

LAC LA BICHE COUNTY
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

INDEPENDENT AUDITORS' REPORT

To the Mayor and Council of Lac La Biche County

Opinion

We have audited the accompanying consolidated financial statements of Lac La Biche County (the "County"), which comprise the consolidated statement of financial position as at December 31, 2020, and the consolidated statements of operations and accumulated surplus, changes in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the County as at December 31, 2020, and the results of its consolidated operations, changes in net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the County in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with those requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Consolidated 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.

In preparing the consolidated financial statements, management is responsible for assessing the County's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the County or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the County's financial reporting process.

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Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but it is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 County's internal control.
- Evaluate the appropriateness of accounting policies and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the County's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the County to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

METRIX GROUP LLP

Chartered Professional Accountants

Edmonton, Alberta
April 27, 2021



MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

Management is responsible for the preparation and presentation of the accompanying consolidated financial statements, including responsibility for significant accounting judgments 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 judgment is required.

In discharging its responsibility for the integrity and fairness of the consolidated financial statements, management 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 management nor employees of the County. The Mayor and Council have the responsibility of meeting with management 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.

Metrix Group LLP, an independent firm of Chartered Professional 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 management to discuss their audit findings.



Ken Van Buul, Chief Administrative Officer



Dan Small, CPA, CMA, Associate Chief Administrative Officer, Finance and Planning



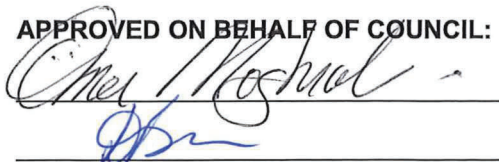
Zeeshan Hasan, Manager of Finance

Lac La Biche, Alberta
April 27, 2021

LAC LA BICHE COUNTY
Consolidated Statement of Financial Position
As at December 31, 2020

	<u>2020</u>	2019 (Restated) (Note 24)
FINANCIAL ASSETS		
Cash and cash equivalents (Note 2)	\$ 52,211,050	\$ 52,907,457
Taxes and grants in place of taxes receivable (Note 3)	998,512	1,831,499
Trade and other receivables (Note 4)	7,955,429	5,031,901
Investments (Note 5)	<u>85,443</u>	<u>83,275</u>
	<u>61,250,434</u>	<u>59,854,132</u>
LIABILITIES		
Accounts payable and accrued liabilities (Note 7)	8,608,084	8,892,766
Deposit liabilities (Note 8)	746,124	1,015,244
Employee benefit obligations (Note 9)	1,088,285	883,057
Deferred revenue (Note 10)	3,807,793	3,984,535
Landfill closure and post-closure liability (Note 11)	4,224,152	4,128,242
Reclamation liability (Note 12)	1,005,982	986,257
Long-term debt (Note 13)	<u>796,361</u>	<u>3,989,430</u>
	<u>20,276,781</u>	<u>23,879,531</u>
NET FINANCIAL ASSETS	<u>40,973,653</u>	<u>35,974,601</u>
NON-FINANCIAL ASSETS		
Tangible capital assets (Schedule 5)	434,211,991	427,597,495
Inventory for consumption (Note 15)	6,813,440	4,716,717
Prepaid expenses	<u>201,336</u>	<u>821,639</u>
	<u>441,226,767</u>	<u>433,135,851</u>
ACCUMULATED SURPLUS (Schedule 1, Note 17)	<u>\$482,200,420</u>	<u>\$469,110,452</u>
CONTINGENCIES AND COMMITMENTS (Note 18)		

APPROVED ON BEHALF OF COUNCIL:



LAC LA BICHE COUNTY

Consolidated Statement of Operations and Accumulated Surplus

For The Year Ended December 31, 2020

	<u>2020</u> (Budget) (Note 22)	<u>2020</u> (Actual)	<u>2019</u> (Restated) (Note 24)
REVENUES			
Net municipal property taxes <i>(Schedule 2)</i>	\$ 68,841,523	\$ 69,620,706	\$ 63,711,644
User fees and sales of goods	4,827,616	4,776,396	5,035,410
Government transfers for operating <i>(Schedule 3)</i>	794,602	3,574,821	977,173
Investment income	1,200,000	744,858	1,934,159
Other	694,284	718,375	1,331,623
Rentals	814,191	537,999	877,495
Penalties and costs on taxes	280,000	472,965	428,101
Fines, licenses and permits	<u>374,440</u>	<u>403,547</u>	<u>449,715</u>
	<u>77,826,656</u>	<u>80,849,667</u>	<u>74,745,320</u>
EXPENSES			
Transportation	13,586,722	25,680,673	23,594,887
Administration	9,279,515	11,274,972	7,634,846
Parks and recreation	10,495,315	10,775,081	11,140,689
Water and waste water services	4,556,457	6,833,602	6,415,736
Bylaw enforcement	3,787,935	3,890,216	1,813,798
Solid waste and recycling	2,331,351	2,713,411	5,800,727
Natural gas	1,499,685	1,925,462	1,681,301
Fire protection and safety services	1,238,603	1,555,502	1,642,488
Family and community support	1,781,647	1,474,857	1,486,113
Economic and agricultural development	1,617,983	1,060,093	1,170,286
Planning and development	1,303,513	815,426	968,889
Legislative	1,016,445	805,105	936,633
Culture	686,259	774,421	800,661
Environmental services	<u>315,374</u>	<u>336,651</u>	<u>371,376</u>
	<u>53,496,804</u>	<u>69,915,472</u>	<u>65,458,430</u>
ANNUAL SURPLUS BEFORE OTHER INCOME	<u>24,329,852</u>	<u>10,934,195</u>	<u>9,286,890</u>
OTHER INCOME			
Government transfers for capital <i>(Schedule 3)</i>	925,674	1,868,431	1,155,086
Gain on disposal of tangible capital assets	<u>130,500</u>	<u>287,342</u>	<u>(448,840)</u>
	<u>1,056,174</u>	<u>2,155,773</u>	<u>706,246</u>
ANNUAL SURPLUS	25,386,026	13,089,968	9,993,136
ACCUMULATED SURPLUS, BEGINNING OF YEAR	467,141,754	467,141,754	457,148,618
Restatement <i>(Note 24)</i>	<u>1,968,698</u>	<u>1,968,698</u>	<u>1,968,698</u>
ACCUMULATED SURPLUS, BEGINNING OF YEAR, AS RESTATED	<u>469,110,452</u>	<u>469,110,452</u>	<u>459,117,316</u>
ACCUMULATED SURPLUS, END OF YEAR (SCHEDULE 1, NOTE 17)	<u>\$494,496,478</u>	<u>\$482,200,420</u>	<u>\$469,110,452</u>

