

LAC LA BICHE COUNTY

**LAC LA BICHE COUNTY
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012**



HAWKINGS EPP DUMONT LLP

CHARTERED ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

To the Mayor and Members of Council of Lac La Biche County

We have audited the accompanying consolidated financial statements of Lac La Biche County (the "County"), which comprises the consolidated statement of financial position as at December 31, 2012, and the consolidated statements of operations and accumulated surplus, consolidated 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 consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the consolidated 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 consolidated 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 consolidated financial statements present fairly, in all material respects, the financial position of Lac La Biche County as at December 31, 2012, and the results of its operations, change in its net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

The consolidated financial statements of Lac La Biche County for the year ended December 31, 2011 were audited by another auditor who expressed an unmodified opinion on those statements on September 24, 2012.

Lac La Biche, Alberta
May 21, 2013

Hawkings Epp Dumont LLP

HAWKINGS EPP DUMONT LLP
Chartered Accountants

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MANAGEMENT'S RESPONSIBILITY FOR CONSOLIDATED FINANCIAL STATEMENTS

Administration is responsible for the preparation and presentation of the accompanying consolidated financial statements, including responsibility for significant accounting judgements and estimates in accordance with Canadian public sector accounting standards. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgement is required.

In discharging its responsibility for the integrity and fairness of the consolidated financial statements, Administration designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded, and financial records are properly maintained to provide reliable information for the preparation of the consolidated financial statements.

The elected Mayor and Council of Lac La Biche County are composed entirely of individuals who are neither administration nor employees of the County. The Mayor and Council have the responsibility of meeting with Administration and the external auditors to discuss the internal controls over the financial reporting process, auditing matters, and financial reporting issues. The Mayor and Council are also responsible for the appointment of the County's external auditors.

Hawkings Epp Dumont LLP, an independent firm of Chartered Accountants, is appointed by Council to audit the consolidated financial statements and to report directly to them. The external auditors have full and free access to and meet periodically and separately with both the Mayor and Council and Administration to discuss their audit findings.

J. Roy Brideau, Chief Administrative Officer

Dan Small, CMA, General Manager, Corporate Services

Maurice Gushta, Manager of Finance

Lac La Biche, Alberta
May 21, 2013

LAC LA BICHE COUNTY
STATEMENT OF CONSOLIDATED FINANCIAL POSITION
AS AT DECEMBER 31, 2012

	<u>2012</u>	<u>2011</u>
FINANCIAL ASSETS		
Cash and cash equivalents	\$ 51,509,587	\$ 39,644,577
Taxes and grants in place of taxes receivable (Note 2)	1,209,609	833,793
Trade and other receivables (Note 3)	8,881,820	4,095,972
Investments	<u>52,884</u>	<u>50,878</u>
	<u>61,653,900</u>	<u>44,625,220</u>
FINANCIAL LIABILITIES		
Employee benefit obligations (Note 4)	479,128	339,698
Accounts payable and accrued liabilities (Note 5)	10,719,083	6,822,774
Deposit liabilities	1,124,976	1,014,353
Deferred revenue (Note 6)	9,627,342	2,080,820
Provision for landfill closure and post-closure costs (Note 7)	4,452,213	3,656,261
Long-term debt (Note 8)	<u>44,269,644</u>	<u>49,646,363</u>
	<u>70,672,386</u>	<u>63,560,269</u>
NET FINANCIAL DEBT	<u>(9,018,486)</u>	<u>(18,935,049)</u>
NON-FINANCIAL ASSETS		
Tangible capital assets (Schedule 5)	305,548,368	290,477,324
Inventory for consumption (Note 9)	850,653	1,129,293
Prepaid expenses	<u>177,564</u>	<u>138,418</u>
	<u>306,576,585</u>	<u>291,745,035</u>
ACCUMULATED SURPLUS (Schedule 1)	<u>\$297,558,099</u>	<u>\$272,809,986</u>

Contingencies (Note 12)

APPROVED ON BEHALF OF COUNCIL:

LAC LA BICHE COUNTY

CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS

FOR THE YEAR ENDED DECEMBER 31, 2012

	<u>2012</u> (Budget) <i>(Unaudited - See Note 17)</i>	<u>2012</u> (Actual)	<u>2011</u> (Actual)
REVENUE			
Net municipal property taxes (Schedule 2)	\$30,852,930	\$31,546,402	\$32,555,486
Government transfers for operating (Schedule 3)	9,311,508	8,928,995	1,697,255
User fees and sales of goods	5,955,860	5,822,232	6,580,699
Other	2,363,070	1,529,717	824,955
Fines, licenses and permits	545,625	797,478	570,678
Interest and investment income	295,000	683,488	600,754
Rentals	242,000	439,248	236,324
Penalties and costs on taxes	<u>157,500</u>	<u>153,683</u>	<u>153,236</u>
	<u>49,723,493</u>	<u>49,901,243</u>	<u>43,219,387</u>
EXPENSES			
Transportation	9,451,794	14,690,141	15,901,827
Parks and recreation	8,094,991	8,847,938	8,710,275
Administration	7,206,818	5,129,226	3,633,878
Solid waste and recycling	3,118,790	3,981,263	1,073,740
Water and waste water services	2,650,272	3,227,407	3,422,126
Natural gas	2,244,267	1,721,833	1,836,975
Planning and development	1,473,851	1,077,082	1,191,014
Economic and agricultural development	1,661,679	1,004,443	885,475
Fire protection and safety services	858,507	882,940	628,521
Bylaw enforcement	749,145	750,096	795,030
Legislative	827,304	666,967	1,842,472
Family and community support	1,189,709	661,726	387,709
Culture	<u>427,344</u>	<u>607,220</u>	<u>346,156</u>
	<u>39,954,471</u>	<u>43,248,282</u>	<u>40,655,198</u>
EXCESS OF REVENUE OVER EXPENSES BEFORE OTHER INCOME			
	<u>9,769,022</u>	<u>6,652,961</u>	<u>2,564,187</u>
OTHER INCOME			
Government transfers for capital (Schedule 3)	30,007,916	19,695,515	9,052,298
Gain (loss) on disposal of tangible capital assets	<u>369,000</u>	<u>(1,600,363)</u>	<u>120,901</u>
	<u>30,376,916</u>	<u>18,095,152</u>	<u>9,173,199</u>
EXCESS OF REVENUE OVER EXPENSES			
	<u>40,145,938</u>	<u>24,748,113</u>	<u>11,737,386</u>
ACCUMULATED SURPLUS, BEGINNING OF YEAR			
	<u>272,809,986</u>	<u>272,809,986</u>	<u>261,072,600</u>
ACCUMULATED SURPLUS, END OF YEAR			
	<u>\$312,955,924</u>	<u>\$297,558,099</u>	<u>\$272,809,986</u>

