

**LAC STE. ANNE COUNTY**  
**SANGUDO, ALBERTA**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**



**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, 2016, 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, 2016, 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 13, 2017

*Hawkings Epp Dumont LLP*

Hawkings Epp Dumont LLP  
 Chartered Accountants

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**LAC STE. ANNE COUNTY**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT DECEMBER 31, 2016**

	<u>2016</u>	<u>2015</u>
<b>FINANCIAL ASSETS</b>		
Cash	\$ 10,965,554	\$ 11,264,240
Accounts receivable (Note 2)	4,412,424	2,593,901
Loans receivable (Note 3)	2,447,801	2,538,234
Long-term investments (Note 4)	<u>1,065,896</u>	<u>1,058,409</u>
	<u>18,891,675</u>	<u>17,454,784</u>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities (Note 7)	2,125,267	1,212,685
Deposit liabilities (Note 8)	1,473,106	1,414,606
Deferred revenue (Note 9)	4,388,828	2,150,931
Long-term debt (Note 10)	<u>3,751,107</u>	<u>4,843,323</u>
	<u>11,738,308</u>	<u>9,621,545</u>
<b>NET FINANCIAL ASSETS</b>	<u>7,153,367</u>	<u>7,833,239</u>
<b>NON-FINANCIAL ASSETS</b>		
Inventory for consumption (Note 5)	1,701,393	1,916,919
Prepaid expenses	862,097	908,762
Tangible capital assets (Schedule 1)	<u>53,167,610</u>	<u>47,049,701</u>
	<u>55,731,100</u>	<u>49,875,382</u>
<b>ACCUMULATED SURPLUS (Note 12)</b>	<u>\$ 62,884,467</u>	<u>\$ 57,708,621</u>
<b>CONTINGENCIES (Note 15)</b>		

ON BEHALF OF COUNTY COUNCIL:

  
 \_\_\_\_\_ Mayor

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

LAC STE. ANNE COUNTY

STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS

FOR THE YEAR ENDED DECEMBER 31, 2016

	Budget 2016 (Note 19)	Actual 2016	Actual 2015
Revenue			
Net taxation (Schedule 2)	\$ 15,024,418	\$ 15,015,966	\$ 16,432,670
Sales and user charges	3,049,211	2,325,661	2,383,383
Government transfers for operating (Schedule 3)	2,256,245	1,254,089	1,096,330
Penalties and costs on taxes	264,700	313,864	287,546
Return on investments	136,500	210,233	251,238
Rentals	145,953	136,180	122,066
Licenses and permits	<u>45,500</u>	<u>35,789</u>	<u>25,250</u>
	<u>20,922,527</u>	<u>19,291,782</u>	<u>20,598,483</u>
Expenses			
Public works	13,765,637	11,780,295	14,273,391
General administration	3,360,145	2,865,914	2,683,018
Protective services	2,352,870	2,309,126	1,740,599
Water and wastewater	1,587,919	1,173,119	284,032
Waste management	1,290,600	1,050,811	1,153,687
Planning, land and economic development	1,355,084	967,932	1,225,649
Parks and recreation	1,002,830	851,322	863,893
Agricultural services	939,137	761,315	750,369
Council and other legislative	429,200	403,508	383,253
Family and community support services	<u>412,437</u>	<u>360,959</u>	<u>418,238</u>
	<u>26,495,859</u>	<u>22,524,301</u>	<u>23,776,129</u>
Excess (Deficiency) of Revenue over Expenses Before Other Items	<u>(5,573,332)</u>	<u>(3,232,519)</u>	<u>(3,177,646)</u>
Other Items			
Government transfers for capital (Schedule 3)	11,968,903	7,730,571	611,090
Gain on disposal of tangible capital assets	567,400	514,194	463,107
Contributed tangible capital assets	<u>-</u>	<u>163,600</u>	<u>146,100</u>
	<u>12,536,303</u>	<u>8,408,365</u>	<u>1,210,297</u>
Excess (Deficiency) of Revenue over Expenses	6,962,971	5,175,846	(1,967,349)
Accumulated Surplus, Beginning of Year	<u>57,708,621</u>	<u>57,708,621</u>	<u>59,675,970</u>
Accumulated Surplus, End of Year	<u>\$ 64,671,592</u>	<u>\$ 62,884,467</u>	<u>\$ 57,708,621</u>

