

Consolidated Financial Statements of

LAC LA BICHE COUNTY

Year ended December 31, 2007



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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, 2007 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, 2007 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.

The comparative figures were audited by two other firms of Chartered Accountants.

Chartered Accountants

Edmonton, Canada
May 27, 2008

LAC LA BICHE COUNTY

Consolidated Financial Statements

Year ended December 31, 2007

Financial Statements

Consolidated Statement of Financial Position	1
Consolidated Statement of Financial Activities and Changes in Fund Balances	2
Consolidated Statement of Changes in Financial Position	3
Notes to Consolidated Financial Statements	4

Schedules

Schedule 1 - Operating Fund Activities and Changes in Fund Balance	19
Schedule 2 - Capital Fund Activities and Changes in Fund Balance	20
Schedule 3 - Reserve Fund Activities and Changes in Fund Balance	21
Schedule 4 - Equity in Capital Assets	23
Schedule 5 - Net Municipal Taxes	24
Schedule 6 - Government Transfers	25
Schedule 7 - Consolidated Expenditures by Object	26

LAC LA BICHE COUNTY

Consolidated Statement of Financial Position

December 31, 2007, with comparative figures for 2006

	2007	2006
		(Restated - note 15)
Assets		
Financial assets:		
Cash (note 2)	\$ 32,990,525	\$ 4,851,509
Investments (note 2)	2,004,476	21,334,810
Receivables (note 3)	6,207,645	9,056,402
Land held for resale	275,989	95,307
Prepaid expenses and deposits	169,981	263,947
	41,648,616	35,601,975
Physical assets:		
Inventory for consumption (note 4)	986,714	1,264,879
Capital assets (note 5)	83,216,211	75,039,991
	\$ 125,851,541	\$ 111,906,845
Liabilities and Municipal Equity		
Liabilities:		
Accounts payable and accrued liabilities	\$ 5,534,562	\$ 5,375,925
Deferred revenue (note 6)	2,675,794	2,031,462
Deposits and trust liabilities (note 7)	507,094	406,755
Landfill closure and post closure liability (note 8)	3,927,791	3,712,471
Long-term debt (note 9)	9,778,056	9,484,664
	22,423,297	21,011,277
Municipal equity:		
Fund balances:		
Operating fund (Schedule 1)	-	1,827,300
Capital fund (Schedule 2)	-	-
Reserve fund (Schedule 3)	29,990,089	23,512,941
Total fund balances	29,990,089	25,340,241
Equity in capital assets (Schedule 4)	73,438,155	65,555,327
	103,428,244	90,895,568
Commitments and contingencies (note 12)		
	\$ 125,851,541	\$ 111,906,845

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, 2007 with comparative figures 2006

	2007	2006 (Restated - note 15)
Revenue:		
Net municipal taxes (Schedule 5)	\$ 20,847,762	\$ 16,988,445
Special assessments and local improvements	24,428	24,428
Sales of goods and services	6,459,507	5,675,223
Government transfers (Schedule 6)	11,020,270	13,177,563
Investment income	1,541,220	1,326,336
Penalties and costs of taxes	126,514	115,194
Other revenue own sources	1,098,161	1,026,052
	<u>41,117,862</u>	<u>38,333,241</u>
Expenditures (Schedule 7):		
General government	4,364,823	2,580,759
Protective services	1,266,287	1,017,923
Transportation services	13,487,372	14,151,590
Environmental use and protection	799,930	1,821,997
Water, sewer, garbage, drainage	9,989,982	11,009,710
Public health and welfare	182,691	266,108
Planning and development	1,301,867	1,068,339
Agriculture services	916,981	775,975
Recreation, culture and other	2,040,121	1,839,195
Natural gas supply and distribution	2,411,352	3,660,893
	<u>36,761,406</u>	<u>38,192,489</u>
Excess of revenue over expenditures	4,356,456	140,752
Debenture principal received	1,181,792	-
Debenture principal paid	(888,400)	(847,488)
Change in fund balances	4,649,848	(706,736)
Fund balances, beginning of year	25,340,241	26,046,977
Fund balances, end of year	<u>\$ 29,990,089</u>	<u>\$ 25,340,241</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, 2007 with comparative figures for 2006