LAC LA BICHE COUNTY
CONSOLIDATED STATEMENT OF CHANGES IN NET FINANCIAL ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2012

	<u>2012</u> (Budget) <i>(Unaudited - See Note 17)</i>	<u>2012</u> (Actual)	<u>2011</u> (Actual)
EXCESS OF REVENUE OVER EXPENSES	\$ <u>40,145,938</u>	\$ <u>24,748,113</u>	\$ <u>11,737,386</u>
Acquisition of tangible capital assets	(50,338,887)	(26,770,904)	(16,694,281)
Proceeds on disposal of tangible capital assets	369,000	332,960	399,500
Amortization of tangible capital assets	-	9,766,537	9,641,635
Loss (gain) on disposal of tangible capital assets	<u>-</u>	<u>1,600,363</u>	<u>(120,901)</u>
	<u>(49,969,887)</u>	<u>(15,071,044)</u>	<u>(6,774,047)</u>
Consumption (acquisition) of inventory for consumption	-	278,640	(22,669)
Consumption (acquisition) of prepaid expenses	<u>-</u>	<u>(39,146)</u>	<u>112,111</u>
	<u>-</u>	<u>239,494</u>	<u>89,442</u>
DECREASE IN NET FINANCIAL DEBT	(9,823,949)	9,916,563	5,052,781
NET FINANCIAL DEBT, BEGINNING OF YEAR	<u>(18,935,049)</u>	<u>(18,935,049)</u>	<u>(23,987,830)</u>
NET FINANCIAL DEBT, END OF YEAR	<u>\$(28,758,998)</u>	<u>\$ (9,018,486)</u>	<u>\$(18,935,049)</u>

LAC LA BICHE COUNTY
CONSOLIDATED STATEMENT OF CHANGES IN CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2012

	<u>2012</u>	<u>2011</u>
OPERATING ACTIVITIES		
Excess of revenue over expenditures	\$ 24,748,113	\$ 11,737,386
Deduct items not affecting cash:		
Loss (gain) on disposal of tangible capital assets	1,600,363	(120,901)
Amortization of tangible capital assets	9,766,537	9,641,635
Change in non-cash items:		
Taxes and grants in place of taxes receivable	(375,816)	(188,220)
Trade and other receivables	(4,785,848)	804,895
Deposit liabilities	110,623	265,442
Prepaid expenses	(39,146)	112,111
Inventory for consumption	278,640	(22,669)
Accounts payable and accrued liabilities	3,896,309	(6,340,410)
Provision for landfill closure/ post-closure	795,952	-
Employee benefit obligations	139,430	-
Deferred revenue	<u>7,546,522</u>	<u>(1,172,897)</u>
	<u>43,681,679</u>	<u>14,716,370</u>
CAPITAL ACTIVITIES		
Purchase of tangible capital assets	(26,770,904)	(16,694,281)
Proceeds on disposal of tangible capital assets	<u>332,960</u>	<u>399,500</u>
	<u>(26,437,944)</u>	<u>(16,294,781)</u>
INVESTING ACTIVITIES		
Decrease (increase) in restricted cash	\$ (7,546,522)	\$ 1,172,897
Dividend income	(2,006)	-
Proceeds from investments, net	-	4,999,324
	<u>\$ (7,548,528)</u>	<u>\$ 6,172,221</u>
FINANCING ACTIVITIES		
Long-term debt repayments	\$ (5,376,719)	\$ (5,152,282)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	4,318,488	(558,472)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>37,563,757</u>	<u>38,122,229</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 41,882,245</u>	<u>\$ 37,563,757</u>
Cash and cash equivalents	\$ 51,509,587	\$ 39,644,577
Less: restricted portion of cash related to deferred revenue (Note 6)	<u>(9,627,342)</u>	<u>(2,080,820)</u>
	<u>\$ 41,882,245</u>	<u>\$ 37,563,757</u>

LAC LA BICHE COUNTY

SCHEDULE 1

SCHEDULE OF CHANGES IN ACCUMULATED SURPLUS

FOR THE YEAR ENDED DECEMBER 31, 2012

	<u>Budget</u>	<u>Unrestricted</u>	<u>Restricted for Operating</u>	<u>Restricted for Capital</u>	<u>Equity in Tangible Capital Assets</u>	<u>2012 Total</u>	<u>2011 Total</u>
Balance, Beginning of Year	\$ 2,727,766	\$ 2,727,766	\$ 14,535,839	\$ 14,715,420	\$ 240,830,961	\$ 272,809,986	\$ 261,072,600
Excess of Revenue over Expenses	40,145,938	24,748,113	-	-	-	24,748,113	11,737,386
Purchase of tangible capital assets	(50,338,877)	(26,770,904)	-	-	26,770,904	-	-
Write off of construction in progress	-	1,653,596	-	-	(1,653,596)	-	-
Annual amortization expense	-	9,766,537	-	-	(9,766,537)	-	-
Disposal of tangible capital assets	-	279,727	-	-	(279,727)	-	-
Unrestricted funds designated for future use	1,116,935	1,280,035	(4,879,596)	3,599,561	-	-	-
Long-term debt repaid	<u>(5,366,635)</u>	<u>(5,376,719)</u>	<u>-</u>	<u>-</u>	<u>5,376,719</u>	<u>-</u>	<u>-</u>
Balance, End of Year	\$ <u>(11,714,873)</u>	\$ <u>8,308,151</u>	\$ <u>9,656,243</u>	\$ <u>18,314,981</u>	\$ <u>261,278,724</u>	\$ <u>297,558,099</u>	\$ <u>272,809,986</u>

