

Consolidated Financial Statements of

LAC LA BICHE COUNTY

Year ended December 31, 2008



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

We have audited the consolidated statement of financial position of the Lac La Biche County as at December 31, 2008 and the consolidated statements of financial activities and changes in fund balances and changes in financial position for the year then ended. These consolidated financial statements are the responsibility of the County's administration. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we 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 administration, 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, 2008 and the results of its financial activities and the changes in its financial position for the year then ended in accordance with Canadian generally accepted accounting principles.

KPMG LLP

Chartered Accountants

Edmonton, Canada
June 5, 2009

LAC LA BICHE COUNTY

Consolidated Financial Statements

Year ended December 31, 2008

Financial Statements

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LAC LA BICHE COUNTY

Consolidated Statement of Financial Position

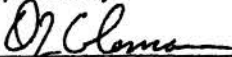
December 31, 2008, with comparative figures for 2007


| | 2008 | 2007 (Restated - note 15) |
|--|-----------------------|---------------------------------|
| Financial assets: | | |
| Cash (note 2) | \$ 33,884,892 | \$ 32,990,525 |
| Investments (note 2) | 45,817 | 2,004,476 |
| Receivables (note 3) | 14,578,282 | 5,631,416 |
| Land held for resale | 275,989 | 275,989 |
| | <u>48,784,980</u> | <u>40,902,406</u> |
| Liabilities: | | |
| Accounts payable and accrued liabilities | 8,006,858 | 4,624,779 |
| Deferred revenue (note 4) | 9,020,409 | 2,099,565 |
| Deposits and trust liabilities (note 5) | 727,667 | 507,094 |
| Landfill closure and post closure liability (note 6) | 4,280,655 | 3,927,791 |
| Long-term debt (note 7) | 10,875,876 | 9,778,056 |
| | <u>32,911,465</u> | <u>20,937,285</u> |
| Net assets | 15,873,515 | 19,965,121 |
| Non-financial assets: | | |
| Prepaid expenses and deposits | 175,877 | 169,981 |
| Inventory for consumption (note 8) | 872,898 | 986,714 |
| Capital assets (note 9) | 110,832,590 | 83,216,211 |
| | <u>111,881,365</u> | <u>84,372,906</u> |
| Accumulated surplus | \$ 127,754,880 | \$ 104,338,027 |
| Accumulated surplus is comprised of: | | |
| Fund balances: | | |
| Operating fund (Schedule 1) | \$ - | \$ - |
| Capital fund (Schedule 2) | - | - |
| Reserve fund (Schedule 3) | 27,798,166 | 30,899,872 |
| Total fund balances | <u>27,798,166</u> | <u>30,899,872</u> |
| Equity in capital assets (Schedule 4) | 99,956,714 | 73,438,155 |
| | <u>\$ 127,754,880</u> | <u>\$ 104,338,027</u> |

Commitments and contingencies (note 12)

See accompanying notes to consolidated financial statements.

Approved by:





LAC LA BICHE COUNTY

Consolidated Statement of Financial Activities and Changes in Fund Balances

For the year ended December 31, 2008 with comparative figures 2007

| | 2008 | 2007 (Restated - note 15) |
|---|----------------------|---------------------------------|
| Revenue: | | |
| Net municipal taxes (Schedule 5) | \$ 28,765,885 | \$ 21,148,022 |
| Sales of goods and services | 6,369,764 | 6,459,507 |
| Government transfers (Schedule 6) | 8,222,675 | 11,020,270 |
| Investment income | 1,289,367 | 1,541,220 |
| Penalties and costs of taxes | 169,309 | 126,514 |
| Special assessments and local improvements | 196,565 | 44,765 |
| Other revenue own sources | 369,121 | 1,082,383 |
| | <u>45,382,686</u> | <u>41,422,681</u> |
| Expenditures (Schedule 7): | | |
| General government | 4,729,420 | 3,972,991 |
| Protective services | 1,890,931 | 1,242,220 |
| Transportation services | 20,415,061 | 13,449,269 |
| Environmental use and protection | 439,887 | 1,138,235 |
| Water, sewer, garbage, drainage | 7,201,316 | 8,694,487 |
| Public health and welfare | - | 182,691 |
| Planning and development | 1,337,164 | 1,193,314 |
| Agriculture services | 84,447 | 687,229 |
| Recreation, culture and other | 10,607,384 | 2,017,942 |
| Natural gas supply and distribution | 2,876,602 | 3,578,064 |
| | <u>49,582,212</u> | <u>36,156,442</u> |
| Excess (deficiency) of revenue over expenditures | (4,199,526) | 5,266,239 |
| Debenture principal received | 2,006,679 | 1,181,792 |
| Debenture principal paid | (908,859) | (888,400) |
| Change in fund balances | <u>(3,101,706)</u> | <u>5,559,631</u> |
| Fund balances, beginning of year as previously reported | 29,990,089 | 25,340,241 |
| Restatement (note 15) | 909,783 | - |
| Fund balances, beginning of year as restated | 30,899,872 | 25,340,241 |
| Fund balances, end of year | <u>\$ 27,798,166</u> | <u>\$ 30,899,872</u> |

