

Consolidated Financial Statements of

# LAC LA BICHE COUNTY

Year ended December 31, 2009

# LAC LA BICHE COUNTY

## Consolidated Financial Statements

Year ended December 31, 2009

### Financial Statements

|   |   |
|---|---|
| Management's Responsibility for the Consolidated Financial Statements | 1 |
| Auditors' Report  | 2 |
| Consolidated Statement of Financial Position                          | 3 |
| Consolidated Statement of Operations and Accumulated Surplus          | 4 |
| Consolidated Statement of Changes in Net Financial Assets             | 5 |
| Consolidated Statement of Cash Flows                                  | 6 |
| Notes to Consolidated Financial Statements                            | 7 |

## Management's Responsibility for the Consolidated Financial Statements

The accompanying consolidated financial statements of the Lac La Biche County (the "County") are the responsibility of the County's management and have been prepared in compliance with legislation, and in accordance with generally accepted accounting principles for governments established by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants. A summary of the significant accounting policies are described in note 1 to the consolidated financial statements. The preparation of financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

The County's management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of the consolidated financial statements. These systems are monitored and evaluated by management.

Council meets with management and the external auditors to review the consolidated financial statements and discuss any significant financial reporting or internal control matters prior to approval of the consolidated financial statements.

The consolidated financial statements have been audited by KPMG LLP, independent external auditors appointed by the County. The accompanying Auditors' report outlines their responsibilities, the scope of their examination and their opinion on the County's consolidated financial statements.



Duane Coleman  
Chief Administrative Officer  
July 26, 2010



Rodney Boyko  
Director of Corporate Services  
July 26, 2010



**KPMG LLP**  
**Chartered Accountants**  
10125 – 102 Street  
Edmonton AB T5J 3V8  
Canada

Telephone  
Fax  
Internet

(780) 429-7300  
(780) 429-7379  
www.kpmg.ca

## **AUDITORS' REPORT TO THE MAYOR AND MEMBERS OF COUNCIL OF THE LAC LA BICHE COUNTY**

We have audited the consolidated statement of financial position of the Lac La Biche County ("the County") as at December 31, 2009 and the consolidated statements of operations and accumulated surplus, changes in net financial assets and cash flows for the year then ended. These financial statements are the responsibility of the County's management. 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 plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the County's management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the County as at December 31, 2009 and the results of its operations and changes in net financial assets and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Chartered Accountants

Edmonton, Canada  
July 26, 2010

# LAC LA BICHE COUNTY

## Consolidated Statement of Financial Position


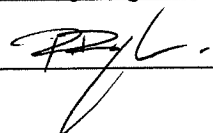
December 31, 2009, with comparative figures for 2008

|  | 2009                  | 2008                   |
|--|-----------------------|------------------------|
|  |                       | (Restated -<br>note 2) |
| Financial assets:                                    |                       |                        |
| Cash (note 3)  | \$ 44,046,238         | \$ 33,884,892          |
| Investments (note 4)                                 | 16,046,229            | 45,817                 |
| Accounts receivable (note 5)                         | 15,312,599            | 14,354,274             |
|  | <u>75,405,066</u>     | <u>48,284,983</u>      |
| Liabilities:   |                       |                        |
| Accounts payable and accrued liabilities             | 13,180,438            | 8,006,857              |
| Deposit and trust liabilities (note 6)               | 784,727               | 727,667                |
| Deferred revenue (note 7)                            | 8,526,094             | 8,796,401              |
| Landfill closure and post closure liability (note 8) | 3,741,759             | 4,280,655              |
| Long-term debt (notes 9 and 10)                      | 41,807,228            | 10,875,876             |
|  | <u>68,040,246</u>     | <u>32,687,456</u>      |
| Net financial assets                                 | 7,364,820             | 15,597,527             |
| Non-financial assets:                                |                       |                        |
| Tangible capital assets (note 11)                    | 243,506,782           | 219,801,304            |
| Inventories for consumption (note 12)                | 786,098               | 872,898                |
| Prepaid expenses and deposits                        | 248,593               | 175,877                |
|  | <u>244,541,473</u>    | <u>220,850,079</u>     |
| Accumulated surplus (note 13)                        | <u>\$ 251,906,293</u> | <u>\$ 236,447,606</u>  |

Commitments and contingencies (note 15)

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

Approved by:

  
\_\_\_\_\_  
  
\_\_\_\_\_

# LAC LA BICHE COUNTY

## Consolidated Statement of Operations and Accumulated Surplus

Year ended December 31, 2009, with comparative figures for 2008

|   | Budget<br>(Unaudited -<br>note 23) | 2009                  | 2008<br>(Restated -<br>note 2) |
|---|------------------------------------|-----------------------|--------------------------------|
| <b>Revenue:</b>                               |                                    |                       |                                |
| Net municipal taxes (note 16)                 | \$ 27,387,579                      | \$ 29,726,387         | \$ 28,765,885                  |
| User fees and sales of goods                  | 7,603,558                          | 6,147,713             | 6,369,764                      |
| Government transfers (note 17)                | 4,274,581                          | 7,606,641             | 8,222,675                      |
| Investment income                             | 641,949                            | 160,133               | 1,289,367                      |
| Penalties and costs of taxes                  | 68,000                             | 206,423               | 169,309                        |
| Special assessments and local<br>improvements | -                                  | 268,224               | 196,565                        |
| Other   | 293,840                            | 327,051               | 369,121                        |
| Contributions of tangible capital<br>assets   | -                                  | 357,000               | 1,297,141                      |
|   | <u>40,269,507</u>                  | <u>44,799,572</u>     | <u>46,679,827</u>              |
| <b>Expenses (note 18):</b>                    |                                    |                       |                                |
| General government                            | 5,880,872                          | 5,225,445             | 4,312,370                      |
| Protective services                           | 1,519,041                          | 1,101,816             | 1,252,310                      |
| Transportation services                       | 7,122,539                          | 5,397,995             | 5,627,303                      |
| Environmental use and protection              | 399,514                            | 271,235               | 439,887                        |
| Water, sewer, garbage, drainage               | 3,068,409                          | 1,683,625             | 2,543,221                      |
| Planning and development                      | 1,585,704                          | 1,066,037             | 1,337,164                      |
| Agriculture services                          | 435,172                            | 305,354               | 84,447                         |
| Recreation, culture and other                 | 3,225,069                          | 4,460,511             | 3,421,840                      |
| Natural gas supply and distribution           | 3,532,480                          | 2,335,757             | 2,876,602                      |
| Amortization of tangible capital<br>assets    | -                                  | 7,493,110             | 7,006,092                      |
|   | <u>26,768,800</u>                  | <u>29,340,885</u>     | <u>28,901,236</u>              |
| Annual surplus                                | 13,500,707                         | 15,458,687            | 17,778,591                     |
| Accumulated surplus, beginning of year        | 236,447,606                        | 236,447,606           | 218,669,015                    |
| Accumulated surplus, end of year              | <u>\$ 249,948,313</u>              | <u>\$ 251,906,293</u> | <u>\$ 236,447,606</u>          |