	2007	2006
		(Restated - note 15)
Operating activities:		
Excess of revenue over expenditures	\$ 4,356,456	\$ 140,752
Net changes in non-cash operating working capital:		
Decrease (increase) in receivables	2,848,757	(6,349,521)
Decrease (increase) in land held for resale	(180,682)	30,000
Decrease (increase) in prepaid expenses and deposits	93,966	(77,963)
Decrease (increase) in inventory for consumption	278,165	(522,075)
Increase in accounts payable and accrued liabilities	158,637	1,938,651
Increase (decrease) in deferred revenue	644,332	(674,841)
Increase (decrease) in deposits and trust liabilities	100,339	(190,066)
Increase in landfill closure and post closure liability	215,320	204,234
	8,515,290	(5,500,829)
Investing activities:		
Decrease in investments, net	19,330,334	7,060,340
Financing activities:		
Debenture principal received	1,181,792	-
Debenture principal paid	(888,400)	(847,488)
	293,392	(847,488)
Increase in cash	28,139,016	712,023
Cash, beginning of year	4,851,509	4,139,486
Cash, end of year	\$ 32,990,525	\$ 4,851,509

See accompanying notes to consolidated financial statements.

LAC LA BICHE COUNTY

Notes to Consolidated Financial Statements

For the year ended December 31, 2007

On August 1, 2007, Lakeland County and the Town of Lac La Biche (the "predecessor entities") were amalgamated. The amalgamated entity 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 current year financial activities and the 2006 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 County. This entity is comprised of the municipal operations plus all of the organizations that are owned or controlled by the County and are, therefore, accountable to 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, 2007

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 revenue.

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 municipality 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:

Management funds consist of the operating, capital and reserve funds. Transfers between funds are recorded as adjustments to the appropriate equity account. Proceeds from land sales are recorded as operating fund revenues.

(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, 2007

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.

Prior to January 1, 2007, the County recorded tangible capital assets including assets held under capital leases at cost in the period they were acquired on the statement of financial position and as an expenditure within the capital fund.

During 2007, the County commenced working toward compliance with the new recommendations for accounting for tangible capital assets. As of July 31, 2007, the County had obtained a complete listing and values for engineering structures, machinery and equipment, buildings, vehicles, and land.

As of January 1, 2007, capital assets including assets held under capital leases are recorded at cost in the period they are acquired and recorded as an expenditure within the capital fund. Donated assets related to waterworks and wastewater distribution and collection systems are capitalized and are recorded at their estimated fair value upon acquisition. Certain capital assets for which historical cost information is not available has been recorded at current fair market value discounted by a relevant inflation factor.

The County does not capitalize interest as part of the costs of its capital assets.

LAC LA BICHE COUNTY

Notes to Consolidated Financial Statements (continued)

For the year ended December 31, 2007

1. Significant accounting policies (continued):

(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.

(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).

LAC LA BICHE COUNTY

Notes to Consolidated Financial Statements (continued)

For the year ended December 31, 2007

1. Significant accounting policies (continued):

(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.

(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 and earns interest varying between 1.9% and 5.75%.

Investments are comprised of short-term deposits maturing throughout 2008, earning interest at rates varying between 4.30% and 4.60% (2006 - 4.22% and 4.24%).

LAC LA BICHE COUNTY

Notes to Consolidated Financial Statements (continued)

For the year ended December 31, 2007

3. Receivables:

	2007	2006
		(Restated - note 15)
Taxes and grants in place receivable	\$ 546,952	\$ 562,572
Requisition under-levy	45,640	66,705
Less – allowance for doubtful taxes	(351,251)	(313,078)
	241,341	316,199
Government – GST	305,494	931,805
Utility receivable	1,099,610	790,350
Base paving project receivable	-	4,832,867
New Deal financing receivable	800,237	800,237
Trade receivables	4,068,679	1,479,746
Less - allowance for doubtful accounts	(307,716)	(94,802)
	5,966,304	8,740,203
	\$ 6,207,645	\$ 9,056,402

4. Inventory for consumption:

	2007	2006
Gravel	\$ 648,878	\$ 930,586
ASB Chemicals	53,658	37,168
Public works and general municipal materials and supplies	284,178	297,125
	\$ 986,714	\$ 1,264,879

LAC LA BICHE COUNTY

Notes to Consolidated Financial Statements (continued)

