

**LAC STE. ANNE COUNTY**  
**SANGUDO, ALBERTA**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2013**

**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, 2013, 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, 2013, 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 10, 2014



Hawkings Epp Dumont LLP  
Chartered Accountants

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LAC STE. ANNE COUNTY  
 STATEMENT OF FINANCIAL POSITION  
AS AT DECEMBER 31, 2013

	<u>2013</u>	<u>2012</u>
<b>FINANCIAL ASSETS</b>		
Cash	\$ 7,600,748	\$ 4,149,378
Accounts receivable (Note 2)	4,618,936	4,648,143
Loans receivable (Note 3)	2,803,977	2,854,938
Long-term investments (Note 4)	<u>1,051,386</u>	<u>1,047,212</u>
	<u>16,075,047</u>	<u>12,699,671</u>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities (Note 7)	1,036,978	841,567
Deposit liabilities (Note 8)	1,070,862	1,076,177
Deferred revenue (Note 9)	1,728,398	452,891
Long-term debt (Note 10)	<u>7,173,611</u>	<u>7,002,198</u>
	<u>11,009,849</u>	<u>9,372,833</u>
<b>NET FINANCIAL ASSETS</b>	<u>5,065,198</u>	<u>3,326,838</u>
<b>NON-FINANCIAL ASSETS</b>		
Inventory for consumption (Note 5)	4,958,695	5,263,068
Prepaid expenses	337,302	163,986
Tangible capital assets (Schedule 1)	<u>51,194,968</u>	<u>52,622,281</u>
	<u>56,490,965</u>	<u>58,049,335</u>
<b>ACCUMULATED SURPLUS (Note 12)</b>	<u>\$ 61,556,163</u>	<u>\$ 61,376,173</u>
<b>CONTINGENCIES (Note 15)</b>		

ON BEHALF OF COUNTY COUNCIL:

  
 \_\_\_\_\_ Reeve  
  
 \_\_\_\_\_ County Manager

LAC STE. ANNE COUNTY

STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS

FOR THE YEAR ENDED DECEMBER 31, 2013

	Budget <u>2013</u> (Note 19)	Actual <u>2013</u>	Actual <u>2012</u>
<b>Revenue</b>			
Net taxation (Schedule 2)	\$ 14,541,445	\$ 14,678,275	\$ 14,047,352
Government transfers for operating (Schedule 3)	2,603,903	2,195,392	2,513,860
Sales and user charges	2,171,494	2,232,022	2,131,944
Penalties and costs on taxes	277,200	270,300	304,732
Return on investments	92,000	157,343	120,895
Rentals	210,422	98,018	131,312
Licenses and permits	<u>64,000</u>	<u>84,583</u>	<u>91,555</u>
	<u>19,960,464</u>	<u>19,715,933</u>	<u>19,341,650</u>
<b>Expenses</b>			
Public works	10,215,932	9,221,023	9,690,706
General administration	2,487,757	2,357,437	2,235,343
Protective services	1,775,348	1,529,589	1,666,572
Waste management	1,103,400	1,103,801	1,005,812
Planning, land and economic development	1,286,460	759,552	591,809
Parks and recreation	801,477	706,972	675,673
Agricultural services	747,279	671,906	658,718
Family and community support services	462,010	426,467	437,628
Council and other legislative	423,300	366,574	384,662
Water and wastewater	410,965	324,362	177,834
Amortization	<u>5,633,044</u>	<u>5,834,120</u>	<u>5,495,985</u>
	<u>25,346,972</u>	<u>23,301,803</u>	<u>23,020,742</u>
<b>Excess (Deficiency) of Revenue over Expenses Before Other Items</b>	<u>(5,386,508)</u>	<u>(3,585,870)</u>	<u>(3,679,092)</u>
<b>Other Items</b>			
Gain on disposal of tangible capital assets	-	199,992	386,283
Contributed tangible capital assets	-	810,156	310,750
Government transfers for capital (Schedule 3)	<u>2,931,851</u>	<u>2,755,712</u>	<u>5,641,096</u>
	<u>2,931,851</u>	<u>3,765,860</u>	<u>6,338,129</u>
<b>Excess of Revenue over Expenses</b>	(2,454,657)	179,990	2,659,037
<b>Accumulated Surplus, Beginning of Year</b>	<u>61,376,173</u>	<u>61,376,173</u>	<u>58,717,136</u>
<b>Accumulated Surplus, End of Year</b>	<u>\$ 58,921,516</u>	<u>\$ 61,556,163</u>	<u>\$ 61,376,173</u>

