

**LAC LA BICHE COUNTY**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

**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, 2016, and the consolidated statements of operations and accumulated surplus, consolidated changes in net financial assets 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, 2016, and the results of its operations, change in its net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Lac La Biche, Alberta  
April 25, 2017

  
Hawkings Epp Dumont LLP  
Chartered Accountants

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Lac La Biche County  
welcoming by nature.

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


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

In discharging its responsibility for the integrity and fairness of the consolidated financial statements, Administration designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded, and financial records are properly maintained to provide reliable information for the preparation of the consolidated financial statements.

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

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

  
\_\_\_\_\_  
Shadia Amblie, Chief Administrative Officer

  
\_\_\_\_\_  
Dan Small, CPA, CMA, Senior Manager, Finance and Grants

  
\_\_\_\_\_  
Zeeshan Hasan, Manager of Finance



Lac La Biche, Alberta  
April 25, 2017

**LAC LA BICHE COUNTY**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT DECEMBER 31, 2016**

	<u>2016</u>	<u>2015</u>
<b>FINANCIAL ASSETS</b>		
Cash and cash equivalents (Note 2)	\$ 31,763,211	\$ 46,510,885
Taxes and grants in place of taxes receivable (Note 3)	935,662	904,160
Trade and other receivables (Note 4)	6,627,930	5,360,431
Investments (Note 5)	<u>45,078,740</u>	<u>32,652,465</u>
	<u>84,405,543</u>	<u>85,427,941</u>
<b>FINANCIAL LIABILITIES</b>		
Employee benefit obligations (Note 6)	746,780	627,483
Accounts payable and accrued liabilities (Note 7)	8,127,102	7,138,994
Deposit liabilities (Note 8)	1,176,285	1,405,404
Deferred revenue (Note 9)	1,395,201	2,908,387
Landfill closure and post-closure liability (Note 10)	3,555,604	2,865,750
Reclamation liability (Note 16)	890,000	890,000
Long-term debt (Note 11)	<u>21,336,019</u>	<u>26,692,624</u>
	<u>37,226,991</u>	<u>42,528,642</u>
<b>NET FINANCIAL ASSETS</b>	<u>47,178,552</u>	<u>42,899,299</u>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (Schedule 5)	352,815,383	325,848,771
Inventory for consumption (Note 12)	3,608,501	3,474,614
Prepaid expenses	<u>164,277</u>	<u>462,655</u>
	<u>356,588,161</u>	<u>329,786,040</u>
<b>ACCUMULATED SURPLUS (Note 15)</b>	<u>\$403,766,713</u>	<u>\$372,685,339</u>

**CONTINGENCIES (Note 16)**

**APPROVED ON BEHALF OF COUNCIL:**

**LAC LA BICHE COUNTY**  
**CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

	<u>2016</u> (Budget) (Note 20)	<u>2016</u> (Actual)	<u>2015</u> (Actual)
<b>REVENUES</b>			
Net municipal property taxes (Schedule 2)	\$34,758,416	<b>\$66,941,674</b>	\$35,285,905
User fees and sales of goods	6,915,044	<b>5,475,748</b>	6,672,741
Government transfers for operating (Schedule 3)	5,452,067	<b>6,638,990</b>	6,381,687
Interest and investment income	983,629	<b>1,370,371</b>	1,068,582
Fines, licenses and permits	622,490	<b>1,274,586</b>	706,520
Other	270,629	<b>961,899</b>	2,151,184
Rentals	920,173	<b>954,859</b>	1,186,088
Penalties and costs on taxes	<u>250,000</u>	<u><b>281,228</b></u>	<u>218,135</u>
	<u>80,172,448</u>	<u><b>83,899,355</b></u>	<u>83,670,842</u>
<b>EXPENSES</b>			
Transportation	11,076,969	<b>19,370,834</b>	17,041,887
Parks and recreation	10,008,665	<b>10,870,950</b>	11,373,323
Administration	6,365,352	<b>6,342,125</b>	5,543,308
Water and waste water services	4,326,359	<b>6,352,777</b>	5,749,036
Solid waste and recycling	2,231,507	<b>2,782,251</b>	2,207,020
Bylaw enforcement	2,103,033	<b>2,060,253</b>	576,706
Natural gas	2,539,623	<b>1,644,205</b>	2,066,902
Fire protection and safety services	1,364,647	<b>1,507,867</b>	1,322,538
Planning and development	1,190,777	<b>1,105,145</b>	1,548,195
Family and community support	1,354,394	<b>1,076,634</b>	1,091,492
Economic and agricultural development	745,566	<b>611,220</b>	753,186
Legislative	880,216	<b>759,200</b>	809,162
Culture	614,739	<b>726,205</b>	702,710
Environmental services	<u>324,357</u>	<u><b>341,662</b></u>	<u>370,581</u>
	<u>45,126,204</u>	<u><b>55,551,328</b></u>	<u>51,156,046</u>
<b>EXCESS OF REVENUE OVER EXPENSES BEFORE OTHER INCOME</b>	<u>35,046,244</u>	<u><b>28,348,027</b></u>	<u>32,514,796</u>
<b>OTHER INCOME</b>			
Government transfers for capital (Schedule 3)	5,150,236	<b>2,891,137</b>	569,231
Gain (loss) on disposal of tangible capital assets	<u>458,565</u>	<u><b>(157,790)</b></u>	<u>(422,975)</u>
	<u>5,608,801</u>	<u><b>2,733,347</b></u>	<u>146,256</u>
<b>EXCESS OF REVENUE OVER EXPENSES</b>	40,655,045	<b>31,081,374</b>	32,661,052
<b>ACCUMULATED SURPLUS, BEGINNING OF YEAR</b>	<u>372,685,339</u>	<u><b>372,685,339</b></u>	<u>340,024,287</u>
<b>ACCUMULATED SURPLUS, END OF YEAR</b>	<u><u>\$413,340,384</u></u>	<u><u><b>\$403,766,713</b></u></u>	<u><u>\$372,685,339</u></u>

