

LAC STE. ANNE COUNTY

SANGUDO, ALBERTA

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2012



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, 2012, and the statements of operations and accumulated surplus, 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 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, 2012, and the results of its operations and accumulated surplus, changes 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 11, 2013

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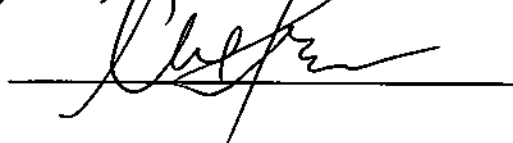


LAC STE. ANNE COUNTY
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2012

	<u>2012</u>	<u>2011</u>
FINANCIAL ASSETS		
Cash	\$ 4,149,378	\$ 6,254,284
Accounts receivable (Note 2)	7,443,847	7,007,108
Long-term investments (Note 3)	<u>1,047,212</u>	<u>1,045,512</u>
	<u>12,640,437</u>	<u>14,306,904</u>
LIABILITIES		
Accounts payable and accrued liabilities (Note 6)	782,333	595,609
Deposit liabilities (Note 7)	1,076,177	1,229,469
Deferred revenue (Note 8)	452,891	918,034
Long-term debt (Note 9)	<u>7,002,198</u>	<u>4,969,646</u>
	<u>9,313,599</u>	<u>7,712,758</u>
NET FINANCIAL ASSETS	<u>3,326,838</u>	<u>6,594,146</u>
NON-FINANCIAL ASSETS		
Inventory for consumption (Note 4)	5,263,068	4,628,083
Prepaid expenses	163,986	275,187
Tangible capital assets (Schedule 1)	<u>52,622,281</u>	<u>47,219,720</u>
	<u>58,049,335</u>	<u>52,122,990</u>
ACCUMULATED SURPLUS (Note 11)	\$ <u>61,376,173</u>	\$ <u>58,717,136</u>
CONTINGENCIES (Note 14)		

ON BEHALF OF COUNTY COUNCIL:


 _____ Reeve


 _____ County Manager



LAC STE. ANNE COUNTY

STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS

FOR THE YEAR ENDED DECEMBER 31, 2012

	Budget 2012 (Note 18)	Actual 2012	Actual 2011
Revenue			
Net taxation (Schedule 2)	\$ 13,981,131	\$ 14,047,352	\$ 14,231,661
Government transfers for operating (Schedule 3)	2,503,979	2,513,860	3,547,806
Sales and user charges	2,406,659	2,131,944	2,184,521
Penalties and costs on taxes	263,919	307,227	314,702
Rentals	108,990	131,312	131,329
Return on investments	92,000	120,895	159,224
Licenses and permits	<u>61,050</u>	<u>89,060</u>	<u>82,093</u>
	<u>19,417,728</u>	<u>19,341,650</u>	<u>20,651,336</u>
Expenses			
Public works	8,471,969	9,690,706	9,131,157
General administration	2,257,299	2,235,343	1,999,544
Protective services	1,744,403	1,666,572	1,690,164
Waste management	989,120	1,005,812	949,799
Parks and recreation	751,117	675,673	774,614
Agricultural services	704,983	658,718	754,282
Planning, land and economic development	787,296	591,809	468,985
Family and community support services	463,090	437,628	424,854
Council and other legislative	377,600	384,662	341,964
Water and wastewater	203,672	177,834	314,669
Amortization	<u>4,787,439</u>	<u>5,495,985</u>	<u>4,783,729</u>
	<u>21,537,988</u>	<u>23,020,742</u>	<u>21,633,761</u>
Excess (Deficiency) of Revenue over Expenses Before Other Items	<u>(2,120,260)</u>	<u>(3,679,092)</u>	<u>(982,425)</u>
Other Items			
Gain on disposal of tangible capital assets	-	386,283	380,442
Contributed tangible capital assets	350,000	310,750	31,610
Government transfers for capital (Schedule 3)	<u>5,760,188</u>	<u>5,641,096</u>	<u>2,639,296</u>
	<u>6,110,188</u>	<u>6,338,129</u>	<u>3,051,348</u>
Excess of Revenue over Expenses	<u>\$ 3,989,928</u>	<u>2,659,037</u>	<u>2,068,923</u>
Accumulated Surplus, Beginning of Year		<u>58,717,136</u>	<u>56,648,213</u>
Accumulated Surplus, End of Year		<u>\$ 61,376,173</u>	<u>\$ 58,717,136</u>



