

LAC STE. ANNE COUNTY
SANGUDO, ALBERTA
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

INDEPENDENT AUDITORS' REPORT

To the Mayor 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, 2015, 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, 2015, 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 14, 2016



Hawkings Epp Dumont LLP
Chartered Accountants

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LAC STE. ANNE COUNTY
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2015

	<u>2015</u>	<u>2014</u>
FINANCIAL ASSETS		
Cash	\$ 11,264,240	\$ 9,461,677
Accounts receivable (Note 2)	2,593,901	3,668,598
Loans receivable (Note 3)	2,538,234	2,648,682
Long-term investments (Note 4)	<u>1,058,409</u>	<u>1,053,578</u>
	<u>17,454,784</u>	<u>16,832,535</u>
LIABILITIES		
Accounts payable and accrued liabilities (Note 7)	1,212,685	1,207,656
Deposit liabilities (Note 8)	1,414,606	1,300,570
Deferred revenue (Note 9)	2,150,931	1,098,160
Long-term debt (Note 10)	<u>4,843,323</u>	<u>5,944,712</u>
	<u>9,621,545</u>	<u>9,551,098</u>
NET FINANCIAL ASSETS	<u>7,833,239</u>	<u>7,281,437</u>
NON-FINANCIAL ASSETS		
Inventory for consumption (Note 5)	1,916,919	3,498,608
Prepaid expenses	908,762	826,285
Tangible capital assets (Schedule 1)	<u>47,049,701</u>	<u>48,069,640</u>
	<u>49,875,382</u>	<u>52,394,533</u>
ACCUMULATED SURPLUS (Note 12)	<u>\$ 57,708,621</u>	<u>\$ 59,675,970</u>
CONTINGENCIES (Note 15)		

ON BEHALF OF COUNTY COUNCIL:

The image shows two handwritten signatures in blue ink. The first signature is for the Mayor and the second is for the County Manager. Each signature is written over a horizontal line.

Mayor

County Manager

LAC STE. ANNE COUNTY
STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS
FOR THE YEAR ENDED DECEMBER 31, 2015

	Budget <u>2015</u> (Note 19)	Actual <u>2015</u>	Actual <u>2014</u>
Revenue			
Net taxation (Schedule 2)	\$ 16,550,801	\$ 16,432,670	\$ 15,774,611
Sales and user charges	1,834,925	2,383,383	2,333,879
Government transfers for operating (Schedule 3)	2,571,925	1,096,330	1,745,856
Penalties and costs on taxes	259,700	287,546	272,089
Return on investments	110,500	251,238	238,525
Rentals	113,400	122,066	92,924
Licenses and permits	<u>43,000</u>	<u>25,250</u>	<u>49,292</u>
	<u>21,484,251</u>	<u>20,598,483</u>	<u>20,507,176</u>
Expenses			
Public works	15,484,407	14,273,391	14,292,182
General administration	2,932,085	2,683,018	2,812,222
Protective services	2,269,198	1,740,599	1,799,843
Planning, land and economic development	1,617,515	1,225,649	1,138,790
Waste management	1,337,800	1,153,687	1,176,559
Parks and recreation	838,221	863,893	776,208
Agricultural services	846,019	750,389	743,533
Family and community support services	438,964	418,238	413,561
Council and other legislative	407,200	383,253	376,492
Water and wastewater	<u>981,613</u>	<u>284,032</u>	<u>290,241</u>
	<u>27,153,022</u>	<u>23,776,129</u>	<u>23,819,631</u>
Excess (Deficiency) of Revenue over Expenses Before Other Items	<u>(5,668,771)</u>	<u>(3,177,646)</u>	<u>(3,312,455)</u>
Other Items			
Government transfers for capital (Schedule 3)	3,127,366	611,090	795,000
Gain on disposal of tangible capital assets	-	453,107	449,962
Contributed tangible capital assets	<u>-</u>	<u>146,100</u>	<u>187,300</u>
	<u>3,127,366</u>	<u>1,210,297</u>	<u>1,432,262</u>
Excess (Deficiency) of Revenue over Expenses	(2,541,405)	(1,967,349)	(1,880,193)
Accumulated Surplus, Beginning of Year	<u>59,675,970</u>	<u>59,675,970</u>	<u>61,556,163</u>
Accumulated Surplus, End of Year	<u>\$ 57,134,565</u>	<u>\$ 57,708,621</u>	<u>\$ 59,675,970</u>

