

**LAC STE. ANNE COUNTY**  
**SANGUDO, ALBERTA**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2014**



**HAWKINGS EPP DUMONT** LLP

CHARTERED ACCOUNTANTS

**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, 2014, 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, 2014, 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 9, 2015

*Hawkings Epp Dumont LLP*

Hawkings Epp Dumont LLP  
Chartered Accountants

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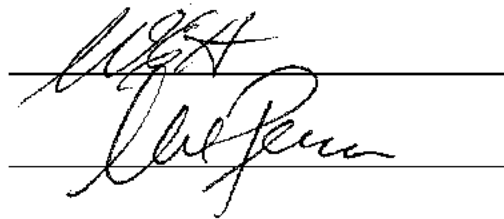
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**LAC STE. ANNE COUNTY**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT DECEMBER 31, 2014**

	<u>2014</u>	<u>2013</u>
<b>FINANCIAL ASSETS</b>		
Cash	\$ 9,461,677	\$ 7,600,748
Accounts receivable (Note 2)	3,668,598	4,618,936
Loans receivable (Note 3)	2,648,682	2,803,977
Long-term investments (Note 4)	<u>1,053,578</u>	<u>1,051,386</u>
	<u>16,832,535</u>	<u>16,075,047</u>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities (Note 7)	1,207,656	1,036,978
Deposit liabilities (Note 8)	1,300,570	1,070,862
Deferred revenue (Note 9)	1,098,160	1,728,398
Long-term debt (Note 10)	<u>5,944,712</u>	<u>7,173,611</u>
	<u>9,551,098</u>	<u>11,009,849</u>
<b>NET FINANCIAL ASSETS</b>	<u>7,281,437</u>	<u>5,065,198</u>
<b>NON-FINANCIAL ASSETS</b>		
Inventory for consumption (Note 5)	3,498,608	4,958,695
Prepaid expenses	826,285	337,302
Tangible capital assets (Schedule 1)	<u>48,069,640</u>	<u>51,194,968</u>
	<u>52,394,533</u>	<u>56,490,965</u>
<b>ACCUMULATED SURPLUS (Note 12)</b>	<b>\$ <u>59,675,970</u></b>	<b>\$ <u>61,556,163</u></b>
<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, 2014

	Budget 2014 (Note 19)	Actual <u>2014</u>	Actual <u>2013</u>
<b>Revenue</b>			
Net taxation (Schedule 2)	\$ 15,801,781	\$ 15,774,611	\$ 14,678,275
Sales and user charges	2,076,251	2,340,570	2,232,022
Government transfers for operating (Schedule 3)	2,342,113	1,745,856	2,195,392
Penalties and costs on taxes	262,200	272,089	270,300
Return on investments	108,000	238,525	157,343
Rentals	101,043	92,924	98,018
Licenses and permits	<u>31,000</u>	<u>42,601</u>	<u>84,583</u>
	<u>20,722,388</u>	<u>20,507,176</u>	<u>19,715,933</u>
<b>Expenses</b>			
Public works	8,614,118	9,560,574	9,221,023
General administration	2,652,651	2,692,668	2,357,437
Protective services	1,811,338	1,419,884	1,529,589
Planning, land and economic development	1,738,325	1,138,790	759,552
Waste management	1,181,000	1,064,509	1,103,801
Parks and recreation	751,038	737,642	706,972
Agricultural services	781,699	713,470	671,906
Family and community support services	475,768	413,561	426,467
Council and other legislative	387,300	376,492	366,574
Water and wastewater	241,639	183,277	324,362
Amortization	<u>5,876,828</u>	<u>5,518,764</u>	<u>5,834,120</u>
	<u>24,511,704</u>	<u>23,819,631</u>	<u>23,301,803</u>
Excess (Deficiency) of Revenue over Expenses Before Other Items	<u>(3,789,316)</u>	<u>(3,312,455)</u>	<u>(3,585,870)</u>
<b>Other Items</b>			
Gain on disposal of tangible capital assets	-	449,962	199,992
Contributed tangible capital assets	-	187,300	810,156
Government transfers for capital (Schedule 3)	<u>3,193,612</u>	<u>795,000</u>	<u>2,755,712</u>
	<u>3,193,612</u>	<u>1,432,262</u>	<u>3,765,860</u>
Excess (Deficiency) of Revenue over Expenses	(595,704)	(1,880,193)	179,990
Accumulated Surplus, Beginning of Year	<u>61,556,163</u>	<u>61,556,163</u>	<u>61,376,173</u>
Accumulated Surplus, End of Year	<u>\$ 60,960,459</u>	<u>\$ 59,675,970</u>	<u>\$ 61,556,163</u>