LAC STE. ANNE COUNTY

STATEMENT OF CHANGES IN NET FINANCIAL ASSETS

FOR THE YEAR ENDED DECEMBER 31, 2013

	<u>2013</u>	<u>2012</u>
Excess of Revenue over Expenses	\$ <u>179,990</u>	\$ <u>2,659,037</u>
Acquisition of tangible capital assets	(4,001,658)	(10,766,130)
Contributed tangible capital assets	(810,156)	(310,750)
Proceeds on disposal of tangible capital assets	605,000	564,616
Amortization of tangible capital assets	5,834,120	5,495,985
Gain on disposal of tangible capital assets	<u>(199,992)</u>	<u>(386,283)</u>
	<u>1,427,314</u>	<u>(5,402,562)</u>
Use (acquisition) of inventory for consumption	304,373	(634,985)
Use (acquisition) of prepaid expenses	<u>(173,317)</u>	<u>111,202</u>
	<u>131,056</u>	<u>(523,783)</u>
Increase (Decrease) In Net Financial Assets	1,738,360	(3,267,308)
Net Financial Assets, Beginning of Year	<u>3,326,838</u>	<u>6,594,146</u>
Net Financial Assets, End of Year	<u>\$ 5,065,198</u>	<u>\$ 3,326,838</u>

**LAC STE. ANNE COUNTY**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2013**

	<u>2013</u>	<u>2012</u>
<b>Operating Activities</b>		
Excess of revenue over expenses	\$ 179,990	\$ 2,659,037
Non-cash items included in excess of revenue over expenses:		
Amortization of tangible capital assets	5,834,120	5,495,985
Contributed tangible capital assets	(810,156)	(310,750)
Gain on disposal of tangible capital assets	<u>(199,992)</u>	<u>(386,283)</u>
	<u>5,003,962</u>	<u>7,457,989</u>
 Change in non-cash working capital balances:		
Accounts receivable	29,206	(630,981)
Loans receivable	50,961	144,836
Inventory for consumption	304,373	(634,985)
Prepaid expenses	(173,317)	111,202
Accounts payable and accrued liabilities	195,411	236,130
Deposit liabilities	(5,315)	(153,292)
Deferred revenue	<u>1,275,507</u>	<u>(465,143)</u>
	<u>1,676,826</u>	<u>(1,392,233)</u>
	<u>6,680,788</u>	<u>6,065,756</u>
 <b>Financing Activities</b>		
Long-term debt proceeds	1,360,000	2,624,307
Long-term debt principal repayments	<u>(1,188,586)</u>	<u>(591,755)</u>
	<u>171,414</u>	<u>2,032,552</u>
 <b>Capital Activities</b>		
Acquisition of tangible capital assets	(4,001,658)	(10,766,130)
Proceeds on sale of tangible capital assets	<u>605,000</u>	<u>564,616</u>
	<u>(3,396,658)</u>	<u>(10,201,514)</u>
 <b>Investing Activities</b>		
Change in long-term investments	<u>(4,174)</u>	<u>(1,700)</u>
 Change in Cash for the Year	3,451,370	(2,104,906)
Cash, Beginning of Year	<u>4,149,378</u>	<u>6,254,284</u>
Cash, End of Year	<u>\$ 7,600,748</u>	<u>\$ 4,149,378</u>