LAC STE. ANNE COUNTY
STATEMENT OF CHANGES IN NET FINANCIAL ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>2015</u>	<u>2014</u>
Excess (Deficiency) of Revenue over Expenses	\$(1,967,349)	\$(1,880,193)
Acquisition of tangible capital assets	(4,057,652)	(2,379,368)
Contributed tangible capital assets	(146,100)	(187,300)
Proceeds on disposal of tangible capital assets	613,095	623,193
Amortization of tangible capital assets	5,063,703	5,518,764
Gain on disposal of tangible capital assets	<u>(453,107)</u>	<u>(449,962)</u>
	<u>1,019,939</u>	<u>3,125,327</u>
Use (acquisition) of inventory for consumption	1,581,690	1,460,087
Use (acquisition) of prepaid expenses	<u>(82,478)</u>	<u>(488,982)</u>
	<u>1,499,212</u>	<u>971,105</u>
Increase In Net Financial Assets	551,802	2,216,239
Net Financial Assets, Beginning of Year	<u>7,281,437</u>	<u>5,065,198</u>
Net Financial Assets, End of Year	<u>\$ 7,833,239</u>	<u>\$ 7,281,437</u>

LAC STE. ANNE COUNTY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>2015</u>	<u>2014</u>
Operating Activities		
Excess (deficiency) of revenue over expenses	\$(1,967,349)	\$(1,880,193)
Non-cash items included in excess of revenue over expenses:		
Amortization of tangible capital assets	5,063,703	5,518,764
Contributed tangible capital assets	(146,100)	(187,300)
Gain on disposal of tangible capital assets	<u>(453,107)</u>	<u>(449,962)</u>
	<u>2,497,147</u>	<u>3,001,309</u>
Change in non-cash working capital balances:		
Accounts receivable	1,074,697	950,338
Loans receivable	110,448	155,295
Inventory for consumption	1,581,690	1,460,087
Prepaid expenses	(82,478)	(488,982)
Accounts payable and accrued liabilities	5,029	170,678
Deposit liabilities	114,036	229,708
Deferred revenue	<u>1,052,771</u>	<u>(630,238)</u>
	<u>3,856,193</u>	<u>1,846,886</u>
	<u>6,353,340</u>	<u>4,848,195</u>
Financing Activities		
Long-term debt principal repayments	<u>(1,101,389)</u>	<u>(1,228,899)</u>
Capital Activities		
Acquisition of tangible capital assets	(4,057,652)	(2,379,368)
Proceeds on sale of tangible capital assets	<u>613,095</u>	<u>623,193</u>
	<u>(3,444,557)</u>	<u>(1,756,175)</u>
Investing Activities		
Change in long-term investments	<u>(4,831)</u>	<u>(2,192)</u>
Change in Cash for the Year	1,802,563	1,860,929
Cash, Beginning of Year	<u>9,461,677</u>	<u>7,600,748</u>
Cash, End of Year	<u>\$11,264,240</u>	<u>\$ 9,461,677</u>