**LAC LA BICHE COUNTY**  
**CONSOLIDATED STATEMENT OF CHANGES IN NET FINANCIAL ASSETS**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

	<u>2016</u> (Budget) (Note 20)	<b>2016</b> (Actual)	<u>2015</u> (Actual)
<b>EXCESS OF REVENUE OVER EXPENSES</b>	<u>\$40,655,045</u>	<b><u>\$31,081,374</u></b>	<u>\$32,661,052</u>
Acquisition of tangible capital assets	(51,915,445)	<b>(39,639,506)</b>	(13,426,807)
Contributed tangible capital assets	-	<b>24,257</b>	-
Proceeds on disposal of tangible capital assets	458,565	<b>439,842</b>	7,654
Amortization of tangible capital assets	-	<b>12,051,005</b>	11,600,139
Loss on disposal of tangible capital assets	<u>-</u>	<b><u>157,790</u></b>	<u>422,975</u>
	<u>(51,456,880)</u>	<b><u>(26,966,612)</u></b>	<u>(1,396,039)</u>
Net change in inventory for consumption	-	<b>(133,887)</b>	(1,081,210)
Net change in prepaid expenses	<u>-</u>	<b><u>298,378</u></b>	<u>(383,955)</u>
	<u>-</u>	<b><u>164,491</u></b>	<u>(1,465,165)</u>
<b>INCREASE (DECREASE) IN NET FINANCIAL ASSETS</b>	(10,801,835)	<b>4,279,253</b>	29,799,848
<b>NET FINANCIAL ASSETS, BEGINNING OF YEAR</b>	<u>42,899,299</u>	<b><u>42,899,299</u></b>	<u>13,099,451</u>
<b>NET FINANCIAL ASSETS, END OF YEAR</b>	<u>\$32,097,464</u>	<b><u>\$47,178,552</u></b>	<u>\$42,899,299</u>

**LAC LA BICHE COUNTY**  
**CONSOLIDATED STATEMENT OF CHANGES IN CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

	<u>2016</u>	<u>2015</u>
<b>OPERATING ACTIVITIES</b>		
Excess of revenue over expenditures	\$ 31,081,374	\$ 32,661,052
Deduct items not affecting cash:		
Loss on disposal of tangible capital assets	157,790	422,975
Amortization of tangible capital assets	12,051,005	11,600,139
Change in non-cash working capital balances:		
Taxes and grants in place of taxes receivable	(31,502)	(194,571)
Trade and other receivables	(1,267,499)	2,068,071
Deposit liabilities	(229,119)	(512,856)
Prepaid expenses	298,378	(383,957)
Inventory for consumption	(133,887)	(1,081,210)
Accounts payable and accrued liabilities	988,108	(2,287,289)
Landfill closure and post-closure costs	689,854	(205,106)
Employee benefit obligations	119,297	97,683
Deferred revenue	(1,513,186)	710,772
	<u>42,210,613</u>	<u>42,895,703</u>
<b>CAPITAL ACTIVITIES</b>		
Purchase of tangible capital assets	(39,639,506)	(13,426,807)
Proceeds on disposal of tangible capital assets	439,842	7,654
Write down of tangible capital assets	24,257	-
	<u>(39,175,407)</u>	<u>(13,419,153)</u>
<b>INVESTING ACTIVITIES</b>		
Decrease (increase) in restricted cash	1,513,186	(710,772)
Dividend income	(2,048)	(2,120)
Purchase of investments	(12,424,227)	(32,593,134)
	<u>(10,913,089)</u>	<u>(33,306,026)</u>
<b>FINANCING ACTIVITIES</b>		
Long-term debt repayments	(5,356,605)	(6,110,612)
<b>(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(13,234,488)</b>	<b>(9,940,088)</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<b><u>43,602,498</u></b>	<b><u>53,542,586</u></b>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b><u>\$ 30,368,010</u></b>	<b><u>\$ 43,602,498</u></b>
Cash	\$ 31,763,211	\$ 29,010,885
Term deposits	<u>-</u>	<u>17,500,000</u>
Cash and cash equivalents	31,763,211	46,510,885
Less: restricted portion of cash related to deferred revenue (Note 9)	<u>(1,395,201)</u>	<u>(2,908,387)</u>
	<b><u>\$ 30,368,010</u></b>	<b><u>\$ 43,602,498</u></b>

