

LAC STE. ANNE COUNTY
SANGUDO, ALBERTA
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011

Hawkings Epp DumontLLP

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INDEPENDENT AUDITORS' REPORT

To the Reeve and Council of Lac Ste. Anne County
Sangudo, Alberta

We have audited the accompanying financial statements of Lac Ste. Anne County (the "County"), which comprise the statement of financial position as at December 31, 2011, and the statements of operations, change 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 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 financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the 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 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 financial statements present fairly, in all material respects, the financial position of Lac Ste. Anne County as at December 31, 2011, 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.

Edmonton, Alberta
April 12, 2012

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LAC STE. ANNE COUNTY
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2011

	<u>2011</u>	<u>2010</u>
FINANCIAL ASSETS		
Cash	\$ 6,254,284	\$ 3,113,670
Accounts receivable (Note 2)	7,007,108	8,816,737
Long-term investments (Note 3)	<u>1,045,512</u>	<u>1,041,479</u>
	<u>14,306,904</u>	<u>12,971,886</u>
LIABILITIES		
Accounts payable and accrued liabilities	595,609	860,039
Deposit liabilities (Note 6)	1,229,469	1,098,043
Deferred revenue (Note 7)	918,034	705,472
Long-term debt (Note 8)	<u>4,969,646</u>	<u>5,261,000</u>
	<u>7,712,758</u>	<u>7,924,554</u>
NET FINANCIAL ASSETS	<u>6,594,146</u>	<u>5,047,332</u>
NON-FINANCIAL ASSETS		
Inventory for consumption (Note 4)	4,628,083	5,245,020
Other assets	275,187	198,137
Tangible capital assets (Schedule 1)	<u>47,219,720</u>	<u>46,157,724</u>
	<u>52,122,990</u>	<u>51,600,881</u>
ACCUMULATED SURPLUS (Note 10)	<u>\$ 58,717,136</u>	<u>\$ 56,648,213</u>
CONTINGENCIES (Note 13)		

ON BEHALF OF COUNTY COUNCIL:

 Reave

 County Manager

LAC STE. ANNE COUNTY
CONSOLIDATED STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2011

	Budget 2011 (Note 17)	Actual 2011	Actual 2010
Revenue			
Net taxes for general municipal purposes (Schedule 2)	\$ 14,038,613	\$ 14,231,661	\$ 14,239,105
Government transfers (Schedule 3)	3,953,112	3,547,806	3,501,669
Sales and user charges	2,315,504	2,184,521	2,125,793
Penalties and costs on taxes	220,223	314,702	271,164
Return on investments	92,750	159,224	104,243
Rentals	102,958	131,329	166,935
Licenses and permits	<u>55,900</u>	<u>82,093</u>	<u>61,247</u>
	<u>20,779,060</u>	<u>20,651,336</u>	<u>20,470,156</u>
Expenses			
Public works	9,461,906	9,131,157	7,447,716
General administration	2,032,308	1,999,544	1,757,326
Protective services	1,679,455	1,690,164	1,727,821
Waste management	983,762	949,799	892,376
Parks and recreation	861,175	774,614	758,672
Agricultural services	759,020	754,282	684,951
Planning, land and economic development	748,926	468,985	440,092
Family and community support services	454,326	424,854	456,569
Council and other legislative	390,500	341,964	348,995
Water and wastewater	328,871	314,669	830,847
Amortization	<u>-</u>	<u>4,783,729</u>	<u>4,008,709</u>
	<u>17,700,249</u>	<u>21,633,761</u>	<u>19,354,074</u>
Excess of Revenue over Expenses Before Other Items	<u>3,078,811</u>	<u>(982,425)</u>	<u>1,116,082</u>
Other Items			
Gain on disposal of tangible capital assets	-	380,442	286,853
Contributed assets	-	31,610	-
Government transfers for capital (Schedule 3)	<u>4,221,109</u>	<u>2,639,296</u>	<u>4,514,566</u>
	<u>4,221,109</u>	<u>3,051,348</u>	<u>4,801,419</u>
Excess of Revenue over Expenses	<u>\$ 7,299,920</u>	<u>2,068,923</u>	<u>5,917,501</u>
Accumulated Surplus, Beginning of Year		<u>56,648,213</u>	<u>50,730,712</u>
Accumulated Surplus, End of Year		<u>\$ 58,717,136</u>	<u>\$ 56,648,213</u>