LAC STE. ANNE COUNTY

SCHEDULE 1

SCHEDULE OF TANGIBLE CAPITAL ASSETS

FOR THE YEAR ENDED DECEMBER 31, 2013

	<u>Land</u>	<u>Land Improvements</u>	<u>Buildings</u>	<u>Engineered Structures</u>	<u>Machinery and Equipment</u>	<u>Vehicles</u>	<u>2013</u>	<u>2012</u>
<b>COST:</b>								
Balance, Beginning of Year	\$ 10,392,061	\$ 1,670,132	\$ 5,451,395	\$ 100,935,152	\$ 8,710,367	\$ 6,895,223	\$ 134,054,330	\$ 124,268,723
Acquisition of tangible capital assets	200,302	165,598	-	3,191,596	1,189,860	64,458	4,811,814	11,076,880
Disposal of tangible capital assets	-	-	-	(412,290)	(928,704)	-	(1,340,994)	(1,291,273)
Balance, End of Year	<u>10,592,363</u>	<u>1,835,730</u>	<u>5,451,395</u>	<u>103,714,458</u>	<u>8,971,523</u>	<u>6,959,681</u>	<u>137,525,150</u>	<u>134,054,330</u>
<b>ACCUMULATED AMORTIZATION:</b>								
Balance, Beginning of Year	-	951,478	1,925,833	70,188,438	3,915,177	4,451,123	81,432,049	77,049,004
Annual amortization	-	44,174	125,781	3,822,209	1,261,520	580,436	5,834,120	5,495,985
Accumulated amortization on disposals	-	-	-	(159,334)	(776,653)	-	(935,987)	(1,112,940)
Balance, End of Year	-	<u>995,652</u>	<u>2,051,614</u>	<u>73,851,313</u>	<u>4,400,044</u>	<u>5,031,559</u>	<u>86,330,182</u>	<u>81,432,049</u>
<b>NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS</b>	<u>\$ 10,592,363</u>	<u>\$ 840,078</u>	<u>\$ 3,399,781</u>	<u>\$ 29,863,145</u>	<u>\$ 4,571,479</u>	<u>\$ 1,928,122</u>	<u>\$ 51,194,968</u>	<u>\$ 52,622,281</u>

Cost includes construction in progress of \$25,715 (2012 - \$139,280). 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, 2013

	<u>2013</u> (Budget) (Note 19)	<u>2013</u> (Actual)	<u>2012</u> (Actual)
Taxation			
Residential	\$ 9,445,656	\$ 9,411,912	\$ 9,105,247
Linear	6,843,972	6,843,380	6,419,381
Machinery and equipment	1,412,978	1,412,978	1,435,837
Commercial	881,560	881,888	855,706
Farmland	637,286	637,687	634,726
Grants in lieu of taxes	35,728	35,728	35,852
Community enhancement levy	110,000	277,127	216,945
Local improvement	11,621	11,621	13,805
Special maintenance taxes	240,327	239,827	236,682
School requisitions over/under levy	<u>(1,903)</u>	<u>(6,047)</u>	<u>(12,312)</u>
	<u>19,617,225</u>	<u>19,746,101</u>	<u>18,941,869</u>
Deduct:			
Alberta School Foundation Fund	4,652,333	4,652,333	4,471,070
Lac Ste. Anne Foundation	<u>423,447</u>	<u>415,493</u>	<u>423,447</u>
	<u>5,075,780</u>	<u>5,067,826</u>	<u>4,894,517</u>
Net Taxes for General Municipal Purposes	<u>\$ 14,541,445</u>	<u>\$ 14,678,275</u>	<u>\$ 14,047,352</u>



**LAC STE. ANNE COUNTY**  
**SCHEDULE OF GOVERNMENT TRANSFERS**  
**FOR THE YEAR ENDED DECEMBER 31, 2013**

**SCHEDULE 3**

	<u>2013</u> (Budget) (Note 19)	<u>2013</u> (Actual)	<u>2012</u> (Actual)
Government transfers for operating			
Provincial	\$ 2,493,666	\$ 2,085,155	\$ 2,403,624
Local	<u>110,237</u>	<u>110,237</u>	<u>110,236</u>
	<u>2,603,903</u>	<u>2,195,392</u>	<u>2,513,860</u>
Government transfers for capital			
Provincial	<u>2,931,851</u>	<u>2,755,712</u>	<u>5,641,096</u>
Total Government Transfers	<u>\$ 5,535,754</u>	<u>\$ 4,951,104</u>	<u>\$ 8,154,956</u>