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

# LAC LA BICHE COUNTY

## Consolidated Statement of Changes in Net Financial Assets

Year ended December 31, 2009, with comparative figures for 2008

|   | Budget<br>(Unaudited -<br>note 23) | 2009          | 2008<br>(Restated -<br>note 2) |
|---|------------------------------------|---------------|--------------------------------|
| Annual surplus                                  | \$ 13,500,707                      | \$ 15,458,687 | \$ 17,778,591                  |
| Acquisition of tangible capital assets          | (39,759,342)                       | (30,841,588)  | (27,687,068)                   |
| Contributions of tangible capital assets        | -                                  | (357,000)     | (1,297,141)                    |
| Amortization of tangible capital assets         | -                                  | 7,493,110     | 7,006,092                      |
| Proceeds on disposal of tangible capital assets | 45,000                             | -             | -                              |
|   | (26,213,635)                       | (8,246,791)   | (4,199,526)                    |
| Consumption of inventories of supplies          | -                                  | 86,800        | 113,818                        |
| Acquisition of prepaid expenses                 | -                                  | (72,716)      | (5,896)                        |
|   | -                                  | 14,084        | 107,922                        |
| Change in net financial assets                  | (26,213,635)                       | (8,232,707)   | (4,091,604)                    |
| Net financial assets, beginning of year         | 15,597,527                         | 15,597,527    | 19,689,131                     |
| Net financial assets, end of year               | \$ (10,616,108)                    | \$ 7,364,820  | \$ 15,597,527                  |

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

# LAC LA BICHE COUNTY

## Consolidated Statement of Cash Flows

Year ended December 31, 2009, with comparative figures for 2008

|   | 2009                 | 2008                   |
|---|----------------------|------------------------|
|   |                      | (Restated -<br>note 2) |
| Cash provided by (used in):                 |                      |                        |
| Operations activities:                      |                      |                        |
| Annual surplus                              | \$ 15,458,687        | \$ 17,778,591          |
| Items not involving cash:                   |                      |                        |
| Contributions of tangible capital assets    | (357,000)            | (1,297,141)            |
| Amortization of tangible capital assets     | 7,493,110            | 7,006,092              |
| Change in non-cash assets and liabilities:  |                      |                        |
| Accounts receivable                         | (958,325)            | (8,722,858)            |
| Accounts payable and accrued liabilities    | 5,173,581            | 3,382,079              |
| Deposit and trust liabilities               | 57,060               | 220,573                |
| Deferred revenue                            | (270,307)            | 6,696,836              |
| Landfill closure and post-closure liability | (538,896)            | 352,864                |
| Inventories for consumption                 | 86,800               | 113,816                |
| Prepaid expenses and deposits               | (72,716)             | (5,896)                |
|   | <u>26,071,994</u>    | <u>25,524,956</u>      |
| Capital activities:                         |                      |                        |
| Acquisition of tangible capital assets      | (30,841,588)         | (27,687,068)           |
| Investing activities:                       |                      |                        |
| Purchase of investments                     | (16,000,412)         | -                      |
| Proceeds from investments                   | -                    | 1,958,659              |
|   | <u>(16,000,412)</u>  | <u>1,958,659</u>       |
| Financing activities:                       |                      |                        |
| Long-term debt issued                       | 31,975,000           | 2,006,679              |
| Long-term debt repaid                       | (1,043,648)          | (908,859)              |
|   | <u>30,931,352</u>    | <u>1,097,820</u>       |
| Increase in cash                            | 10,161,346           | 894,367                |
| Cash, beginning of year                     | 33,884,892           | 32,990,525             |
| Cash, end of year                           | <u>\$ 44,046,238</u> | <u>\$ 33,884,892</u>   |
| Cash paid for interest                      | \$ 720,526           | \$ 414,179             |
| Cash received from interest                 | 160,133              | 1,289,367              |

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



# LAC LA BICHE COUNTY

## Notes to Consolidated Financial Statements

Year ended December 31, 2009

---

Lac La Biche County (the "County") was established on August 1, 2007 when Lakeland County and the Town of Lac La Biche were amalgamated. The amalgamated entity has continued operations under the name Lac La Biche County ("the County"). The County is governed by the Municipal Government Act of the Province of Alberta.

### 1. Significant accounting policies:

The consolidated financial statements of the County are prepared by the County's management in accordance with Canadian generally accepted accounting principles for governments as recommended by the Public Sector Accounting Board ("PSAB") of the Canadian Institute of Chartered Accountants. Significant accounting policies adopted by the County are as follows:

(a) Basis of consolidation:

i) Consolidated entities

The consolidated financial statements reflect the assets, liabilities, revenues and expenses of the reporting entity. The reporting entity is comprised of all organizations, committees and local boards accountable for the administration of their financial affairs and resources to the County and which are owned or controlled by the County including the Lac La Biche County Library Board.

ii) Other entities

Taxes levied include requisitions for education, health, social and other organizations that are not part of the government reporting entity. The County is also a member of various other boards and commissions that are not included in the government reporting entity.

iii) Trust funds

Trust funds and their related operations administered by the County are not included in these consolidated financial statements.