LAC LA BICHE COUNTY
Consolidated Statement of Change in Net Financial Assets
For The Year Ended December 31, 2020

	<u>2020</u> (Budget) (Note 22)	<u>2020</u> (Actual)	<u>2019</u> (Actual)
ANNUAL SURPLUS	\$ <u>25,386,026</u>	\$ <u>13,089,968</u>	\$ <u>9,993,136</u>
Acquisition of tangible capital assets	(35,287,440)	(23,737,756)	(41,511,233)
Proceeds on disposal of tangible capital assets	-	512,242	445,330
Amortization of tangible capital assets	-	16,898,360	15,414,849
Gain on disposal of tangible capital assets	<u>(130,500)</u>	<u>(287,342)</u>	<u>448,840</u>
	<u>(35,417,940)</u>	<u>(6,614,496)</u>	<u>(25,202,214)</u>
Net change in inventory for consumption	-	(2,096,723)	(758,869)
Net change in prepaid expenses	<u>-</u>	<u>620,303</u>	<u>489,281</u>
	<u>-</u>	<u>(1,476,420)</u>	<u>(269,588)</u>
INCREASE (DECREASE) IN NET FINANCIAL ASSETS	(10,031,914)	4,999,052	(15,478,666)
NET FINANCIAL ASSETS, BEGINNING OF YEAR	<u>35,974,601</u>	<u>35,974,601</u>	<u>51,453,267</u>
NET FINANCIAL ASSETS, END OF YEAR	\$ <u>25,942,687</u>	\$ <u>40,973,653</u>	\$ <u>35,974,601</u>

LAC LA BICHE COUNTY
Consolidated Statement of Cash Flows
For The Year Ended December 31, 2020

	<u>2020</u>	<u>2019</u>
OPERATING ACTIVITIES		
Annual surplus	\$ 13,089,968	\$ 9,993,136
Non-cash items included in excess of revenue over expenses:		
Gain on disposal of tangible capital assets	(287,342)	448,840
Amortization of tangible capital assets	16,898,360	15,414,849
Change in non-cash working capital balances:		
Taxes and grants in place of taxes receivable	832,987	(793,508)
Trade and other receivables	(2,923,528)	2,565,222
Deposit liabilities	(269,120)	(226,004)
Prepaid expenses	620,303	489,281
Inventory for consumption	(2,096,723)	(758,869)
Accounts payable and accrued liabilities	(284,682)	2,712,448
Landfill closure and post-closure costs	95,910	2,468,831
Reclamation liability	19,725	20,285
Employee benefit obligations	205,228	64,081
Deferred revenue	(176,742)	1,846,264
	<u>25,724,344</u>	<u>34,244,856</u>
CAPITAL ACTIVITIES		
Purchase of tangible capital assets	(23,737,756)	(41,511,233)
Proceeds on disposal of tangible capital assets	512,242	445,330
	<u>(23,225,514)</u>	<u>(41,065,903)</u>
INVESTING ACTIVITIES		
Proceeds from sale of investments	17,500,000	17,500,000
Purchase of investments	(17,502,168)	(425)
	<u>(2,168)</u>	<u>17,499,575</u>
FINANCING ACTIVITIES		
Long-term debt repayments	(3,193,069)	(5,914,273)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(696,407)	4,764,255
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>52,907,457</u>	<u>48,143,202</u>
CASH AND CASH EQUIVALENTS, END OF YEAR (NOTE 2)	<u>\$ 52,211,050</u>	<u>\$ 52,907,457</u>

LAC LA BICHE COUNTY

Schedule of Changes in Accumulated Surplus

For The Year Ended December 31, 2020

SCHEDULE 1

	Unrestricted	Restricted for Operating	Restricted for Capital	Equity in Tangible Capital Assets	2020 Total	2019 Total
BALANCE, BEGINNING OF YEAR	\$ 705,488	\$ 9,656,242	\$ 32,499,930	\$424,280,094	\$467,141,754	\$457,148,618
Restatement (Note 24)	-	-	-	1,968,698	1,968,698	1,968,698
BALANCE, BEGINNING OF YEAR, AS RESTATED	705,488	9,656,242	32,499,930	426,248,792	469,110,452	459,117,316
Annual surplus	13,089,968	-	-	-	13,089,968	9,993,136
Purchase of tangible capital assets	(23,737,756)	-	-	23,737,756	-	-
Annual amortization expense	16,898,360	-	-	(16,898,360)	-	-
Disposal of tangible capital assets	224,900	-	-	(224,900)	-	-
Unrestricted funds designated for future use	(5,000,000)	5,000,000	-	-	-	-
Restricted funds utilized	4,418,918	-	(4,418,918)	-	-	-
Long-term debt repaid	(3,193,069)	-	-	3,193,069	-	-
Additions to debt recoverable - local improvement	(134,000)	-	-	134,000	-	-
Levied portion of debt recoverable - local improvements	(478,267)	-	-	478,267	-	-
BALANCE, END OF YEAR	\$ 2,794,542	\$ 14,656,242	\$ 28,081,012	\$436,668,624	\$482,200,420	\$469,110,452