LAC STE. ANNE COUNTY

STATEMENT OF CHANGES IN NET FINANCIAL ASSETS

FOR THE YEAR ENDED DECEMBER 31, 2012

	<u>2012</u>	<u>2011</u>
Excess of Revenue over Expenses	\$ <u>2,659,037</u>	\$ <u>2,068,923</u>
Acquisition of tangible capital assets	(10,766,130)	(5,888,871)
Contributed tangible capital assets	(310,750)	(31,610)
Proceeds on disposal of tangible capital assets	564,616	455,200
Amortization of tangible capital assets	5,495,985	4,783,729
Gain on disposal of tangible capital assets	<u>(386,283)</u>	<u>(380,442)</u>
	<u>(5,402,562)</u>	<u>(1,061,994)</u>
Use (acquisition) of inventory for consumption	(634,985)	616,937
Use (acquisition) of prepaid expenses	<u>111,202</u>	<u>(77,052)</u>
	<u>(523,783)</u>	<u>539,885</u>
(Decrease) Increase In Net Financial Assets	(3,267,308)	1,546,814
Net Financial Assets, Beginning of Year	<u>6,594,146</u>	<u>5,047,332</u>
Net Financial Assets, End of Year	\$ <u>3,326,838</u>	\$ <u>6,594,146</u>



LAC STE. ANNE COUNTY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2012

	<u>2012</u>	<u>2011</u>
Operating Activities		
Excess of revenue over expenses	\$ 2,659,037	\$ 2,068,923
Non-cash items included in excess of revenue over expenses:		
Amortization of tangible capital assets	5,495,985	4,783,729
Contributed tangible capital assets	(310,750)	(31,610)
Gain on disposal of tangible capital assets	<u>(386,283)</u>	<u>(380,442)</u>
	<u>7,457,989</u>	<u>6,440,600</u>
 Change in non-cash working capital balances:		
Accounts receivable	(436,739)	1,809,629
Inventory for consumption	(634,985)	616,937
Prepaid expenses	111,202	(77,052)
Accounts payable and accrued liabilities	186,724	(264,430)
Deposit liabilities	(153,292)	131,426
Deferred revenue	<u>(465,143)</u>	<u>212,562</u>
	<u>(1,392,233)</u>	<u>2,429,072</u>
	<u>6,065,756</u>	<u>8,869,672</u>
 Financing Activities		
Long-term debt proceeds	2,624,307	185,693
Long-term debt principal repayments	<u>(591,755)</u>	<u>(477,047)</u>
	<u>2,032,552</u>	<u>(291,354)</u>
 Capital Activities		
Acquisition of tangible capital assets	(10,766,130)	(5,888,871)
Proceeds on sale of tangible capital assets	<u>564,616</u>	<u>455,200</u>
	<u>(10,201,514)</u>	<u>(5,433,671)</u>
 Investing Activities		
Change in long-term investments	<u>(1,700)</u>	<u>(4,033)</u>
 Change in Cash for the Year	(2,104,906)	3,140,614
Cash, Beginning of Year	<u>6,254,284</u>	<u>3,113,670</u>
Cash, End of Year	<u>\$ 4,149,378</u>	<u>\$ 6,254,284</u>



LAC STE. ANNE COUNTY

SCHEDULE 1

**SCHEDULE OF TANGIBLE CAPITAL ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2012**

	<u>Land</u>	<u>Land Improvements</u>	<u>Buildings</u>	<u>Engineered Structures</u>	<u>Machinery and Equipment</u>	<u>Vehicles</u>	<u>2012</u>	<u>2011</u>
COST:								
Balance, Beginning of Year	\$ 10,214,961	\$ 1,611,908	\$ 5,259,647	\$ 92,775,714	\$ 7,906,726	\$ 6,499,767	\$ 124,268,723	\$ 119,151,884
Acquisition of tangible capital assets	177,100	58,224	191,748	8,536,318	1,697,336	416,154	11,076,880	5,946,196
Disposal of tangible capital assets	-	-	-	(376,880)	(893,695)	(20,698)	(1,291,273)	(829,357)
Balance, End of Year	<u>10,392,061</u>	<u>1,670,132</u>	<u>5,451,395</u>	<u>100,935,152</u>	<u>8,710,367</u>	<u>6,895,223</u>	<u>134,054,330</u>	<u>124,268,723</u>
ACCUMULATED AMORTIZATION:								
Balance, Beginning of Year	-	909,532	1,803,887	66,953,480	3,482,635	3,899,470	77,049,004	73,019,874
Annual amortization	-	41,946	121,946	3,570,585	1,189,157	572,351	5,495,985	4,783,729
Accumulated amortization on disposals	-	-	-	(335,627)	(756,615)	(20,698)	(1,112,940)	(754,599)
Balance, End of Year	-	<u>951,478</u>	<u>1,925,833</u>	<u>70,188,438</u>	<u>3,915,177</u>	<u>4,451,123</u>	<u>81,432,049</u>	<u>77,049,004</u>
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	<u>\$ 10,392,061</u>	<u>\$ 718,654</u>	<u>\$ 3,525,562</u>	<u>\$ 30,746,714</u>	<u>\$ 4,795,190</u>	<u>\$ 2,444,100</u>	<u>\$ 52,622,281</u>	<u>\$ 47,219,720</u>