(b) Basis of accounting:

The County follows the accrual basis of accounting for revenues and expenses. Revenues are normally recognized in the year in which they are earned and measurable. Expenses are recognized as they are incurred and measurable as a result of receipt of goods and services and/or the creation of a legal obligation to pay.

# LAC LA BICHE COUNTY

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2009

---

## 1. Significant accounting policies (continued):

### (c) Government transfers:

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 made. Amounts to be recognized in future periods are recorded as deferred revenue.

### (d) Deferred revenue:

Deferred revenues represent amounts which have been collected from third parties for which the related activities have yet to be performed. These amounts will be recognized as revenues in the fiscal year when the activities are performed.

### (e) 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 relating to the Alberta School Foundation Fund and the Greater North Foundation 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.

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

### (f) Investment income:

Investment income is reported as revenue in the year earned. When required by the funding government or related Act, investment income earned on deferred revenue is added to the investment and forms part of the deferred revenue balance.

### (g) Investments:

Investments include term deposits and are recorded at amortized cost. Discounts and premiums arising on the purchase of these investments are amortized over the term of the investments. Other investments are recorded at cost. When there has been a loss in value that is other than a temporary decline in value, the respective investment is written down to recognize the loss.

# LAC LA BICHE COUNTY

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2009

---

## 1. Significant accounting policies (continued):

### (h) Landfill closure and post-closure liability:

Pursuant to the Alberta Environmental Protection and Enhancement 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 liability for closure of operational sites and post-closure care has been recognized based on estimated future expenses, estimated inflation and the usage of the site's capacity during the year.

### (i) Non-financial assets:

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations.

#### (i) Tangible capital assets

Tangible capital assets are recorded at cost which includes amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets, excluding land, are amortized on a straight-line basis over their estimated useful lives as follows:

| Asset                               | Useful Life-Years |
|-------------------------------------|-------------------|
| Land improvements                   | 3 - 45            |
| Buildings and building improvements | 15 - 50           |
| Vehicles                            | 10 - 15           |
| Machinery and equipment             | 5 - 40            |
| Water and wastewater infrastructure | 25 - 75           |
| Roads infrastructure                | 3 - 60            |

---

Landfill sites are amortized using the units of production method based upon capacity used during the year.

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.

# LAC LA BICHE COUNTY

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2009

---

## 1. Significant accounting policies (continued):

### (i) Non-financial assets (continued):

#### (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) Natural resources

Natural resources that have not been purchased are not recorded as tangible capital assets in the consolidated financial statements.

#### (iv) Works of art and cultural and historic assets

Works of art and cultural and historic assets are not recorded as tangible capital assets in these consolidated financial statements.

#### (v) Interest capitalization

Interest is capitalized whenever external debt is issued to finance the construction of tangible capital assets.

#### (vi) Inventories for consumption

Inventories for consumption are recorded at the lower of cost and replacement cost, with cost determined on an average cost basis.

### (j) Use of estimates:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, and the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amount of revenues and expenses during the period. Significant estimates include assumptions used in estimating the provisions for uncollectible accounts receivable and assumptions related to recording accrued liabilities. In addition, the County's implementation of PSAB section 3150 has required management to make estimates of historical cost and useful lives of tangible capital assets. Actual results could differ from those estimates.

# LAC LA BICHE COUNTY

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2009

---

## 2. Change in accounting policies:

The County has implemented PSAB sections 1200 Financial Statement Presentation and 3150 Tangible Capital Assets. Section 1200 establishes general reporting principles and standards for the disclosure of information in government financial statements. Section 3150 requires governments to record and amortize their tangible capital assets in their financial statements. In prior years, tangible capital asset additions were expensed in the year of acquisition or construction.

The financial information includes the actual or estimated historical cost of the tangible capital assets. When historical cost records were not available, other methods were used to estimate the costs and accumulated amortization of the assets. The County applied a consistent method of estimating the replacement or reproduction cost of the tangible capital assets for which it did not have historical cost records, except in circumstances where it could be demonstrated that a different method would provide a more accurate estimate of the cost of a particular type of tangible capital asset. After defining replacement or reproduction cost, an appropriate index was applied to deflate the replacement or reproduction cost to an estimated historical cost in the year of acquisition.

This change was applied retroactively and prior periods have been restated. This change in accounting policy has changed amounts reported in the prior period as follows:

---

|   |                |
|---|----------------|
| Accumulated surplus at January 1, 2008:                         |                |
| Operating fund  | \$ -           |
| Capital fund  | -              |
| Reserve fund  | 30,899,872     |
| Equity in tangible capital assets                               | 73,438,155     |
| Accumulated surplus, as previously reported                     | 104,338,027    |
| Net book value of tangible capital assets recorded              | 114,330,988    |
| Accumulated surplus, as restated                                | \$ 218,669,015 |
| Annual surplus for 2008:  |                |
| Net deficiency of revenue over expenses, as previously reported | \$ (4,199,526) |
| Contributions of tangible capital assets                        | 1,297,141      |
| Tangible capital assets capitalized but previously expensed     | 27,687,068     |
| Amortization expense not previously recorded                    | (7,006,092)    |
| Annual surplus, as restated                                     | \$ 17,778,591  |