LAC STE. ANNE COUNTY

SCHEDULE 1

SCHEDULE OF TANGIBLE CAPITAL ASSETS

FOR THE YEAR ENDED DECEMBER 31, 2015

	Land	Land Improvements	Buildings	Engineered Structures	Machinery and Equipment	Vehicles	2015	2014
COST:								
Balance, Beginning of Year	\$ 10,779,256	\$ 1,949,679	\$ 5,935,155	\$ 103,714,458	\$ 9,224,851	\$ 7,056,425	\$ 138,659,824	\$ 137,525,150
Acquisition of tangible capital assets	475,697	121,143	1,118,806	41,990	1,648,537	797,579	4,203,752	2,566,688
Disposal of tangible capital assets	-	-	-	-	(1,091,039)	(222,309)	(1,313,348)	(1,431,994)
Balance, End of Year	<u>11,254,953</u>	<u>2,070,822</u>	<u>7,053,961</u>	<u>103,756,448</u>	<u>9,782,349</u>	<u>7,631,695</u>	<u>141,550,228</u>	<u>138,659,824</u>
ACCUMULATED AMORTIZATION:								
Balance, Beginning of Year	-	1,043,761	2,182,405	77,437,815	4,704,780	5,221,423	90,590,184	86,330,182
Annual amortization	-	51,599	149,350	3,163,833	1,334,831	364,090	5,063,703	5,518,764
Accumulated amortization on disposals	-	-	-	-	(932,654)	(220,706)	(1,153,360)	(1,258,762)
Balance, End of Year	-	<u>1,095,360</u>	<u>2,331,755</u>	<u>80,601,648</u>	<u>5,106,957</u>	<u>5,364,807</u>	<u>94,500,527</u>	<u>90,590,184</u>
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	\$ 11,254,953	\$ 975,462	\$ 4,722,206	\$ 23,154,800	\$ 4,675,392	\$ 2,266,888	\$ 47,049,701	\$ 48,069,640

Cost includes construction in progress of \$754,354 (2014 - \$259,019). These amounts are not amortized until the asset is complete and in use.

LAC STE. ANNE COUNTY
SCHEDULE OF PROPERTY TAXES
FOR THE YEAR ENDED DECEMBER 31, 2015

SCHEDULE 2

	<u>2015</u> (Budget) (Note19)	<u>2015</u> (Actual)	<u>2014</u> (Actual)
Taxation			
Residential	\$ 10,615,318	\$ 10,577,530	\$ 9,825,924
Linear	7,002,134	7,001,637	6,899,002
Machinery and equipment	1,490,629	1,488,528	1,521,961
Commercial	1,149,593	1,134,856	1,064,624
Farmland	753,644	753,829	760,394
Grants in lieu of taxes	38,531	25,276	38,041
Community enhancement levy	200,000	134,273	289,555
Recreation facility and program assistance tax	269,750	272,600	134,800
Local improvement	11,621	11,621	11,621
Wastewater maintenance tax	247,207	248,689	243,676
School requisitions over/under levy	<u>(22,518)</u>	<u>(11,061)</u>	<u>27,053</u>
	<u>21,755,909</u>	<u>21,637,778</u>	<u>20,816,651</u>
Deduct:			
Alberta School Foundation Fund	4,791,972	4,791,972	4,631,366
Lac Ste. Anne Foundation	<u>413,136</u>	<u>413,136</u>	<u>410,674</u>
	<u>5,205,108</u>	<u>5,205,108</u>	<u>5,042,040</u>
Net Taxation	<u>\$ 16,550,801</u>	<u>\$ 16,432,670</u>	<u>\$ 15,774,611</u>

LAC STE. ANNE COUNTY
SCHEDULE OF GOVERNMENT TRANSFERS
FOR THE YEAR ENDED DECEMBER 31, 2015

SCHEDULE 3

	<u>2015</u> (Budget) (Note19)	<u>2015</u> (Actual)	<u>2014</u> (Actual)
Government transfers for operating			
Provincial	\$ 2,474,481	\$ 993,403	\$ 1,635,619
Local	<u>97,444</u>	<u>102,927</u>	<u>110,237</u>
	<u>2,571,925</u>	<u>1,096,330</u>	<u>1,745,856</u>
Government transfers for capital			
Provincial	<u>3,127,366</u>	<u>611,090</u>	<u>795,000</u>
Total Government Transfers	<u>\$ 5,699,291</u>	<u>\$ 1,707,420</u>	<u>\$ 2,540,856</u>