Cost includes construction in progress of \$156,724 (2011 - \$480,784). These amounts are not amortized until the asset is complete and in use.



LAC STE. ANNE COUNTY

SCHEDULE 2

SCHEDULE OF PROPERTY TAXES

FOR THE YEAR ENDED DECEMBER 31, 2012

	<u>2012</u> (Budget) (Note 18)	<u>2012</u> (Actual)	<u>2011</u> (Actual)
Taxation			
Residential	\$ 9,120,835	\$ 9,105,247	\$ 8,770,370
Linear	6,415,355	6,419,381	6,411,180
Machinery and equipment	1,435,837	1,435,837	1,507,236
Commercial	866,457	855,706	867,195
Farmland	634,676	634,726	619,764
Grants in lieu of taxes	35,852	35,852	35,892
Community enhancement levy	110,000	216,945	331,914
Local improvement	29,316	13,805	13,760
Special maintenance taxes	239,632	236,682	252,936
School requisitions over/under levy	<u>(12,312)</u>	<u>(12,312)</u>	<u>1,339</u>
	<u>18,875,648</u>	<u>18,941,869</u>	<u>18,811,586</u>
Deduct:			
Alberta School Foundation Fund	4,471,070	4,471,070	4,169,229
Lac Ste. Anne Foundation	<u>423,447</u>	<u>423,447</u>	<u>410,696</u>
	<u>4,894,517</u>	<u>4,894,517</u>	<u>4,579,925</u>
Net Taxes for General Municipal Purposes	<u>\$ 13,981,131</u>	<u>\$ 14,047,352</u>	<u>\$ 14,231,661</u>



LAC STE. ANNE COUNTY
SCHEDULE OF GOVERNMENT TRANSFERS
FOR THE YEAR ENDED DECEMBER 31, 2012

SCHEDULE 3

	<u>2012</u> (Budget) (Note 18)	<u>2012</u> (Actual)	<u>2011</u> (Actual)
Provincial Transfers			
Operating	2,393,742	2,403,624	3,438,483
Capital	<u>5,760,188</u>	<u>5,641,096</u>	<u>2,639,296</u>
	<u>8,153,930</u>	<u>8,044,720</u>	<u>6,077,779</u>
Local Government Transfers			
Operating	<u>110,237</u>	<u>110,236</u>	<u>109,323</u>
	<u>\$ 8,264,167</u>	<u>\$ 8,154,956</u>	<u>\$ 6,187,102</u>
Operating Government Transfers	\$ 2,503,979	\$ 2,513,860	\$ 3,547,806
Capital Government Transfers	<u>5,760,188</u>	<u>5,641,096</u>	<u>2,639,296</u>
Total Government Transfers	<u>\$ 8,264,167</u>	<u>\$ 8,154,956</u>	<u>\$ 6,187,102</u>