LAC STE. ANNE COUNTY

STATEMENT OF CHANGES IN NET FINANCIAL ASSETS

FOR THE YEAR ENDED DECEMBER 31, 2014

	<u>2014</u>	<u>2013</u>
Excess (Deficiency) of Revenue over Expenses	<u>\$(1,680,193)</u>	<u>\$ 179,990</u>
Acquisition of tangible capital assets	(2,379,368)	(4,001,658)
Contributed tangible capital assets	(187,300)	(810,156)
Proceeds on disposal of tangible capital assets	623,193	605,000
Amortization of tangible capital assets	5,518,764	5,834,120
Gain on disposal of tangible capital assets	<u>(449,962)</u>	<u>(199,992)</u>
	<u>3,125,327</u>	<u>1,427,314</u>
Use (acquisition) of inventory for consumption	1,460,087	304,373
Use (acquisition) of prepaid expenses	<u>(488,982)</u>	<u>(173,317)</u>
	<u>971,105</u>	<u>131,056</u>
Increase In Net Financial Assets	2,216,239	1,738,360
Net Financial Assets, Beginning of Year	<u>5,065,198</u>	<u>3,326,838</u>
Net Financial Assets, End of Year	<u>\$ 7,281,437</u>	<u>\$ 5,065,198</u>

**LAC STE. ANNE COUNTY**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2014**

	<u>2014</u>	<u>2013</u>
<b>Operating Activities</b>		
Excess (deficiency) of revenue over expenses	\$(1,880,193)	\$ 179,990
Non-cash items included in excess of revenue over expenses:		
Amortization of tangible capital assets	5,518,764	5,834,120
Contributed tangible capital assets	(187,300)	(810,156)
Gain on disposal of tangible capital assets	<u>(449,962)</u>	<u>(199,992)</u>
	<u>3,001,309</u>	<u>5,003,962</u>
 Change in non-cash working capital balances:		
Accounts receivable	950,338	29,206
Loans receivable	155,295	50,961
Inventory for consumption	1,460,087	304,373
Prepaid expenses	(488,982)	(173,317)
Accounts payable and accrued liabilities	170,678	195,411
Deposit liabilities	229,708	(5,315)
Deferred revenue	<u>(630,238)</u>	<u>1,275,507</u>
	<u>1,846,886</u>	<u>1,676,826</u>
	<u>4,848,195</u>	<u>6,680,788</u>
 <b>Financing Activities</b>		
Long-term debt proceeds	-	1,360,000
Long-term debt principal repayments	<u>(1,228,899)</u>	<u>(1,188,586)</u>
	<u>(1,228,899)</u>	<u>171,414</u>
 <b>Capital Activities</b>		
Acquisition of tangible capital assets	(2,379,368)	(4,001,658)
Proceeds on sale of tangible capital assets	<u>623,193</u>	<u>605,000</u>
	<u>(1,756,175)</u>	<u>(3,396,658)</u>
 <b>Investing Activities</b>		
Change in long-term investments	<u>(2,192)</u>	<u>(4,174)</u>
 Change in Cash for the Year	1,860,929	3,451,370
Cash, Beginning of Year	<u>7,600,748</u>	<u>4,149,378</u>
Cash, End of Year	<u>\$ 9,461,677</u>	<u>\$ 7,600,748</u>