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

LAC STE. ANNE COUNTY

CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS

FOR THE YEAR ENDED DECEMBER 31, 2011

	<u>2011</u>	<u>2010</u>
Excess of Revenue over Expenses	<u>\$ 2,068,923</u>	<u>\$ 5,917,501</u>
Acquisition of tangible capital assets	(5,888,871)	(7,790,177)
Contributed tangible capital assets	(31,610)	-
Proceeds on disposal of tangible capital assets	455,200	426,000
Amortization of tangible capital assets	4,783,729	4,008,709
Gain on sale of tangible capital assets	<u>(380,442)</u>	<u>(286,853)</u>
	<u>(1,061,994)</u>	<u>(3,642,321)</u>
Use (acquisition) of supplies inventories	616,935	260,276
Acquisition of other assets	<u>(77,050)</u>	<u>(30,129)</u>
	<u>539,885</u>	<u>230,147</u>
Increase In Net Financial Assets	1,546,814	2,505,327
Net Financial Assets, Beginning of Year	<u>5,047,332</u>	<u>2,542,005</u>
Net Financial Assets, End of Year	<u>\$ 6,594,146</u>	<u>\$ 5,047,332</u>

LAC STE. ANNE COUNTY
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2011

	<u>2011</u>	<u>2010</u>
Operating Activities		
Cash from operations		
Excess of revenue over expenditures	\$ 2,068,923	\$ 5,917,501
Amortization	4,783,729	4,008,709
Tangible capital assets received as contributions	(31,610)	-
Gain on disposal of tangible capital assets	<u>(380,442)</u>	<u>(286,853)</u>
	<u>6,440,600</u>	<u>9,639,357</u>
 Change in non-cash working capital balances related to operations:		
Accounts receivable	1,809,629	(622,872)
Inventory for consumption	616,935	260,276
Other assets	(77,050)	(30,129)
Accounts payable and accrued liabilities	(264,430)	(848,119)
Deferred revenue	212,562	(384,278)
Deposit liabilities	<u>131,426</u>	<u>(42,754)</u>
	<u>2,429,072</u>	<u>(1,667,876)</u>
	<u>8,869,672</u>	<u>7,971,481</u>
 Financing Activities		
Proceeds on long-term debt	185,693	-
Repayment of long-term debt	<u>(477,047)</u>	<u>(1,050,095)</u>
	<u>(291,354)</u>	<u>(1,050,095)</u>
 Capital Activities		
Acquisition of tangible capital assets	(5,888,871)	(7,790,177)
Proceeds on sale of tangible capital assets	<u>455,200</u>	<u>426,000</u>
	<u>(5,433,671)</u>	<u>(7,364,177)</u>
 Investing Activities		
Change in long-term investments	<u>(4,033)</u>	<u>(3,288)</u>
 Change in Cash for the Year	3,140,614	(446,079)
Cash, Beginning of Year	<u>3,113,670</u>	<u>3,559,749</u>
Cash, End of Year	<u>\$ 6,254,284</u>	<u>\$ 3,113,670</u>