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, 2016

	<u>Budget</u> (Note 20)	<u>Unrestricted</u>	<u>Restricted for Operating</u>	<u>Restricted for Capital</u>	<u>Equity in Tangible Capital Assets</u>	<u>2016 Total</u>	<u>2015 Total</u>
Balance, Beginning of Year	\$ 665,043	\$ 1,919,563	\$ 10,366,242	\$ 61,243,387	\$ 299,156,147	\$ 372,685,339	\$ 340,024,287
Excess of Revenue over Expenses	40,655,045	31,081,374	-	-	-	31,081,374	32,661,052
Purchase of tangible capital assets	(62,445,455)	(39,639,506)	-	-	39,639,506	-	-
Write off of construction in progress	-	24,257	-	-	(24,257)	-	-
Annual amortization expense	-	12,051,005	-	-	(12,051,005)	-	-
Disposal of tangible capital assets	-	597,632	-	-	(597,632)	-	-
Unrestricted funds designated for future use	21,792,010	1,590,337	(710,000)	(880,337)	-	-	-
Long-term debt repaid	<u>(5,341,605)</u>	<u>(5,356,605)</u>	<u>-</u>	<u>-</u>	<u>5,356,605</u>	<u>-</u>	<u>-</u>
Balance, End of Year	\$ <u>(4,674,962)</u>	\$ <u>2,268,057</u>	\$ <u>9,656,242</u>	\$ <u>60,363,050</u>	\$ <u>331,479,364</u>	\$ <u>403,766,713</u>	\$ <u>372,685,339</u>



## LAC LA BICHE COUNTY

## SCHEDULE 2

## SCHEDULE OF PROPERTY TAXES LEVIED

FOR THE YEAR ENDED DECEMBER 31, 2016

	<u>2016</u> (Budget) (Note 20)	<u>2016</u> (Actual)	<u>2015</u> (Actual)
<b>TAXATION</b>			
Real property taxes			
Residential	\$ 64,758,416	\$ 6,393,873	\$ 6,061,140
Non-residential	-	41,979,533	38,960,582
Linear property taxes	-	29,208,623	29,203,615
Local improvement taxes	-	-	43,984
Government grants in place of property taxes	<u>-</u>	<u>160,572</u>	<u>204,479</u>
	<u>64,758,416</u>	<u>77,742,601</u>	<u>74,473,800</u>
<b>REQUISITIONS</b>			
Alberta School Foundation Fund	-	9,821,023	8,342,028
Greater North Foundation	<u>-</u>	<u>979,904</u>	<u>845,867</u>
	<u>-</u>	<u>10,800,927</u>	<u>9,187,895</u>
<b>NET MUNICIPAL TAXES</b>	<u>\$ 64,758,416</u>	<u>\$ 66,941,674</u>	<u>\$ 65,285,905</u>

**LAC LA BICHE COUNTY**  
**SCHEDULE OF GOVERNMENT TRANSFERS**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

**SCHEDULE 3**

	<u>2016</u> (Budget) (Note 20)	<b>2016</b> (Actual)	<u>2015</u> (Actual)
<b>TRANSFERS FOR OPERATING</b>			
Provincial government	\$ 5,446,067	\$ <b>6,594,451</b>	\$ 6,374,645
Local governments	<u>6,000</u>	<u><b>44,539</b></u>	<u>7,042</u>
	<u>5,452,067</u>	<u><b>6,638,990</b></u>	<u>6,381,687</u>
<b>TRANSFERS FOR CAPITAL</b>			
Provincial government	5,056,611	<b>2,891,137</b>	292,568
Local government	<u>93,625</u>	<u>-</u>	<u>276,663</u>
	<u>5,150,236</u>	<u><b>2,891,137</b></u>	<u>569,231</u>
<b>TOTAL GOVERNMENT TRANSFERS</b>	<u>\$ 10,602,303</u>	<u>\$ <b>9,530,127</b></u>	<u>\$ 6,950,918</u>

**LAC LA BICHE COUNTY**  
**SCHEDULE OF SEGMENT DISCLOSURES**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

**SCHEDULE 4**

	General Revenue	General Government	Protective Services	Transportation Services	Public Utilities	Public Health	Planning and Development	Recreation and Culture	Natural Gas	<b>2016</b>	<b>2015</b>
<b>REVENUE</b>											
Taxation	\$ 66,941,674	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 66,941,674	\$ 65,285,905
User fees and sales of goods	-	13,983	161,793	22,463	2,505,376	44,478	7,667	526,554	2,193,434	5,475,748	6,672,741
Government transfers	1,000,000	-	1,354,063	574,207	-	379,724	160,452	3,170,544	-	6,638,990	6,381,687
Other revenues	660,436	4,913	179,471	382,388	176,550	141,390	1,037,817	884,001	5,606	3,472,572	4,261,927
Investment income	<u>1,368,733</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,638</u>	<u>-</u>	<u>1,370,371</u>	<u>1,068,582</u>
	<u>69,970,843</u>	<u>18,896</u>	<u>1,695,327</u>	<u>979,058</u>	<u>2,681,926</u>	<u>565,592</u>	<u>1,205,936</u>	<u>4,582,737</u>	<u>2,199,040</u>	<u>83,899,355</u>	<u>83,670,842</u>
<b>EXPENSES</b>											
Salaries, wages and benefits	-	4,439,236	1,450,062	5,138,598	2,060,739	705,421	920,830	4,044,299	370,305	19,129,490	18,517,169
Amortization	-	172,827	316,455	7,447,831	2,009,330	-	5,833	2,095,005	3,724	12,051,005	11,600,139
Contracted and general services	-	1,853,820	1,295,119	2,219,925	3,631,233	111,488	623,419	1,094,470	136,314	10,965,788	9,191,470
Materials, goods, supplies and utilities	-	257,388	496,384	4,545,031	1,059,624	67,151	77,044	1,284,014	1,133,862	8,920,498	7,878,264
Interest on long-term debt	-	-	-	19,449	99,890	-	-	979,361	-	1,098,700	1,349,147
Transfers to local governments	-	5,620	10,100	-	615,278	192,574	89,239	2,076,297	-	2,989,108	2,492,933
Other expenses	<u>-</u>	<u>372,434</u>	<u>-</u>	<u>-</u>	<u>596</u>	<u>-</u>	<u>-</u>	<u>23,709</u>	<u>-</u>	<u>396,739</u>	<u>126,924</u>
	<u>-</u>	<u>7,101,325</u>	<u>3,568,120</u>	<u>19,370,834</u>	<u>9,476,690</u>	<u>1,076,634</u>	<u>1,716,365</u>	<u>11,597,155</u>	<u>1,644,205</u>	<u>55,551,328</u>	<u>51,156,046</u>
<b>EXCESS OF REVENUE OVER EXPENSES</b>	69,970,843	(7,082,429)	(1,872,793)	(18,391,776)	(6,794,764)	(511,042)	(510,429)	(7,014,418)	554,835	28,348,027	32,514,796
Government transfers for capital	-	-	227,611	1,963,526	700,000	-	-	-	-	2,891,137	569,231
Gain (loss) on disposal of tangible capital assets	<u>-</u>	<u>-</u>	<u>(162,631)</u>	<u>(18,257)</u>	<u>-</u>	<u>-</u>	<u>23,098</u>	<u>-</u>	<u>-</u>	<u>(157,790)</u>	<u>(422,975)</u>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES</b>	<u>\$ 69,970,843</u>	<u>\$ (7,082,429)</u>	<u>\$ (1,807,813)</u>	<u>\$ (16,446,507)</u>	<u>\$ (6,094,764)</u>	<u>\$ (511,042)</u>	<u>\$ (487,331)</u>	<u>\$ (7,014,418)</u>	<u>\$ 554,835</u>	<u>\$ 31,081,374</u>	<u>\$ 32,661,052</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, 2016