See accompanying notes to consolidated financial statements.

LAC LA BICHE COUNTY

Consolidated Statement of Changes in Financial Position

For the year ended December 31, 2008 with comparative figures for 2007

| | 2008 | 2007 |
|---|----------------|-------------------------|
| | | (Restated - note 15) |
| Operating activities: | | |
| Excess (deficiency) of revenue over expenditures | \$ (4,199,526) | 5,266,239 |
| Net changes in non-cash operating working capital: | | |
| Decrease (increase) in receivables | (8,946,866) | 3,424,986 |
| Decrease (increase) in land held for resale | - | (180,682) |
| Decrease (increase) in prepaid expenses and deposits | (5,896) | 93,966 |
| Decrease in inventory for consumption | 113,816 | 278,165 |
| Increase in accounts payable and accrued liabilities | 3,382,079 | (751,146) |
| Increase in deferred revenue | 6,920,844 | 68,103 |
| Increase in deposits and trust liabilities | 220,573 | 100,339 |
| Increase in landfill closure and post closure liability | 352,864 | 215,320 |
| | (2,162,112) | 8,515,290 |
| Investing activities: | | |
| Decrease in investments | 1,958,659 | 19,330,334 |
| Financing activities: | | |
| Debenture principal received | 2,006,679 | 1,181,792 |
| Debenture principal paid | (908,859) | (888,400) |
| | 1,097,820 | 293,392 |
| Increase in cash | 894,367 | 28,139,016 |
| Cash, beginning of year | 32,990,525 | 4,851,509 |
| Cash, end of year | \$ 33,884,892 | \$ 32,990,525 |

See accompanying notes to consolidated financial statements.

LAC LA BICHE COUNTY

Notes to Consolidated Financial Statements

For the year ended December 31, 2008

On August 1, 2007, Lakeland County and the Town of Lac La Biche (the "predecessor entities") were amalgamated. The amalgamated entity has continued operations under the name Lac La Biche County ("the County").

1. Significant accounting policies:

The consolidated financial statements of the County have been prepared by management in accordance with Canadian generally accepted accounting principles for local governments established by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants. Significant aspects of these accounting policies adopted by the County are as follows:

(a) Basis of presentation:

These consolidated financial statements reflect the financial position and financial activities of the amalgamated County accounted for using the continuity of interests method whereby the financial position and financial activities of the predecessor entities were combined at their net book values on August 1, 2007. The 2007 comparative figures reflect the combined financial position and financial activities of the predecessor entities as if they had been combined for the entire year.

(b) Reporting entity:

The consolidated financial statements reflect the assets, liabilities, revenues and expenditures, changes in fund balances and changes in financial position of the reporting entity, which is comprised of the municipal operations plus all of the organizations that are owned or controlled by the County and are, therefore, accountable to the County Council for the administration of their financial affairs and resources.

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

The statements exclude trust assets that are administered for the benefit of external parties.

Interdepartmental and organizational transactions and balances are eliminated.

LAC LA BICHE COUNTY

Notes to Consolidated Financial Statements (continued)

For the year ended December 31, 2008

1. Significant accounting policies (continued):

(c) Basis of accounting:

Revenues are accounted for in the year in which the transactions or events occurred that gave rise to the revenues.