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

LAC STE. ANNE COUNTY

SCHEDULE 1

SCHEDULE OF TANGIBLE CAPITAL ASSETS

FOR THE YEAR ENDED DECEMBER 31, 2011

	<u>Land</u>	<u>Land Improvements</u>	<u>Buildings</u>	<u>Engineered Structures</u>	<u>Machinery and Equipment</u>	<u>Vehicles</u>	<u>2011</u>	<u>2010</u>
COST:								
Balance, Beginning of Year	\$ 9,721,804	\$ 1,611,908	\$ 5,173,213	\$ 89,508,701	\$ 7,097,750	\$ 6,038,508	\$ 119,151,884	\$ 112,232,454
Acquisition of tangible capital assets	493,157	-	60,719	2,811,944	1,638,333	461,259	5,465,412	6,173,032
Construction-in-progress	-	-	25,715	455,069	-	-	480,784	1,659,980
Disposal of tangible capital assets	-	-	-	-	(829,357)	-	(829,357)	(887,867)
Balance, End of Year	<u>10,214,961</u>	<u>1,611,908</u>	<u>5,259,647</u>	<u>92,775,714</u>	<u>7,906,726</u>	<u>6,499,767</u>	<u>124,268,723</u>	<u>119,177,599</u>
ACCUMULATED AMORTIZATION:								
Balance, Beginning of Year	-	868,179	1,686,990	64,062,698	3,076,840	3,325,167	73,019,874	69,759,885
Annual amortization	-	41,353	116,897	2,890,782	1,160,394	574,303	4,783,729	4,008,709
Accumulated amortization on disposals	-	-	-	-	(754,599)	-	(754,599)	(748,719)
Balance, End of Year	-	<u>909,532</u>	<u>1,803,887</u>	<u>66,853,480</u>	<u>3,482,635</u>	<u>3,899,470</u>	<u>77,049,004</u>	<u>73,019,875</u>
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	<u>\$ 10,214,961</u>	<u>\$ 702,376</u>	<u>\$ 3,455,760</u>	<u>\$ 25,822,234</u>	<u>\$ 4,424,091</u>	<u>\$ 2,600,297</u>	<u>\$ 47,219,720</u>	<u>\$ 46,157,724</u>

LAC STE. ANNE COUNTY

SCHEDULE 2

SCHEDULE OF PROPERTY TAXES LEVIED

FOR THE YEAR ENDED DECEMBER 31, 2011

	<u>2011</u> (Budget) (Note 17)	<u>2011</u> (Actual)	<u>2010</u> (Actual)
Taxation			
Residential	\$ 8,800,478	\$ 8,770,370	\$ 8,389,082
Linear	6,411,141	6,411,180	6,698,677
Machinery and equipment	1,503,849	1,507,236	1,581,051
Farmland	619,750	619,764	619,883
Commercial	872,977	867,195	847,397
Community enhancement levy	120,000	331,914	121,804
Grants in lieu of taxes	35,867	35,892	36,251
Local improvement	13,760	13,760	26,198
Special maintenance taxes	251,689	252,936	247,218
School requisitions over/under levy	<u>(10,973)</u>	<u>1,339</u>	<u>13,337</u>
	<u>18,618,538</u>	<u>18,811,586</u>	<u>18,580,898</u>
Deduct:			
Alberta School Foundation Fund	4,169,229	4,169,229	3,979,577
Lac Ste. Anne Foundation	<u>410,696</u>	<u>410,696</u>	<u>362,216</u>
	<u>4,579,925</u>	<u>4,579,925</u>	<u>4,341,793</u>
Net Taxes for General Municipal Purposes	<u>\$ 14,038,613</u>	<u>\$ 14,231,661</u>	<u>\$ 14,239,105</u>

LAC STE. ANNE COUNTY

SCHEDULE 3

SCHEDULE OF GOVERNMENT TRANSFERS

FOR THE YEAR ENDED DECEMBER 31, 2011

	<u>2011</u> (Budget) (Note 17)	<u>2011</u> (Actual)	<u>2010</u> (Actual)
Federal Transfers			
Operating	\$ <u>11,300</u>	\$ <u>8,400</u>	\$ <u>8,400</u>
Provincial Transfers			
Operating	3,841,439	3,430,083	3,389,466
Capital	<u>4,221,109</u>	<u>2,639,296</u>	<u>4,514,566</u>
	<u>8,062,548</u>	<u>6,069,379</u>	<u>7,904,032</u>
Local Government Transfers			
Operating	<u>100,373</u>	<u>109,323</u>	<u>103,803</u>
	<u>\$ 8,174,221</u>	<u>\$ 6,187,102</u>	<u>\$ 8,016,235</u>
Operating Government Transfers	\$ 3,953,112	\$ 3,547,806	\$ 3,501,669
Capital Government Transfers	<u>4,221,109</u>	<u>2,639,296</u>	<u>4,514,566</u>
Total Government Transfers	<u>\$ 8,174,221</u>	<u>\$ 6,187,102</u>	<u>\$ 8,016,235</u>