LAC STE. ANNE COUNTY

SCHEDULE 4

CONSOLIDATED SCHEDULE OF SEGMENTED INFORMATION

FOR THE YEAR ENDED DECEMBER 31, 2015

	Public Works	General Administration	Protective Services	Planning and Development	Waste Management	Parks and Recreation	Other	Total
REVENUE								
Net taxation	\$ -	\$ 15,899,761	\$ -	\$ -	\$ -	\$ 272,600	\$ 260,309	\$ 16,432,670
Sales and user charges	471,888	148,399	625,895	493,428	62,837	236,428	344,508	2,383,383
Government transfers for operating	427,892	-	-	192,004	-	-	476,434	1,096,330
Penalties and costs on taxes	-	287,546	-	-	-	-	-	287,546
Return on investments	113,056	133,521	3,129	1,532	-	-	-	251,238
Rentals	-	10,939	68,260	-	-	-	42,867	122,066
Licenses and permits	5,202	965	12,383	6,700	-	-	-	25,250
	<u>1,018,038</u>	<u>16,481,131</u>	<u>709,667</u>	<u>693,664</u>	<u>62,837</u>	<u>509,028</u>	<u>1,124,118</u>	<u>20,598,483</u>
EXPENSES								
Salaries, wages and benefits	2,740,820	1,521,838	614,790	589,672	423,791	79,585	924,279	6,894,755
Materials, goods and utilities	5,158,944	322,830	377,090	44,649	97,005	237,061	280,164	6,517,743
Amortization of tangible capital assets	4,403,295	117,766	232,016	-	127,684	47,210	135,732	5,063,703
Contracted and general services	1,931,373	582,625	493,795	591,328	177,474	31,359	467,777	4,275,731
Transfers to governments	636	17,020	-	-	327,733	468,698	18,132	832,219
Provision for allowances	-	100,000	-	-	-	-	-	100,000
Interest on long-term debt	38,323	4,198	22,908	-	-	-	9,808	75,237
Bank charges and short-term interest	-	16,741	-	-	-	-	-	16,741
	<u>14,273,391</u>	<u>2,683,018</u>	<u>1,740,599</u>	<u>1,225,649</u>	<u>1,153,687</u>	<u>863,893</u>	<u>1,835,892</u>	<u>23,776,129</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES BEFORE OTHER ITEMS	\$ (13,255,353)	\$ 13,798,113	\$ (1,030,932)	\$ (531,985)	\$ (1,090,850)	\$ (354,855)	\$ (711,774)	\$ (3,177,646)

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, 2015

SCHEDULE 5

	<u>2015</u> (Budget) (Note 19)	<u>2015</u> (Actual)	<u>2014</u> (Actual)
Salaries, wages and benefits	\$ 7,317,836	\$ 6,894,755	\$ 6,433,323
Materials, goods and utilities	6,273,492	6,517,743	6,127,620
Amortization	5,880,394	5,063,703	5,518,764
Contracted and general services	6,661,483	4,275,731	4,838,206
Transfers to governments, agencies and organizations	888,379	832,219	781,227
Provision for allowances	1,000	100,000	692
Interest on long-term debt	103,438	75,237	106,964
Bank charges and short-term interest	<u>27,000</u>	<u>16,741</u>	<u>12,835</u>
	<u>\$ 27,153,022</u>	<u>\$ 23,776,129</u>	<u>\$ 23,819,631</u>

See accompanying notes to the financial statements.

LAC STE. ANNE COUNTY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

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) Cash

Cash includes chequing and savings accounts and cash on hand amounts that are readily converted into known amounts of cash and are subject to an insignificant change in value.

(e) 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.

(f) Loans receivable

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

(g) 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.

(h) 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, 2015

1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(i) 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.

(j) Non-Financial Assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the normal course of operations. The change in non-financial assets during the year, together with the excess of revenues over expenses, provides the 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, 2015

2. ACCOUNTS RECEIVABLE

	<u>2015</u>	<u>2014</u>
Property taxes	\$ 1,216,343	\$ 1,070,125
Government transfers	696,253	1,673,014
Trade	645,997	784,119
Goods and Services Tax	139,375	164,042
Accrued interest	<u>54,271</u>	<u>43,330</u>
	2,752,239	3,734,630
Less: Allowance for doubtful accounts	<u>(158,338)</u>	<u>(66,032)</u>
	<u>\$ 2,593,901</u>	<u>\$ 3,668,598</u>