---

# LAC LA BICHE COUNTY

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2009

### 3. Cash:

|   | 2009                 | 2008                 |
|---|----------------------|----------------------|
| Servus Credit Union account bearing interest at prime less 1.85% (2008 - prime less 1.85%)                                      | \$ 41,227,467        | \$ 29,354,487        |
| ATB Financial account bearing interest at prime less 2% for amounts < \$1,000,000 and prime less 1.9% for amounts > \$1,000,000 | 2,646,564            | 4,498,067            |
| Cash - library  | 139,481              | -                    |
| Cash - other  | 32,726               | 32,338               |
|   | <u>\$ 44,046,238</u> | <u>\$ 33,884,892</u> |

### 4. Investments:

|  | 2009                 | 2008             |
|--|----------------------|------------------|
| Servus Credit Union term deposit maturing January 29, 2010 and bearing interest at 0.36% | \$ 16,000,000        | \$ -             |
| Other term deposits  | 1,367                | 1,367            |
| Servus Credit Union common share account, at cost  | 44,450               | 44,450           |
| Gas Alberta Inc., 412 Class A shares, at cost  | 412                  | -                |
|  | <u>\$ 16,046,229</u> | <u>\$ 45,817</u> |

# LAC LA BICHE COUNTY

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2009

## 5. Accounts receivable:

|  | 2009          | 2008          |
|--|---------------|---------------|
| Taxes and grants in place receivable   | \$ 1,308,329  | \$ 916,310    |
| Requisition over-levy                  | (5,225)       | (5,225)       |
| Less – allowance for doubtful taxes    | (428,517)     | (371,494)     |
|  | 874,587       | 539,591       |
| Grant and contributions receivable     | 12,152,686    | 10,881,831    |
| Goods and services tax receivable      | 1,385,958     | 1,528,630     |
| Utility receivable                     | 909,156       | 1,176,051     |
| Other receivables                      | 480,256       | 640,924       |
| Less - allowance for doubtful accounts | (490,044)     | (412,753)     |
|  | 14,438,012    | 13,814,683    |
|  | \$ 15,312,599 | \$ 14,354,274 |

## 6. Deposits and trust liabilities:

Deposits and trust liabilities are comprised of deposits received from developers and the proceeds from the sale of tax recovery properties acquired by the County in excess of the amount of any property tax arrears and penalties on the properties.

# LAC LA BICHE COUNTY

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2009

## 7. Deferred revenue:

Deferred revenue is comprised of the following:

|                                     | 2009                | 2008                |
|-------------------------------------|---------------------|---------------------|
| Provincial government transfers:    |                     |                     |
| New Deal financing                  | \$ 790,301          | \$ 780,507          |
| Bridge financing                    | 101,263             | 5,066               |
| Disaster services exercises         | -                   | 9,419               |
| Jubilee Hall                        | -                   | 10,650              |
| Wastewater treatment plant          | 7,292,415           | 7,222,000           |
| Municipal Sustainability Initiative | 298,681             | -                   |
| Municipal restructuring             | -                   | 297,921             |
| Ground ambulance                    | -                   | 42,165              |
| Water supply expansion program      | 43,434              | 43,015              |
| Waste water study                   | -                   | 38,767              |
| Rural transportation grant          | -                   | 338,963             |
| Other grants                        | -                   | 7,928               |
|                                     | <u>\$ 8,526,094</u> | <u>\$ 8,796,401</u> |

Continuity of deferred revenue is as follows:

|   | 2009                | 2008                |
|---|---------------------|---------------------|
| Balance, beginning of year                    | \$ 8,796,401        | \$ 2,099,565        |
| Amounts received during the year              | 7,252,812           | 14,840,356          |
| Interest earned on government transfers       | 83,522              | 79,155              |
| Amounts recognized as revenue during the year | (7,606,641)         | (8,222,675)         |
| Balance, end of year                          | <u>\$ 8,526,094</u> | <u>\$ 8,796,401</u> |



# LAC LA BICHE COUNTY

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2009

## 8. Landfill closure and post-closure liability:

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 4.31% (2008 – 4.31%) and assuming annual inflation of 3.0% (2008 – 3.0%)

During the year, the County revised their estimate on each landfill capacity levels. The County has not designated assets for settling closure and post-closure liabilities.

|                              | 2009                | 2008                |
|------------------------------|---------------------|---------------------|
| Estimated capacity used:     |                     |                     |
| Beaver Lake (former Town)    | 90%                 | 100%                |
| Craigend                     | 85%                 | 100%                |
| Elinor Lake                  | 85%                 | 100%                |
| Hyo                          | 95%                 | 100%                |
| Owl River                    | 95%                 | 100%                |
| Plamondon                    | 90%                 | 100%                |
| Rich Lake                    | 97%                 | 100%                |
| Estimated closure costs      | \$ 1,729,617        | \$ 2,283,455        |
| Estimated post-closure costs | 2,012,142           | 1,997,200           |
| <b>Total liability</b>       | <b>\$ 3,741,759</b> | <b>\$ 4,280,655</b> |

# LAC LA BICHE COUNTY

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2009

## 9. Long-term debt:

|                          | 2009          | 2008          |
|--------------------------|---------------|---------------|
| Tax supported debentures | \$ 41,807,228 | \$ 10,875,876 |

Lac La Biche County has a debt certificate for \$48,000,000 but has only drawn on \$31,975,000 to date.

Debenture debt is repayable to the Alberta Capital Finance Authority. The debt bears interest at rates between 3.77% and 6% per annum, before Provincial subsidy, with maturities between 2015 and 2023. Debenture debt is issued on the credit and security of the County at large.

In addition, the County has a credit facility of \$1,000,000 available at a rate of prime minus 0.5%. At December 31, 2009, this facility had not been drawn upon.