**LAC STE. ANNE COUNTY**  
**STATEMENT OF CHANGES IN NET FINANCIAL ASSETS**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

	<u>2016</u>	<u>2015</u>
Excess (Deficiency) of Revenue over Expenses	\$ <u>5,175,846</u>	\$ <u>(1,967,349)</u>
Acquisition of tangible capital assets	(10,748,603)	(4,057,652)
Contributed tangible capital assets	(163,600)	(146,100)
Proceeds on disposal of tangible capital assets	714,556	613,095
Amortization of tangible capital assets	4,593,932	5,063,703
Gain on disposal of tangible capital assets	<u>(514,194)</u>	<u>(453,107)</u>
	<u>(6,117,909)</u>	<u>1,019,939</u>
Use (acquisition) of inventory for consumption	215,526	1,581,690
Use (acquisition) of prepaid expenses	<u>46,665</u>	<u>(82,478)</u>
	<u>262,191</u>	<u>1,499,212</u>
Increase In Net Financial Assets	(679,872)	551,802
Net Financial Assets, Beginning of Year	<u>7,833,239</u>	<u>7,281,437</u>
Net Financial Assets, End of Year	<u>\$ 7,153,367</u>	<u>\$ 7,833,239</u>

**LAC STE. ANNE COUNTY**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

	<u>2016</u>	<u>2015</u>
Operating Activities		
Excess (deficiency) of revenue over expenses	\$ 5,175,846	\$(1,967,349)
Non-cash items included in excess of revenue over expenses:		
Amortization of tangible capital assets	4,593,932	5,063,703
Contributed tangible capital assets	(163,600)	(146,100)
Gain on disposal of tangible capital assets	<u>(514,194)</u>	<u>(453,107)</u>
	<u>9,091,984</u>	<u>2,497,147</u>
Change in non-cash working capital balances:		
Accounts receivable	(1,818,523)	1,074,697
Loans receivable	90,433	110,448
Inventory for consumption	215,526	1,581,690
Prepaid expenses	46,665	(82,478)
Accounts payable and accrued liabilities	912,582	5,029
Deposit liabilities	58,500	114,036
Deferred revenue	<u>2,237,897</u>	<u>1,052,771</u>
	<u>1,743,080</u>	<u>3,856,193</u>
	<u>10,835,064</u>	<u>6,353,340</u>
Financing Activities		
Long-term debt principal repayments	<u>(1,092,216)</u>	<u>(1,101,389)</u>
Capital Activities		
Acquisition of tangible capital assets	(10,748,603)	(4,057,652)
Proceeds on sale of tangible capital assets	<u>714,556</u>	<u>613,095</u>
	<u>(10,034,047)</u>	<u>(3,444,557)</u>
Investing Activities		
Change in long-term investments	<u>(7,487)</u>	<u>(4,831)</u>
Change in Cash for the Year	(298,686)	1,802,563
Cash, Beginning of Year	<u>11,264,240</u>	<u>9,461,677</u>
Cash, End of Year	<u>\$ 10,965,554</u>	<u>\$ 11,264,240</u>