LAC LA BICHE COUNTY

SCHEDULE 2

SCHEDULE OF PROPERTY TAXES LEVIED

FOR THE YEAR ENDED DECEMBER 31, 2012

	<u>2012</u> (Budget) <i>(Unaudited - See Note 17)</i>	<u>2012</u> (Actual)	<u>2011</u> (Actual)
TAXATION			
Linear property taxes	\$ 16,507,898	\$ 16,141,368	\$ 21,824,684
Real property taxes	21,376,451	22,122,860	18,983,670
Government grants in place of property taxes	2,435	242,499	286,521
Local improvement taxes	<u>344,945</u>	<u>418,473</u>	<u>535,965</u>
	<u>38,231,729</u>	<u>38,925,200</u>	<u>41,630,840</u>
REQUISITIONS			
Alberta School Foundation Fund	6,661,686	6,661,686	7,831,474
Greater North Foundation	<u>717,113</u>	<u>717,112</u>	<u>1,243,880</u>
	<u>7,378,799</u>	<u>7,378,798</u>	<u>9,075,354</u>
NET MUNICIPAL TAXES	<u>\$ 30,852,930</u>	<u>\$ 31,546,402</u>	<u>\$ 32,555,486</u>

LAC LA BICHE COUNTY
SCHEDULE OF GOVERNMENT TRANSFERS
FOR THE YEAR ENDED DECEMBER 31, 2012

SCHEDULE 3

	<u>2012</u> (Budget) <i>(Unaudited - See Note 19)</i>	<u>2012</u> (Actual)	<u>2011</u> (Actual)
TRANSFERS FOR OPERATING			
Provincial government	\$ 8,908,458	\$ 8,916,023	\$ 1,619,682
Federal government	-	-	4,515
Local government	<u>403,050</u>	<u>12,972</u>	<u>73,058</u>
	<u>9,311,508</u>	<u>8,928,995</u>	<u>1,697,255</u>
TRANSFERS FOR CAPITAL			
Provincial government	25,817,916	19,334,674	8,808,708
Federal government	-	97,616	222,320
Local government	<u>4,190,000</u>	<u>263,225</u>	<u>21,270</u>
	<u>30,007,916</u>	<u>19,695,515</u>	<u>9,052,298</u>
TOTAL GOVERNMENT TRANSFERS	<u>\$ 39,319,424</u>	<u>\$ 28,624,510</u>	<u>\$ 10,749,553</u>

LAC LA BICHE COUNTY
SCHEDULE OF SEGMENT DISCLOSURES
FOR THE YEAR ENDED DECEMBER 31, 2012

SCHEDULE 4

	<u>General Revenue</u>	<u>General Government</u>	<u>Protective Services</u>	<u>Transportation Services</u>	<u>Environmental Services</u>	<u>Public Health</u>	<u>Planning and Development</u>	<u>Recreation and Culture</u>	<u>Gas</u>	<u>2012</u>	<u>2011</u>
REVENUE											
Taxation	\$ 30,647,551	\$ -	\$ 480,377	\$ 68,045	\$ 350,429	\$ -	\$ -	\$ -	\$ -	\$ 31,546,402	\$ 32,555,486
Government transfers	5,000,000	22,650	-	577,872	16,648	219,149	160,452	2,930,944	1,280	8,928,995	1,697,255
User fees and sales of goods	-	27,754	200,800	66,080	2,953,692	34,231	7,702	412,696	2,119,277	5,822,232	7,314,334
Other revenues	856,700	12,894	171,272	265,244	571,513	56,556	619,028	366,919	-	2,920,126	1,051,558
Investment income	<u>682,844</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>644</u>	<u>-</u>	<u>683,488</u>	<u>600,754</u>
	<u>37,187,095</u>	<u>63,298</u>	<u>852,449</u>	<u>977,241</u>	<u>3,892,282</u>	<u>309,936</u>	<u>787,182</u>	<u>3,711,203</u>	<u>2,120,557</u>	<u>49,901,243</u>	<u>43,219,387</u>
EXPENSES											
Salaries, wages and benefits	-	3,361,041	844,865	3,509,213	1,540,572	470,462	844,055	2,802,569	389,465	13,762,242	12,554,112
Amortization	-	-	-	6,349,687	1,352,299	-	-	2,064,551	-	9,766,537	9,641,635
Contracted and general services	-	1,949,684	405,401	2,275,549	3,425,263	52,120	724,202	809,755	28,837	9,670,811	7,820,242
Materials, goods, supplies and utilities	-	262,528	368,708	2,527,820	978,384	19,733	46,523	1,107,501	1,303,531	6,614,728	7,558,806
Interest on long-term debt	-	-	-	27,871	295,367	-	-	1,761,324	-	2,084,562	2,304,969
Transfers to local governments	-	2,200	-	-	9,250	118,801	74,281	908,796	-	1,113,328	1,000,451
Other expenses	<u>-</u>	<u>220,739</u>	<u>14,063</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,272</u>	<u>-</u>	<u>236,074</u>	<u>(225,015)</u>
	<u>-</u>	<u>5,796,192</u>	<u>1,633,037</u>	<u>14,690,140</u>	<u>7,601,135</u>	<u>661,116</u>	<u>1,689,061</u>	<u>9,455,768</u>	<u>1,721,833</u>	<u>43,248,282</u>	<u>40,655,200</u>
EXCESS OF REVENUE OVER EXPENSES											
	<u>37,187,095</u>	<u>(5,732,894)</u>	<u>(780,588)</u>	<u>(13,712,899)</u>	<u>(3,708,853)</u>	<u>(351,180)</u>	<u>(901,879)</u>	<u>(5,744,565)</u>	<u>398,724</u>	<u>6,652,961</u>	<u>2,564,187</u>
Government transfers for capital	-	-	-	5,644,940	13,765,306	-	-	285,269	-	19,695,515	9,052,298
Gain (loss) on disposal of tangible capital assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>(188,952)</u>	<u>(1,375,968)</u>	<u>-</u>	<u>12,960</u>	<u>(48,403)</u>	<u>-</u>	<u>(1,600,363)</u>	<u>120,901</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES											
	<u>\$ 37,187,095</u>	<u>\$ (5,732,894)</u>	<u>\$ (780,588)</u>	<u>\$ (8,256,911)</u>	<u>\$ 8,680,485</u>	<u>\$ (351,180)</u>	<u>\$ (888,919)</u>	<u>\$ (5,507,699)</u>	<u>\$ 398,724</u>	<u>\$ 24,748,113</u>	<u>\$ 11,737,386</u>