Principal and interest repayment requirements on long-term debt over the next five years and thereafter are as follows:

|            | Principal     | Interest      | Total         |
|------------|---------------|---------------|---------------|
| 2010       | \$ 3,033,583  | \$ 2,255,688  | \$ 5,289,271  |
| 2011       | 5,152,283     | 2,324,974     | 7,477,257     |
| 2012       | 5,376,719     | 2,100,538     | 7,477,257     |
| 2013       | 5,610,963     | 1,866,294     | 7,477,257     |
| 2014       | 5,855,444     | 1,621,813     | 7,477,257     |
| Thereafter | 16,778,236    | 4,523,605     | 21,301,841    |
|            | \$ 41,807,228 | \$ 14,692,912 | \$ 56,500,140 |

# LAC LA BICHE COUNTY

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2009

## 10. Debt and debt service 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:

|                                       | 2009          | 2008          |
|---------------------------------------|---------------|---------------|
| Total debt limit                      | \$ 56,090,699 | \$ 59,568,005 |
| Total long-term debt                  | 41,807,228    | 10,875,876    |
| Amount of unused debt limit           | \$ 14,283,471 | \$ 48,692,129 |
| Percentage used (%)                   | 74.54%        | 18.26%        |
| Debt servicing limit                  | \$ 9,348,450  | \$ 9,928,001  |
| Debt servicing                        | 5,289,271     | 1,516,600     |
| Amount of unused debt servicing limit | \$ 4,059,179  | \$ 8,411,401  |
| Percentage used (%)                   | 56.58%        | 15.28%        |

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 limitations requires approval by the Minister of Municipal Affairs. These thresholds are guidelines used by Alberta Municipal Affairs to identify municipalities that 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.

# LAC LA BICHE COUNTY

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2009

## 11. Tangible capital assets:

|                                  | 2009          |                   |               |               |                       |                         |              |                           |                |
|----------------------------------|---------------|-------------------|---------------|---------------|-----------------------|-------------------------|--------------|---------------------------|----------------|
|                                  | Land          | Land improvements | Land          | Buildings     | Engineered structures | Machinery and equipment | Vehicles     | Assets under construction | Total          |
| <u>Cost:</u>                     |               |                   |               |               |                       |                         |              |                           |                |
| Balance, beginning of year       | \$ 44,822,073 | \$ 3,227,022      | \$ 12,817,202 | \$ 12,817,202 | \$ 241,758,677        | \$ 5,935,675            | \$ 4,447,249 | \$ 12,138,627             | \$ 325,146,525 |
| Additions                        | 1,598,718     | 463,991           | 470,584       | 470,584       | 16,738,378            | 439,295                 | 346,588      | 21,386,017                | 41,443,571     |
| Transfers                        | -             | -                 | -             | -             | -                     | -                       | -            | (10,244,983)              | (10,244,983)   |
| Balance, end of year             | 46,420,791    | 3,691,013         | 13,287,786    | 13,287,786    | 258,497,055           | 6,374,970               | 4,793,837    | 23,279,661                | 356,345,113    |
| <u>Accumulated amortization:</u> |               |                   |               |               |                       |                         |              |                           |                |
| Balance, beginning of year       | -             | 1,657,233         | 5,896,513     | 5,896,513     | 93,334,895            | 2,043,617               | 2,412,963    | -                         | 105,345,221    |
| Amortization expense             | -             | 225,372           | 279,000       | 279,000       | 6,176,860             | 482,556                 | 329,322      | -                         | 7,493,110      |
| Balance, end of year             | -             | 1,882,605         | 6,175,513     | 6,175,513     | 99,511,755            | 2,526,173               | 2,742,285    | -                         | 112,838,331    |
| Net book value, end of year      | \$ 46,420,791 | \$ 1,808,408      | \$ 7,112,273  | \$ 7,112,273  | \$ 158,985,300        | \$ 3,848,797            | \$ 2,051,552 | \$ 23,279,661             | \$ 243,506,782 |

# LAC LA BICHE COUNTY

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2009

## 11. Tangible capital assets (continued):

|                                    | 2008 (Restated - note 2) |                     |                     |                       |                       |                         |                      |                           |            |
|------------------------------------|--------------------------|---------------------|---------------------|-----------------------|-----------------------|-------------------------|----------------------|---------------------------|------------|
|                                    | Land                     | Land improvements   | Land                | Buildings             | Engineered structures | Machinery and equipment | Vehicles             | Assets under construction | Total      |
| <b>Cost:</b>                       |                          |                     |                     |                       |                       |                         |                      |                           |            |
| Balance, beginning of year         | \$ 40,751,073            | \$ 3,214,713        | \$ 12,817,202       | \$ 231,712,766        | \$ 4,134,965          | \$ 3,531,597            | \$ -                 | \$ 296,162,316            |            |
| Additions                          | 4,071,000                | 12,309              | -                   | 10,045,911            | 1,800,710             | 915,652                 | -                    | 12,138,627                | 28,984,209 |
| Transfers                          | -                        | -                   | -                   | -                     | -                     | -                       | -                    | -                         | -          |
| Balance, end of year               | 44,822,073               | 3,227,022           | 12,817,202          | 241,758,677           | 5,935,675             | 4,447,249               | 12,138,627           | 325,146,525               |            |
| <b>Accumulated amortization:</b>   |                          |                     |                     |                       |                       |                         |                      |                           |            |
| Balance, beginning of year         | -                        | 1,447,069           | 5,620,514           | 87,496,526            | 1,649,851             | 2,125,169               | -                    | 98,339,129                |            |
| Amortization expense               | -                        | 210,164             | 275,999             | 5,838,369             | 393,766               | 287,794                 | -                    | 7,006,092                 |            |
| Balance, end of year               | -                        | 1,657,233           | 5,896,513           | 93,334,895            | 2,043,617             | 2,412,963               | -                    | 105,345,221               |            |
| <b>Net book value, end of year</b> | <b>\$ 44,822,073</b>     | <b>\$ 1,569,789</b> | <b>\$ 6,920,689</b> | <b>\$ 148,423,782</b> | <b>\$ 3,892,058</b>   | <b>\$ 2,034,286</b>     | <b>\$ 12,138,627</b> | <b>\$ 219,801,304</b>     |            |

# LAC LA BICHE COUNTY

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2009

---

## 11. Tangible capital assets (continued):

a) Assets under construction

Assets under construction having a value of \$23,279,661 (2008 - \$12,138,627) have not been amortized. Amortization of these assets will commence when the asset is put into service.

b) Contributed Tangible Capital Assets

Contributed capital assets have been recognized at fair market value at the date of contribution. The value of contributed assets received during the year is \$357,000 (2008 - \$1,297,141).

c) Tangible Capital Assets Disclosed at Nominal Values

Where an estimate of fair value could not be made, the tangible capital asset was recognized at a nominal value. Land is the only category where nominal values were assigned.

d) Works of Art and Historical Treasures

The County manages and controls various works of art and non-operational historical cultural assets including buildings, artifacts, paintings and sculptures located at County sites and public display areas. These assets are not recorded as tangible capital assets and are not amortized.