LAC STE. ANNE COUNTY

SCHEDULE 1

SCHEDULE OF TANGIBLE CAPITAL ASSETS

FOR THE YEAR ENDED DECEMBER 31, 2016

	Land	Land Improvements	Buildings	Engineered Structures	Machinery and Equipment	Vehicles	2016	2015
<b>COST:</b>								
Balance, Beginning of Year	\$ 11,254,953	\$ 2,070,822	\$ 7,053,961	\$ 103,756,448	\$ 9,782,349	\$ 7,631,695	\$ 141,550,228	\$ 138,659,824
Acquisition of tangible capital assets	174,515	122,310	7,925,936	1,063,419	1,518,619	107,404	10,912,203	4,203,752
Disposal of tangible capital assets	-	-	-	-	(1,093,382)	(140,632)	(1,234,014)	(1,313,348)
Balance, End of Year	<u>11,429,468</u>	<u>2,193,132</u>	<u>14,979,897</u>	<u>104,819,867</u>	<u>10,207,586</u>	<u>7,598,467</u>	<u>151,228,417</u>	<u>141,550,228</u>
<b>ACCUMULATED AMORTIZATION:</b>								
Balance, Beginning of Year	-	1,095,360	2,331,755	80,601,648	5,106,957	5,364,807	94,500,527	90,590,184
Annual amortization	-	54,193	163,656	2,593,850	1,446,333	335,900	4,593,932	5,063,703
Accumulated amortization on disposals	-	-	-	-	(908,967)	(124,685)	(1,033,652)	(1,133,360)
Balance, End of Year	-	<u>1,149,553</u>	<u>2,495,411</u>	<u>83,195,498</u>	<u>5,644,323</u>	<u>5,576,022</u>	<u>98,060,807</u>	<u>94,500,527</u>
<b>NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS</b>	<u>\$ 11,429,468</u>	<u>\$ 1,043,579</u>	<u>\$ 12,484,486</u>	<u>\$ 21,624,369</u>	<u>\$ 4,563,263</u>	<u>\$ 2,022,445</u>	<u>\$ 53,167,610</u>	<u>\$ 47,049,701</u>

Cost includes construction in progress of \$8,842,779 (2015 - \$754,354). 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, 2016

	<u>2016</u> (Budget) (Note19)	<u>2016</u> (Actual)	<u>2015</u> (Actual)
Taxation			
Residential	\$ 10,649,351	\$ 10,636,861	\$ 10,577,530
Linear	5,846,972	5,842,259	7,001,637
Machinery and equipment	1,351,625	1,348,584	1,488,528
Commercial	1,253,851	1,251,073	1,134,856
Farmland	733,862	733,883	753,829
Grants in lieu of taxes	24,551	21,646	25,276
Recreation facility and program assistance tax	272,550	276,850	272,600
Wastewater maintenance tax	231,484	236,900	248,689
Aggregate levy	70,000	70,162	134,273
Local improvement	11,621	11,621	11,621
School requisitions over/under levy	<u>(11,450)</u>	<u>(3,874)</u>	<u>(11,061)</u>
	<u>20,434,417</u>	<u>20,425,965</u>	<u>21,637,778</u>
Deduct:			
Alberta School Foundation Fund	5,001,453	5,001,453	4,791,972
Lac Ste. Anne Foundation	<u>408,546</u>	<u>408,546</u>	<u>413,136</u>
	<u>5,409,999</u>	<u>5,409,999</u>	<u>5,205,108</u>
Net Taxation	<u>\$ 15,024,418</u>	<u>\$ 15,015,966</u>	<u>\$ 16,432,670</u>



LAC STE. ANNE COUNTY

SCHEDULE 3

SCHEDULE OF GOVERNMENT TRANSFERS  
FOR THE YEAR ENDED DECEMBER 31, 2016

	<u>2016</u> (Budget) (Note19)	<u>2016</u> (Actual)	<u>2015</u> (Actual)
Government transfers for operating			
Provincial	\$ 2,256,245	\$ 1,254,089	\$ 993,403
Local	<u>-</u>	<u>-</u>	<u>102,927</u>
	<u>2,256,245</u>	<u>1,254,089</u>	<u>1,096,330</u>
Government transfers for capital			
Provincial	<u>11,968,903</u>	<u>7,730,571</u>	<u>611,090</u>
Total Government Transfers	<u>\$14,225,148</u>	<u>\$ 8,984,660</u>	<u>\$ 1,707,420</u>