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

LAC LA BICHE COUNTY
SCHEDULE OF TANGIBLE CAPITAL ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2012

SCHEDULE 5

	<u>Land</u>	<u>Land Improvements</u>	<u>Buildings</u>	<u>Engineered Structures</u>	<u>Machinery and Equipment</u>	<u>Vehicles</u>	<u>Construction in Progress</u>	<u>2012</u>	<u>2011</u>
COST:									
Balance, Beginning of Year	\$46,541,896	\$ 9,276,286	\$64,981,552	\$270,066,277	\$15,745,106	\$ 4,839,252	\$ 8,762,863	\$ 420,213,232	\$ 404,150,268
Additions	450,000	384,456	233,231	7,486,179	854,863	146,073	17,216,102	26,770,904	16,694,281
Disposals	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(583,100)</u>	<u>-</u>	<u>(1,653,596)</u>	<u>(2,236,696)</u>	<u>(631,319)</u>
Balance, End of Year	<u>46,991,896</u>	<u>9,660,742</u>	<u>65,214,783</u>	<u>277,552,456</u>	<u>16,016,869</u>	<u>4,985,325</u>	<u>24,325,369</u>	<u>444,747,440</u>	<u>420,213,230</u>
ACCUMULATED AMORTIZATION:									
Balance, Beginning of Year	-	2,931,832	8,106,145	112,234,616	3,524,279	2,939,036	-	129,735,908	120,446,991
Amortization expense	-	652,460	1,266,642	6,453,570	1,056,997	336,868	-	9,766,537	9,641,635
Disposals	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(303,373)</u>	<u>-</u>	<u>-</u>	<u>(303,373)</u>	<u>(352,720)</u>
Balance, End of Year	<u>-</u>	<u>3,584,292</u>	<u>9,372,787</u>	<u>118,688,186</u>	<u>4,277,903</u>	<u>3,275,904</u>	<u>-</u>	<u>139,199,072</u>	<u>129,735,906</u>
2012 NET BOOK VALUE	<u>\$46,991,896</u>	<u>\$ 6,076,450</u>	<u>\$55,841,996</u>	<u>\$158,864,270</u>	<u>\$11,738,966</u>	<u>\$ 1,709,421</u>	<u>\$24,325,369</u>	<u>\$ 305,548,368</u>	<u>\$ 290,477,324</u>
2011 NET BOOK VALUE	<u>\$46,541,896</u>	<u>\$ 6,344,453</u>	<u>\$56,875,407</u>	<u>\$157,831,662</u>	<u>\$12,220,827</u>	<u>\$ 1,900,216</u>	<u>\$ 8,762,863</u>	<u>\$ -</u>	<u>\$ 290,477,324</u>

LAC LA BICHE COUNTY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2012

1. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of Lac La Biche County (the "County") are the representations of management prepared in accordance with Canadian generally accepted accounting principles for local governments established by the Public Sector Accounting Boards ("PSAB") of the Canadian Institute of Chartered Accountants ("CICA"). Significant aspects of the accounting policies adopted by the County are as follows:

(a) Reporting entity

The consolidated financial statement reflect the assets, liabilities, revenues, and expenses, changes in net financial position and cash flows of the reporting entity. This entity is comprised of the municipal operations plus all of the organizations that are owned or controlled by the County and are, therefore, accountable to Council for the administration of their financial affairs and resources. Included with the County is the Lac La Biche County Library Board. The County is also a member of various other boards and commissions that are not included in the government reporting entity.

The schedule of taxes levied also includes requisitions for education, health, social and other external organizations that are not part of the municipal reporting entity.

The consolidated statements exclude trust assets that are administered by the County for the benefit of external parties. Interdepartmental and organizational transactions and balances are eliminated.

(b) Basis of accounting

The consolidated 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 or services and/or the legal obligation to pay.

Taxation revenues are recorded at the time tax billings are issued. Taxation billings are subject to appeal. A provision is recorded in accounts payable and accrued liabilities for potential losses on taxation revenue appeals outstanding as of year-end.

Funds from external parties and earnings thereon restricted by agreement or legislation are accounted for as deferred revenue until used for the purpose specified.