LAC STE. ANNE COUNTY

SCHEDULE 1

SCHEDULE OF TANGIBLE CAPITAL ASSETS

FOR THE YEAR ENDED DECEMBER 31, 2014

	Land	Land Improvements	Buildings	Engineered Structures	Machinery and Equipment	Vehicles	2014	2013
<b>COST:</b>								
Balance, Beginning of Year	\$ 10,592,363	\$ 1,885,730	\$ 5,451,395	\$ 103,714,458	\$ 8,971,523	\$ 6,959,681	\$ 137,525,150	\$ 134,054,330
Acquisition of tangible capital assets	187,300	113,949	483,760	-	1,334,789	446,870	2,566,668	4,811,814
Disposal of tangible capital assets	(407)	-	-	-	(1,081,461)	(350,126)	(1,431,994)	(1,340,994)
Balance, End of Year	<u>10,779,256</u>	<u>1,949,679</u>	<u>5,935,155</u>	<u>103,714,458</u>	<u>9,224,851</u>	<u>7,056,425</u>	<u>138,659,824</u>	<u>137,525,150</u>
<b>ACCUMULATED AMORTIZATION:</b>								
Balance, Beginning of Year	-	995,652	2,051,614	73,851,313	4,400,044	5,031,559	86,330,182	81,432,049
Annual amortization	-	48,109	130,791	3,586,502	1,256,363	496,999	5,518,764	5,834,120
Accumulated amortization on disposals	-	-	-	-	(951,627)	(307,135)	(1,258,762)	(935,987)
Balance, End of Year	-	<u>1,043,761</u>	<u>2,182,405</u>	<u>77,437,815</u>	<u>4,704,780</u>	<u>5,221,423</u>	<u>90,590,184</u>	<u>86,330,182</u>
<b>NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS</b>	<b>\$ 10,779,256</b>	<b>\$ 905,918</b>	<b>\$ 3,752,750</b>	<b>\$ 26,276,643</b>	<b>\$ 4,520,071</b>	<b>\$ 1,835,002</b>	<b>\$ 48,069,640</b>	<b>\$ 51,194,968</b>

Cost includes construction in progress of \$259,019 (2013 - \$25,715). 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, 2014

	<u>2014</u> (Budget) (Note 19)	<u>2014</u> (Actual)	<u>2013</u> (Actual)
Taxation			
Residential	\$ 9,913,917	\$ 9,825,924	\$ 9,411,912
Linear	6,893,452	6,899,002	6,843,380
Machinery and equipment	1,528,678	1,521,961	1,412,978
Commercial	1,097,635	1,064,624	881,888
Farmland	759,753	760,394	637,687
Grants in lieu of taxes	38,145	38,041	35,728
Community enhancement levy	200,000	289,555	277,127
Recreation facility and program assistance tax	137,350	134,800	-
Local improvement	11,621	11,621	11,621
Wastewater maintenance tax	257,223	243,676	239,827
School requisitions over/under levy	<u>6,047</u>	<u>27,053</u>	<u>(6,047)</u>
	<u>20,843,821</u>	<u>20,816,651</u>	<u>19,746,101</u>
Deduct:			
Alberta School Foundation Fund	4,631,366	4,631,366	4,652,333
Lac Ste. Anne Foundation	<u>410,674</u>	<u>410,674</u>	<u>415,493</u>
	<u>5,042,040</u>	<u>5,042,040</u>	<u>5,067,826</u>
Net Taxes for General Municipal Purposes	<u>\$ 15,801,781</u>	<u>\$ 15,774,611</u>	<u>\$ 14,678,275</u>



**LAC STE. ANNE COUNTY**  
**SCHEDULE OF GOVERNMENT TRANSFERS**  
**FOR THE YEAR ENDED DECEMBER 31, 2014**

**SCHEDULE 3**

	<u>2014</u> (Budget) (Note 19)	<u>2014</u> (Actual)	<u>2013</u> (Actual)
Government transfers for operating			
Provincial	\$ 2,231,876	\$ 1,635,619	\$ 2,085,155
Local	<u>110,237</u>	<u>110,237</u>	<u>110,237</u>
	<u>2,342,113</u>	<u>1,745,856</u>	<u>2,195,392</u>
Government transfers for capital			
Provincial	<u>3,193,612</u>	<u>795,000</u>	<u>2,755,712</u>
Total Government Transfers	<u>\$ 5,535,725</u>	<u>\$ 2,540,856</u>	<u>\$ 4,951,104</u>