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

Government transfers are recognized in the financial statements as revenue in the period that the events giving rise to the transfer occurred, providing the transfers are authorized, the County has met any eligibility criteria, and reasonable estimates of the amounts can be made.

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

(d) Fund accounting:

Funds consist of the operating, capital and reserve funds. Transfers between funds are recorded as adjustments to the appropriate accumulated surplus account.

(e) Investments:

Investments are recorded at amortized cost. Investment premiums and discounts are amortized on the net present value basis over the term of the respective investments. When there has been a loss in value that is other than a temporary decline, the respective investment is written down to recognized the loss.

(f) Inventories:

Inventory for consumption is valued at the lower of cost or net realizable value with cost determined by the average cost method.

Land held for resale is recorded at the lower of cost or net realizable value. Cost includes costs for land acquisition and improvements required to prepare the land for servicing such as clearing, stripping, and levelling charges. Related development costs incurred to provide infrastructure such as water and wastewater services, roads, sidewalks, and street lighting are recorded as physical assets under their respective function.

LAC LA BICHE COUNTY

Notes to Consolidated Financial Statements (continued)

For the year ended December 31, 2008

1. Significant accounting policies (continued):

(g) Capital assets:

Capital assets are reported as expenditures in the period they are acquired. Capital assets are reported at cost except for donated assets, which are reported at estimated fair value.

Government contributions for the acquisition of capital assets are reported as capital revenue and do not reduce the related asset costs.

Capital assets for government purposes are not amortized.

(h) Tangible capital assets:

Effective January 1, 2007, the County adopted Accounting Guideline 7 (PSG-7) of the Public Sector Accounting Handbook of the Canadian Institute of Chartered Accountants with respect to the disclosure of tangible capital assets of local governments. PSG-7 provides transitional guidance on presenting information related to tangible capital assets until Section 3150 – Tangible Capital Assets of the Public Sector Accounting Handbook comes into effect on January 1, 2009.

During 2008, the County continued to work toward compliance with the new recommendations for accounting for tangible capital assets. As of December 31, 2008, the County had made significant progress in compiling a comprehensive asset inventory listing and values for engineering structures, machinery and equipment, buildings, vehicles, and land. The County will complete the inventory listing in 2009 and will have asset valuations and amortization calculations completed by December 31, 2009.

(i) Prepaid local improvement charges:

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

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

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

(j) Allowances for asset valuations:

Allowances for asset valuations are netted against the related asset and are segregated between operating and capital purposes. Increases in allowances are recorded as expenditures, while decreases in allowances are recorded as revenues in the respective operating and capital fund.

LAC LA BICHE COUNTY

Notes to Consolidated Financial Statements (continued)

For the year ended December 31, 2008

1. Significant accounting policies (continued):

(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.

(l) 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 requirement is being provided for over the estimated remaining life of the landfill site based on usage.

(m) Operating fund:

Operating fund represents the amounts available to offset future operational revenue requirements (or the shortfall which will be financed from future operational revenues).

(n) Capital fund:

Capital fund represents the amounts available to finance (or the shortfall in financing available for) capital projects.

(o) Reserve fund:

Reserve fund represents the amounts set aside to finance future operating and capital expenditures. Reserves are established at the discretion of Council. Transfers to and/or from the reserve fund are reflected as an adjustment to the respective fund.

(p) Equity in capital assets:

Equity in capital assets represents the County's net investment in its capital assets, after deducting the portion financed by third parties through debenture, bond and mortgage debts, long term capital borrowings, capitalized leases and other capital liabilities which will be repaid by the County.

LAC LA BICHE COUNTY

Notes to Consolidated Financial Statements (continued)

For the year ended December 31, 2008

1. Significant accounting policies (continued):

(q) Use of estimates:

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenditure during the period. Where measurement uncertainty exists, the financial statements have been prepared within reasonable limits of materiality. Actual results could differ from those estimates.

2. Cash and investments:

Cash is comprised of cash deposits, the majority of which earn interest at a rate of bank prime less 1.85%. Investments represent a common share investment in Servus Credit Union at cost. Prior year investments were comprised of short-term deposits which matured in 2008.