LAC STE. ANNE COUNTY

SCHEDULE 4

CONSOLIDATED SCHEDULE OF SEGMENTED INFORMATION

FOR THE YEAR ENDED DECEMBER 31, 2012

	Public Works	General Administration	Protective Services	Water, Wastewater & Waste Management	Parks and Recreation	Agricultural Services	Other	Total
REVENUE								
Net taxation	\$ -	\$ 13,796,865	\$ -	\$ 250,487	\$ -	\$ -	\$ -	\$ 14,047,352
Government transfers	7,207,111	151,020	75,092	-	8,217	256,963	456,553	8,154,956
Sales and user charges	465,561	142,849	688,184	256,961	304,791	55,140	218,458	2,131,944
Penalties and costs on taxes	-	307,227	-	-	-	-	-	307,227
Rentals	17,230	27,489	82,138	-	-	4,455	-	131,312
Return on investments	8,696	103,849	3,478	-	-	-	4,872	120,895
Licenses and permits	-	19,712	69,348	-	-	-	-	89,060
Other revenues	691,033	-	6,000	-	-	-	-	697,033
	<u>8,389,631</u>	<u>14,549,011</u>	<u>924,240</u>	<u>507,448</u>	<u>313,008</u>	<u>316,558</u>	<u>679,883</u>	<u>25,679,779</u>
EXPENSES								
Salaries, wages and benefits	2,324,384	1,197,826	717,787	449,476	114,770	388,126	891,045	6,083,414
Materials, goods and utilities	4,723,959	224,475	367,770	158,171	149,562	217,716	17,159	5,858,812
Contracted and general services	2,619,396	739,631	513,527	193,345	237,997	52,876	505,004	4,861,776
Transfers to governments	15,610	48,190	700	368,372	173,344	-	891	607,107
Interest on long-term debt	7,357	5,015	66,788	14,282	-	-	-	93,442
Bank charges and short-term interest	-	19,933	-	-	-	-	-	19,933
Provision for allowances	-	273	-	-	-	-	-	273
	<u>9,690,706</u>	<u>2,235,343</u>	<u>1,666,572</u>	<u>1,183,646</u>	<u>675,673</u>	<u>658,718</u>	<u>1,414,099</u>	<u>17,524,757</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES BEFORE AMORTIZATION	<u>(1,301,075)</u>	<u>12,313,668</u>	<u>(742,332)</u>	<u>(676,198)</u>	<u>(362,665)</u>	<u>(342,160)</u>	<u>(734,216)</u>	<u>8,155,022</u>
Amortization of tangible capital assets	<u>4,686,847</u>	<u>83,694</u>	<u>442,129</u>	<u>219,208</u>	<u>32,393</u>	<u>31,714</u>	<u>-</u>	<u>5,495,985</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	<u>\$ (5,987,922)</u>	<u>\$ 12,229,974</u>	<u>\$ (1,184,461)</u>	<u>\$ (895,406)</u>	<u>\$ (395,058)</u>	<u>\$ (373,874)</u>	<u>\$ (734,216)</u>	<u>\$ 2,659,037</u>



LAC STE. ANNE COUNTY

SCHEDULE 5

SCHEDULE OF EXPENDITURES BY OBJECT

FOR THE YEAR ENDED DECEMBER 31, 2012

	<u>2012</u> (Budget) (Note 18)	<u>2012</u> (Actual)	<u>2011</u> (Actual)
Salaries, wages and benefits	\$ 6,053,694	\$ 6,083,414	\$ 5,666,241
Materials, goods and utilities	4,532,434	5,858,812	5,893,339
Amortization	4,787,439	5,495,985	4,783,729
Contracted and general services	5,430,351	4,861,776	4,284,785
Transfers to governments, agencies and organizations	621,616	607,107	888,205
Interest on long-term debt	88,954	93,442	99,370
Bank charges and short-term interest	22,500	19,933	17,198
Provision for allowances	<u>1,000</u>	<u>273</u>	<u>894</u>
	<u>\$ 21,537,988</u>	<u>\$ 23,020,742</u>	<u>\$ 21,633,761</u>

See accompanying notes to the financial statements.



LAC STE. ANNE COUNTY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012

1. SIGNIFICANT ACCOUNTING POLICIES

These financial statements are the representations of the County's management prepared in accordance with Canadian public sector accounting standards. Significant aspects of the accounting policies adopted by the County are as follows:

(a) Reporting Entity

These financial statements reflect the assets, liabilities, revenues, and expenditures, and changes in equity balances and cash flows of the County.

(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 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 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.



LAC STE. ANNE COUNTY

NOTES TO FINANCIAL STATEMENTS (CONT'D)

DECEMBER 31, 2012

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 tax revenue. 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, 2012

2. ACCOUNTS RECEIVABLE

	<u>2012</u>	<u>2011</u>
Lac Ste. Anne Foundation	\$ 2,817,126	\$ 2,906,561
Government transfers	2,384,685	1,606,669
Property taxes	1,262,500	1,343,223
Trade	456,752	699,256
Goods and Services Tax	297,594	207,112
North 43 Lagoon Commission	255,022	182,800
Accrued interest	107,443	152,477
Darwell Lagoon Commission	<u>(59,234)</u>	<u>(9,828)</u>
	7,521,888	7,088,270
Less: Allowance for doubtful accounts	<u>(78,041)</u>	<u>(81,162)</u>
	<u>\$ 7,443,847</u>	<u>\$ 7,007,108</u>