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

LAC LA BICHE COUNTY
 Schedule of Property Taxes Levied
 For The Year Ended December 31, 2020

SCHEDULE 2

	<u>2020</u> (Budget) (Note 22)	<u>2020</u> (Actual)	<u>2019</u> (Actual)
TAXATION			
Real property taxes			
Residential	\$ 7,090,915	\$ 7,098,077	\$ 7,105,765
Non-residential	43,971,756	43,445,867	38,547,013
Linear property taxes	28,280,165	28,282,099	28,789,242
Local improvement taxes	-	1,101,100	134,000
Government grants in place of property taxes	<u>-</u>	<u>180,071</u>	<u>175,696</u>
	<u>79,342,836</u>	<u>80,107,214</u>	<u>74,751,716</u>
REQUISITIONS			
Alberta School Foundation Fund	9,771,485	9,757,658	9,750,195
Greater North Foundation	471,671	470,693	1,046,383
Designated industrial property assessment	<u>258,157</u>	<u>258,157</u>	<u>243,494</u>
	<u>10,501,313</u>	<u>10,486,508</u>	<u>11,040,072</u>
NET MUNICIPAL TAXES	<u>\$ 68,841,523</u>	<u>\$ 69,620,706</u>	<u>\$ 63,711,644</u>

LAC LA BICHE COUNTY
 Schedule of Government Transfers
 For The Year Ended December 31, 2020

SCHEDULE 3

	<u>2020</u> (Budget) (Note 22)	<u>2020</u> (Actual)	<u>2019</u> (Actual)
TRANSFERS FOR OPERATING			
Provincial government	\$ 774,602	\$ 3,421,351	\$ 888,741
Local government	<u>20,000</u>	<u>153,470</u>	<u>88,432</u>
	<u>794,602</u>	<u>3,574,821</u>	<u>977,173</u>
TRANSFERS FOR CAPITAL			
Provincial government	<u>925,674</u>	<u>1,868,431</u>	<u>1,155,086</u>
TOTAL GOVERNMENT TRANSFERS	<u>\$ 1,720,276</u>	<u>\$ 5,443,252</u>	<u>\$ 2,132,259</u>

LAC LA BICHE COUNTY

SCHEDULE 4

Schedule of Segmented Disclosure

For The Year Ended December 31, 2020

	General Revenue	General Government	Protective Services	Transportation Services	Public Utilities	Family and Community Support	Planning and Development	Recreation and Culture	Natural Gas	2020	2019
REVENUE											
Net municipal property taxes	\$ 68,519,606	\$ -	\$ -	\$ -	\$ 1,101,100	\$ -	\$ -	\$ -	\$ -	\$ 69,620,706	\$ 63,711,644
User fees and sales of goods	-	10,069	124,927	19,448	2,009,449	39,212	6,784	239,750	2,326,757	4,776,396	5,035,410
Government transfers operating	-	984,831	1,650,733	5,280	-	425,605	261,117	247,295	-	3,574,821	977,173
Other revenues	624,860	106,540	154,815	335,234	126,720	35,452	247,626	472,884	28,755	2,132,886	3,086,934
Investment income	742,639	-	-	-	-	-	-	2,219	-	744,858	1,934,159
	<u>69,887,105</u>	<u>1,101,440</u>	<u>1,930,475</u>	<u>359,962</u>	<u>3,237,269</u>	<u>500,269</u>	<u>515,527</u>	<u>962,108</u>	<u>2,355,512</u>	<u>80,849,667</u>	<u>74,745,320</u>
EXPENSES											
Salaries, wages and benefits	-	5,339,488	2,379,773	6,085,245	2,425,440	992,628	1,102,494	4,975,052	495,598	23,795,718	24,068,736
Amortization	-	402,922	472,421	11,223,824	2,839,472	-	23,623	1,897,150	38,948	16,898,360	15,414,849
Contracted and general services	-	4,173,662	1,848,720	3,006,029	3,377,256	102,824	547,598	1,405,018	137,473	14,598,580	13,739,436
Materials, goods, supplies and utilities	-	256,180	744,754	5,356,260	1,177,457	150,580	96,472	1,237,952	1,253,443	10,273,098	9,195,627
Transfers to local governments	-	25,175	50	-	22,298	228,825	105,332	1,976,220	-	2,357,900	2,152,529
Other expenses	-	1,882,650	-	-	5,568	-	-	686	-	1,888,904	530,260
Interest on long-term debt	-	-	-	9,315	36,173	-	-	57,424	-	102,912	356,993
	<u>-</u>	<u>12,080,077</u>	<u>5,445,718</u>	<u>25,680,673</u>	<u>9,883,664</u>	<u>1,474,857</u>	<u>1,875,519</u>	<u>11,549,502</u>	<u>1,925,462</u>	<u>69,915,472</u>	<u>65,458,430</u>
ANNUAL SURPLUS BEFORE OTHER INCOME	69,887,105	(10,978,637)	(3,515,243)	(25,320,711)	(6,646,395)	(974,588)	(1,359,992)	(10,587,394)	430,050	10,934,195	9,286,890
OTHER INCOME											
Government transfers for capital	-	-	-	1,868,431	-	-	-	-	-	1,868,431	1,155,086
Gain (loss) on disposal of tangible capital assets	-	71,538	1,400	271,673	(12,155)	-	(53,692)	8,578	-	287,342	(448,840)
	<u>69,887,105</u>	<u>(10,907,099)</u>	<u>(3,513,843)</u>	<u>\$(23,180,607)</u>	<u>\$(6,658,550)</u>	<u>\$(974,588)</u>	<u>\$(1,413,684)</u>	<u>\$(10,578,816)</u>	<u>430,050</u>	<u>13,089,968</u>	<u>9,993,136</u>
ANNUAL SURPLUS (DEFICIT)											