3. Receivables:

| | 2008 | 2007 |
|--|---------------|-------------------------|
| | | (Restated - note 15) |
| Taxes and grants in place receivable | \$ 916,310 | \$ 546,952 |
| Requisition (over) under-levy | (5,225) | 45,640 |
| Less – allowance for doubtful taxes | (371,494) | (351,252) |
| | 539,591 | 241,340 |
| | | |
| Grant and contributions receivable | 11,105,839 | 4,231,320 |
| Goods and services tax receivable | 1,528,630 | 305,494 |
| Utility receivable | 1,176,051 | 1,099,610 |
| Other receivables | 640,924 | 61,368 |
| Less - allowance for doubtful accounts | (412,753) | (307,716) |
| | 14,038,691 | 5,390,076 |
| | | |
| | \$ 14,578,282 | \$ 5,631,416 |

LAC LA BICHE COUNTY

Notes to Consolidated Financial Statements (continued)

For the year ended December 31, 2008

4. Deferred revenue:

| | 2008 | 2007 (Restated - note 15) |
|--|---------------------|---------------------------------|
| New Deal financing | \$ 1,004,515 | \$ 391,583 |
| Street improvement grants | - | 414,396 |
| Bridge financing | 5,066 | 240,516 |
| Disaster services exercises | 9,419 | 2,000 |
| Alberta Municipal Infrastructure Program | - | 1,032,986 |
| Jubilee Hall | 10,650 | 10,367 |
| Wastewater treatment plant | 6,983,905 | - |
| Municipal restructuring | 297,921 | - |
| Ground ambulance | 42,165 | - |
| Water supply expansion program | 43,015 | - |
| Waste water study | 276,862 | - |
| Rural transportation grant | 338,963 | - |
| Other grants | 7,928 | 7,717 |
| | <u>\$ 9,020,409</u> | <u>\$ 2,099,565</u> |

5. 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)

For the year ended December 31, 2008

6. 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% (2007 - 4.31%) and assuming annual inflation of 3.0% (2007 - 3.0%).

The existing landfill sites have substantially reached their capacity. The County has not designated assets for settling closure and post-closure liabilities.

| | 2008 | 2007 |
|------------------------------|---------------------|---------------------|
| Estimated capacity used | 100% | 100% |
| Estimated closure costs | \$ 2,283,455 | \$ 2,216,947 |
| Estimated post-closure costs | 1,997,200 | 1,710,844 |
| Total liability | \$ 4,280,655 | \$ 3,927,791 |

7. Long-term debt:

| | 2008 | 2007 |
|--------------------------|---------------|--------------|
| Tax supported debentures | \$ 10,875,876 | \$ 9,778,056 |

Principal and interest payments are as follows:

| | Principal | Interest | Total |
|------------|----------------------|---------------------|----------------------|
| 2009 | \$ 1,043,647 | \$ 472,953 | \$ 1,516,600 |
| 2010 | 1,088,854 | 427,746 | 1,516,600 |
| 2011 | 1,136,047 | 380,553 | 1,516,600 |
| 2012 | 1,185,314 | 331,286 | 1,516,600 |
| 2013 | 1,236,748 | 279,852 | 1,516,600 |
| Thereafter | 5,185,266 | 874,557 | 6,059,823 |
| | \$ 10,875,876 | \$ 2,766,947 | \$ 13,642,823 |

LAC LA BICHE COUNTY

Notes to Consolidated Financial Statements (continued)

For the year ended December 31, 2008

7. Long-term debt (continued):

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 2009 and 2023. Debenture debt is issued on the credit and security of the County at large. During the year, interest paid on long-term debt was \$419,421 (2007 - \$414,179).

In addition, the County has a credit facility of \$1,000,000 available at a rate of prime minus 0.5%. At December 31, 2008, this facility had not been drawn upon.