Government transfers, contributions and other amounts are received from third parties pursuant to legislation, regular or agreement and may only be used for certain programs, in the completion of specific work, or for the purchase of tangible capital assets. In addition, certain user fees are collected for which the related services have yet to be performed. Revenues are recognized in the period when the related expenses are incurred, services performed or the tangible capital assets are acquired.

(CONT'D)

LAC LA BICHE COUNTY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2012

1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) Use of estimates

Accounts receivable are stated after evaluation as to their collectibility and an appropriate allowance for doubtful accounts is provided where considered necessary. The amounts recorded for valuation of tangible capital assets, the useful lives and related amortization of tangible capital assets, and provision for gravel pit reclamation are areas where management makes significant estimates and assumptions in determining the amounts to be recorded in the consolidated financial statements.

(d) Cash and cash equivalents

Cash includes cash and cash equivalents. Cash equivalents are investments in treasury bills and are valued at cost plus accrued interest. The carrying amounts approximate the fair value because they have maturity periods of less than ninety days.

(e) Investments

Investments are recorded at amortized cost. When there has been a loss in value that is other than a temporary decline, the investment is written down to recognize the loss.

(f) Prepaid local improvement charges

Construction and borrowing costs associated with local improvement projects are recovered through annual special assessments during the period of related borrowings. These levies are collectable from property owners for work performed by the County.

Where a taxpayer has elected to prepay the outstanding local improvement charges, such amounts are recorded as deferred revenue. Deferred revenue is amortized to revenue on a straight-line basis over the remaining term of the borrowings.

In the event that the prepaid amounts are applied against the related borrowings, the deferred revenue is amortized to revenue by an amount equal to the debt repayment.

(g) Landfill closure and post-closure liability

Pursuant to the *Alberta Environmental Protection and Enforcement Act*, the County is required to fund the closure of its landfill site and provide for post-closure care of the facility. Closure and post-closure activities include the final clay cover, landscaping, as well as surface and ground water monitoring, leachate control, and visual inspection. The requirement is being provided for over the estimated remaining life of the landfill sites based on usage.

(h) Government transfers

Government transfers are the transfer of assets from senior levels of government that are not the result of an exchange transaction, are not expected to be repaid in the future, or the result of a direct financial return.

Government transfers are recognized in the consolidated financial statements as revenue in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be determined.

(CONT'D)

LAC LA BICHE COUNTY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2012

1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(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 change in net financial assets for the year.

Tangible Capital Assets

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to the acquisition, construction, development or betterment of the asset. Donated assets are capitalized and are recorded at their estimated fair value upon acquisition and are also recorded as revenue. Work in progress represents assets which are not available for use and therefore are not subject to amortization. The cost, less residual value, of tangible capital assets is amortized on a straight-line basis over the estimated useful life as follows:

	Years
Land improvements	3 - 45
Buildings	15 - 50
Engineered structures	
Water system	25 - 75
Wastewater system	25 - 75
Other engineered structures	3 - 60
Machinery and equipment	5 - 40
Vehicles	10 - 15

The amortization in the year of acquisition is charged at one half the normal annual rate and no amortization is charged in the year of disposal.

Inventory for Consumption

Inventory is valued at the lower of cost or replacement cost, with cost determined by the average cost method.

(j) Requisition over-levy and under-levy

Over-levies and under-levies arise from the difference between the actual property tax 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. Where the actual levy is less than the requisition amount, the under-levy is accrued as a receivable and as property tax revenue.

Requisitions tax-rates in the subsequent year are adjusted for any over-levies or under-levies of the prior year.

(CONT'D)

LAC LA BICHE COUNTY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2012

2. TAXES AND GRANTS IN PLACE OF TAXES RECEIVABLES

	<u>2012</u>	<u>2011</u>
Current taxes and grants in place of taxes	\$ 963,026	\$ 490,790
Arrears taxes	<u>806,130</u>	<u>813,271</u>
	1,769,156	1,304,061
Less: Allowance for doubtful accounts	<u>(559,547)</u>	<u>(470,268)</u>
	<u>\$ 1,209,609</u>	<u>\$ 833,793</u>

3. TRADE AND OTHER RECEIVABLES

	<u>2012</u>	<u>2011</u>
Receivables from governments	\$ 3,807,347	\$ 1,387,982
Trade accounts receivable	<u>3,152,118</u>	2,242,713
Goods and Services Tax	<u>1,922,355</u>	<u>465,277</u>
	<u>\$ 8,881,820</u>	<u>\$ 4,095,972</u>

A Centennial legacies Grant of \$1,376,617 plus interest was approved in 2011 for the Lac La Biche Library Project completed in 2011 at a cost of \$ 3,939,196. The grant and related interest were held in a Government of Alberta Consolidated Cash Investment Trust Fund on behalf of the County. In 2011, \$1,385,189 was included in Trade and other receivables. In 2012, the grant of \$1,376,617 and interest of \$22,388 were transferred to the County. The grant receivable at December 31, 2012 is \$NIL (2011 - \$1,385,189).

4. EMPLOYEE BENEFITS OBLIGATION

	<u>2012</u>	<u>2011</u>
Vacation	\$ 395,988	\$ 288,636
Overtime	<u>83,140</u>	<u>51,062</u>
	<u>\$ 479,128</u>	<u>\$ 339,698</u>

The vacation and overtime liability is comprised of the vacation and overtime that employees are deferring to future years. Employees have either earned the benefits (and are vested) or are entitled to these benefits within the next budgetary year.