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

LAC LA BICHE COUNTY
 Schedule of Tangible Capital Assets
 For The Year Ended December 31, 2020

	Land	Land Improvements	Buildings	Engineered Structures	Machinery and Equipment	Vehicles	Construction in Progress	2020	2019
COST:									
Balance, Beginning of Year	\$ 49,369,122	\$ 21,867,461	\$ 79,525,414	\$ 448,496,574	\$ 27,813,316	\$ 12,875,263	\$ 7,970,985	\$ 647,918,135	\$ 608,372,058
Restatement (Note 24)	<u>1,968,698</u>	-	-	-	-	-	-	<u>1,968,698</u>	<u>1,968,698</u>
Balance, Beginning of Year, As Restated	51,337,820	21,867,461	79,525,414	448,496,574	27,813,316	12,875,263	7,970,985	649,886,833	610,340,756
Restatement									
Additions	-	2,050,269	365,450	1,549,886	2,022,883	453,347	17,295,921	23,737,756	41,511,233
Disposals	(5,000)	(85,948)	(34,183)	(266,916)	(1,024,899)	(726,661)	(37,355)	(2,180,962)	(1,965,156)
Transfers	<u>298,087</u>	-	<u>1,762,877</u>	<u>8,552,748</u>	<u>483,275</u>	-	<u>(11,096,987)</u>	-	-
Balance, End of Year	<u>51,630,907</u>	<u>23,831,782</u>	<u>81,619,558</u>	<u>458,332,292</u>	<u>29,294,575</u>	<u>12,601,949</u>	<u>14,132,564</u>	<u>671,443,627</u>	<u>649,886,833</u>
ACCUMULATED AMORTIZATION:									
Balance, Beginning of Year	-	8,986,409	18,293,365	175,514,064	12,282,440	7,213,060	-	222,289,338	207,945,475
Amortization Disposals	-	1,096,894	1,679,924	11,123,735	2,074,658	923,149	-	16,898,360	15,414,849
	-	<u>(85,948)</u>	<u>(10,281)</u>	<u>(212,667)</u>	<u>(940,593)</u>	<u>(706,573)</u>	-	<u>(1,956,062)</u>	<u>(1,070,986)</u>
Balance, End of Year	-	9,997,355	19,963,008	186,425,132	13,416,505	7,429,636	-	237,231,636	222,289,338
2020 NET BOOK VALUE	\$ 51,630,907	\$ 13,834,427	\$ 61,656,550	\$ 271,907,160	\$ 15,878,070	\$ 5,172,313	\$ 14,132,564	\$ 434,211,991	\$ -
2019 NET BOOK VALUE	\$ 51,337,820	\$ 12,881,052	\$ 61,232,049	\$ 272,982,510	\$ 15,530,876	\$ 5,662,203	\$ 7,970,985	\$ -	\$ 427,597,495

*Construction in progress is comprised of \$ - \$ - \$ 1,099,403 \$ 12,702,931 \$ 54,659 \$ 275,571 \$ - \$ 14,132,564 \$ 7,970,985

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 public sector accounting standards. Significant aspects of the accounting policies adopted by the County are as follows:

(a) Reporting entity

The consolidated financial statements reflect the assets, liabilities, revenues, and expenses, changes in net financial position and cash flows of the reporting entity. This entity is comprised of County 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 schedule of taxes levied also includes requisitions for education, health, social and other external organizations that are not part of the government 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.

Revenues are accounted for in the period in which the transactions or events occurred that gave rise to the revenues and are reliably measured and reasonably estimated. Funds from external parties and earnings thereon restricted by agreement or legislation are accounted for as deferred revenue until used for the purpose specified.

Expenses are recognized in the period the goods or services are acquired and a liability is incurred or transfers are due.

(c) Cash and cash equivalents

Cash and cash equivalents include items that are readily convertible to known amounts of cash, are subject to an insignificant risk of change in value, and have a maturity of three months or less at acquisition.

(d) 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.

(e) Reclamation liability

Pursuant to the *Environmental Enhancement and Protection Act* (Alberta), the County is required to fund the future reclamation of its work sites. Closure activities include the final top soil cover, landscaping and visual inspection. The requirement is being provided for based on the estimated costs and length of time until the site is expected to be inactive.

(CONT'D)

1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(f) Use of estimates

The preparation of consolidated financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenue and expenditure during the period. Where uncertainty exists, the consolidated financial statements have been prepared within reasonable limits of materiality. Actual results could differ from those 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, landfill closure and post-closure costs, 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.

(g) Landfill closure and post-closure liability

Pursuant to the *Environmental Enhancement and Protection Act* (Alberta), the County is required to fund the closure of its landfill sites 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.

The annual provision is reported as an operating expense in solid waste and recycling services and the accumulated provision is reported as a liability on the Consolidated Statement of Financial Position.

(h) Tax revenue

Property tax revenue is based on assessments determined in accordance with the *Municipal Government Act*. Tax rates are established annually. Taxation revenues are recorded at the time tax billings are issued. Assessments are subject to appeal.

Construction and borrowing costs associated with local improvement projects are recovered through annual special property assessments during the period of the related borrowing. These levies are collectible from property owners for work performed by the County. Under the accrual basis of accounting, revenues to be received from local improvement assessments are recognized in full in the period the local improvement project costs are incurred and the passing of the related imposition by-law.

(i) 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
Year Ended December 31, 2020

1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(j) Non-financial assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the normal course of operations. The change in non-financial assets during the year, together with the excess of revenues over expenses, provides the 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. Contributed assets are capitalized and are recorded at their estimated fair value upon acquisition and are also recorded as revenue. Construction in progress represents assets which are not available for productive 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:

	<u>Years</u>
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.

Historical artifacts owned by the County are not recorded in tangible capital assets, but are disclosed.