	<u>Land</u>	<u>Land Improvements</u>	<u>Buildings</u>	<u>Engineered Structures</u>	<u>Machinery and Equipment</u>	<u>Vehicles</u>	<u>Construction in Progress</u>	<u>2016</u>	<u>2015</u>
<b>COST:</b>									
Balance, Beginning of Year	\$ 47,344,126	\$12,538,561	\$70,052,613	\$335,599,919	\$20,525,617	\$ 7,908,016	\$ 2,165,564	\$ <b>496,134,416</b>	\$ 483,172,595
Additions	707,623	1,561,236	32,894	3,704,220	2,067,566	1,235,877	30,330,090	<b>39,639,506</b>	13,426,807
Disposals	-	-	-	-	(529,450)	(284,645)	-	<b>(814,095)</b>	(437,413)
Transfers	-	-	966,526	7,508,236	(425,081)	425,081	(8,474,762)	-	-
Write down of tangible capital assets	-	-	-	-	-	-	(24,257)	<b>(24,257)</b>	-
Balance, End of Year	<u>48,051,749</u>	<u>14,099,797</u>	<u>71,052,033</u>	<u>346,812,375</u>	<u>21,638,652</u>	<u>9,284,329</u>	<u>23,996,635</u>	<b><u>534,935,570</u></b>	<u>496,161,989</u>
<b>ACCUMULATED AMORTIZATION:</b>									
Balance, Beginning of Year	-	5,667,808	12,442,484	140,147,002	7,443,540	4,584,811	-	<b>170,285,645</b>	158,719,863
Amortization expense	-	767,794	1,397,710	7,806,685	1,422,349	656,467	-	<b>12,051,005</b>	11,600,139
Disposals	-	-	-	-	(187,998)	(28,465)	-	<b>(216,463)</b>	(6,784)
Transfers	-	-	-	-	(262,821)	262,821	-	-	-
Balance, End of Year	-	<u>6,435,602</u>	<u>13,840,194</u>	<u>147,953,687</u>	<u>8,415,070</u>	<u>5,475,634</u>	-	<b><u>182,120,187</u></b>	<u>170,313,218</u>
<b>2016 NET BOOK VALUE</b>	<b><u>\$ 48,051,749</u></b>	<b><u>\$ 7,664,195</u></b>	<b><u>\$57,211,839</u></b>	<b><u>\$198,858,688</u></b>	<b><u>\$13,223,582</u></b>	<b><u>\$ 3,808,695</u></b>	<b><u>\$ 23,996,635</u></b>	<b><u>\$ 352,815,383</u></b>	<b><u>\$ -</u></b>
<b>2015 NET BOOK VALUE</b>	<b><u>\$47,344,126</u></b>	<b><u>\$ 6,870,753</u></b>	<b><u>\$57,610,129</u></b>	<b><u>\$ 195,452,917</u></b>	<b><u>\$13,082,077</u></b>	<b><u>\$ 3,323,205</u></b>	<b><u>\$ 2,165,564</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 325,848,771</u></b>

\*Construction in progress is comprised of

	\$ -	\$ -	\$ 386,434	\$23,563,371	\$ 46,830	\$ -	\$ -	\$23,996,635	\$ 2,165,564
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**LAC LA BICHE COUNTY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2016**

**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 Chartered Professional Accountants of Canada ("CPA"). 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 and 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.

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, 2016**

**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) Reclamation Liability**

Pursuant to the *Environmental Enhancement and Protection Act* (Alberta), the County is required to fund the future reclamation of its work sites. Closure activities include the final top soil cover, landscaping and visual inspection. The requirement is being provided for based on the estimated costs and length of time until the site is expected to be inactive.