LAC STE. ANNE COUNTY

SCHEDULE 4

CONSOLIDATED SCHEDULE OF SEGMENTED INFORMATION

FOR THE YEAR ENDED DECEMBER 31, 2014

	Public Works	General Administration	Protective Services	Water, Wastewater & Waste Management	Parks and Recreation	Agricultural Services	Other	Total
<b>REVENUE</b>								
Net taxation	\$ -	\$ 15,384,514	\$ -	\$ 255,297	\$ 134,800	\$ -	\$ -	\$ 15,774,611
Government transfers for operating	940,110	-	-	-	-	190,322	615,424	1,745,856
Sales and user charges	503,869	151,654	705,510	263,858	327,512	65,215	322,952	2,340,570
Penalties and costs on taxes	-	272,069	-	-	-	-	-	272,069
Rentals	14,270	8,019	65,797	-	-	4,838	-	92,924
Return on investments	58,976	171,669	4,952	-	-	-	2,928	238,525
Licenses and permits	-	28,005	14,586	-	-	-	-	42,601
	<u>1,517,225</u>	<u>16,015,950</u>	<u>790,855</u>	<u>519,155</u>	<u>462,312</u>	<u>260,375</u>	<u>941,304</u>	<u>20,507,175</u>
<b>EXPENSES</b>								
Salaries, wages and benefits	2,553,018	1,471,606	559,982	425,772	75,301	430,877	1,028,154	6,546,710
Materials, goods and utilities	4,779,737	309,676	439,620	164,884	171,780	223,956	37,967	6,127,620
Contracted and general services	2,159,004	634,758	387,711	314,002	309,985	58,637	861,722	4,725,819
Transfers to governments	15,610	252,585	-	332,476	180,576	-	-	781,227
Interest on long-term debt	58,205	10,536	32,571	10,652	-	-	-	106,964
Bank charges and short-term interest	-	12,835	-	-	-	-	-	12,835
Provision for allowances	-	692	-	-	-	-	-	692
	<u>9,560,574</u>	<u>2,692,668</u>	<u>1,419,884</u>	<u>1,247,786</u>	<u>737,642</u>	<u>713,470</u>	<u>1,928,843</u>	<u>18,300,867</u>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES BEFORE AMORTIZATION</b>	<u>(8,043,349)</u>	<u>13,323,282</u>	<u>(629,029)</u>	<u>(728,631)</u>	<u>(275,330)</u>	<u>(453,095)</u>	<u>(987,539)</u>	<u>2,206,309</u>
Amortization of tangible capital assets	4,731,608	119,554	379,959	219,014	38,566	30,063	-	5,518,764
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES</b>	<u>\$ (12,774,957)</u>	<u>\$ 13,203,728</u>	<u>\$ (1,008,988)</u>	<u>\$ (947,845)</u>	<u>\$ (313,896)</u>	<u>\$ (483,158)</u>	<u>\$ (987,539)</u>	<u>\$ (3,312,455)</u>

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

**LAC STE. ANNE COUNTY**  
**SCHEDULE OF EXPENDITURES BY OBJECT**  
**FOR THE YEAR ENDED DECEMBER 31, 2014**

**SCHEDULE 5**

	<u>2014</u> (Budget) (Note 19)	<u>2014</u> (Actual)	<u>2013</u> (Actual)
Salaries, wages and benefits	\$ 7,084,254	\$ 6,545,710	\$ 6,468,002
Materials, goods and utilities	5,544,667	6,127,620	5,484,212
Contracted and general services	5,233,624	4,725,819	4,540,255
Transfers to governments, agencies and organizations	616,230	781,227	804,046
Interest on long-term debt	123,101	106,964	128,268
Bank charges and short-term interest	32,000	12,835	22,900
Provision for allowances	1,000	692	20,000
Amortization	<u>5,876,828</u>	<u>5,518,764</u>	<u>5,834,120</u>
	<u>\$ 24,511,704</u>	<u>\$ 23,819,631</u>	<u>\$ 23,301,803</u>

See accompanying notes to the financial statements.