8. Inventory for consumption:

| | 2008 | 2007 |
|---|-------------------|-------------------|
| Gravel | \$ 378,141 | \$ 648,878 |
| Chemicals | 48,847 | 53,658 |
| Public works and general municipal materials and supplies | 445,910 | 284,178 |
| | <u>\$ 872,898</u> | <u>\$ 986,714</u> |

9. Capital assets:

| | 2008 | 2007 |
|--------------------------|-----------------------|----------------------|
| Engineered structures | \$ 78,640,194 | \$ 65,763,338 |
| Machinery and equipment | 8,799,536 | 7,169,655 |
| Buildings | 6,923,353 | 6,922,925 |
| Vehicles | 5,134,127 | 4,107,140 |
| Land | 815,042 | 815,042 |
| Construction in progress | 12,138,627 | - |
| | <u>112,450,879</u> | <u>84,778,100</u> |
| Accumulated amortization | (1,618,289) | (1,561,889) |
| | <u>\$ 110,832,590</u> | <u>\$ 83,216,211</u> |

LAC LA BICHE COUNTY

Notes to Consolidated Financial Statements (continued)

For the year ended December 31, 2008

10. Debt limit:

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:

| | 2008 | 2007 |
|---------------------------------------|---------------|-------------------------|
| | | (Restated - note 15) |
| Total debt limit | \$ 59,568,005 | \$ 55,424,955 |
| Total debt | 10,875,876 | 9,778,056 |
| Amount of debt limit unused | \$ 48,692,129 | \$ 45,646,899 |
| Debt servicing limit | \$ 9,928,001 | \$ 9,237,493 |
| Debt servicing | 1,516,600 | 1,330,368 |
| Amount of debt servicing limit unused | \$ 8,411,401 | \$ 7,907,125 |

The debt limit is calculated at 1.5 times revenue of the municipality (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 stability of the municipality. Rather the financial statements must be interpreted as a whole.

11. 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.

The County is required to make current service contributions to the LAPP of 7.75% of pensionable earnings up to the year's maximum pensionable earnings under the Canada Pension Plan and 10.64% (2007 - 10.64%) on pensionable earnings above this amount. Employees of the County are required to make current service contributions of 6.75% (2007 - 6.75%) of pensionable salary up to the year's maximum pensionable salary and 9.64% (2007 - 9.64%) on pensionable salary above this amount. Contributions for current service are recorded as expenditures in the year in which they become due.

Total current service contributions by the County to the LAPP in 2008 were \$308,522 (2007 - \$204,258). Total service contributions by the employees of the County to the Local Authorities Pension Plan in 2008 were \$272,276 (2007 - \$180,031).

LAC LA BICHE COUNTY

Notes to Consolidated Financial Statements (continued)

For the year ended December 31, 2008

12. 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)

For the year ended December 31, 2008

13. Salary and benefits disclosure:

| | Salary (i) | Benefits and other (ii) | 2008 | 2007 |
|---|---------------|-------------------------------|------------|------------|
| Mayor | | | | |
| Peter Kirylichuk | \$ 44,904 | \$ 6,490 | \$ 51,394 | \$ 31,187 |
| Thomas Lett (former Town) | - | - | - | 15,661 |
| | 44,904 | 6,490 | 51,394 | 46,848 |
| Deputy Mayor | | | | |
| Cecilia Quist | \$ 35,030 | \$ 8,143 | \$ 43,173 | \$ 17,808 |
| Councillors | | | | |
| Phillip Lane | \$ 26,630 | \$ 5,894 | \$ 32,524 | \$ 23,406 |
| David Lozinski | 24,612 | 5,782 | 30,394 | 2,332 |
| Greg Bochkarev | 27,230 | 1,786 | 29,016 | 26,721 |
| Eugene Uganecz | 31,550 | 6,934 | 38,484 | 36,005 |
| Terry Colosimo | 28,065 | 7,716 | 35,781 | 4,685 |
| Todd Thompson (Jan – Mar) | 5,525 | 1,686 | 7,211 | 34,306 |
| Heather Stromquist (Apr – Dec) | 19,950 | 3,048 | 22,998 | - |
| Gordon Coutney | 24,430 | 1,036 | 25,466 | 13,174 |
| Jeff Dechaine | - | - | - | 20,369 |
| Guy Piquette | - | - | - | 26,285 |
| John Nowak (former Town) | - | - | - | 9,685 |
| Brydon Ward (former Town) | - | - | - | 9,644 |
| Ralph Whitford (former Town) | - | - | - | 12,344 |
| | 187,992 | 33,882 | 221,874 | 218,956 |
| Chief Administrative Officer-- (current) | \$ 172,574 | \$ 30,564 | \$ 203,139 | \$ 159,159 |
| - (former town) | - | - | - | 359,579 |

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

For the year ended December 31, 2008

14. Financial instruments:

The County's financial instruments consist of cash, investments, receivables, accounts payable and accrued 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 except as noted below.