(CONT'D)

**LAC LA BICHE COUNTY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2016**

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

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

Pursuant to the *Environmental Enhancement and Protection Act* (Alberta), 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.

**(h) Tax Revenue**

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

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

**(i) 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.

**(j) Non-financial assets**

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the normal course of operations. The change in non-financial assets during the year, together with the excess of revenues over expenses, provides the change in net financial assets for the year.

(CONT'D)

**LAC LA BICHE COUNTY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2016**

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

*Tangible Capital Assets*

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

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

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

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

*Inventory*

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

**(k) Requisition over-levy and under-levy**

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

If the actual levy exceeds the requisition, the over-levy is accrued as a liability and property tax revenue is reduced. Where the actual levy is less than the requisition amount, the under-levy is accrued as a receivable and as property tax revenue.

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

**(l) Pension Expenses**

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

(CONT'D)



**LAC LA BICHE COUNTY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2016**

**2. CASH AND CASH EQUIVALENTS**

	<u>2016</u>	<u>2015</u>
Cash	\$ 1,753,656	\$ 29,010,885
Term deposit	<u>30,009,555</u>	<u>17,500,000</u>
	<u>\$ 31,763,211</u>	<u>\$ 46,510,885</u>

The term deposit has an original maturity of three months maturing March 31, 2017 with interest bearing at 1.50%.

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

	<u>2016</u>	<u>2015</u>
Current taxes and grants in place of taxes	\$ 787,455	\$ 709,255
Arrears taxes	<u>1,135,793</u>	<u>973,124</u>
	1,923,248	1,682,379
Less: Allowance for doubtful accounts	<u>(987,586)</u>	<u>(778,219)</u>
	<u>\$ 935,662</u>	<u>\$ 904,160</u>

**4. TRADE AND OTHER RECEIVABLES**

	<u>2016</u>	<u>2015</u>
Debt recoverable-local improvements	\$ 2,708,936	\$ 3,001,868
Trade accounts receivable	1,706,436	1,700,053
Receivables from governments	1,670,014	342,884
Goods and Services Tax recoverable	<u>542,544</u>	<u>315,626</u>
	<u>\$ 6,627,930</u>	<u>\$ 5,360,431</u>

**5. INVESTMENTS**

	<u>2016</u>	<u>2015</u>
Term deposits and accrued interest	\$45,017,360	\$32,593,133
Servus Credit Union Ltd. shares	60,908	58,860
Gas Alberta Inc. shares	<u>472</u>	<u>472</u>
	<u>\$45,078,740</u>	<u>\$32,652,465</u>

Term deposits have original maturity dates ranging from August 26, 2017 to September 30, 2017, bearing interest at rates ranging from 1.71% to 1.85%.

Included in term deposits is a restricted amount of \$1,395,201 (2015 - \$2,908,387) relating to deferred revenue for leases, sponsorships, and grants

**LAC LA BICHE COUNTY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2016**

**6. EMPLOYEE BENEFITS OBLIGATION**

	<u>2016</u>	<u>2015</u>
Vacation	\$ 652,909	\$ 557,603
Overtime	<u>93,871</u>	<u>69,880</u>
	<u>\$ 746,780</u>	<u>\$ 627,483</u>

Employee benefits obligation is comprised of the vacation and overtime that employees are deferring to future years. Employees have either earned the benefits (and are vested) or are entitled to these benefits within the next budgetary year.

The County does not provide post-employment benefits to employees.

**7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

	<u>2016</u>	<u>2015</u>
Trade accounts payable	\$ 5,682,129	\$ 5,735,271
Holdbacks payable	2,431,765	1,390,747
Payables to governments	<u>13,208</u>	<u>12,976</u>
	<u>\$ 8,127,102</u>	<u>\$ 7,138,994</u>

**8. DEPOSIT LIABILITIES**

	<u>2016</u>	<u>2015</u>
Development performance bonds	\$ 933,957	\$ 1,159,111
Land sales	206,413	206,413
Other	<u>35,915</u>	<u>53,349</u>
	<u>\$ 1,176,285</u>	<u>\$ 1,418,873</u>

**9. DEFERRED REVENUE**

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

	<u>2015</u>	<u>Additions</u>	<u>Revenue Recognized</u>	<u>2016</u>
Sponsorship agreements	\$ 1,021,526	\$ 105,386	\$ (251,632)	\$ 875,280
Provincial grants	1,529,266	6,832,377	(8,115,926)	245,717
Bold Center leases and memberships	344,126	7,875,171	(7,961,678)	257,619
Other	<u>13,469</u>	<u>3,116</u>	<u>-</u>	<u>16,585</u>
	<u>\$ 2,908,387</u>	<u>\$14,816,050</u>	<u>\$16,329,236</u>	<u>\$ 1,395,201</u>

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

**LAC LA BICHE COUNTY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2016**

**10. 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.

Changes in management's estimates with respect to requirements for both operating and inactive landfill sites resulted in the increase of the total liability to \$3,555,604 (2015 - \$2,865,750). This is the sum of the discounted future cash flows for closure and post-closure activities for 25 years following the closure of operating sites and the estimated requirements at currently inactive sites. A discount rate of 1.46% (2015 - 1.46%) and an annual inflation rate of 1.15% (2015 - 1.15%) was used.