LAC STE. ANNE COUNTY
SCHEDULE OF EXPENDITURES BY OBJECT
FOR THE YEAR ENDED DECEMBER 31, 2011

SCHEDULE 4

	<u>2011</u> (Budget) (Note 17)	<u>2011</u> (Actual)	<u>2010</u> (Actual)
Salaries, wages and benefits	\$ 5,902,027	\$ 5,666,241	\$ 5,045,163
Materials, goods and utilities	4,549,631	5,893,339	4,161,357
Amortization	-	4,783,729	4,008,709
Contracted and general services	6,140,760	4,284,785	4,312,076
Transfers to governments, agencies and organizations	960,907	888,205	1,656,448
Interest on long-term debt	102,124	99,370	129,770
Bank charges and short-term interest	38,800	17,198	17,561
Provision for allowances	<u>6,000</u>	<u>894</u>	<u>22,990</u>
	<u>\$ 17,700,249</u>	<u>\$ 21,633,761</u>	<u>\$ 19,354,074</u>

See accompanying notes to the financial statements.

LAC STE. ANNE COUNTY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011

1. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of the County are the representations of management prepared in accordance with Canadian generally accepted accounting principles. 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 expenditures, and changes in equity balances and cash flows of the County.

The schedule of taxes levied includes requisitions for education and housing that are not part of the municipal reporting entity.

(b) Basis of Accounting

The 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 and services and/or the legal obligation to pay.

Funds from external parties and earnings thereon restricted by agreement or legislation are accounted for as deferred revenue until used for the purpose specified.

(c) Use of Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles 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 financial statements have been prepared within reasonable limits of materiality. Actual results could differ from those estimates.

(d) Investments

Investments are recorded at amortized cost. Investment premiums and discounts are amortized on a net present value basis over the term of the respective investments. When there has been a loss in value that is other than a temporary decline, the respective investment is written down to recognize the loss.

(e) Prepaid Local Improvement Charges

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.

Where a taxpayer has elected to prepay the outstanding local improvement charges, such amounts are recorded as a liability. The liability is amortized to revenue on a straight-line basis over the remaining term of the related borrowing.

In the event that the prepaid amounts are applied against the related borrowing, the liability is amortized to revenue by an amount equal to the debt repayment.

(f) Government Transfers

Government transfers are recognized in the financial statements as revenue in the period that the events giving rise to the transfer occurred, providing the transfers are authorized, any eligibility criteria have been met by the County, and reasonable estimates of the amounts can be made.

(CONT'D)

LAC STE. ANNE COUNTY

NOTES TO FINANCIAL STATEMENTS (CONT'D)

DECEMBER 31, 2011

1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(g) Requisition of Over-Levies and Under-Levies

Over-levies and under-levies arise from the difference between the actual 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. In situations where the actual levy is less than the requisition amount, the under levy is accrued as a receivable and as property taxes.

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

(h) 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 consolidated change in net financial assets for the year.

i) Tangible Capital Assets

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

Land improvements	15-50 years
Buildings	25-50 years
Engineered structures	5-90 years
Machinery and equipment	5-40 years
Vehicles	3-20 years

One-half of the annual amortization is charged in the year of acquisition and in the year of disposal. Assets under construction are not amortized until the asset is available for productive use.

ii) Contributions of Tangible Capital Assets

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

iii) Leases

Leases are classified as capital or operating leases. Leases which transfer substantially all of the benefits and risks incidental to ownership of property are accounted for as capital leases. All other leases are accounted for as operating leases and the related lease payments are charged to expenses as incurred.

iv) Inventories

Inventories held for consumption are recorded at the lower of cost or net realizable value with cost determined by the average cost method.