LAC STE. ANNE COUNTY

SCHEDULE 4

CONSOLIDATED SCHEDULE OF SEGMENTED INFORMATION

FOR THE YEAR ENDED DECEMBER 31, 2013

	Public Works	General Administration	Protective Services	Water, Wastewater & Waste Management	Parks and Recreation	Agricultural Services	Other	Total
<b>REVENUE</b>								
Net taxation	\$ -	\$ 14,426,828	\$ -	\$ 251,448	\$ -	\$ -	\$ -	\$ 14,678,276
Government transfers for operating	1,463,515	-	1,100	199,700	15,215	200,465	315,397	2,195,392
Sales and user charges	352,839	159,482	660,058	264,669	315,709	69,725	409,540	2,232,022
Penalties and costs on taxes	-	270,300	-	-	-	-	-	270,300
Rentals	17,230	7,717	69,634	-	-	3,437	-	98,018
Return on investments	10,233	138,254	3,860	-	-	-	4,996	157,343
Licenses and permits	-	49,668	34,915	-	-	-	-	84,583
	<u>1,843,817</u>	<u>15,052,249</u>	<u>769,567</u>	<u>715,817</u>	<u>330,924</u>	<u>273,627</u>	<u>729,933</u>	<u>19,715,933</u>
<b>EXPENSES</b>								
Salaries, wages and benefits	2,372,474	1,356,088	763,557	473,720	92,756	422,346	987,061	6,468,002
Materials, goods and utilities	4,372,028	233,007	287,798	151,528	188,479	208,565	42,808	5,484,213
Contracted and general services	2,395,318	657,506	427,278	248,297	248,137	40,995	522,724	4,540,255
Transfers to governments	25,297	57,969	-	543,180	177,600	-	-	804,046
Interest on long-term debt	55,907	9,967	50,955	11,439	-	-	-	128,268
Bank charges and short-term interest	-	22,900	-	-	-	-	-	22,900
Provision for allowances	-	20,000	-	-	-	-	-	20,000
	<u>9,221,024</u>	<u>2,357,437</u>	<u>1,529,588</u>	<u>1,428,164</u>	<u>706,972</u>	<u>671,906</u>	<u>1,552,593</u>	<u>17,467,683</u>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES BEFORE AMORTIZATION</b>	<u>(7,377,207)</u>	<u>12,694,812</u>	<u>(760,021)</u>	<u>(712,347)</u>	<u>(376,048)</u>	<u>(398,279)</u>	<u>(822,660)</u>	<u>2,248,250</u>
Amortization of tangible capital assets	<u>4,973,278</u>	<u>119,569</u>	<u>455,955</u>	<u>219,013</u>	<u>34,631</u>	<u>31,674</u>	<u>-</u>	<u>5,834,120</u>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES</b>	<u>\$ (12,350,485)</u>	<u>\$ 12,575,243</u>	<u>\$ (1,215,976)</u>	<u>\$ (931,360)</u>	<u>\$ (410,679)</u>	<u>\$ (429,953)</u>	<u>\$ (822,660)</u>	<u>\$ (3,585,870)</u>

LAC STE. ANNE COUNTY

SCHEDULE 5

SCHEDULE OF EXPENDITURES BY OBJECT

FOR THE YEAR ENDED DECEMBER 31, 2013

	<u>2013</u> (Budget) (Note 19)	<u>2013</u> (Actual)	<u>2012</u> (Actual)
Salaries, wages and benefits	\$ 6,704,408	\$ 6,468,002	\$ 6,083,414
Materials, goods and utilities	6,149,160	5,484,212	5,858,812
Contracted and general services	5,800,025	4,540,255	4,861,776
Transfers to governments, agencies and organizations	878,338	804,046	607,107
Interest on long-term debt	134,497	128,268	93,442
Bank charges and short-term interest	26,500	22,900	19,933
Provision for allowances	21,000	20,000	273
Amortization	<u>5,633,044</u>	<u>5,834,120</u>	<u>5,495,985</u>
	<u>\$ 25,346,972</u>	<u>\$ 23,301,803</u>	<u>\$ 23,020,742</u>

See accompanying notes to the financial statements.

**LAC STE. ANNE COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2013**

**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) Loans receivable**

Loans receivable are recorded at cost. Interest revenue is recognized as revenue in the year it is earned.

**(f) Local Improvements**

Construction and borrowing costs associated with local improvement projects are recovered through annual special levies that are approved by bylaw. These levies are collectible from the affected property owners and are levied over the estimated lifetime of the project. Revenues from local improvement levies are recognized in full in the period in which the local improvement project is completed.

**(g) 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, 2013**

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

**(h) 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.

**(i) Non-Financial Assets**

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the normal course of operations. The change in non-financial assets during the year, together with the excess of revenues over expenses, provides the 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, 2013**

**2. ACCOUNTS RECEIVABLE**

	<u>2013</u>	<u>2012</u>
Government transfers	\$ 2,464,727	\$ 2,384,685
Property taxes	1,076,455	1,262,500
Trade	698,616	418,940
Goods and Services Tax	359,631	297,594
Accrued interest	94,631	107,443
North 43 Lagoon Commission	<u>3,069</u>	<u>255,022</u>
	4,697,129	4,726,184
Less: Allowance for doubtful accounts	<u>(78,193)</u>	<u>(78,041)</u>
	<u>\$ 4,618,936</u>	<u>\$ 4,648,143</u>