3. LOAN RECEIVABLES

	<u>2015</u>	<u>2014</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	\$ 2,522,022	\$ 2,625,070
Loan to Darwell Agricultural Society is unsecured, non-interest bearing and is repayable in annual payments of \$5,000, due December 31, 2017.	10,000	15,000
Rich Valley Agricultural Society is unsecured, non-interest bearing and is repayable in monthly payments of \$200, due December 31, 2018.	<u>6,212</u>	<u>8,612</u>
	<u>\$ 2,538,234</u>	<u>\$ 2,648,682</u>

LAC STE. ANNE COUNTY
NOTES TO FINANCIAL STATEMENTS (CONT'D)
DECEMBER 31, 2015

4. LONG-TERM INVESTMENTS

	<u>2015</u>	<u>2014</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.	108,852	104,930
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
Home Trust Company GIC, earning interest at a rate of 1.81%, matures January 12, 2016.	87,703	-
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
HSBC Bank of Canada GIC, earning interest at a rate of 2.55%, matures January 13, 2020.	85,000	-
Home Equity Bank of Canada GIC, earning interest at a rate of 2.5%, matures January 13, 2020.	85,000	-
Vancity Credit Union GIC, earning interest at a rate of 1.8%, matures January 12, 2016.	56,000	-
ICIC Bank of Canada GIC, earning interest at a rate of 2.51%, matures January 13, 2020.	30,000	-
Canadian Western Bank GIC matured during the year.	-	78,600
ICICI Bank GIC matured during the year.	-	43,675
Alberta Association of Municipal Districts and Counties	-	2,098
Alberta Municipal Financing Corporation	130	130
Investment account cash	<u>125,282</u>	<u>343,703</u>
	<u>\$ 1,058,409</u>	<u>\$ 1,053,578</u>

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

DECEMBER 31, 2015

5. INVENTORY FOR CONSUMPTION

	<u>2015</u>	<u>2014</u>
Gravel	\$ 1,342,424	\$ 2,908,262
Parts, culverts and other	<u>574,495</u>	<u>590,346</u>
	<u>\$ 1,916,919</u>	<u>\$ 3,498,608</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, 2015. There are no balances outstanding at December 31, 2015.

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	<u>2015</u>	<u>2014</u>
Trade	\$ 732,904	\$ 760,141
Earned vacation liability	309,463	309,463
Community Adult Learning Council	127,046	90,934
Accrued interest on long-term debt	<u>43,272</u>	<u>47,118</u>
	<u>\$ 1,212,685</u>	<u>\$ 1,207,656</u>

8. DEPOSIT LIABILITIES

	<u>2015</u>	<u>2014</u>
Road damage deposits	\$ 751,500	\$ 726,500
Development trust	458,158	436,102
Tax sale surplus	<u>204,948</u>	<u>137,968</u>
	<u>\$ 1,414,606</u>	<u>\$ 1,300,570</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>2015</u>	<u>2014</u>
Provincial government transfers		
Federal gas tax fund grant	\$ 557,584	\$ -
Collaboration and partnership grants	546,381	401,557
Alberta Agriculture - broadband grant	472,209	500,000
Municipal sustainability initiative grant	160,337	71,201
Other provincial grants	157,198	37,876
Family and community support services grant	106,247	50,979
Other	<u>150,975</u>	<u>36,547</u>
	<u>\$ 2,150,931</u>	<u>\$ 1,098,160</u>

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

DECEMBER 31, 2015

10. LONG-TERM DEBT

	<u>2015</u>	<u>2014</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.	\$ 2,487,177	\$ 2,588,801
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.	694,252	963,905
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.	557,533	829,459
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.	484,704	611,455
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.	364,166	554,167
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.	136,341	143,901
Loan with Servus Credit Union, repayable in monthly payments of \$8,333 plus interest at prime minus .25%; due January 1, 2017. Relates to broadband towers.	108,334	208,333
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.	10,816	15,581
Debenture debt repaid during the year.	<u>-</u>	<u>29,110</u>
	<u>\$ 4,843,323</u>	<u>\$ 5,944,712</u>

LAC STE. ANNE COUNTY
NOTES TO FINANCIAL STATEMENTS (CONT'D)
DECEMBER 31, 2015

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>
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
2020	138,870	101,648	240,518
Thereafter	<u>1,991,402</u>	<u>588,800</u>	<u>2,580,202</u>
	<u>\$ 4,843,323</u>	<u>\$ 1,240,449</u>	<u>\$ 6,083,772</u>