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 fulfil their obligations. The large number and diversity of taxpayers and customers minimizes the credit risk.

Unless otherwise noted, the carrying values of the County's financial instruments approximate their fair value.

15. Restatements:

The County has restated its comparative financial statements to reflect a reduction of accounts payable and accrued liabilities in the amount of \$909,783 that were recorded in error at December 31, 2007. The effect of this adjustment was to decrease operating expenditures, increase the excess of revenue over expenditures and to increase accumulated surplus and reserve fund balance as at and for the year ended December 31, 2007 by \$909,783.

In addition, the County recorded a reduction of accounts receivable and deferred revenues in the amount of \$576,229 relating to "New Deal" funding to be received from the Province of Alberta in future years. This adjustment had no impact on the excess of revenue over expenditures or accumulated surplus of the County for the year ended December 31, 2007.

Certain other 2007 comparative figures have been reclassified to conform with the financial statement presentation adopted in the current year.

LAC LA BICHE COUNTY

Consolidated Schedule 1 - Operating Fund Activities and Changes in Fund Balance

For the year ended December 31, 2008 with comparative figures for 2007

| | 2008 | 2007 (Restated - note 15) |
|---|---------------------|---------------------------------|
| Revenue: | | |
| Net municipal taxes | \$ 28,765,885 | \$ 21,148,022 |
| Special assessments and local Improvements | 196,565 | 44,765 |
| Sales of goods and services | 6,369,764 | 6,459,507 |
| Government transfers | 2,551,992 | 6,547,559 |
| Investment income | 1,289,367 | 1,541,220 |
| Penalties and costs of taxes | 169,309 | 126,514 |
| Other revenue own sources | 289,085 | 773,116 |
| | <u>39,631,967</u> | <u>36,640,703</u> |
| Expenditures: | | |
| General government | 4,312,370 | 3,956,625 |
| Protective services | 1,252,310 | 1,009,592 |
| Transportation services | 5,627,303 | 12,093,477 |
| Environmental use and protection | 439,887 | 1,094,259 |
| Public health and welfare | - | 182,241 |
| Water, sewer, garbage, drainage | 2,543,221 | 1,720,548 |
| Planning and development | 1,337,164 | 1,193,314 |
| Agriculture services | 84,447 | 431,689 |
| Recreation, culture and other | 3,421,840 | 1,987,770 |
| Natural gas supply and distribution | 2,876,602 | 3,542,682 |
| | <u>21,895,144</u> | <u>27,212,197</u> |
| Excess of revenue over expenditures | 17,736,823 | 9,428,506 |
| Net interfund transfers: | | |
| To capital | (20,442,302) | (3,893,147) |
| To reserves | (7,179,280) | (7,317,886) |
| From reserves | 9,884,759 | - |
| Debenture principal paid | - | (44,773) |
| | <u>(17,736,823)</u> | <u>(11,255,806)</u> |
| Change in fund balance | - | (1,827,300) |
| Fund balance, beginning of year | - | 1,827,300 |
| Fund balance, end of year | \$ - | \$ - |