**3. LOAN RECEIVABLES**

	<u>2013</u>	<u>2012</u>
Loan to Lac Ste. Anne Foundation is unsecured, repayable in semi-annual payments of \$112,072 including interest at 4.779%, due September 15, 2031	\$ 2,723,365	\$ 2,817,126
Loan to Friends of Lac Ste. Anne Foundation is unsecured, non-interest bearing and is repayable in semi-annual payments of \$8,333, due December 31, 2016.	50,000	-
Loan to Darwell Agricultural Society is unsecured, non-interest bearing and is repayable in annual payments of \$5,000, due December 31, 2017.	20,000	25,000
Rich Valley Agricultural Society is unsecured, non-interest bearing and is repayable in monthly payments of \$200, due December 31, 2018.	<u>10,612</u>	<u>12,812</u>
	<u>\$ 2,803,977</u>	<u>\$ 2,854,938</u>

**LAC STE. ANNE COUNTY**  
**NOTES TO FINANCIAL STATEMENTS (CONT'D)**  
**DECEMBER 31, 2013**

**4. LONG-TERM INVESTMENTS**

	<u>2013</u>	<u>2012</u>
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
Servus Credit Union Ltd. common shares.	100,907	97,029
Canadian Tire Bank GIC, earning interest at a rate of 2.4%, matures December 21, 2017.	100,000	100,000
National Bank of Canada GIC, earning interest at a rate of 2.4%, matures December 21, 2017.	100,000	100,000
Bank of Montreal GIC, earning interest at a rate of 2.9%, matures October 22, 2018.	87,250	-
Montreal Trust GIC, earning interest at a rate of 2.9%, matures October 21, 2018.	87,250	-
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	43,675
Alberta Association of Municipal Districts and Counties	3,962	3,624
Alberta Municipal Financing Corporation	130	130
Ontario Hydro coupon bond, matured during the year	<u>-</u>	<u>174,542</u>
	<u>\$ 1,051,386</u>	<u>\$ 1,047,212</u>

LAC STE. ANNE COUNTY

NOTES TO FINANCIAL STATEMENTS (CONT'D)

DECEMBER 31, 2013

**5. INVENTORY FOR CONSUMPTION**

	<u>2013</u>	<u>2012</u>
Gravel	\$ 4,343,814	\$ 4,491,012
Parts, culverts and other	<u>614,881</u>	<u>772,056</u>
	<u>\$ 4,958,695</u>	<u>\$ 5,263,068</u>

**6. 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, 2013. There are no balances outstanding at December 31, 2013.

**7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

	<u>2013</u>	<u>2012</u>
Trade	\$ 700,009	\$ 612,792
Earned vacation liability	150,000	-
Community Adult Learning Council	128,740	114,646
Accrued interest on long-term debt	51,440	54,895
Darwell Lagoon Commission	<u>6,789</u>	<u>59,234</u>
	<u>\$ 1,036,978</u>	<u>\$ 841,567</u>

**8. DEPOSIT LIABILITIES**

	<u>2013</u>	<u>2012</u>
Road damage deposits	\$ 661,500	\$ 681,500
Development trust	270,102	266,877
Tax sale surplus	91,124	91,124
Community enhancement fund	<u>48,136</u>	<u>36,676</u>
	<u>\$ 1,070,862</u>	<u>\$ 1,076,177</u>

**9. 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>2013</u>	<u>2012</u>
Provincial government conditional grants	\$ 1,515,584	\$ 404,109
Other	<u>212,814</u>	<u>48,782</u>
	<u>\$ 1,728,398</u>	<u>\$ 452,891</u>



LAC STE. ANNE COUNTY

NOTES TO FINANCIAL STATEMENTS (CONT'D)

DECEMBER 31, 2013

10. LONG-TERM DEBT

	<u>2013</u>	<u>2012</u>
Debtenture 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.	\$ 2,685,739	\$ 2,778,204
Debtenture debt held by Alberta Capital Finance Authority, repayable in semi-annual installments of \$142,377 including interest at 1.684%; due June 17, 2018. Relates to gravel purchase.	1,229,074	-
Debtenture 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.	1,096,923	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.	744,281	934,167
Debtenture 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.	733,354	850,587
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.	308,333	408,333
Debtenture 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.	151,025	157,737
Debtenture 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.	119,401	349,581
Debtenture 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.	85,519	139,598
Debtenture 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.	<u>19,962</u>	<u>23,991</u>
	<u>\$ 7,173,611</u>	<u>\$ 7,002,198</u>

LAC STE. ANNE COUNTY

NOTES TO FINANCIAL STATEMENTS (CONT'D)