LAC STE. ANNE COUNTY
NOTES TO FINANCIAL STATEMENTS (CONT'D)
DECEMBER 31, 2011

2. ACCOUNTS RECEIVABLE

	<u>2011</u>	<u>2010</u>
Government grants	\$ 1,606,669	\$ 3,368,776
Lac Ste. Anne Foundation	2,908,561	2,994,068
Property taxes	1,343,223	1,105,711
Trade	699,256	920,326
Goods and Services Tax	207,112	418,062
Accrued interest	152,477	142,101
North 43 Lagoon Commission	182,800	134,265
Darwell Lagoon Commission	<u>(9,828)</u>	<u>(16,912)</u>
	7,088,270	9,066,397
Less: Allowance for doubtful accounts	<u>(81,162)</u>	<u>(249,660)</u>
	<u>\$ 7,007,108</u>	<u>\$ 8,816,737</u>

3. LONG-TERM INVESTMENTS

	<u>2011</u>	<u>2010</u>
Province of Ontario, coupon bond, earning interest at a rate of 4.10%, payable at maturity. The bond matures December 2, 2012.	\$ 245,675	\$ 245,675
Ontario Hydro, coupon bond, earning interest at a rate of 4.31%, payable at maturity. The bond matures October 17, 2013.	174,542	174,542
Province of British Columbia, coupon bond, earning interest at a rate of 4.26%, payable at maturity. The bond matures December 4, 2014.	173,667	173,667
CIBC, residual bond, earning interest at a rate of 3.5%, payable at maturity. The bond matures October 31, 2014.	170,003	170,003
Bank of Nova Scotia, GIC, earning interest at a rate of 3%, payable at maturity. The GIC matures June 15, 2016.	105,942	105,942
Servus Credit Union Ltd. common shares	93,321	88,892
Canadian Western Bank, GIC, earning interest at a rate of 3.3%, payable at maturity. The GIC matures January 27, 2015.	78,600	78,600
Alberta Association of Municipal Districts and Counties purchase discount reserves.	3,624	4,028
Alberta Municipal Financing Corporation membership certificates.	130	130
Royal Bank of Canada cash account.	<u>8</u>	<u>-</u>
	<u>\$ 1,045,512</u>	<u>\$ 1,041,479</u>

LAC STE. ANNE COUNTY

NOTES TO FINANCIAL STATEMENTS (CONT'D)

DECEMBER 31, 2011

4. INVENTORY FOR CONSUMPTION

	<u>2011</u>	<u>2010</u>
Gravel	\$ 3,761,104	\$ 4,537,316
Parts, culverts and other	<u>866,979</u>	<u>707,704</u>
	<u>\$ 4,628,083</u>	<u>\$ 5,245,020</u>

5. BANK INDEBTEDNESS

The current account overdraft and bank indebtedness are payable on demand with interest payable monthly at prime minus 0.25%. The County has an authorized current account overdraft limit of \$10,000,000 and an authorized demand term loan limit of \$5,300,000 at December 31, 2011. There are no balances outstanding at December 31, 2011.

6. DEPOSIT LIABILITIES

	<u>2011</u>	<u>2010</u>
Road damage deposits	\$ 746,500	\$ 716,500
Development trust	278,891	258,000
Tax sale surplus	150,306	103,722
Community enhancement fund	<u>53,772</u>	<u>19,821</u>
	<u>\$ 1,229,469</u>	<u>\$ 1,098,043</u>

7. DEFERRED REVENUE

Deferred revenue consists of the following amounts, which have been restricted by third parties for a specified purpose. These amounts are recognized as revenue in the period in which the related expenditures are incurred.