3. LONG-TERM INVESTMENTS

	<u>2012</u>	<u>2011</u>
Ontario Hydro coupon bond, earning interest at a rate of 4.31%, matures October 17, 2013.	\$ 174,542	\$ 174,542
Province of British Columbia coupon bond, earning interest at a rate of 4.26%, matures December 4, 2014.	173,667	173,667
CIBC residual bond, earning interest at a rate of 3.5%, matures October 31, 2014.	170,003	170,003
Bank of Nova Scotia GIC, earning interest at a rate of 3%, matures June 15, 2016.	105,942	105,942
Canadian Tire Bank GIC, earning interest at a rate of 2.4%, matures December 21, 2017.	100,000	-
National Bank of Canada GIC, earning interest at a rate of 2.4%, matures December 21, 2017.	100,000	-
Servus Credit Union Ltd. common shares.	97,029	93,321
Canadian Western Bank GIC, earning interest at a rate of 3.3%, matures January 27, 2015.	78,600	78,600
ICICI Bank GIC, earning interest at a rate of 2.15%, matures December 21, 2015.	43,675	-
Alberta Association of Municipal Districts and Counties purchase discount reserves.	3,624	3,624
Alberta Municipal Financing Corporation membership certificates.	130	130
Province of Ontario coupon bond, matured during the year.	-	245,675
Royal Bank of Canada cash account.	<u>-</u>	<u>8</u>
	<u>\$ 1,047,212</u>	<u>\$ 1,045,512</u>



LAC STE. ANNE COUNTY

NOTES TO FINANCIAL STATEMENTS (CONT'D)

DECEMBER 31, 2012

4. INVENTORY FOR CONSUMPTION

	<u>2012</u>	<u>2011</u>
Gravel	\$ 4,491,012	\$ 3,761,104
Parts, culverts and other	<u>772,056</u>	<u>866,979</u>
	<u>\$ 5,263,068</u>	<u>\$ 4,628,083</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, 2012. There are no balances outstanding at December 31, 2012.

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	<u>2012</u>	<u>2011</u>
Trade	\$ 612,792	\$ 450,273
Community Adult Learning Council	114,646	93,981
Accrued interest on long-term debt	<u>54,895</u>	<u>51,355</u>
	<u>\$ 782,333</u>	<u>\$ 595,609</u>

7. DEPOSIT LIABILITIES

	<u>2012</u>	<u>2011</u>
Road damage deposits	\$ 681,500	\$ 746,500
Development trust	266,877	278,891
Tax sale surplus	91,124	150,306
Community enhancement fund	<u>36,676</u>	<u>53,772</u>
	<u>\$ 1,076,177</u>	<u>\$ 1,229,469</u>

8. 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>2012</u>	<u>2011</u>
Provincial government conditional grants	\$ 404,109	\$ 875,282
Other	<u>48,782</u>	<u>42,752</u>
	<u>\$ 452,891</u>	<u>\$ 918,034</u>



LAC STE. ANNE COUNTY

NOTES TO FINANCIAL STATEMENTS (CONT'D)

DECEMBER 31, 2012

9. LONG-TERM DEBT

	<u>2012</u>	<u>2011</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.	\$ 2,778,204	\$ 2,866,404
Debenture debt held by Alberta Capital Finance Authority, repayable in semi-annual installments of \$142,289 including interest at 1.661%; due September 17, 2017. Relates to gravel purchase.	1,360,000	-
Loan with Servus Credit Union, repayable in monthly installments of \$15,833 plus interest at prime minus .25%; due November 1, 2017. Relates to Range Road 20 capital road project.	934,167	-
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.	850,587	963,330
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.	408,333	185,693
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.	349,581	568,726
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.	139,598	191,443
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.	157,737	164,062
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.	23,991	27,696
Debenture debt held by Alberta Capital Finance Authority, repaid during the year. Related to Darwell wastewater system.	<u> -</u>	<u> 2,292</u>
	<u>\$ 7,002,198</u>	<u>\$ 4,969,646</u>



LAC STE. ANNE COUNTY

NOTES TO FINANCIAL STATEMENTS (CONT'D)