The accrued liability portion is based on the cumulative capacity used at year end compared to the estimated total landfill capacity. At December 31, 2016, approximately 80% (2015 - 78%) of the aggregate landfill capacity had been utilized.

	<u><b>2016</b></u>	<u><b>2015</b></u>
Accrued to date closure costs	<b>\$ 2,079,355</b>	\$ 2,218,355
Accrued to date post-closure costs	<u><b>1,476,249</b></u>	<u>647,395</u>
Total liability accrued to date	<u><b>\$ 3,555,604</b></u>	<u><b>\$ 2,865,750</b></u>

**LAC LA BICHE COUNTY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2016**

**11. LONG-TERM DEBT**

	<u><b>2016</b></u>	<u><b>2015</b></u>
Debenture debt held by Alberta Capital Finance Authority, repayable in semi-annual installments of \$2,980,329 including interest at 4.315%; due June 2020; issued for the Bold Center.	\$19,172,418	\$24,144,311
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.	820,626	918,095
Debenture debt held by Alberta Capital Finance Authority, repayable in semi-annual installments of \$182,779 including interest at 4.805%; due December 2018; issued for the water treatment plant.	355,351	494,277
Debenture debt held by Alberta Capital Finance Authority, repayable in semi-annual installments of \$34,438 including interest at 5.375%; due September 2022; issued for Sunset Bay subdivision water and waste water lines.	338,065	405,343
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.	168,905	188,967
Debenture debt held by Alberta Capital Finance Authority, repayable in annual installments of \$26,024 including interest at 6.00%; due April 2023; issued for Lac La Biche town water and waste water lines.	145,275	161,602

(CONT'D)

**LAC LA BICHE COUNTY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2016**

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

	<u><b>2016</b></u>	<u><b>2015</b></u>
Debenture debt held by Alberta Capital Finance Authority, repayable in semi-annual installments of \$6,840 including interest at 4.805%; due September 2022; issued for Bulk Station road base paving.	70,582	80,512
Debenture debt held by Alberta Capital Finance Authority, repayable in semi-annual installments of \$5,842 including interest at 4.805%; due September 2022; issued for Gauthier subdivision base paving, curb and gutter replacement.	60,286	68,767
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.	59,657	68,049
Debenture debt held by Alberta Capital Finance Authority, repayable in semi-annual installments of \$4,872 including interest at 4.565%; due December 2023; issued for upgrading on Main Street, Lac La Biche Town.	57,829	64,698
Debenture debt held by Alberta Capital Finance Authority, repayable in semi-annual installments of \$4,872 including interest at 4.565%; due December 2023; issued for Bulk Station road water and waste water lines.	57,829	64,698
Debenture debt held by Alberta Capital Finance Authority, repayable in semi-annual installments of \$2,830 including interest at 4.805%; due September 2022; issued to finance Clearwater Cove subdivision primary water and waste water line.	<u>29,196</u>	<u>33,305</u>
	<u><b>\$21,336,019</b></u>	<u><b>\$26,692,624</b></u>

(CONT'D)

**LAC LA BICHE COUNTY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2016**

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

The current portion of the long-term debt amounts to \$ 5,592,827 (2015 - \$5,356,605).

Principal and interest repayments:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 5,592,827	\$ 874,329	\$ 6,467,156
2018	5,839,489	627,667	6,467,156
2019	5,914,273	370,103	6,284,376
2020	3,193,069	110,979	3,304,048
2021	288,936	34,783	323,719
Thereafter	<u>507,425</u>	<u>28,549</u>	<u>535,974</u>
	<u>\$21,336,019</u>	<u>\$ 2,046,410</u>	<u>\$23,382,429</u>

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

The County's total cash payments for interest is \$1,110,551 (2015 - \$1,366,646).

**12. INVENTORY FOR CONSUMPTION**

	<u>2016</u>	<u>2015</u>
Gravel	\$ 2,771,706	\$ 2,615,395
Material and supplies	<u>836,795</u>	<u>859,219</u>
	<u>\$ 3,608,501</u>	<u>\$ 3,474,614</u>

**LAC LA BICHE COUNTY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2016**

**13. 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><b>2016</b></u>	<u><b>2015</b></u>
Total debt limit	<b>\$125,849,033</b>	\$125,506,263
Total debt	<b><u>(21,336,019)</u></b>	<u>(26,692,624)</u>
Amount of debt limit unused	<b><u>\$104,513,014</u></b>	<b><u>\$ 98,813,639</u></b>
Service on debt limit	<b>\$ 20,974,839</b>	\$ 20,917,711
Service on debt	<b><u>(6,467,156)</u></b>	<u>(6,467,157)</u>
Amount of service on debt limit unused	<b><u>\$ 14,507,683</u></b>	<b><u>\$ 14,450,554</u></b>

The debt limit is calculated at 1.5 times revenue of the County (as defined in *Alberta Regulation 255/00*) and the debt service limit is calculated at 0.25 times such revenue. Incurring debt beyond these limits requires approval by the Minister of Municipal Affairs. These thresholds are guidelines used by Alberta Municipal Affairs to identify municipalities which could be at financial risk if further debt is acquired. The calculation taken alone does not represent the financial stability of the County. Rather, the financial statements must be interpreted as a whole.