Inventory

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

Inventory of materials and supplies include roadway maintenance materials, vehicle equipment and facility parts. Inventory of materials and supplies are valued at the lower of cost or replacement value. Cost is assigned using the first-in, first-out cost formula.

(k) 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.

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

(CONT'D)

1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(l) Pension expenses

Contributions for current and past service pension benefits are recorded as expenses in the year in which they become due.

(m) Future Accounting Standard Pronouncements

The following summarizes upcoming changes to *Public Sector Accounting Standards*. The County will continue to assess the impact and prepare for the adoption of these standards.

i) Financial Statement Presentation

PS 1201, Financial Statement Presentation, requires a new statement of re-measurement gains and losses separate from the statement of operations. Included in this new statement are the unrealized gains and losses arising from the re-measurement of financial instruments and items denominated in foreign currencies, as well as the government's proportionate share of other comprehensive income that arises when a government includes the results of government business enterprises and partnerships. This standard is applicable for fiscal years beginning on or after April 1, 2022.

ii) Foreign Currency Translation

PS 2601, Foreign Currency Translation, requires that monetary assets and liabilities denominated in a foreign currency be adjusted to reflect the exchange rates in effect at the financial statement dates. Unrealized gains and losses are to be presented in the new statement of re-measurement gains and losses. This standard must be adopted in conjunction with PS 2601 and PS 3450 and is applicable for fiscal years beginning on or after April 1, 2022.

iii) Portfolio Investments

PS 3041, Portfolio Investments, has removed the distinction between temporary and portfolio investments and amended to conform to PS 3405. This standard must be adopted in conjunction with PS 1201, PS 2601, and PS 3450 and is applicable for fiscal years beginning on or after April 1, 2022.

iv) Financial Instruments

PS 3450, Financial Instruments, established recognition, measurement and disclosure requirements for derivative and non-derivative financial instruments. The standard requires fair value measurement of derivative and equity instruments; all other financial instruments can be measured at cost/amortized cost or fair value at the election of the government. Unrealized gains and losses are presented in a new statement of re-measurement gains and losses. There is the requirement to disclose the nature and extent of risks arising from financial instruments and clarification is given for the de-recognition of financial liabilities. This standard is applicable for fiscal years beginning on or after April 1, 2022.

(CONT'D)

LAC LA BICHE COUNTY
Notes to Consolidated Financial Statements
Year Ended December 31, 2020

1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(m) Future Accounting Standard Pronouncements (cont'd)

v) *Asset Retirement Obligations*

PS 3280, Asset Retirement Obligations, establishes standards on how to account and report for legal obligations associated with the retirement of certain tangible capital assets including solid waste landfill sites. As a result, PS 3270, Solid Waste Landfill Closure and Post-Closure Liability has been withdrawn but will remain in effect until the adoption of PS 3280. This standard is applicable for fiscal years beginning on or after April 1, 2022.

vi) *Revenue*

PS 3400, Revenue, establishes standards on how to account for and report revenue differentiating between revenue arising from transactions that include performance obligations and transactions that do not. This standard is applicable to fiscal years beginning on or after April 1, 2023.

2. CASH AND CASH EQUIVALENTS

	<u>2020</u>	<u>2019</u>
Cash (overdraft)	\$ (2,788,950)	\$ 2,907,457
Cash equivalents	<u>55,000,000</u>	<u>50,000,000</u>
	<u>\$ 52,211,050</u>	<u>\$ 52,907,457</u>

Cash equivalents are short-term deposits with original maturities of three months or less, bearing interest at 0.85% (2019 - 2.50%).

3. TAXES AND GRANTS IN PLACE OF TAXES RECEIVABLES

	<u>2020</u>	<u>2019</u>
Current taxes and grants in place of taxes	\$ 1,319,663	\$ 1,598,479
Arrears taxes	<u>2,390,342</u>	<u>1,709,348</u>
	3,710,005	3,307,827
Less: Allowance for doubtful accounts	<u>(2,711,493)</u>	<u>(1,476,328)</u>
	<u>\$ 998,512</u>	<u>\$ 1,831,499</u>

LAC LA BICHE COUNTY
Notes to Consolidated Financial Statements
Year Ended December 31, 2020

4. TRADE AND OTHER RECEIVABLES

	<u>2020</u>	<u>2019</u>
Debt recoverable - local improvements	\$ 3,252,994	\$ 2,640,727
Receivables from other governments	2,827,674	413,768
Trade accounts receivable	1,440,653	1,565,699
Goods and Services Tax recoverable	471,504	475,068
Accrued interest	<u>31</u>	<u>30</u>
	7,992,856	5,095,292
Less: Allowance for doubtful accounts	<u>(37,427)</u>	<u>(63,391)</u>
	<u>\$ 7,955,429</u>	<u>\$ 5,031,901</u>

5. INVESTMENTS

	<u>2020</u>	<u>2019</u>
Servus Credit Union Ltd. shares	\$ 69,645	\$ 67,595
Guaranteed Investment Certificates	15,316	15,198
Gas Alberta Inc. shares	<u>482</u>	<u>482</u>
	<u>\$ 85,443</u>	<u>\$ 83,275</u>

Guaranteed Investment Certificates bear interest at fixed rates ranging from 1.00% to 2.70% per annum (2019 - 2.10% to 2.51%) maturing between February 2021 and February 2022.

6. LINE OF CREDIT

The County has a revolving demand credit facility of \$5,000,000. The line of credit bears interest at the bank's prime rate minus 0.5% per annum, was not drawn on at December 31, 2020 (2019 - \$NIL) and is unsecured.