LAC STE. ANNE COUNTY

SCHEDULE 4

CONSOLIDATED SCHEDULE OF SEGMENTED INFORMATION

FOR THE YEAR ENDED DECEMBER 31, 2016

	Public Works	General Administration	Protective Services	Planning and Development	Waste Management	Parks and Recreation	Other	Total
<b>REVENUE</b>								
Net taxation	\$ -	\$ 14,490,595	\$ -	\$ -	\$ -	\$ 276,850	\$ 248,521	\$ 15,015,966
Sales and user charges	382,744	125,987	578,633	302,059	345,037	257,674	333,527	2,325,661
Government transfers for operating	611,659	32,250	35,285	19,299	-	5,659	549,937	1,254,089
Penalties and costs on taxes	-	313,864	-	-	-	-	-	313,864
Return on investments	27,762	178,102	3,509	860	-	-	-	210,233
Rentals	-	13,289	69,724	-	-	-	53,167	136,180
Licenses and permits	9,283	-	18,406	8,100	-	-	-	35,789
	<u>1,031,448</u>	<u>15,154,087</u>	<u>705,557</u>	<u>330,318</u>	<u>345,037</u>	<u>540,183</u>	<u>1,185,152</u>	<u>19,291,782</u>
<b>EXPENSES</b>								
Salaries, wages and benefits	2,878,969	1,665,860	965,518	567,605	450,866	96,127	974,025	7,598,970
Materials, goods and utilities	3,358,818	334,338	400,182	20,254	68,114	110,053	621,332	4,913,091
Amortization of tangible capital assets	3,931,909	131,663	219,071	-	92,267	55,693	163,329	4,593,932
Contracted and general services	1,586,630	632,427	706,762	380,073	108,216	133,224	909,068	4,456,400
Transfers to governments	-	11,880	-	-	331,348	456,225	22,245	821,698
Provision for allowances	-	70,000	-	-	-	-	-	70,000
Interest on long-term debt	23,969	1,536	17,593	-	-	-	8,902	52,000
Bank charges and short-term interest	-	18,210	-	-	-	-	-	18,210
	<u>11,780,295</u>	<u>2,865,914</u>	<u>2,309,126</u>	<u>967,932</u>	<u>1,050,811</u>	<u>851,322</u>	<u>2,698,901</u>	<u>22,524,301</u>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES BEFORE OTHER ITEMS</b>	<b>\$ (10,748,847)</b>	<b>\$ 12,288,173</b>	<b>\$ (1,603,569)</b>	<b>\$ (637,614)</b>	<b>\$ (705,774)</b>	<b>\$ (311,139)</b>	<b>\$ (1,513,749)</b>	<b>\$ (3,232,519)</b>

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

LAC STE. ANNE COUNTY

SCHEDULE 5

SCHEDULE OF EXPENDITURES BY OBJECT  
FOR THE YEAR ENDED DECEMBER 31, 2016

	<u>2016</u> (Budget) (Note 19)	<u>2016</u> (Actual)	<u>2015</u> (Actual)
Salaries, wages and benefits	\$ 8,242,364	\$ 7,598,970	\$ 6,894,755
Materials, goods and utilities	6,654,136	4,913,091	6,517,743
Amortization	4,789,328	4,593,932	5,063,703
Contracted and general services	5,834,406	4,456,400	4,275,731
Transfers to governments, agencies and organizations	880,500	821,698	832,219
Provision for allowances	1,000	70,000	100,000
Interest on long-term debt	76,125	52,000	75,237
Bank charges and short-term interest	<u>18,000</u>	<u>18,210</u>	<u>16,741</u>
	<u>\$ 26,495,859</u>	<u>\$ 22,524,301</u>	<u>\$ 23,776,129</u>

See accompanying notes to the financial statements.

**LAC STE. ANNE COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2016**

**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, 2016

**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, 2016

**2. ACCOUNTS RECEIVABLE**

	<u>2016</u>	<u>2015</u>
Government transfers	\$ 2,013,534	\$ 696,253
Property taxes	1,504,784	1,216,343
Trade	789,206	645,997
Goods and Services Tax	278,671	139,375
Accrued interest	<u>50,829</u>	<u>54,271</u>
	4,637,024	2,752,239
Less: Allowance for doubtful accounts	<u>(224,600)</u>	<u>(158,338)</u>
	<u>\$ 4,412,424</u>	<u>\$ 2,593,901</u>