**14. EQUITY IN TANGIBLE CAPITAL ASSETS**

	<u><b>2016</b></u>	<u><b>2015</b></u>
Net book value of tangible capital assets	<b>\$352,815,383</b>	\$325,848,771
Long-term debt related to tangible capital assets	<b><u>(21,336,019)</u></b>	<u>(26,692,624)</u>
	<b><u>\$331,479,364</u></b>	<b><u>\$299,156,147</u></b>

**LAC LA BICHE COUNTY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2016**

**15. ACCUMULATED SURPLUS**

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

	<u>2016</u>	<u>2015</u>
Unrestricted surplus	\$ <u>2,268,057</u>	\$ <u>1,919,563</u>
Restricted surplus		
General operations	9,656,242	10,366,242
Capital	<u>60,363,050</u>	<u>61,243,387</u>
	<u>70,019,292</u>	<u>71,609,629</u>
Equity in tangible capital assets	<u>331,479,364</u>	<u>299,156,147</u>
	<u>\$403,766,713</u>	<u>\$372,685,339</u>

**16. CONTINGENCIES**

- a) The County is a member of the Genesis Reciprocal Insurance Exchange ("GENESIS"). 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. Any liability incurred would be accounted for as a current transaction in the year the losses are determined.
- b) Where estimated reclamation costs are reasonably determinable, the County has recorded a total provision in the amount of \$890,000 (2015 - \$890,000) for environmental liabilities based on management's estimate of these costs. Such estimates are subject to adjustment based on changes in laws and regulations and as additional information becomes available.
- c) The County is a defendant in lawsuits arising in the normal course of operations and involving various amounts. Administration is of the opinion that the results of these actions should not have any material effect on the financial position of the County. No amounts have been accrued in these consolidated financial statements relating to any of these activities. Any awards or settlements will be reflected in the Statement of Operations as the matters are resolved or when sufficient information on amounts and likelihood is known.

**17. LOCAL AUTHORITIES PENSION PLAN**

Employees of the County participate in the *Local Authorities Pension Plan* ("LAPP"), which is one of the plans covered by the *Alberta Public Sector Pension Plans Act*. The LAPP is financed by employer and employee contributions and by investment earnings of the LAPP Fund. Contributions for current service are recorded as expenditures in the year in which they become due.

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

Total current service contributions made by the County to the LAPP in 2016 were \$1,425,747 (2015 - \$1,156,449). Total current service contributions made by the employees of the County to the LAPP in 2016 were \$1,315,749 (2015 - \$1,063,915).

At December 31, 2015, the LAPP disclosed an actuarial deficiency of \$923 million (2014 - \$2.4 billion).



LAC LA BICHE COUNTY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2016

**18. SALARY AND BENEFITS DISCLOSURE**

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

	<u>Salary</u>	<u>Honorarium</u>	<u>Benefits</u>	<b>Total <u>2016</u></b>	Total <u>2015</u>
Omer Moghrabi, Mayor	\$ 47,940	\$ 40,250	\$ 5,163	\$ <b>93,353</b>	\$ 89,326
Wanda Austin, Ward 1	27,540	30,625	8,178	<b>66,343</b>	72,906
Robert Richard, Ward 2*	28,555	29,125	5,408	<b>63,088</b>	74,758
Richard Olson, Ward 3	27,540	30,800	8,185	<b>66,525</b>	66,453
David Phillips, Ward 4	27,540	27,000	8,019	<b>62,559</b>	62,771
MJ Siebold, Ward 5	27,540	12,000	8,309	<b>47,849</b>	59,273
Tim Thompson, Ward 6	27,540	24,450	6,487	<b>58,477</b>	63,773
John Nowak, Ward 7*	31,547	27,250	7,664	<b>66,461</b>	79,470
Hajar Haymour, Ward 7	<u>27,540</u>	<u>23,625</u>	<u>7,288</u>	<b><u>58,453</u></b>	<u>64,793</u>
	<b><u>\$ 273,282</u></b>	<b><u>\$ 245,125</u></b>	<b><u>\$ 64,701</u></b>	<b><u>\$ 583,108</u></b>	<b><u>\$ 633,523</u></b>
Chief Administrative Officer	<u>\$ 185,000</u>	<u>\$ -</u>	<u>\$ 35,781</u>	<b><u>\$ 220,781</u></b>	<u>\$ 215,574</u>

\*The position of Deputy Mayor was held by John Nowak from January 1, 2016 to October 13, 2016 and by Robert Richard from October 13, 2016 to December 31, 2016.

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

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

**19. SEGMENTED INFORMATION**

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

LAC LA BICHE COUNTY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2016

**20. BUDGET**

The budget presented in these financial statements are based on the amended budget approved by Council on January 24, 2017. 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 expenses 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>Original</u>	<u>Amendments</u>	<u>Amended</u>
Revenue	\$ 80,172,448	\$ 5,608,801	\$ 85,781,249
Expenses	<u>48,185,954</u>	<u>(3,059,750)</u>	<u>45,126,204</u>
Annual operating surplus	\$ <u>31,986,494</u>	\$ <u>8,668,551</u>	\$ <u>40,655,045</u>
Annual capital budget	\$ <u>64,439,039</u>	\$ <u>(12,523,594)</u>	\$ <u>51,915,445</u>
Excess of Revenue over Expenses	<b>\$ <u>40,655,045</u></b>	<b>\$ <u>31,081,374</u></b>	<b>\$ <u>32,661,052</u></b>
Add back:			
Amortization expense	-	12,051,005	11,600,139
Capital transfers (to) from other organizations	-	-	-
Net transfers (to) from reserves	21,972,010	1,590,337	(26,454,240)
Net transfers (to) from capital projects	-	-	-
Write-down of land held for resale	-	-	-
	<u>21,972,010</u>	<u>13,641,342</u>	<u>(14,854,101)</u>
Deduct:			
Share of earnings from subsidiary	-	-	-
Principal debt repayments	5,356,605	5,356,605	6,110,612
(Gain) loss on disposal of tangible capital assets	-	-	-
Capital purchases	<b>51,915,445</b>	39,639,506	13,426,807
Government transfers for capital	-	-	-
Special tax levies for capital	-	-	-
Development levies for capital	-	-	-
Other capital revenues	-	-	-
	<u>57,272,050</u>	<u>44,996,111</u>	<u>19,537,419</u>
Results of Operations as Budgeted	<b>\$ <u>5,355,005</u></b>	<b>\$ <u>(273,395)</u></b>	<b>\$ <u>(1,730,468)</u></b>