# LAC LA BICHE COUNTY

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2009

## 12. Inventory for consumption:

|   | 2009              | 2008              |
|---|-------------------|-------------------|
| Gravel  | \$ 182,523        | \$ 378,141        |
| Chemicals   | 50,990            | 48,847            |
| Public works and general municipal materials and supplies | 552,585           | 445,910           |
|   | <u>\$ 786,098</u> | <u>\$ 872,898</u> |

## 13. Accumulated surplus:

The County's accumulated surplus is comprised of the following:

|                                    | 2009              | 2008                   |
|------------------------------------|-------------------|------------------------|
|                                    |                   | (Restated -<br>note 2) |
| Restricted for operating purposes: |                   |                        |
| General operating                  | \$ 722,401        | \$ 722,401             |
| Carry over projects                | 9,099,172         | 9,099,172              |
| Plamondon                          | 5,510             | 5,510                  |
| Fire                               | 250,000           | 242,428                |
| Emergency services/disaster        | 50,000            | 50,000                 |
| Gravel inventories                 | 121,000           | 121,000                |
| Snow and ice control               | 76,000            | 76,000                 |
| Weather operations/calcium         | 150,000           | 150,000                |
| Oiling                             | 600,000           | 600,000                |
| Base paving – overlay and chip     | 596,000           | 596,000                |
| Base paving – general              | 783,955           | 783,955                |
| Base paving – Egg Lake             | 1,500,000         | 275,000                |
| Landfill reclamation               | 250,000           | 150,000                |
| Walking trails                     | 276,000           | 276,000                |
| Municipal parks and schools        | 156,497           | 156,497                |
| Airport                            | 9,916             | 9,916                  |
| Recreation                         | 25,029            | 25,029                 |
| Mail run days                      | 1,367             | 1,367                  |
| Regional landfill                  | 2,331             | 2,331                  |
|                                    | <u>14,675,178</u> | <u>13,342,606</u>      |

# LAC LA BICHE COUNTY

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2009

## 13. Accumulated surplus (continued):

|  | 2009           | 2008                   |
|--|----------------|------------------------|
|  |                | (Restated -<br>note 2) |
| Restricted surplus for capital purposes:         |                |                        |
| General capital                                  | \$ 88,090      | \$ 88,090              |
| Office equipment                                 | 100,000        | 100,000                |
| Council computers                                | 12,000         | 12,000                 |
| Fire equipment                                   | 470,000        | 470,000                |
| Interpretive centre                              | 1,050,000      | 1,050,000              |
| Municipal reserve                                | 11,704         | 11,704                 |
| Library reserve                                  | 60,883         | 60,883                 |
| Offsite levy                                     | 110,001        | 110,001                |
| Bylaw equipment                                  | 60,000         | 60,000                 |
| Vehicle replacement                              | 183,000        | 183,000                |
| Heavy equipment replacement                      | 1,229,856      | 1,229,856              |
| Building replacement                             | 1,183,000      | 1,133,000              |
| Regional landfill                                | 2,013,101      | 2,013,101              |
| Landfill closure and post-closure costs          | 195,835        | -                      |
| Water and sewer mains                            | 113,000        | 113,000                |
| Water and sewer expansion                        | 1,183,145      | 1,183,145              |
| Water and sewer servicing                        | 1,745,270      | 1,745,270              |
| Waste water plant                                | 1,813,100      | 1,813,100              |
| ASB equipment                                    | 140,000        | 140,000                |
| Natural gas line expansion                       | 97,089         | -                      |
| Electronic meters                                | 101,116        | 101,116                |
| GPS program                                      | 15,000         | 15,000                 |
| Recreation equipment                             | 115            | 115                    |
| Recreational multiplex                           | 4,142,175      | 3,758,109              |
|  | 16,117,480     | 15,390,490             |
| Unfunded landfill closure and post-closure costs | -              | (934,930)              |
| Total restricted surplus                         | 30,792,658     | 27,798,166             |
| Unrestricted surplus (deficiency)                | 19,414,081     | (275,988)              |
| Invested in tangible capital assets              | 201,699,554    | 208,925,428            |
|  | \$ 251,906,293 | \$ 236,447,606         |



# LAC LA BICHE COUNTY

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2009

---

## 14. Local authorities pension plan:

Employees of the County participate in the Local Authorities Pension Plan (LAPP), which is one of the multi-employer plans covered by the Alberta Public Sector Pension Plans Act. The LAPP is financed by employer and employee contributions and by investment earnings of the LAPP Fund.

The County is required to make current service contributions to the LAPP of 8.46% (2008 - 7.75%) of pensionable earnings up to the year's maximum pensionable earnings under the Canada Pension Plan and 11.66% (2008 - 10.64%) on pensionable earnings above this amount. Employees of the County are required to make current service contributions of 7.46% (2008 - 6.75%) of pensionable salary up to the year's maximum pensionable salary and 10.66% (2008 - 9.64%) on pensionable salary above this amount. Contributions for current service are recorded as expenses in the year in which they become due.