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	<u>2020</u>	<u>2019</u>
Trade and other accounts payable	\$ 6,064,979	\$ 6,274,261
Holdbacks payable	1,403,558	1,968,106
Salaries and wages	685,605	604,353
Payable to other governments	447,030	31,068
Interest on long-term debt	<u>6,912</u>	<u>14,978</u>
	<u>\$ 8,608,084</u>	<u>\$ 8,892,766</u>

LAC LA BICHE COUNTY
Notes to Consolidated Financial Statements
Year Ended December 31, 2020

8. DEPOSIT LIABILITIES

	<u>2020</u>	<u>2019</u>
Trade deposits	\$ 733,373	\$ 709,944
Development performance bonds	5,500	265,500
Other	<u>7,251</u>	<u>39,800</u>
	<u>\$ 746,124</u>	<u>\$ 1,015,244</u>

9. EMPLOYEE BENEFITS OBLIGATION

	<u>2020</u>	<u>2019</u>
Vacation	\$ 1,052,508	\$ 862,210
Overtime	<u>35,777</u>	<u>20,847</u>
	<u>\$ 1,088,285</u>	<u>\$ 883,057</u>

Employee benefits obligation 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.

The County does not provide post-employment benefits to employees.

10. DEFERRED REVENUE

Deferred revenue is comprised of the following amounts, which have been received from various third parties and are restricted to the eligible operating and capital projects as approved in the funding agreements for a specified purpose. These amounts are recognized as revenue in the period in which the related expenditures are incurred.

	<u>2019</u>	<u>Additions</u>	<u>Revenue Recognized</u>	<u>2020</u>
Municipal sustainability initiative	\$ 3,292,939	\$ 122,818	\$ (122,818)	\$ 3,292,939
Other provincial and corporate grants	157,696	5,669,566	(5,466,733)	360,529
Sponsorship agreements	293,024	26,725	(214,545)	105,204
Leases and memberships	216,307	257,417	(447,224)	26,500
Recreation gift certificates	<u>24,569</u>	<u>24,896</u>	<u>(26,844)</u>	<u>22,621</u>
	<u>\$ 3,984,535</u>	<u>\$ 6,101,422</u>	<u>\$ (6,278,164)</u>	<u>\$ 3,807,793</u>

Sponsorship agreements are being amortized to revenue on a straight-line basis per agreement over a number of years ranging from 5 - 15 years.

LAC LA BICHE COUNTY
Notes to Consolidated Financial Statements
Year Ended December 31, 2020

11. 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 sites, and ongoing environmental monitoring, sites inspections and maintenance.

The estimated total liability is based on the sum of the discounted future cash flows for closure and post-closure activities for 25 years after closure using a discount rate of 2.71% (2019 - 2.71%) and assuming an annual inflation of 2.10% (2019 - 2.10%) was used.

The accrued liability portion is based on the cumulative capacity used at year end compared to the estimated total landfill capacity. At December 31, 2020, approximately 57% (2019 - 56%) of the aggregate landfill capacity has been utilized.

	<u>2020</u>	<u>2019</u>
Estimated closure costs	\$ 7,017,621	\$ 7,000,366
Estimated post-closure costs	<u>362,521</u>	<u>321,091</u>
Estimated total liability	<u>\$ 7,380,142</u>	<u>\$ 7,321,457</u>
Percentage of liability accrued by the County	<u>57.24%</u>	<u>56.39%</u>
Amount accrued by the County	<u>\$ 4,224,152</u>	<u>\$ 4,128,242</u>
Estimated liability still to be accrued	<u>\$ 3,155,990</u>	<u>\$ 3,193,215</u>

12. RECLAMATION LIABILITY

	<u>2020</u>	<u>2019</u>
Gravel pit	<u>\$ 1,005,982</u>	<u>\$ 986,257</u>

Post closure reclamation of the Christy Creek gravel pit is assessed as reasonable and considers the accreted costs of restoration per hectare, the age of the pit and the estimated useful life of the pit. Costs were estimated by an independent contractor and include the following costs - mobilization and bonding; placing/screening topsoil and overburden; and grass seeding and fertilizer.

LAC LA BICHE COUNTY
Notes to Consolidated Financial Statements
Year Ended December 31, 2020

13. LONG-TERM DEBT

	<u>2020</u>	<u>2019</u>
Debenture debt held by the Province of Alberta, repayable in semi-annual installments of \$2,980,329 including interest at 4.315%; due June 2020; issued for the Bold Center.	\$ -	\$ 2,917,386
Debenture debt held by the Province of Alberta, repayable in semi-annual installments of \$69,140 including interest at 4.565%; due December 2023; issued for Lakeview Estate water and wastewater line.	383,619	500,375
Debenture debt held by the Province of Alberta, repayable in semi-annual installments of \$34,438 including interest at 4.805%; due September 2022; issued for Sunset Bay subdivision water and wastewater lines.	129,860	190,310
Debenture debt held by the Province of Alberta, 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.	78,958	102,990
Debenture debt held by the Province of Alberta, repayable in annual installments of \$26,024 including interest at 6.00%; due April 2023; issued for Lac La Biche town water and wastewater lines.	69,562	90,175
Debenture debt held by the Province of Alberta, repayable in semi-annual installments of \$6,840 including interest at 4.805%; due September 2022; issued for Bulk Station road base paving.	25,794	37,800
Debenture debt held by the Province of Alberta, repayable in semi-annual installments of \$5,842 including interest at 4.805%; due September 2022; issued for Gauthier subdivision base paving, curb and gutter replacement.	22,031	32,286
Debenture debt held by the Province of Alberta, 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 wastewater lines.	21,801	31,950

(CONT'D)

LAC LA BICHE COUNTY
Notes to Consolidated Financial Statements
Year Ended December 31, 2020

13. LONG-TERM DEBT (CONT'D)

	<u>2020</u>	<u>2019</u>
Debenture debt held by the Province of Alberta, repayable in semi-annual installments of \$4,872 including interest at 4.565%; due December 2023; issued for upgrading on Main Street, Plamondon.	27,033	35,261
Debenture debt held by the Province of Alberta, repayable in semi-annual installments of \$4,872 including interest at 4.565%; due December 2023; issued for Bulk Station road water and wastewater lines.	27,033	35,261
Debenture debt held by the Province of Alberta, repayable in semi-annual installments of \$2,830 including interest at 4.805%; due September 2022; issued to finance Clearwater Cove subdivision primary water and wastewater line.	<u>10,670</u>	<u>15,636</u>
	<u>\$ 796,361</u>	<u>\$ 3,989,430</u>

The current portion of the long-term debt amounts to \$288,936 (2019 - \$3,193,069).