**21. FINANCIAL INSTRUMENTS**

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

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

**22. APPROVAL OF FINANCIAL STATEMENTS**

Council and Management have approved these consolidated financial statements on April 25, 2017.

## LAC LA BICHE COUNTY

### INTERNAL/EXTERNAL COMMITTEE MEMBERSHIP

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

#### Lac La Biche County Committee Listing by Elected Official - 2016

<b>Member Omer Moghrabi Mayor</b>	<b>Mayor</b>	<i>Internal</i>	Aboriginal Liaison Committee Municipal Planning Commission State of Local Emergency Committee
		<i>External</i>	Greater North Foundation Lac La Biche Health Services Foundation/Lakeland Doctor Recruitment Board Lac La Biche Pow Wow & Fish Derby Association The Next Step Team - Underutilized Fish Stocks in NE Alberta Oilsands Developers Group
<b>Wanda Austin</b>	<b>Councillor, Ward 1</b>	<i>Internal</i>	Agricultural Service Board Emergency Advisory Committee Lac La Biche County Library Board State of Local Emergency Committee
		<i>External</i>	Beaver River Watershed Alliance Lakeland Agricultural Research Association Northern Lights Library Board System VSI Services
<b>Robert Richard</b>	<b>Councillor, Ward 2 Deputy Mayor October 13 to December 31</b>	<i>Internal</i>	Municipal Planning Commission Public Works Committee Rich Lake Mediation Task Force Transportation Master Plan Committee
		<i>External</i>	Lakeland Archers Event Organization Committee Coalition for a Safer 63 & 881 Fort McMurray Traffic Corridors Working Group Greater North Foundation (alternate) Lakeland County Regional Trail Working Group Ports to Plains Alliance / Veteran's Memorial Highway Association
<b>Rick Olson</b>	<b>Councillor, Ward 3</b>	<i>Internal</i>	Agricultural Service Board Transportation Master Plan Committee
		<i>External</i>	Greater North Foundation Lac La Biche Health Services Foundation/Lakeland Doctor Northeast Alberta Information HUB Plamondon & District Community Development Society Ports to Plains Alliance / Veteran's Memorial Highway Association (alternate)

LAC LA BICHE COUNTY

INTERNAL/EXTERNAL COMMITTEE MEMBERSHIP (CONT'D)

<b>Dave Phillips</b>	<b>Councillor, Ward 4</b>	<i>Internal</i>	Aboriginal Liaison Committee (alternate) Assessment Review Boards Emergency Advisory Committee Natural Gas Partnership Committee Natural Gas System & Natural Gas Issues State of Local Emergency Committee Subdivision and Development Appeal Board Transportation Master Plan Committee
		<i>External</i>	Lac La Biche & District Chamber of Commerce Community Futures Lac La Biche Lakeland Archers Event Organization Committee (alternate) Coalition for a Safer 63 & 881 Fort McMurray Traffic Corridors Working Group Lakeland County Regional Trail Working Group Plamondon & District Community Development Society (alternate)
<b>MJ Siebold</b>	<b>Councillor, Ward 5</b>	<i>Internal</i>	Aboriginal Liaison Committee Agricultural/Environmental Appeals Committee Assessment Review Boards Lac La Biche County Library Board Policy Review Committee Subdivision and Development Appeal Board
		<i>External</i>	Lakeland Agricultural Research Association (alternate) Lakeland Interpretive Society Northern Lights Library System Board (alternate) Water North Coalition
<b>Tim Thompson</b>	<b>Councillor, Ward 6</b>	<i>Internal</i>	Public Works Committee Agricultural/Environmental Appeals Committee FCSS Advisory Board Municipal Planning Commission Solid Waste Management Committee Water Resources Management Task Force
		<i>External</i>	The Next Step Team - Underutilized Fish Stocks in NE Alberta Lac La Biche Golf Club Society
<b>John Nowak</b>	<b>Councillor, Ward 7 Deputy Mayor January 1 to October 13</b>	<i>Internal</i>	Aboriginal Liaison Committee Emergency Advisory Committee and State of Local Emergency Committee Municipal Planning Commission Natural Gas Partnership Committee Natural Gas System & Natural Gas Issues Policy Review Committee Rich Lake Mediation Task Force
		<i>External</i>	Lac La Biche Health Services Foundation/Lakeland Doctor Recruitment Board Oilsands Developers Group (alternate) Greater North Foundation Water North Coalition
<b>Hajar (Jerry) Haymour</b>	<b>Councillor, Ward 7</b>	<i>Internal</i>	Public Works Committee FCSS Advisory Committee Municipal Planning Commission Water Resources Management Task Force