11. EQUITY IN TANGIBLE CAPITAL ASSETS

	<u>2015</u>	<u>2014</u>
Tangible capital assets (Schedule 1)	\$141,550,228	\$138,659,824
Accumulated amortization (Schedule 1)	(94,500,527)	(90,590,184)
Long-term debt for tangible capital asset purposes	<u>(1,104,361)</u>	<u>(1,562,547)</u>
	<u>\$ 45,945,340</u>	<u>\$ 46,507,093</u>

12. ACCUMULATED SURPLUS

	<u>2015</u>	<u>2014</u>
Unrestricted surplus	\$ 2,875,145	\$ 3,388,781
Restricted surplus		
Public works	3,623,533	3,601,508
Administration	1,781,993	2,492,958
Water and waste water	1,351,671	1,016,426
Protective services	829,310	788,278
Recreation and FCSS	612,831	629,403
Development and planning	273,530	193,121
Solid waste	180,000	435,000
Agricultural services	100,459	97,458
General municipal services	77,244	467,115
Special transportation	<u>57,565</u>	<u>58,829</u>
	<u>8,888,136</u>	<u>9,780,096</u>
Equity in tangible capital assets (Note 11)	<u>45,945,340</u>	<u>46,507,093</u>
	<u>\$ 57,708,621</u>	<u>\$ 59,675,970</u>

LAC STE. ANNE COUNTY
NOTES TO FINANCIAL STATEMENTS (CONT'D)
DECEMBER 31, 2015

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>2015</u>	<u>2014</u>
Mayor				
Division 2	\$ 47,695	\$ 8,850	\$ 56,545	\$ 8,384
Division 7	-	-	-	36,859
Councillors				
Division 1	39,112	9,678	48,790	51,187
Division 7	38,402	8,473	46,875	6,571
Division 3	37,321	9,458	46,779	51,000
Division 4	38,263	8,374	46,637	42,944
Division 5	34,361	9,094	43,455	48,959
Division 6	33,087	8,937	42,024	39,978
Division 2	-	-	-	38,453
Chief Administrative Officer	165,216	32,663	197,879	187,305
Designated Officers	-	-	-	36,449

(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, 2015

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>2015</u>	<u>2014</u>
Total debt limit	\$ 30,897,725	\$ 30,760,764
Total debt	<u>(4,843,323)</u>	<u>(5,944,712)</u>
Amount of total debt limit unused	<u>26,054,402</u>	<u>24,816,052</u>
Debt servicing limit	5,149,621	5,126,794
Debt servicing	<u>(1,264,604)</u>	<u>(1,302,309)</u>
Amount of debt servicing limit unused	<u>\$ 3,885,017</u>	<u>\$ 3,824,485</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 2015 were \$552,203 (2014 - \$502,347). Total current and past service contributions made by the employees of the County to the LAPP in 2015 were \$508,964 (2014 - \$463,072).

At December 31, 2014, the LAPP disclosed an actuarial deficit of \$2.5 billion (2013 - \$4.9 billion).

LAC STE. ANNE COUNTY
NOTES TO FINANCIAL STATEMENTS (CONT'D)
DECEMBER 31, 2015

17. FINANCIAL INSTRUMENTS

The County's financial instruments consist of cash, accounts receivables, loans receivable, long-term investments, accounts payable and accrued liabilities, deposit liabilities and long-term debt. It is management's opinion that the County is not exposed to significant interest rate, liquidity, currency, credit, market or other price 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. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the current year's financial statement presentation.

21. ADOPTION OF NEW ACCOUNTING STANDARD

In June 2010, the Public Sector Accounting Board issued *PS - 3260 Liability for Contaminated Sites* for fiscal years starting on or after April 1, 2014. Contaminated sites are a result of contamination being introduced into the air, soil, water, or sediment of a chemical, organic, or radioactive material, or live organism that exceeds an environmental standard. The County adopted this accounting standard retroactively as of April 1, 2014. There was no impact to the County's financial statements due to this standard.

22. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved by Council and Management.