**3. LOAN RECEIVABLES**

	<u>2016</u>	<u>2015</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	\$ 2,413,989	\$ 2,522,022
Loan to Darwell Public Library Society is unsecured, non-interest bearing and is repayable in annual payments of \$2,500, due January 15, 2026.	25,000	-
Loan to Darwell Agricultural Society is unsecured, non-interest bearing and is repayable in annual payments of \$5,000, due December 31, 2017.	5,000	10,000
Rich Valley Agricultural Society is unsecured, non-interest bearing and is repayable in monthly payments of \$200, due December 31, 2018.	<u>3,812</u>	<u>6,212</u>
	<u>\$ 2,447,801</u>	<u>\$ 2,538,234</u>

**LAC STE. ANNE COUNTY**  
**NOTES TO FINANCIAL STATEMENTS (CONT'D)**  
**DECEMBER 31, 2016**

**4. LONG-TERM INVESTMENTS**

	<u>2016</u>	<u>2015</u>
Servus Credit Union Ltd. common shares.	\$ 112,639	\$ 108,852
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
Equitable Bank GIC, earning interest at a rate of 1.46%, matures October 16, 2017.	98,000	-
Home Trust Company GIC, earning interest at a rate of 1.46%, matures October 16, 2017.	98,000	-
KEB Hana Bank Canada GIC, earning interest at a rate of 1.40%, matures October 16, 2017.	98,000	-
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
HSBC Bank of Canada GIC, earning interest at a rate of 2.55%, matures January 13, 2020.	85,000	85,000
Home Equity Bank of Canada GIC, earning interest at a rate of 2.5%, matures January 13, 2020.	85,000	85,000
Royal Bank of Canada GIC, earning interest at a rate of 1.35%, matures October 16, 2017.	84,000	-
ICIC Bank of Canada GIC, earning interest at a rate of 2.51%, matures January 13, 2020.	30,000	30,000
Alberta Municipal Financing Corporation	130	130
Bank of Nova Scotia GIC matured during the year.	-	105,942
Home Trust Company GIC matured during the year.	-	87,703
Vancity Credit Union GIC matured during the year.	-	56,000
Investment account cash	<u>627</u>	<u>125,282</u>
	<u>\$ 1,065,896</u>	<u>\$ 1,058,409</u>

LAC STE. ANNE COUNTY

NOTES TO FINANCIAL STATEMENTS (CONT'D)

DECEMBER 31, 2016

**5. INVENTORY FOR CONSUMPTION**

	<u>2016</u>	<u>2015</u>
Gravel	\$ 1,097,374	\$ 1,342,424
Parts, culverts and other	<u>604,019</u>	<u>574,495</u>
	<u>\$ 1,701,393</u>	<u>\$ 1,916,919</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, 2016. There are no balances outstanding at December 31, 2016.

**7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

	<u>2016</u>	<u>2015</u>
Trade	\$ 947,315	\$ 732,904
Construction holdbacks	684,767	-
Earned vacation liability	325,990	309,463
Community Adult Learning Council	127,536	127,046
Accrued interest on long-term debt	<u>39,659</u>	<u>43,272</u>
	<u>\$ 2,125,267</u>	<u>\$ 1,212,685</u>

**8. DEPOSIT LIABILITIES**

	<u>2016</u>	<u>2015</u>
Road damage deposits	\$ 776,500	\$ 751,500
Development trust	491,658	458,158
Tax sale surplus	<u>204,948</u>	<u>204,948</u>
	<u>\$ 1,473,106</u>	<u>\$ 1,414,606</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>2016</u>	<u>2015</u>
Provincial government transfers		
Municipal sustainability initiative grant	\$ 1,835,328	\$ 160,337
Federal gas tax fund grant	1,525,014	557,584
Collaboration and partnership grants	215,107	546,381
Alberta Agriculture - broadband grant	175,856	472,209
Other provincial grants	159,166	157,198
Family and community support services grant	104,167	106,247
Other	<u>374,190</u>	<u>150,975</u>
	<u>\$ 4,388,828</u>	<u>\$ 2,150,931</u>



LAC STE. ANNE COUNTY

NOTES TO FINANCIAL STATEMENTS (CONT'D)