DECEMBER 31, 2013

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

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

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 1,228,785	\$ 233,603	\$ 1,462,388
2015	1,101,390	200,922	1,302,312
2016	1,092,216	172,391	1,264,607
2017	1,005,422	145,300	1,150,722
2018	409,818	122,696	532,514
Thereafter	<u>2,335,980</u>	<u>800,067</u>	<u>3,136,047</u>
	<u>\$ 7,173,611</u>	<u>\$ 1,674,979</u>	<u>\$ 8,848,590</u>

**11. EQUITY IN TANGIBLE CAPITAL ASSETS**

	<u>2013</u>	<u>2012</u>
Tangible capital assets (Schedule 1)	\$137,525,150	\$134,054,330
Accumulated amortization (Schedule 1)	(86,330,182)	(81,432,049)
Long-term debt for tangible capital asset purposes	<u>(2,161,875)</u>	<u>(2,863,994)</u>
	<u>\$ 49,033,093</u>	<u>\$ 49,758,287</u>

**12. ACCUMULATED SURPLUS**

	<u>2013</u>	<u>2012</u>
Unrestricted surplus	\$ <u>3,365,913</u>	\$ <u>3,383,631</u>
Restricted surplus		
Public works	2,924,475	2,728,436
Administration	2,492,958	2,242,958
Protective services	857,329	693,845
Water and waste water	735,052	407,526
General municipal services	702,715	668,838
Recreation and FCSS	625,034	554,974
Solid waste	390,000	350,000
Development and planning	278,997	430,440
Agricultural services	83,658	82,189
Special transportation	<u>66,939</u>	<u>75,049</u>
	<u>9,157,157</u>	<u>8,234,255</u>
Equity in tangible capital assets (Note 11)	<u>49,033,093</u>	<u>49,758,287</u>
	<u>\$ 61,556,163</u>	<u>\$ 61,376,173</u>

LAC STE. ANNE COUNTY

NOTES TO FINANCIAL STATEMENTS (CONT'D)

DECEMBER 31, 2013

**13. 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>2013</u>	<u>2012</u>
Reeve				
Lloyd Giebelhaus	\$ 36,388	\$ 8,416	\$ 44,804	\$ 50,128
Councillors				
Lorne Olsvik	42,197	10,121	52,318	50,572
Wayne Borle	36,729	9,391	46,120	51,209
Dwight Davidson	34,064	8,130	42,194	46,526
Robert Kohn	30,884	8,699	39,583	49,298
Robert Clark	24,828	6,628	31,456	42,095
Ron Kidd	26,183	3,952	30,135	43,636
William Hegy	6,987	2,005	8,992	-
Ross Bohnet	5,658	1,869	7,527	-
Chief Administrative Officer				
Mike Primeau	144,873	30,311	175,184	39,386
Len Szybunka	-	-	-	185,521
Designated Officers	149,260	39,837	189,097	99,498

(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, 2013

**14. 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>2013</u>	<u>2012</u>
Total debt limit	\$ 29,573,900	\$ 29,012,475
Total debt	<u>(7,173,611)</u>	<u>(7,002,198)</u>
Amount of total debt limit unused	<u>22,400,289</u>	<u>22,010,277</u>
Debt servicing limit	4,928,983	4,835,413
Debt servicing	<u>(1,462,388)</u>	<u>(1,307,976)</u>
Amount of debt servicing limit unused	<u>\$ 3,466,595</u>	<u>\$ 3,527,437</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.

**15. 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.

**16. 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 10.43% of pensionable earnings up to the Canada Pension Plan year's maximum pensionable earnings and 14.47% on pensionable earnings above this amount. Employees of the County are required to make current service contributions of 9.43% of pensionable earnings up to the year's maximum pensionable earnings and 13.47% on pensionable earnings above this amount.

Total current and past service contributions made by the County to the LAPP in 2013 were \$460,078 (2012 - \$416,823). Total current and past service contributions made by the employees of the County to the LAPP in 2013 were \$421,373 (2012 - \$371,200).

At December 31, 2012, the LAPP disclosed an actuarial deficit of \$5 billion (2011 - \$4.6 billion).

**LAC STE. ANNE COUNTY**

**NOTES TO FINANCIAL STATEMENTS (CONT'D)**

**DECEMBER 31, 2013**

**17. FINANCIAL INSTRUMENTS**

The County's financial instruments consist of cash, accounts receivables, loans receivable, 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.

**18. 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).

**19. BUDGET**

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

**20. APPROVAL OF FINANCIAL STATEMENTS**

These financial statements were approved by Council and Management.