Principal and interest repayments:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 288,936	\$ 34,783	\$ 323,719
2022	302,830	20,888	323,718
2023	<u>204,595</u>	<u>7,661</u>	<u>212,256</u>
	<u>\$ 796,361</u>	<u>\$ 63,332</u>	<u>\$ 859,693</u>

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

Interest on long-term debt paid amounted to \$102,913 (2019 - \$356,992)

The County's total cash payments for interest is \$110,979 (2019 - \$370,103).

LAC LA BICHE COUNTY
Notes to Consolidated Financial Statements
Year Ended December 31, 2020

14. DEBT LIMITS

Section 276(2) of the *Municipal Government Act* requires that debt and debt limits, as defined by *Alberta Regulation 255/2000*, for the County be disclosed as follows:

	<u>2020</u>	<u>2019</u>
Total debt limit	\$121,274,501	\$112,117,980
Total debt	<u>(796,361)</u>	<u>(3,989,430)</u>
Amount of debt limit unused	<u>\$120,478,140</u>	<u>\$108,128,550</u>
Service on debt limit	\$ 20,212,417	\$ 18,686,330
Service on debt	<u>(323,719)</u>	<u>(3,304,048)</u>
Amount of service on debt limit unused	<u>\$ 19,888,698</u>	<u>\$ 15,382,282</u>

The debt limit is calculated at 1.5 times revenue of the County (as defined in *Alberta Regulation 255/2000*) 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.

15. INVENTORY FOR CONSUMPTION

	<u>2020</u>	<u>2019</u>
Gravel	\$ 5,687,843	\$ 3,601,590
Material and supplies	<u>1,125,597</u>	<u>1,115,127</u>
	<u>\$ 6,813,440</u>	<u>\$ 4,716,717</u>

16. EQUITY IN TANGIBLE CAPITAL ASSETS

	<u>2020</u>	<u>2019</u>
Net book value of tangible capital assets	\$434,211,991	\$427,597,495
Long-term debt	<u>(796,361)</u>	<u>(3,989,430)</u>
Debt recoverable - local improvements	<u>3,252,994</u>	<u>2,640,727</u>
	<u>\$436,668,624</u>	<u>\$426,248,792</u>

LAC LA BICHE COUNTY
Notes to Consolidated Financial Statements
Year Ended December 31, 2020

17. ACCUMULATED SURPLUS

Accumulated surplus consists of restricted and unrestricted amounts and equity in tangible capital assets as follows:

	<u>2020</u>	<u>2019</u>
Unrestricted surplus	\$ <u>2,794,542</u>	\$ <u>705,488</u>
Restricted surplus		
General operations	<u>14,656,242</u>	9,656,242
Capital	<u>28,081,012</u>	<u>32,499,930</u>
	<u>42,737,254</u>	<u>42,156,172</u>
Equity in tangible capital assets	<u>436,668,624</u>	<u>426,248,792</u>
	<u>\$482,200,420</u>	<u>\$469,110,452</u>

18. CONTINGENCIES AND COMMITMENTS

- a) Through the Federation of Alberta Gas Co-ops Ltd., the County is a member of the Fedgas Insurance Reciprocal Exchange ("FIRE"). Through the Rural Municipalities of Alberta, the County is a member of the Genesis Reciprocal Insurance Exchange ("GENESIS"). 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 FIRE or GENESIS. Any liability incurred would be accounted for as a current transaction in the year the losses are determined.
- b) The County is a defendant in various lawsuits arising in the normal course of operations and involving various amounts. Management is of the opinion that the results of these actions should not have any material effect on the financial position of the County. No amounts have been accrued in these consolidated financial statements relating to any of these activities. Any awards or settlements will be reflected in the Statement of Operations as the matters are resolved or when sufficient information on amounts and likelihood is known.

19. 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 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 9.39% of pensionable earnings up to the year's maximum pensionable earnings ("YMPE") under the Canada Pension Plan ("CPP") and 13.84% of the excess.

Total current service contributions made by the County to the LAPP in 2020 were \$1,555,716 (2019 - \$1,544,692). Total current service contributions made by the employees of the County to the LAPP in 2020 were \$1,408,226 (2019 - \$1,398,742).

At December 31, 2019, the LAPP disclosed an actuarial surplus of \$7.91 billion (2018 - \$3.47 billion).

20. 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 consolidated financial statements. Certain lines of service that have been separately disclosed in the segmented information, along with the services they provide, are as follows:

(a) General Government

General Government is comprised of County Council, the Office of the Chief Administrative Officer, Communications, and Corporate Services. Corporate Services is comprised of Financial Services, Human Resources, Records Management, and Information Technology Services.

Council makes decisions regarding service delivery and service levels on behalf of the County in order to balance the needs and wants of County residents in a financially responsible manner.

(b) Protective Services

Protective Services is comprised of Fire, Emergency Management, and Municipal Enforcement Services. Fire Services is responsible to provide fire suppression services; fire prevention programs; training and education related to fire prevention; and detection or extinguishment of fires. The mandate of Emergency Management to help maintain safe communities and public safety in disaster situations. Municipal Enforcement Services provide bylaw enforcement that ranges from community standards, to traffic safety, to animal control as well as provincial statute enforcement with authorities granted by the Solicitor General of Alberta.

(c) Transportation

Transportation is comprised of Common Services and the Public Works areas. They are responsible for the maintenance of the roadway, airport and storm systems of the County.