DECEMBER 31, 2012

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>
2013	\$ 1,057,775	\$ 250,201	\$ 1,307,976
2014	963,616	214,014	1,177,630
2015	831,737	185,818	1,017,555
2016	818,003	161,846	979,849
2017	726,458	139,394	865,852
Thereafter	<u>2,604,609</u>	<u>921,574</u>	<u>3,526,183</u>
	<u>\$ 7,002,198</u>	<u>\$ 1,872,847</u>	<u>\$ 8,875,045</u>

10. EQUITY IN TANGIBLE CAPITAL ASSETS

	<u>2012</u>	<u>2011</u>
Tangible capital assets (Schedule 1)	\$134,054,330	\$124,268,723
Accumulated amortization (Schedule 1)	(81,432,049)	(77,049,004)
Long-term debt for tangible capital asset purposes	<u>(2,863,994)</u>	<u>(2,103,242)</u>
	<u>\$ 49,758,287</u>	<u>\$ 45,116,477</u>

11. ACCUMULATED SURPLUS

	<u>2012</u>	<u>2011</u>
Unrestricted surplus	<u>\$ 3,383,631</u>	<u>\$ 5,093,494</u>
Restricted surplus		
Public works	2,728,436	3,283,780
Administration	2,242,958	1,842,958
Protective services	693,845	769,569
General municipal services	668,837	1,138,969
Recreation and FCSS	554,974	378,122
Development and planning	430,440	474,953
Water and waste water	407,526	155,531
Solid waste	350,000	300,000
Agricultural services	82,189	78,947
Special transportation	<u>75,049</u>	<u>84,336</u>
	<u>8,234,255</u>	<u>8,507,165</u>
Equity in tangible capital assets (Note 10)	<u>49,758,287</u>	<u>45,116,477</u>
	<u>\$ 61,376,173</u>	<u>\$ 58,717,136</u>



LAC STE. ANNE COUNTY

NOTES TO FINANCIAL STATEMENTS (CONT'D)

DECEMBER 31, 2012

12. 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>2012</u>	<u>2011</u>
Reeve				
Lloyd Giebelhaus	40,520	9,608	50,128	46,710
Councillors				
Lorne Olsvik	40,504	10,068	50,572	48,694
Wayne Borle	41,137	10,072	51,209	45,775
Robert Kohn	39,424	9,874	49,298	40,415
Robert Clark	33,086	9,009	42,095	38,526
Dwight Davidson	37,911	8,615	46,526	37,854
Ron Kidd	35,255	8,381	43,636	36,170
Chief Administrative Officer				
Mike Primeau	33,216	6,170	39,386	-
Len Szybunka	171,219	14,302	185,521	148,006
Designated Officer	78,033	21,465	99,498	93,535

(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, 2012

13. 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>2012</u>	<u>2011</u>
Total debt limit	\$ 29,012,475	\$ 30,977,004
Total debt	<u>(7,002,198)</u>	<u>(4,969,646)</u>
Amount of total debt limit unused	<u>\$ 22,010,277</u>	<u>\$ 26,007,358</u>
Debt servicing limit	\$ 4,835,413	\$ 5,162,834
Debt servicing	<u>(1,307,976)</u>	<u>(806,993)</u>
Amount of debt servicing limit unused	<u>\$ 3,527,437</u>	<u>\$ 4,355,841</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.

14. CONTINGENCIES

The County is a member of the Alberta Municipal Insurance Exchange. 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.

15. 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 9.91% of pensionable earnings up to the Canada Pension Plan year's maximum pensionable earnings and 13.74% on pensionable earnings above this amount. Employees of the County are required to make current service contributions of 8.91% of pensionable earnings up to the year's maximum pensionable earnings and 12.74% on pensionable earnings above this amount.

Total current and past service contributions made by the County to the LAPP in 2012 were \$416,823 (2011 - \$356,040). Total current and past service contributions made by the employees of the County to the LAPP in 2012 were \$371,200 (2011 - \$321,254).

At December 31, 2012, the LAPP disclosed an actuarial deficit of \$ 4.6 billion (2011 - \$4.6 billion).



LAC STE. ANNE COUNTY

NOTES TO FINANCIAL STATEMENTS (CONT'D)

DECEMBER 31, 2012

16. 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, liquidity, currency or credit risk arising from these financial instruments. Unless otherwise noted, the fair value of these financial instruments approximates their carrying value.

17. SEGMENTED INFORMATION

The County provides a range of services to its residents. 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. For additional information see the Schedule of Segment Disclosure (Schedule 4).

18. BUDGET

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

19. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved by Council and Management.