	<u>2011</u>	<u>2010</u>
Provincial government conditional grants	\$ 875,282	\$ 666,433
Other	<u>42,752</u>	<u>39,039</u>
	<u>\$ 918,034</u>	<u>\$ 705,472</u>

LAC STE. ANNE COUNTY

NOTES TO FINANCIAL STATEMENTS (CONT'D)

DECEMBER 31, 2011

8. LONG-TERM DEBT

	<u>2011</u>	<u>2010</u>
Debenture debt held by Alberta Capital Finance Authority, repayable in semi-annual installments of \$112,072 including interest at 4.779%; due September 15, 2031. Relates to Lac Ste. Anne Foundation.	\$ 2,866,404	\$ 2,950,535
Debenture debt held by Alberta Capital Finance Authority, repayable in semi-annual installments of \$74,809 including interest at 3.942%; due June 15, 2019. Relates to Darwell firehall/public works facility.	963,330	1,071,758
Debenture debt held by Alberta Capital Finance Authority, repayable in semi-annual installments of \$122,371 including interest at 4.974%; due June 15, 2014. Relates to replacement fire trucks.	568,726	777,363
Debenture debt held by Alberta Capital Finance Authority, repayable in semi-annual installments of \$29,730 including interest at 4.264%; due March 16, 2015. Relates to replacement fire trucks.	191,443	241,146
Loan with Servus Credit Union, repayable in monthly payments of \$8,333 plus interest at prime minus .25%; due February 1, 2017. Relates to broadband towers.	185,693	-
Debenture debt held by Alberta Capital Finance Authority, repayable in annual installments of \$16,374 including interest at 6.125%; due July 2, 2027. Relates to Darwell wastewater system.	164,062	170,022
Debenture debt held by Alberta Capital Finance Authority, repayable in annual installments of \$6,128 including interest at 8.75%; due September 1, 2017. Relates to Glenevis wastewater system.	27,696	31,102
Debenture debt held by Alberta Capital Finance Authority, repayable in annual installments of \$2,527 including interest at 10.25%; due July 15, 2012. Relates to Darwell wastewater system.	2,292	4,371
Debenture debt held by Alberta Capital Finance Authority, repayable in annual installments of \$16,191 including interest at 10.125%; due December 15, 2011. Relates to Sangudo wastewater system.	-	<u>14,703</u>
	<u>\$ 4,969,646</u>	<u>\$ 5,261,000</u>

LAC STE. ANNE COUNTY

NOTES TO FINANCIAL STATEMENTS (CONT'D)

DECEMBER 31, 2011

8. 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>
2012	\$ 584,255	\$ 222,738	\$ 806,993
2013	590,391	197,268	787,659
2014	406,151	171,944	578,095
2015	269,811	156,184	425,995
2016	251,542	144,722	396,264
Thereafter	<u>2,867,496</u>	<u>1,054,952</u>	<u>3,922,448</u>
	<u>\$ 4,969,646</u>	<u>\$ 1,947,808</u>	<u>\$ 6,917,454</u>

9. EQUITY IN TANGIBLE CAPITAL ASSETS

	<u>2011</u>	<u>2010</u>
Tangible capital assets (Schedule 1)	\$124,268,723	\$119,177,598
Accumulated amortization (Schedule 1)	(77,049,004)	(73,019,875)
Long-term debt for capital purposes	<u>(2,103,242)</u>	<u>(2,310,465)</u>
	<u>\$ 45,116,477</u>	<u>\$ 43,847,258</u>

10. ACCUMULATED SURPLUS

	<u>2011</u>	<u>2010</u>
Unrestricted surplus	<u>\$ 5,093,494</u>	<u>\$ 5,798,169</u>
Restricted surplus		
Public works	3,283,780	2,556,983
Administration	1,842,958	1,342,958
General municipal services	1,138,969	1,211,205
Protective services	769,569	593,760
Development and planning	474,953	453,074
Solid waste	300,000	250,000
Recreation and FCSS	378,122	249,909
Water and waste water	155,531	196,410
Agricultural services	78,947	79,751
Special transportation	<u>84,336</u>	<u>68,736</u>
	<u>8,507,165</u>	<u>7,002,786</u>
Equity in tangible capital assets (Note 9)	<u>45,116,477</u>	<u>43,847,258</u>
	<u>\$ 58,717,136</u>	<u>\$ 56,648,213</u>

LAC STE. ANNE COUNTY

NOTES TO FINANCIAL STATEMENTS (CONT'D)