Total current service contributions by the County to the LAPP in 2009 were \$380,368 (2008 - \$308,522). Total service contributions by the employees of the County to the Local Authorities Pension Plan in 2009 were \$426,243 (2008 - \$272,276).

## 15. Commitments and contingencies:

The County is a member of the Alberta Municipal Insurance Exchange (MUNIX). Under the terms of membership, the County could become liable for its proportionate share of any claim losses in excess of funds held by the exchange. Any liability incurred would be accounted for as a current transaction in the year the losses are determined.

The County is a member of a reciprocal insurance exchange (GENESIS) to cover its liability insurance needs. GENESIS was previously referred to as Jubilee Reciprocal Insurance Exchange (JRIE). A Statement of Claim was filed in 2004 by some of the previous subscribers of JRIE. The statement of claim requests the return of surplus funds in the amount of \$3,820,516. Under the terms of the 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.

# LAC LA BICHE COUNTY

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2009

## 16. Net municipal taxes:

Taxation revenue, reported on the consolidated statement of operations, is made up of the following:

|   | Budget                   | 2009                 | 2008                 |
|---|--------------------------|----------------------|----------------------|
|   | (Unaudited -<br>note 23) |                      |                      |
| Levies:   |                          |                      |                      |
| Residential land and improvements                           | \$ 8,564,234             | \$ 9,096,957         | \$ 9,443,467         |
| Non-resident land, improvements,<br>machinery and equipment | 25,033,860               | 27,066,562           | 25,234,003           |
|   | 33,598,094               | 36,163,519           | 34,677,470           |
| Fire protection   | 510,000                  | 508,357              | 693,764              |
| Well drilling tax   | -                        | 98,135               | 115,113              |
|   | 34,108,094               | 36,770,011           | 35,486,347           |
| Less requisitions:  |                          |                      |                      |
| Alberta School Foundation Fund                              | 6,481,126                | 6,785,486            | 6,481,093            |
| Greater North Foundation                                    | 239,389                  | 258,138              | 239,369              |
|   | 6,720,515                | 7,043,624            | 6,720,462            |
| <b>Net taxes for general municipal purposes</b>             | <b>\$ 27,387,579</b>     | <b>\$ 29,726,387</b> | <b>\$ 28,765,885</b> |

## 17. Government transfers:

|                                   | Budget                   | 2009                | 2008                |
|-----------------------------------|--------------------------|---------------------|---------------------|
|                                   | (Unaudited -<br>note 23) |                     |                     |
| Transfers for operating:          |                          |                     |                     |
| Provincial government             | \$ 1,149,868             | \$ 537,185          | \$ 2,551,992        |
| Other local government            | -                        | 20,682              | -                   |
|                                   | 1,149,868                | 557,867             | 2,551,992           |
| Transfers for capital:            |                          |                     |                     |
| Provincial government             | 3,124,713                | 7,048,774           | 5,670,683           |
| <b>Total government transfers</b> | <b>\$ 4,274,581</b>      | <b>\$ 7,606,641</b> | <b>\$ 8,222,675</b> |

# LAC LA BICHE COUNTY

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2009

## 18. Expenses by object:

|   | Budget<br>(Unaudited -<br>note 23) | 2009          | 2008<br>(Restated -<br>note 2) |
|---|------------------------------------|---------------|--------------------------------|
| Salaries, wages and benefits            | \$ 10,528,387                      | \$ 9,345,268  | \$ 7,591,182                   |
| Contracted and general services         | 4,375,366                          | 4,861,717     | 5,929,762                      |
| Materials, goods, and utilities         | 9,194,675                          | 5,194,124     | 5,551,906                      |
| Transfers to local boards and agencies  | 1,326,606                          | 1,570,998     | 2,277,453                      |
| Debenture interest                      | 1,343,766                          | 739,314       | 419,421                        |
| Bad debts                               | -                                  | 136,354       | 125,420                        |
| Amortization of tangible capital assets | -                                  | 7,493,110     | 7,006,092                      |
|   | \$ 26,768,800                      | \$ 29,340,885 | \$ 28,901,236                  |

# LAC LA BICHE COUNTY

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2009

## 19. 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:

|                                     | Salary    | Benefits | 2009<br>Total | 2008<br>Total |
|-------------------------------------|-----------|----------|---------------|---------------|
| <b>Mayor</b>                        |           |          |               |               |
| Peter Kirylchuk                     | \$ 42,896 | \$ 5,860 | \$ 48,756     | \$ 51,394     |
| <b>Deputy Mayor</b>                 |           |          |               |               |
| Cecilia Quist                       | 31,220    | 7,395    | 38,615        | 43,173        |
| <b>Councillors</b>                  |           |          |               |               |
| Phillip Lane                        | 26,439    | 6,721    | 33,160        | 32,524        |
| David Lozinski                      | 29,499    | 6,585    | 36,084        | 30,394        |
| Greg Bochkarev                      | 27,239    | 5,807    | 33,046        | 29,016        |
| Eugene Uganez                       | 33,499    | 6,784    | 40,283        | 38,484        |
| Terry Colosimo                      | 29,074    | 6,139    | 35,213        | 35,781        |
| Todd Thompson (Jan – Mar)           | -         | -        | -             | 7,211         |
| Heather Stromquist (Apr – Dec)      | 33,220    | 7,650    | 40,870        | 22,998        |
| Gordon Coutney                      | 25,459    | 1,135    | 26,594        | 25,466        |
|                                     | 204,429   | 40,821   | 245,250       | 221,874       |
| <b>Chief Administrative Officer</b> | 193,697   | 33,527   | 227,224       | 203,139       |

Salary includes regular base pay, bonuses, overtime, lump sum payments, gross honoraria and any other direct cash remuneration.

Employer's share of all employee benefits and contributions or payments made on behalf of employees including pension, health care, dental coverage, group life insurance, accidental disability and dismemberment insurance, long and short term disability plans, professional memberships and tuition.