**LAC STE. ANNE COUNTY**

**NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2014**

**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, 2014

**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, 2014**

**2. ACCOUNTS RECEIVABLE**

	<u>2014</u>	<u>2013</u>
Government transfers	\$ 1,673,014	\$ 2,464,727
Property taxes	1,070,125	1,076,455
Trade	784,119	698,616
Goods and Services Tax	164,042	359,631
Accrued interest	43,330	94,631
North 43 Lagoon Commission	<u>-</u>	<u>3,069</u>
	3,734,630	4,697,129
Less: Allowance for doubtful accounts	<u>(66,032)</u>	<u>(78,193)</u>
	<u>\$ 3,668,598</u>	<u>\$ 4,618,936</u>

**3. LOAN RECEIVABLES**

	<u>2014</u>	<u>2013</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	\$ 2,625,070	\$ 2,723,365
Loan to Darwell Agricultural Society is unsecured, non-interest bearing and is repayable in annual payments of \$5,000, due December 31, 2017.	15,000	20,000
Rich Valley Agricultural Society is unsecured, non-interest bearing and is repayable in monthly payments of \$200, due December 31, 2018.	8,612	10,612
Loan to Friends of Lac Ste. Anne Foundation repaid during the year.	<u>-</u>	<u>50,000</u>
	<u>\$ 2,648,682</u>	<u>\$ 2,803,977</u>

LAC STE. ANNE COUNTY

NOTES TO FINANCIAL STATEMENTS (CONT'D)

DECEMBER 31, 2014

4. LONG-TERM INVESTMENTS

	<u>2014</u>	<u>2013</u>
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.	104,930	100,907
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	87,250
Montreal Trust GIC, earning interest at a rate of 2.9%, matures October 21, 2018.	87,250	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	2,098	3,962
Alberta Municipal Financing Corporation	130	130
Cash account	343,703	-
Province of British Columbia coupon bond matured during the year.	-	173,667
CIBC residual bond matured during the year.	-	<u>170,003</u>
	<u>\$ 1,053,578</u>	<u>\$ 1,051,386</u>

LAC STE. ANNE COUNTY

NOTES TO FINANCIAL STATEMENTS (CONT'D)

DECEMBER 31, 2014

**5. INVENTORY FOR CONSUMPTION**

	<u>2014</u>	<u>2013</u>
Gravel	\$ 2,908,262	\$ 4,343,814
Parts, culverts and other	<u>590,346</u>	<u>614,881</u>
	<u>\$ 3,498,608</u>	<u>\$ 4,958,695</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, 2014. There are no balances outstanding at December 31, 2014.

**7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

	<u>2014</u>	<u>2013</u>
Trade	\$ 760,141	\$ 706,798
Earned vacation liability	309,463	150,000
Community Adult Learning Council	90,934	128,740
Accrued interest on long-term debt	<u>47,118</u>	<u>51,440</u>
	<u>\$ 1,207,656</u>	<u>\$ 1,036,978</u>

**8. DEPOSIT LIABILITIES**

	<u>2014</u>	<u>2013</u>
Road damage deposits	\$ 726,500	\$ 661,500
Development trust	436,102	270,102
Tax sale surplus	137,968	91,124
Community enhancement fund	<u>-</u>	<u>48,136</u>
	<u>\$ 1,300,570</u>	<u>\$ 1,070,862</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>2014</u>	<u>2013</u>
Provincial government conditional grants	\$ 1,061,619	\$ 1,515,584
Other	<u>36,547</u>	<u>212,814</u>
	<u>\$ 1,098,160</u>	<u>\$ 1,728,398</u>



**LAC STE. ANNE COUNTY**  
**NOTES TO FINANCIAL STATEMENTS (CONT'D)**

**DECEMBER 31, 2014**

**10. LONG-TERM DEBT**

	<u>2014</u>	<u>2013</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.	\$ 2,588,801	\$ 2,685,739
Debenture 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.	963,905	1,229,074
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.	829,459	1,096,923
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.	611,455	733,354
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.	554,167	744,281
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.	208,333	308,333
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.	143,901	151,025
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.	29,110	85,519
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.	15,581	19,962
Debenture debt repaid during the year.	-	<u>119,401</u>
	<u>\$ 5,944,712</u>	<u>\$ 7,173,611</u>

LAC STE. ANNE COUNTY

NOTES TO FINANCIAL STATEMENTS (CONT'D)