DECEMBER 31, 2011

11. SALARIES 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 (1)</u>	<u>Benefits and Allowances (2)</u>	<u>Total</u>	
			<u>2011</u>	<u>2010</u>
Reeve				
Lloyd Giebelhaus	38,644	8,067	46,711	8,645
Derril Butler	\$ -	\$ -	\$ -	\$ 32,750
Councillors				
Lorne Olsvik	40,523	8,171	48,694	48,409
Wayne Borte	37,837	7,938	45,775	9,608
Robert Kohn	32,956	7,459	40,415	8,563
Robert Clark	32,038	6,488	38,526	8,434
Dwight Davidson	30,513	7,341	37,854	10,000
Ron Kidd	29,608	6,564	36,170	39,926
Lloyd Giebelhaus	-	-	-	35,695
George Turk	-	-	-	33,741
Joe Blakeman	-	-	-	30,482
Michael Dickie	-	-	-	26,250
Chief Administrative Officer				
Len Szybunka	136,750	11,256	148,006	148,408
Designated Officer	74,616	18,919	93,535	88,247

(1) Salary includes regular base pay, per diems and any other direct cash remuneration.

(2) Benefits and allowances include the employer's share of the employee benefits and contributions or payments made on behalf of employees including pension and health care benefits.

LAC STE. ANNE COUNTY

NOTES TO FINANCIAL STATEMENTS (CONT'D)

DECEMBER 31, 2011

12. DEBT LIMITS

Section 276(2) of the *Municipal Government Act* requires that debt and debt limits as defined by Alberta Regulation 255/2000 for the County be disclosed as follows:

	<u>2011</u>	<u>2010</u>
Total debt limit	\$ 30,977,004	\$ 30,705,234
Total debt	<u>(4,969,646)</u>	<u>(5,261,000)</u>
Amount of total debt limit unused	<u>\$ 26,007,358</u>	<u>\$ 25,444,234</u>
Debt servicing limit	\$ 5,162,834	\$ 5,117,539
Debt servicing	<u>(806,993)</u>	<u>(719,184)</u>
Amount of debt servicing limit unused	<u>\$ 4,355,841</u>	<u>\$ 4,398,355</u>

The debt limit is calculated at 1.50 times revenue of the County (as defined in the Alberta Regulation 255/2000) and the debt service limit is calculated as 0.25 times such revenue. Incurring debt beyond these limitations requires approval by the Minister of Municipal Affairs. These thresholds are a conservative guideline used by Alberta Municipal Affairs to identify municipalities that could be at a financial risk if further debt is acquired. The calculation taken alone does not represent the financial stability of the County. Rather, the financial statements must be interpreted as a whole.

13. CONTINGENCIES

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

14. LOCAL AUTHORITIES PENSION PLAN

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

The County is required to make current service contributions to the LAPP of 9.49% of pensionable earnings up to the Canada Pension Plan year's maximum pensionable earnings and 13.13% on pensionable earnings above this amount. Employees of the County are required to make current service contributions of 8.49% of pensionable earnings up to the year's maximum pensionable earnings and 12.13% on pensionable earnings above this amount.

Total current and past service contributions made by the County to the LAPP in 2011 were \$356,040 (2010 - \$324,149). Total current and past service contributions made by the employees of the County to the LAPP in 2011 were \$321,254 (2010 - \$290,868).

At December 31, 2010, the LAPP disclosed an actuarial deficit of \$ 4.6 billion (2009 - \$4 billion).

LAC STE. ANNE COUNTY
NOTES TO FINANCIAL STATEMENTS (CONT'D)
DECEMBER 31, 2011

15. FINANCIAL INSTRUMENTS

The County's financial instruments consist of cash, accounts receivables, long-term investments, accounts payable and accrued liabilities, and long-term debt. It is management's opinion that the County is not exposed to significant interest, currency or credit risk arising from these financial instruments. Unless otherwise noted, the fair value of these financial instruments approximates their carrying value.

16. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved by Council and Management.

17. BUDGET

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