LAC LA BICHE COUNTY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2012

5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	<u>2012</u>	<u>2011</u>
Trade accounts payable	\$ 8,027,054	\$ 5,692,466
Holdbacks payable	<u>2,692,029</u>	<u>1,130,308</u>
	<u>\$10,719,083</u>	<u>\$ 6,822,774</u>

6. DEFERRED REVENUE

	<u>2012</u>	<u>2011</u>
Prepaid local improvement charges	\$ 362,153	\$ 400,392
Sponsorship agreements	1,406,860	1,181,347
Alberta Regional Waste Water Treatment Plant	7,828,640	449,081
Bold Centre leases and memberships	29,689	-
Early Childhood Development Mapping Initiative	<u>-</u>	<u>50,000</u>
	<u>\$ 9,627,342</u>	<u>\$ 2,080,820</u>

Prepaid local improvement charges are being amortized to revenue at varying interest rates between 4% and 7% from 2013 to 2026.

Sponsorship agreements are being amortized to revenue on a straightline basis per agreement over the next 2 to 12 years.

Funding received from the various grant programs noted above are restricted to the eligible operating and capital projects as approved in the funding agreements. Unexpended funds related to the funding advances are supported by restricted cash.

7. LANDFILL CLOSURE AND POST-CLOSURE COSTS

Alberta environmental law requires closure and post-closure care of landfill sites, which includes final covering and landscaping, pumping of ground water and leachates from the site, and ongoing environmental monitoring, site inspections and maintenance.

The estimated total liability is based on the sum of discounted future cash flows for closure and post-closure activities for 25 years after closure using a discount rate of 3.20% (2011 - 3.31%) and assuming annual inflation of 3.00% (2011 - 3.00%).

The accrued liability portion is based on the cumulative capacity used at year end compared to the estimated total landfill capacity. At December 31, 2012 approximately 95% of the aggregate landfill capacity had been utilized.

	<u>2012</u>	<u>2011</u>
Accrued to date closure costs	\$ 2,108,233	\$ 1,947,240
Accrued to date post-closure costs	<u>2,343,980</u>	<u>1,709,021</u>
Total liability accrued to date	<u>\$ 4,452,213</u>	<u>\$ 3,656,261</u>

LAC LA BICHE COUNTY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2012

8. LONG-TERM DEBT

	<u>2012</u>	<u>2011</u>
Debenture debt held by Alberta Capital Finance Authority, repayable in semi-annual installments of \$2,980,329 including interest at 4.315%; due June 2020; issued for the multipurpose recreation centre (Bold Centre).	\$37,847,630	\$42,039,036
Debenture debt held by Alberta Capital Finance Authority, repayable in semi-annual installments of \$263,130 including interest at 3.770%; due December 2015; issued for east and west water and waste water line.	1,466,302	1,914,868
Debenture debt held by Alberta Capital Finance Authority, repayable in annual installments of \$241,920 including interest at 4.307%; due September 2015; issued to finance the east and west waste water line.	1,360,376	1,781,000
Debenture debt held by Alberta Capital Finance Authority, repayable in semi-annual installments of \$69,140 including interest at 4.565%; due December 2023; issued for Lakeview Estate water and waste water line.	1,185,444	1,266,813
Debenture debt held by Alberta Capital Finance Authority, repayable in semi-annual installments of \$182,779 including interest at 5.375%; due December 2018; issued for the water treatment plant.	916,709	1,043,406
Debenture debt held by Alberta Capital Finance Authority, repayable in semi-annual installments of \$34,438 including interest at 4.805%; due September 2022; issued for Sunset Bay subdivision water and waste water lines	541,837	583,181
Debenture debt held by Alberta Capital Finance Authority, repayable in semi-annual installments of \$14,231 including interest at 4.565%; due December 2023; issued for base paving of 99 Avenue in the Town of Lac La Biche.	243,994	260,741
Debenture debt held by Alberta Capital Finance Authority, repayable in annual installments of \$26,024 including interest at 6.000%; due April 2023; issued for Lac La Biche town water and waste water lines.	205,246	218,180

LAC LA BICHE COUNTY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2012

8. LONG-TERM DEBT (CONT'D)

	<u>2012</u>	<u>2011</u>
Debenture debt held by Alberta Capital Finance Authority, repayable in annual installments of \$6,840 including interest at 4.085%; due September 2022; issued for Bulk Station road base paving.	107,623	115,835
Debenture debt held by Alberta Capital Finance Authority, repayable in semi-annual installments of \$5,842 including interest at 4.805%; due September 2022; issued for Gauthier base paving, curb and gutter replacement.	91,924	98,938
Debenture debt held by Alberta Capital Finance Authority, repayable in semi-annual installments of \$5,781 including interest at 4.805%; due September 2022; issued for Plamondon curb and sidewalk replacement and water and waste water lines.	90,964	97,905
Debenture debt held by Alberta Capital Finance Authority, repayable in semi-annual installments of \$4,872 including interest at 4.565%; due December 2023; issued for upgrading on Main Avenue.	83,538	89,272
Debenture debt held by Alberta Capital Finance Authority, repayable in semi-annual installments of \$4,872 including interest at 4.565%; due December 2023; issued for Bulk Station road water and wastewater.	83,538	89,272
Debenture debt held by Alberta Capital Finance Authority, repayable in semi-annual installments of \$2,830 including interest at 4.805%; due September 2022; issued to finance Clear Water Cove subdivision primary water and waste water line.	<u>44,519</u>	<u>47,916</u>
	<u>\$44,269,644</u>	<u>\$49,646,363</u>

LAC LA BICHE COUNTY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2012

8. LONG-TERM DEBT (CONT'D)

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

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 5,610,936	\$ 1,866,294	\$ 7,477,230
2014	5,855,445	1,621,816	7,477,261
2015	6,110,612	1,366,646	7,477,258
2016	5,356,605	1,110,552	6,467,157
2017	5,592,827	874,329	6,467,156
Thereafter	<u>15,743,219</u>	<u>1,172,080</u>	<u>16,915,299</u>
	<u>\$44,269,644</u>	<u>\$ 8,011,717</u>	<u>\$52,281,361</u>

Debenture debt is issued on the credit and security of the County at large.