DECEMBER 31, 2014

**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>
2015	\$ 1,101,390	\$ 200,919	\$ 1,302,309
2016	1,092,216	172,388	1,264,604
2017	1,005,308	145,299	1,150,607
2018	409,818	122,696	532,514
2019	205,709	109,618	315,327
Thereafter	<u>2,130,271</u>	<u>690,449</u>	<u>2,820,720</u>
	<u>\$ 5,944,712</u>	<u>\$ 1,441,369</u>	<u>\$ 7,386,081</u>

**11. EQUITY IN TANGIBLE CAPITAL ASSETS**

	<u>2014</u>	<u>2013</u>
Tangible capital assets (Schedule 1)	\$138,659,824	\$137,525,150
Accumulated amortization (Schedule 1)	(90,590,184)	(86,330,182)
Long-term debt for tangible capital asset purposes	<u>(1,562,547)</u>	<u>(2,161,875)</u>
	<u>\$ 46,507,093</u>	<u>\$ 49,033,093</u>

**12. ACCUMULATED SURPLUS**

	<u>2014</u>	<u>2013</u>
Unrestricted surplus	\$ <u>3,388,781</u>	\$ <u>3,365,913</u>
Restricted surplus		
Public works	3,601,508	2,924,475
Administration	2,492,958	2,492,958
Water and waste water	1,016,426	735,052
Protective services	788,278	857,329
Recreation and FCSS	629,403	625,034
General municipal services	467,115	702,715
Solid waste	435,000	390,000
Development and planning	193,121	278,997
Agricultural services	97,458	83,658
Special transportation	<u>58,829</u>	<u>66,939</u>
	<u>9,780,096</u>	<u>9,157,157</u>
Equity in tangible capital assets (Note 11)	<u>46,507,093</u>	<u>49,033,093</u>
	<u>\$ 59,675,970</u>	<u>\$ 61,556,163</u>

LAC STE. ANNE COUNTY

NOTES TO FINANCIAL STATEMENTS (CONT'D)

DECEMBER 31, 2014

**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>2014</u>	<u>2013</u>
<b>Reeve</b>				
Lloyd Giebelhaus	\$ 29,963	\$ 6,896	\$ 36,859	\$ 44,804
William Hegy	\$ 6,790	\$ 1,594	\$ 8,384	\$ -
<b>Councillors</b>				
Lorne Olsvik	41,378	9,809	51,187	52,318
Wayne Borie	41,217	9,783	51,000	46,120
Robert Kohn	39,377	9,582	48,959	39,583
Dwight Davidson	34,888	8,056	42,944	42,194
Ross Bohnet	31,344	8,634	39,978	7,527
William Hegy	30,805	7,648	38,453	8,992
Lloyd Giebelhaus	5,303	1,268	6,571	-
Ron Kidd	-	-	-	30,135
Robert Clark	-	-	-	31,456
<b>Chief Administrative Officer</b>				
Mike Primeau	154,710	32,595	187,305	175,184
<b>Designated Officers</b>	28,235	8,214	36,449	189,097

(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, 2014

**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>2014</u>	<u>2013</u>
Total debt limit	\$ 30,760,764	\$ 29,573,900
Total debt	<u>(5,944,712)</u>	<u>(7,173,611)</u>
Amount of total debt limit unused	<u>24,816,052</u>	<u>22,400,289</u>
Debt servicing limit	5,126,794	4,928,983
Debt servicing	<u>(1,302,309)</u>	<u>(1,462,388)</u>
Amount of debt servicing limit unused	<u>\$ 3,824,485</u>	<u>\$ 3,466,595</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 11.39% of pensionable earnings up to the Canada Pension Plan year's maximum pensionable earnings and 15.84% on pensionable earnings above this amount. Employees of the County are required to make current service contributions of 10.39% of pensionable earnings up to the year's maximum pensionable earnings and 14.84% on pensionable earnings above this amount.

Total current and past service contributions made by the County to the LAPP in 2014 were \$502,347 (2013 - \$460,078). Total current and past service contributions made by the employees of the County to the LAPP in 2014 were \$463,072 (2013 - \$421,373).

At December 31, 2013, the LAPP disclosed an actuarial deficit of \$4.9 billion (2012 - \$5 billion).

**LAC STE. ANNE COUNTY**

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

**DECEMBER 31, 2014**

**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.