic Communication Planning Team
Subdivision and Development Appeal Board

External

Lakeland Interpretive Society
Northern Lights Library System Board (alternate)
Athabasca Watershed Council
Lakeland Agricultural Research Association (alternate)

Tim Thompson

Councillor, Ward 6

Internal

Agricultural/Environmental Appeals Committee
Environmental Stewardship Advisory Committee
FCSS Advisory Board
Transportation Master Plan Committee
Municipal Planning Commission
Solid Waste Management Committee

External

Lac La Biche & Area Drug Coalition
Lac La Biche County - Northern Lights School Division Advocacy
Committee
Lac La Biche Golf Club Society
Lac La Biche Pow Wow & Fish Derby Association
Portage College Athletics Association

Gail Broadbent - Ludwig

**Councillor, Ward 7
Deputy Mayor
(Jan 1 - Oct 31, 2013)**

Internal

CAO Performance Appraisal Committee
Hamlet ASP Sub-Committee
Municipal Planning Commission
Regional Economic Development Authority

External

Greater North Foundation (alternate)
Lakeland Doctor Recruitment Board

John Nowak

Councillor, Ward 7

Internal

CN Switching Yards Relocation Committee
Community Policing Committee
Regional Economic Development Authority
Solid Waste Management Committee
Strategic Communication Planning Team
Subdivision and Development Appeal Board
Emergency Advisory Committee
Municipal Planning Commission

External

Lac La Biche & District Chamber of Commerce
Lac La Biche Pow Wow & Fish Derby Association

LAC LA BICHE COUNTY

INTERNAL/EXTERNAL COMMITTEE MEMBERSHIP (CONT'D)

Hajar (Jerry) Haymour

Councillor, Ward 7
(Oct 31 - Dec 31, 2013)

Internal

CN Switching Yards Relocation Committee

FCSS Advisory Committee

Municipal Planning Commission

Transportation Master Plan Committee

External

Greater North Foundation