# LAC LA BICHE COUNTY

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2009

---

## 20. Financial instruments:

The County's financial instruments consist of cash, accounts receivable, investments, accounts payable and accrued liabilities, deposit and trust liabilities and long-term debt. It is management's opinion that the County is not exposed to significant interest or currency risks arising from these financial instruments.

The County is subject to credit risk with respect to taxes and grants in place 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 fulfill their obligations. The large number and diversity of taxpayers and customers minimizes the credit risk. Unless otherwise noted, the carrying value of the financial instrument approximates fair value.

## 21. Segmented information:

Segmented information has been identified based upon lines of service provided by the County. County services are provided by departments and their activities are reported by functional area in the body of the financial statements. Certain lines of service that have been separately disclosed in the segmented information, along with the services they provide, are as follows:

(i) Municipal Operations:

The County provides services that include protective services, transportation services, planning and development, agricultural services, recreational services and cultural services.

(ii) Utility Operations:

The County is responsible for programs such as the engineering and operation of natural gas, water and wastewater systems and waste management.

Certain allocation methodologies are employed in the preparation of segmented financial information. Taxation and payments-in-lieu of taxes are allocated to the segments based on the segment's budgeted net expenses. User charges and other revenue have been allocated to the segments based upon the segment that generated the revenue. Government transfers have been allocated to the segment based upon the purpose for which the transfer was made. Development levies earned and developer contributions received were allocated to the segment for which the charge was collected.

The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements as disclosed in Note 1.

# LAC LA BICHE COUNTY

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2009

## 21. Segmented information (continued):

|   | 2009                    |                       |               |
|---|-------------------------|-----------------------|---------------|
|   | Municipal<br>Operations | Utility<br>Operations | Total         |
| <b>Revenue:</b>                               |                         |                       |               |
| Net municipal taxes                           | \$ 29,726,387           | \$ -                  | \$ 29,726,387 |
| User fees and sales of goods                  | 1,348,992               | 4,798,721             | 6,147,713     |
| Government transfers                          | 7,567,874               | 38,767                | 7,606,641     |
| Investment income                             | 160,133                 | -                     | 160,133       |
| Penalties and costs of taxes                  | 201,651                 | 4,772                 | 206,423       |
| Special assessments and local<br>improvements | 268,224                 | -                     | 268,224       |
| Other   | 325,691                 | 1,360                 | 327,051       |
| Contributions of tangible capital assets      | 357,000                 | -                     | 357,000       |
| Total revenues                                | 39,955,952              | 4,843,620             | 44,799,572    |
| <b>Expenses:</b>                              |                         |                       |               |
| Salaries, wages and benefits                  | 7,964,031               | 1,381,237             | 9,345,268     |
| Contracted and general services               | 4,216,482               | 645,235               | 4,861,717     |
| Materials, goods and utilities                | 2,771,485               | 2,422,639             | 5,194,124     |
| Transfers to local boards and agencies        | 1,570,998               | -                     | 1,570,998     |
| Debenture interest                            | 739,314                 | -                     | 739,314       |
| Bad debts                                     | 136,354                 | -                     | 136,354       |
| Amortization of tangible capital assets       | 6,289,059               | 1,204,051             | 7,493,110     |
| Total expenses                                | 23,687,723              | 5,653,162             | 29,340,885    |
| Annual surplus (deficit)                      | \$ 16,268,229           | \$ (809,542)          | \$ 15,458,687 |

# LAC LA BICHE COUNTY

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2009

## 21. Segmented information (continued):

|   | 2008 (Restated - note 2) |                       |                      |
|---|--------------------------|-----------------------|----------------------|
|   | Municipal<br>Operations  | Utility<br>Operations | Total                |
| <b>Revenue:</b>                               |                          |                       |                      |
| Net municipal taxes                           | \$ 28,765,884            | \$ -                  | \$ 28,765,885        |
| User fees and sales of goods                  | 401,840                  | 5,967,924             | 6,369,764            |
| Government transfers                          | 7,918,943                | 303,732               | 8,222,675            |
| Investment income                             | 1,289,367                | -                     | 1,289,367            |
| Penalties and costs of taxes                  | 151,695                  | 17,614                | 169,309              |
| Special assessments and local<br>improvements | 196,565                  | -                     | 196,565              |
| Other   | 366,083                  | 3,039                 | 369,121              |
| Contributions of tangible capital assets      | 1,157,141                | 140,000               | 1,297,141            |
| <b>Total revenues</b>                         | <b>40,247,518</b>        | <b>6,432,309</b>      | <b>46,679,827</b>    |
| <b>Expenses:</b>                              |                          |                       |                      |
| Salaries, wages and benefits                  | 6,209,945                | 1,381,237             | 7,591,182            |
| Contracted and general services               | 5,385,916                | 543,846               | 5,929,762            |
| Materials, goods and utilities                | 2,646,174                | 2,905,732             | 5,551,906            |
| Transfers to local boards and agencies        | 2,277,453                | -                     | 2,277,453            |
| Debenture interest                            | 419,421                  | -                     | 419,421              |
| Bad debts                                     | 125,420                  | -                     | 125,420              |
| Amortization of tangible capital assets       | 5,876,305                | 1,129,787             | 7,006,092            |
| <b>Total expenses</b>                         | <b>22,940,634</b>        | <b>5,960,602</b>      | <b>28,901,236</b>    |
| <b>Annual surplus</b>                         | <b>\$ 17,306,884</b>     | <b>\$ 471,707</b>     | <b>\$ 17,778,591</b> |

# LAC LA BICHE COUNTY

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2009

---

## 22. Comparative figures:

Certain other comparative figures have been reclassified to conform to the 2009 financial statement presentation.

## 23. Budget:

The unaudited 2009 budget data presented in these consolidated financial statements is based upon the 2009 operating and capital budgets approved by Council on January 10, 2009. Amortization was not contemplated on development of the budget and, as such, has not been included.