LAC LA BICHE COUNTY

Consolidated Schedule 2 - Capital Fund Activities and Changes in Fund Balance

For the year ended December 31, 2008 with comparative figures for 2007

| | 2008 | 2007 |
|---|-------------------|-------------------------|
| | | (Restated - note 15) |
| Revenue: | | |
| Government transfers | \$ 5,670,683 | \$ 4,472,711 |
| Other revenue own sources | 80,036 | 309,267 |
| | <u>5,750,719</u> | <u>4,781,978</u> |
| Expenditures: | | |
| General government | 417,050 | 16,366 |
| Protective services | 638,621 | 232,628 |
| Transportation services | 14,787,758 | 1,355,792 |
| Environmental use and protection | - | 43,976 |
| Public health and welfare | - | 450 |
| Water, sewer, garbage, drainage | 4,658,095 | 6,973,939 |
| Planning and development | - | - |
| Agriculture services | - | 255,540 |
| Recreation, culture and other | 7,185,544 | 30,172 |
| Natural gas supply and distribution | - | 35,382 |
| | <u>27,687,068</u> | <u>8,944,245</u> |
| Deficiency of revenue over expenditures | (21,936,349) | (4,162,267) |
| Net interfund transfers: | | |
| From operations | 20,442,302 | 3,893,147 |
| From reserves | 6,785,834 | - |
| To reserves | (6,389,607) | (69,045) |
| Debenture principal received | 2,006,679 | 1,181,792 |
| Debenture principal paid | (908,859) | (843,627) |
| | <u>21,936,349</u> | <u>4,162,267</u> |
| Change in fund balance | - | - |
| Fund balance, beginning of year | - | - |
| Fund balance, end of year | \$ - | \$ - |

LAC LA BICHE COUNTY

Consolidated Schedule 3 - Reserve Fund Activities and Changes in Fund Balance

For the year ended December 31, 2008 with comparative figures for 2007

| | Balance, beginning of year | Transfer to reserves | Transfer from reserves | Balance, end of year |
|--------------------------------|----------------------------------|-------------------------|------------------------------|-------------------------|
| | (Restated - note 15) | | | |
| Operating: | | | | |
| General operating | \$ 722,401 | \$ - | \$ - | \$ 722,401 |
| Carry over projects | 5,735,651 | 7,179,280 | (3,815,759) | 9,099,172 |
| Plamondon | 5,510 | - | - | 5,510 |
| Fire | 342,428 | - | (100,000) | 242,428 |
| Emergency services/disaster | 50,000 | - | - | 50,000 |
| Gravel inventories | 241,000 | - | (120,000) | 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 | 1,183,955 | - | (400,000) | 783,955 |
| Base paving – mission | 4,000,000 | - | (4,000,000) | - |
| Base paving – Egg Lake | 1,500,000 | - | (1,225,000) | 275,000 |
| Landfill reclamation | 150,000 | - | - | 150,000 |
| Walking trails | 500,000 | - | (224,000) | 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 |
| | 16,048,085 | 7,179,280 | (9,884,759) | 13,342,606 |

LAC LA BICHE COUNTY

Consolidated Schedule 3 - Reserve Fund Activities and Changes in Fund Balance (continued)

For the year ended December 31, 2008 with comparative figures for 2007

| | Balance, beginning of year | Transfer to reserves | Transfer from reserves | Balance, end of year |
|--|----------------------------------|-------------------------|------------------------------|-------------------------|
| | (Restated - note 15) | | | |
| Capital: | | | | |
| General capital | 287,090 | - | (199,000) | 88,090 |
| Office equipment | 100,000 | - | - | 100,000 |
| Council computers | 12,000 | - | - | 12,000 |
| Fire equipment | 470,000 | - | - | 470,000 |
| Interpretive centre | 300,000 | 750,000 | - | 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 | 1,133,000 | - | - | 1,133,000 |
| Plamondon infrastructure | 334,658 | - | (334,658) | - |
| Regional landfill | 200,000 | 1,813,101 | - | 2,013,101 |
| Water and sewer mains | 113,000 | - | - | 113,000 |
| Water and sewer expansion | 1,583,145 | - | (400,000) | 1,183,145 |
| Water and sewer servicing | 4,145,270 | - | (2,400,000) | 1,745,270 |
| Waste water plant | - | 1,813,100 | - | 1,813,100 |
| ASB equipment | 130,000 | 10,000 | - | 140,000 |
| Electronic meters | 101,116 | - | - | 101,116 |
| GPS program | 15,000 | - | - | 15,000 |
| Recreation equipment | 44,115 | - | (44,000) | 115 |
| Recreation grants | 1,310,015 | - | (1,310,015) | - |
| Recreational multiplex | 3,500,000 | 2,003,406 | (1,745,297) | 3,758,109 |
| | 15,433,853 | 6,389,607 | (6,432,970) | 15,390,490 |
| Unfunded landfill closure and post-closure costs (note 8) | (582,066) | - | (352,864) | (934,930) |
| | 14,851,787 | 6,389,607 | (6,785,834) | 14,455,560 |
| Total reserves | \$ 30,899,872 | \$ 13,568,887 | \$ (16,670,593) | \$ 27,798,166 |