The County's total cash payments for interest in 2012 were \$ 2,100,538 (2011 - \$2,324,975).

9. INVENTORY FOR CONSUMPTION

	<u>2012</u>	<u>2011</u>
Gravel	\$ 324,137	\$ 618,981
Material and supplies	<u>526,516</u>	<u>510,312</u>
	<u>\$ 850,653</u>	<u>\$ 1,129,293</u>

LAC LA BICHE COUNTY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2012

10. DEBT LIMITS

Section 276(2) of the *Municipal Government Act* requires that debt and debt limits, as defined by *Alberta Regulation 255/00*, for the County be disclosed as follows:

	<u>2012</u>	<u>2011</u>
Total debt limit	\$ 74,457,027	\$ 65,010,432
Total debt	<u>(44,269,644)</u>	<u>(49,646,363)</u>
Amount of debt limit unused	<u>\$ 30,187,383</u>	<u>\$ 15,364,069</u>
Service on debt limit	\$ 12,409,505	\$ 10,835,072
Service on debt	<u>7,477,230</u>	<u>7,477,257</u>
Amount of service on debt limit unused	<u>\$ 4,932,275</u>	<u>\$ 3,357,815</u>

The debt limit is calculated at 1.5 times revenue of the County (as defined in *Alberta Regulation 255/00*) and the debt service limit is calculated at 0.25 times such revenue. Incurring debt beyond these limits requires approval by the Minister of Municipal Affairs. These thresholds are guidelines used by Alberta Municipal Affairs to identify municipalities which could be at 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.

11. EQUITY IN TANGIBLE CAPITAL ASSETS

	<u>2012</u>	<u>2011</u>
Net book value of tangible capital assets	\$305,548,368	\$290,477,324
Long-term debt related to tangible capital assets	<u>(44,269,644)</u>	<u>(49,646,363)</u>
	<u>\$261,278,724</u>	<u>\$240,830,961</u>

LAC LA BICHE COUNTY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2012

12. CONTINGENCIES

The County is a member of the a reciprocal insurance exchange (GENESIS) and Jubilee Reciprocal Insurance Exchange (JRIE). 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 GENESIS and JRIE. Any liability incurred would be accounted for as a current transaction in the year the losses are determined.

13. LOCAL AUTHORITIES PENSION PLAN

Employees of the County participate in the *Local Authorities Pension Plan* ("LAPP"), which is one of the plans covered by the *Alberta Public Sector Pension Plans Act*. The LAPP serves about 214,328 people and 423 employers. The LAPP is financed by employer and employee contributions and by investment earnings of the LAPP Fund. Contributions for current service are recorded as expenditures in the year in which they become due.

The County is required to make current service contributions to the LAPP consisting of 9.91% of pensionable earnings up to the year's maximum pensionable earnings ("MPE") under the Canada Pension Plan ("CPP") and 13.74% of the excess. Employees of the County are required to make current service contributions of 8.91% of pensionable salary up to the year's MPE and 12.74% on pensionable salary above this amount.

Total current service contributions made by the County to the LAPP in 2012 were \$707,361 (2011 - \$225,878). Total current service contributions made by the employees of the County to the LAPP in 2012 were \$769,062 (2011 - \$204,515).

At December 31, 2011, the LAPP disclosed an actuarial deficiency of \$4.635 billion (2010 - \$4.6 billion).

LAC LA BICHE COUNTY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2012

14. SALARY 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</u>	<u>Honorarium</u>	<u>Benefits</u>	<u>Total</u> <u>2012</u>	<u>2011</u>
Aurel Langevin, Mayor <i>(September 21, 2012 to December 31, 2012)</i>	\$ 14,361	\$ 9,750	\$ 1,704	\$ 25,815	\$ -
Peter Kirylchuk, Mayor <i>(January 1, 2012 to June 19, 2012)</i>	23,167	12,500	2,866	38,533	48,014
Gail Broadbent, Ward 7	32,083	23,125	8,791	63,999	34,566
Alvin Kumpula, Ward 1	26,985	33,208	7,216	67,409	42,298
Aurel Langevin, Ward 2 <i>(January 1, 2012 to July 10, 2012)</i>	17,631	12,125	4,140	33,896	36,422
MJ Siebold, Ward 5	27,838	18,810	6,044	52,692	35,511
John Nowak, Ward 7	24,750	14,560	6,878	46,188	32,024
Guy Piquette, Ward 3	27,000	20,955	3,765	51,720	32,888
Robert Richard, Ward 2 <i>(July 11, 2012 to December 31, 2012)</i>	8,364	8,875	2,316	19,555	-
Tim Thompson, Ward 6	27,000	18,285	3,783	49,068	36,970
Eugene Uganecz, Ward 4	<u>27,000</u>	<u>28,922</u>	<u>3,875</u>	<u>59,797</u>	<u>36,768</u>
	<u>\$ 256,179</u>	<u>\$ 201,115</u>	<u>\$ 51,378</u>	<u>\$ 508,672</u>	<u>\$ 335,461</u>
Chief Admin Officers	<u>\$ 169,562</u>	<u>\$ -</u>	<u>\$ 36,287</u>	<u>\$ 205,849</u>	<u>\$ 817,143</u>

Executive salaries and benefit obligations have been fully funded by the County. Salary includes regular base pay, bonuses, lump sum payments, honoraria, severences, and any other direct cash remuneration.

Benefits and allowances include the employer's share of all employee benefits and contributions or payments made on behalf of employees including pension, health care, dental coverage, vision coverage, group life insurance, accidental disability and dismemberment insurance, long and short-term disability plans, professional membership dues, and tuition.

Each member of the Council participates in many internal and external committees.