(d) Recreation and Culture

Recreation and Culture are comprised of Recreation, Culture and Cultural Facilities. Recreation and Culture provide recreational and cultural services and activities which promote the well-being of its citizens. These areas are responsible for the parks, playgrounds, facilities, and green spaces of the County. This area also and acts as a liaison between community groups and provides grant funding.

(CONT'D)

20. SEGMENTED INFORMATION (CONT'D)

(e) Public Utilities

Public Utilities are comprised of water, waste water, waste management collection and recycling. The County is responsible for environmental programs such as the introduction of organic carts, weekly garbage pick-up and promoting recycling and other related initiatives.

(f) Planning and Development

Planning and Development is comprised of Planning and Infrastructure, Engineering and Economic Development. These areas are responsible for the planning and development of the County's infrastructure system and work with developers in planning the growth of the County in a sustainable manner. Engineering is responsible for major capital infrastructure projects. Economic Development works with businesses in the County to encourage economic sustainability.

(g) Family and Community Support Services

The Family and Community Services area provides services mandated by Family and Community Support Services Alberta through a shared funding model between the Province of Alberta and the County.

(h) Natural Gas

Natural Gas is comprised of natural gas services within the County's franchise area of the hamlet of Lac La Biche.

Certain allocation methodologies are employed in the preparation of segmented financial information. Net municipal taxes are unallocated to segments and are presented under General Revenue. Sales and user charges have been allocated to the segment 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.

21. FINANCIAL INSTRUMENTS

The County's financial instruments include cash and cash equivalents, taxes and grants in place of taxes, trade and other accounts receivable, investments, accounts payable and accrued liabilities, and long-term debt. It is management's opinion that the County is not exposed to significant liquidity, market, 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.

LAC LA BICHE COUNTY
Notes to Consolidated Financial Statements
Year Ended December 31, 2020

22. BUDGET

The budget presented in these financial statements are based on the budget approved by Council on December 5, 2019. The County compiles a budget on a modified accrual basis. The budget expensed all tangible capital asset purchases rather than including amortization expense. The reconciliation below adjusts excess revenue over expenses to align with the budget process. It should not be used as a replacement for the statement of operations and accumulated surplus. Users should note that this information may not be appropriate for their purposes.

	<u>2020</u> (Budget)	<u>2020</u> (Actual)	<u>2019</u> (Actual)
Annual surplus	<u>25,386,026</u>	<u>13,089,968</u>	<u>9,993,136</u>
Add:			
Amortization expense	-	16,898,360	15,414,849
Net transfers (to) from reserves	9,189,925	(498,932)	16,461,772
Proceeds on disposals of tangible capital assets	<u>-</u>	<u>512,242</u>	<u>445,330</u>
	<u>9,189,925</u>	<u>16,911,670</u>	<u>32,321,951</u>
Deduct:			
Principal debt repayments	3,188,372	3,193,069	5,914,273
Tangible capital asset purchases	<u>35,287,440</u>	<u>23,737,756</u>	<u>41,511,233</u>
	<u>38,475,812</u>	<u>26,930,825</u>	<u>47,425,506</u>
Results of Operations as Budgeted	\$ <u>(3,899,861)</u>	\$ <u>3,070,813</u>	\$ <u>(5,110,419)</u>

23. APPROVAL OF FINANCIAL STATEMENTS

These consolidated financial statements were approved by Council and management on April 27, 2021.

24. RESTATEMENT

The County has identified parcels of land that have been previously contributed but not recorded as an asset of the County.

The effect on the financial statements has been to increase the December 31, 2019 tangible capital assets and accumulated surplus by \$1,968,698.

LAC LA BICHE COUNTY
Notes to Consolidated Financial Statements
Year Ended December 31, 2020

25. SALARY AND BENEFITS DISCLOSURE

Disclosure of salaries and benefits for elected municipal officials and the chief administrative officer as required by *Alberta Regulation 313/2000* is as follows:

	<u>Salary⁽¹⁾</u>	<u>Honorarium</u>	<u>Benefits⁽²⁾</u>	<u>Total 2020</u>	<u>Total 2019</u>
Omer Moghrabi, Mayor	\$ 55,374	\$ 54,769	\$ 10,550	\$ 120,693	\$ 118,263
Darlene Beniuk, Ward 1	32,156	26,026	6,116	64,298	71,743
George L'Heureux, Ward 2	33,252	26,741	9,050	69,043	76,154
Colette Borgun, Ward 3	32,156	36,322	6,215	74,693	75,778
Jason Stedman, Ward 4	32,156	23,309	8,907	64,372	63,238
Charlyn Moore, Ward 5	34,141	31,889	9,679	75,709	75,683
Sterling Johnson, Ward 6	34,141	22,737	6,824	63,702	67,856
Lorin Tkachuk, Ward 7	32,156	47,047	10,038	89,241	95,360
Colin Cote, Ward 7	<u>33,645</u>	<u>34,320</u>	<u>9,907</u>	<u>77,872</u>	<u>75,444</u>
	<u>\$ 319,177</u>	<u>\$ 303,160</u>	<u>\$ 77,286</u>	<u>\$ 699,623</u>	<u>\$ 719,519</u>

Chief Administrative Officer:

Mar. 30, 2020 - Dec. 31, 2020:

Base Pay	\$ 168,000	\$ -	\$ -	\$ 168,000	\$ -
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Nov. 6, 2019 - Mar. 29, 2020:

Base Pay	11,289	-	1,905	13,194	3,312
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Jan. 1, 2019 - Nov. 5, 2019:

Base Pay	-	-	-	-	218,901
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Vacation and Severance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>389,750</u>
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Total	<u>\$ 179,289</u>	<u>\$ -</u>	<u>\$ 1,905</u>	<u>\$ 181,194</u>	<u>\$ 611,963</u>
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(1) - Salary includes regular base pay, bonuses, lump sum payments, and any other direct cash remuneration, including vacation and severance payments.

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