LAC LA BICHE COUNTY

Consolidated Schedule 4 - Equity in Capital Assets

For the year ended December 31, 2008 with comparative figures for 2007

| | 2008 | 2007 |
|---|----------------|---------------|
| Equity, beginning of year | \$ 73,438,155 | \$ 65,555,327 |
| Acquisition of capital assets | | |
| General government | 417,050 | 16,366 |
| Protective services | 638,621 | 232,628 |
| Transportation services | 14,787,758 | 1,355,793 |
| Water, sewer, garbage, drainage | 4,658,095 | 6,973,939 |
| Planning and development | - | - |
| Agriculture services | - | 255,540 |
| Recreation, culture and other | 7,185,544 | 30,172 |
| Environmental use and protection | - | 43,976 |
| Public health and water | - | 450 |
| Natural gas supply and distribution | - | 35,382 |
| | 27,687,068 | 8,944,246 |
| Disposal of assets (costs) | (14,289) | (709,719) |
| Amortization of gas utility capital assets | (56,400) | (58,307) |
| Capital financing | | |
| Debenture principal received | (2,006,679) | (1,181,792) |
| Debenture principal paid | 908,859 | 888,400 |
| Equity balance, end of year | \$ 99,956,714 | \$ 73,438,155 |
| Equity in capital assets is represented by: | | |
| Capital assets (note 9) | \$ 110,832,590 | \$ 83,216,211 |
| Capital debt | (10,875,876) | (9,778,056) |
| | \$ 99,956,714 | \$ 73,438,155 |

LAC LA BICHE COUNTY

Consolidated Schedule 5 - Net Municipal Taxes

For the year ended December 31, 2008 with comparative figures 2007

| | 2008 | 2007 |
|---|----------------------|-------------------------|
| | | (Restated - note 15) |
| Levies: | | |
| Residential land and improvements | \$ 9,443,467 | \$ 4,290,487 |
| Non-resident land, improvements, machinery and equipment | 25,234,003 | 23,219,574 |
| | <u>34,677,470</u> | <u>27,510,061</u> |
| Fire protection | 693,764 | 37 |
| Well drilling tax | 115,113 | 15,740 |
| | <u>35,486,347</u> | <u>27,525,838</u> |
| Requisitions: | | |
| Alberta School Foundation Fund | 6,481,093 | 6,226,005 |
| Greater North Foundation | 239,369 | 151,811 |
| | <u>6,720,462</u> | <u>6,377,816</u> |
| Net taxes for general municipal purposes | \$ 28,765,885 | \$ 21,148,022 |

LAC LA BICHE COUNTY

Consolidated Schedule 6 - Government Transfers

For the year ended December 31, 2008 with comparative figures for 2007

| | 2008 | 2007 |
|------------------------------------|---------------------|----------------------|
| Federal transfers: | | |
| Shared-cost agreements and grants | \$ - | \$ - |
| Provincial transfers: | | |
| Shared-cost agreements and grants | 8,222,675 | 10,895,415 |
| Local government transfers: | | |
| Shared-cost agreements and grants | - | 124,855 |
| | \$ 8,222,675 | \$ 11,020,270 |

LAC LA BICHE COUNTY

Consolidated Schedule 7 - Expenditures by Object

For the year ended December 31, 2008 with comparative figures for 2007

| | 2008 | 2007 |
|--|----------------------|-------------------------|
| | | (Restated - note 15) |
| Salaries, wages and benefits | \$ 7,591,182 | \$ 6,610,640 |
| Contracted and general services | 5,929,762 | 10,714,233 |
| Materials, goods, and utilities | 5,551,906 | 7,632,498 |
| Transfers to local boards and agencies | 2,277,453 | 1,546,010 |
| Debenture interest | 419,421 | 414,179 |
| Bad debts | 125,420 | 260,362 |
| Other transactions, discount adjustments | - | 34,274 |
| Purchase of capital assets | 27,687,068 | 8,944,246 |
| | \$ 49,582,212 | \$ 36,156,442 |