Member	Position	
Peter Kirylchuk	Mayor	Agriculture/Environment Appeals Fort McMurray Traffic Corridors Working Group Community Enhancement Advisory Committee Greater North Foundation Disaster Services Committee /Emergency Advisory Committee High School Steering Committee CN Switching Yards Relocation Committee LLBC - NLSD Advocacy Committee Land Use Planning Task Force Natural Gas System (alt) NLSD Strategic Working Group Veteran's Memorial Highway Association

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LAC LA BICHE COUNTY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2012

14. SALARY AND BENEFITS DISCLOSURE (CONT'D)

Aurel Langevin	Ward 2 Deputy Mayor Mayor*	Agricultural Service Board Alberta's Lakeland DMO CAO Recruitment Committee Community Futures LLB Disaster Services Committee /Emergency Advisory Committee Natural Gas Partnership Committee Environmental Stewardship Advisory Committee Natural Gas System Watershed Steering Committee Northeast Alberta Information HUB Ltd. Regional Economic Development Authority Big Dock Preservation Committee Solid Waste Management Committee LLBC - NLSD Advocacy Committee Golf Course Ad-Hoc Committee Oil Sands Developers Group Ports to Plains Alliance
Alvin Kumpula	Ward 1	Agricultural Service Board Beaver River Watershed Alliance Assessment Review Board Community Futures LLB Disaster Services Committee /Emergency Advisory Committee L.A.R.A. Community Policing Committee Natural Gas Partnership Committee Transportation Master Plan Committee LLB Pow Wow & Fish Derby Association Solid Waste Management Committee Natural Gas System & Issues Committee
Robert Richard	Ward 2	Agricultural/Environmental Appeals Committee Fort McMurray Traffic Corridors Working Group Emergency Advisory Committee PDCDS Land Use Planning Task Force Veteran's Memorial Highway Association Solid Waste Management Committee Transportation Master Plan Committee

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LAC LA BICHE COUNTY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2012

14. SALARY AND BENEFITS DISCLOSURE (CONT'D)

Guy Piquette	Ward 3	Disaster Services Committee /Emergency Advisory Committee Greater North Foundation Transportation Master Plan Committee PDCDS Watershed Steering Committee NLSD Strategic Working Group (alt) Municipal Planning Commission Community Futures LLB Golf Course Ad-Hoc Committee Natural Gas Partnership Committee Environmental Stewardship Advisory Committee Natural Gas System & Issues Committee (alt)
Eugene Uganecz	Ward 4	Lac La Biche Municipal Library 2012 Senior Summer Games Disaster Services Committee /Emergency Advisory Committee L.A.R.A (alt) FCSS Advisory Board Northern Lights Library System Agricultural Serve Board NLSD Strategic Working Group (alt) Veteran's Memorial Highway Association Greater North Foundation
MJ Siebold	Ward 5 Acting Deputy Mayor	Lac La Biche Municipal Library Lakeland Interpretive Society Agriculture/Environment Appeals Northern Lights Library System Assessment Review Board Community Futures LLB CAO Recruitment Committee Disaster Services Committee /Emergency Advisory Committee Financial Reporting Committee Parks, Recreation & Culture Board Utility Services Advisory Committee Land Use Planning Task Force Strategic Communication Planning Team Subdivision and Development Appeal Board CN Switching Yards Relocation Committee Environmental Stewardship Advisory Committee

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LAC LA BICHE COUNTY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2012

14. SALARY AND BENEFITS DISCLOSURE (CONT'D)

Tim Thompson	Ward 6	Agriculture/Environment Appeal Lac La Biche & Area Drug Coalition Disaster Services Committee /Emergency Advisory Committee LLBC - NLSD Advocacy Committee FCSS Advisory Board Lac La Biche Golf Club Society Financial Reporting Committee Portage College Athletics Association Environmental Stewardship Advisory Committee LLBC Pow Wow & Fish Derby Association Transportation Master Plan Committee Golf Course Ad-Hoc Committee
Gail Broadbent - Ludwig	Ward 7 Deputy Mayor Acting Mayor	CAO Recruitment Committee Greater North Foundation (alt) Community Enhancement Advisory Committee Lakeland Doctor Recruitment Disaster Services Committee /Emergency Advisory Committee LLB Pow Wow & Fish Derby Association Financial Reporting Committee LLB Hamlet ASP Sub-Committee Parks, Recreation & Culture Board Regional Economic Development Authority Land Use Planning Task Force Municipal Planning Commission Strategic Communication Planning Team
John Nowak	Ward 7	Disaster Services Committee /Emergency Advisory Committee Lac La Biche & District Chamber of Commerce CN Switching Yards Relocation Committee LLB Pow Wow & Fish Derby Association Community Policing Committee Utility Services Advisory Committee Solid Waste Management Committee Subdivision and Development Appeal Board Regional Economic Development Authority Strategic Communications Planning Team

LAC LA BICHE COUNTY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2012

15. SEGMENTED DISCLOSURE

The County provides a range of services to its ratepayers. 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. Refer to the Schedule of Segmented Disclosure (Schedule 4).

16. FINANCIAL INSTRUMENTS

The County as part of its operations carries a number of financial instruments which include cash and cash equivalents, taxes and grants in lieu of taxes receivable, trade and other accounts receivable, accounts payable and accrued liabilities, tax over-levies, and long-term debt. It is management's opinion that the County is not exposed to significant interest or currency risk arising from these financial instruments.

The County is subject to credit risk with respect to taxes and grants in lieu of taxes receivables and trade and other receivables. Credit risk arises from the possibility that taxpayers and entities to which the County provides services may experience financial difficulty and be unable to fulfil their obligations. The large number and diversity of taxpayers and customers minimizes the credit risk.

Unless otherwise noted, the carrying values of the financial instruments approximates fair values.

17. COMPARATIVE FIGURES

Certain comparative figures have been restated to conform to the current year's presentation.

18. BUDGET FIGURES

Budget figures are included for information purposes only and are not audited.