DECEMBER 31, 2016

10. LONG-TERM DEBT

	<u>2016</u>	<u>2015</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.	\$ 2,380,637	\$ 2,487,177
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.	420,039	694,252
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.	352,907	484,704
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.	281,072	557,533
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.	174,166	364,166
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.	128,318	136,341
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.	8,333	108,334
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.	<u>5,635</u>	<u>10,816</u>
	<u>\$ 3,751,107</u>	<u>\$ 4,843,323</u>

LAC STE. ANNE COUNTY

NOTES TO FINANCIAL STATEMENTS (CONT'D)

DECEMBER 31, 2016

**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>
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
2021	145,717	94,801	240,518
Thereafter	<u>1,845,685</u>	<u>493,999</u>	<u>2,339,684</u>
	<u>\$ 3,751,107</u>	<u>\$ 1,068,061</u>	<u>\$ 4,819,168</u>

**11. EQUITY IN TANGIBLE CAPITAL ASSETS**

	<u>2016</u>	<u>2015</u>
Tangible capital assets (Schedule 1)	\$ 151,228,417	\$ 141,550,228
Accumulated amortization (Schedule 1)	(98,060,807)	(94,500,527)
Long-term debt for tangible capital asset purposes	<u>(669,359)</u>	<u>(1,104,361)</u>
	<u>\$ 52,498,251</u>	<u>\$ 45,945,340</u>

**12. ACCUMULATED SURPLUS**

	<u>2016</u>	<u>2015</u>
Unrestricted surplus	\$ <u>1,563,823</u>	\$ <u>2,875,145</u>
Restricted surplus		
Public works	3,735,507	3,623,533
Water and waste water	1,681,864	1,351,671
General municipal services	1,410,607	77,244
Protective services	784,858	829,310
Recreation and FCSS	606,951	612,831
Development and planning	235,703	273,530
Solid waste	197,281	180,000
Agricultural services	100,057	100,459
Special transportation	69,565	57,565
Administration	-	1,781,993
	<u>8,822,393</u>	<u>8,888,136</u>
Equity in tangible capital assets (Note 11)	<u>52,498,251</u>	<u>45,945,340</u>
	<u>\$ 62,884,467</u>	<u>\$ 57,708,621</u>

**LAC STE. ANNE COUNTY**  
**NOTES TO FINANCIAL STATEMENTS (CONT'D)**  
**DECEMBER 31, 2016**

**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>2016</u>	<u>2015</u>
Mayor				
Division 2	\$ 52,000	\$ 5,069	\$ 57,069	\$ 56,545
Councillors				
Division 1	40,324	10,125	50,449	48,790
Division 7	46,216	9,483	55,699	46,875
Division 3	40,216	10,122	50,338	46,779
Division 4	33,333	6,280	39,613	46,637
Division 5	16,931	4,280	21,211	43,455
Division 6	40,000	10,114	50,114	42,024
Chief Administrative Officer	165,629	33,234	198,863	197,879
Designated Officers	-	-	-	-

(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, 2016

**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>2016</u>	<u>2015</u>
Total debt limit	\$ 28,937,673	\$ 30,897,725
Total debt	<u>(3,751,107)</u>	<u>(4,843,323)</u>
Amount of total debt limit unused	<u>25,186,566</u>	<u>26,054,402</u>
Debt servicing limit	4,822,946	5,149,621
Debt servicing	<u>(1,150,607)</u>	<u>(1,264,604)</u>
Amount of debt servicing limit unused	<u>\$ 3,672,339</u>	<u>\$ 3,885,017</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 2016 were \$593,194 (2015 - \$552,203). Total current and past service contributions made by the employees of the County to the LAPP in 2016 were \$546,689 (2015 - \$508,964).

At December 31, 2015, the LAPP disclosed an actuarial deficit of \$923 million (2014 - \$2.5 billion).

LAC STE. ANNE COUNTY

NOTES TO FINANCIAL STATEMENTS (CONT'D)

DECEMBER 31, 2016

**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. APPROVAL OF FINANCIAL STATEMENTS**

These financial statements were approved by Council and Management.