For the year ended December 31, 2007

5. Capital assets:

	2007	2006
Engineered structures	\$ 65,763,338	\$ 58,483,826
Machinery and equipment	7,169,655	6,654,125
Buildings	6,922,925	6,905,403
Vehicles	4,107,140	3,685,087
Land	815,042	815,042
	<u>84,778,100</u>	<u>76,543,483</u>
Accumulated amortization	(1,561,889)	(1,503,492)
	<u>\$ 83,216,211</u>	<u>\$ 75,039,991</u>

6. Deferred revenue:

	2007	2006
		(Restated - note 15)
New Deal financing	\$ 967,812	\$ 900,765
Street improvement grants	414,396	179,040
Bridge financing	240,516	42,080
Disaster services exercises	2,000	10,506
Alberta Municipal Infrastructure Program	1,032,986	553,799
Alberta lottery fund – Interpretive Centre	-	300,000
FCSS funding	-	26,684
Parent link surplus	-	7,864
Jubilee Hall	10,367	-
Other grants	7,717	10,724
	<u>\$ 2,675,794</u>	<u>\$ 2,031,462</u>

7. 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, 2007

8. Landfill closure and post-closure liability:

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

The estimated total liability is based on the sum of discounted future cash flows for closure and post-closure activities for 25 years after closure using a discount rate of 4.31% (2006 – 4.31%) and assuming annual inflation of 3.0% (2006 – 3.0%).

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

	2007	2006 (Restated - note 15)
Estimated capacity used	100%	98%
Estimated closure costs	\$ 2,216,947	\$ 2,072,271
Estimated post-closure costs	1,710,844	1,640,200
Total liability	\$ 3,927,791	\$ 3,712,471

LAC LA BICHE COUNTY

Notes to Consolidated Financial Statements (continued)

For the year ended December 31, 2007

9. Long-term debt:

	2007	2006
Tax supported debentures	\$ 9,778,056	\$ 9,484,664

Principal and interest payments are as follows:

	Principal	Interest	Total
2008	\$ 908,859	\$ 421,509	\$ 1,330,368
2009	947,941	382,428	1,330,369
2010	988,729	341,640	1,330,369
2011	1,031,299	299,070	1,330,369
2012	1,075,729	254,639	1,330,368
Thereafter	4,825,499	702,378	5,527,877
	\$ 9,778,056	\$ 2,401,664	\$ 12,179,720

Debenture debt is repayable to the Alberta Capital Finance Authority. The debt bears interest at rates between 3.77% and 12% per annum, before Provincial subsidy, with maturities between 2008 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 \$477,986 (2006 - \$444,679).

In addition, the County has a credit facility of \$1,000,000 available at a rate of prime minus 0.5%. At December 31, 2007, this facility had not been drawn upon.

LAC LA BICHE COUNTY

Notes to Consolidated Financial Statements (continued)

For the year ended December 31, 2007

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:

	2007	2006 (Restated - note 15)
Total debt limit	\$ 61,676,794	\$ 57,574,302
Total debt	9,778,056	9,484,664
Amount of debt limit unused	\$ 51,898,738	\$ 48,089,638
Debt servicing limit	\$ 10,279,466	\$ 9,595,717
Debt servicing	1,330,368	1,297,032
Amount of debt servicing limit unused	\$ 8,949,098	\$ 8,298,685

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.

LAC LA BICHE COUNTY

Notes to Consolidated Financial Statements (continued)

For the year ended December 31, 2007

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 serves about 168,334 people and 408 employers. The LAPP is financed by employer and employee contributions and by investment earnings of the LAPP Fund.

Contributions for current service are recorded as expenditures in the year in which they become due.

The County is required to make current service contributions to the LAPP of 7.75% of pensionable earnings up to the year's maximum pensionable earnings under the Canada Pension Plan and 10.64% on pensionable earnings above this amount. Employees of the County are required to make current service contributions of 6.75% of pensionable salary up to the year's maximum pensionable salary and 9.64% on pensionable salary above this amount.

Total current service contributions by the County to the LAPP in 2007 were \$204,258 (2006 - \$243,757). Total service contributions by the employees of the County to the Local Authorities Pension Plan in 2007 were \$180,031 (2006 - \$214,790).

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.

The County has issued a demand against a company relating to cost of gas arising from a gas leak, allegedly caused by damage to a distribution main caused by negligent construction performed by the company. The amount of any settlement is not determinable at this time.

The County is committed to the completion of various projects with estimated costs budgeted in 2007 of \$3,190,000.

LAC LA BICHE COUNTY

Notes to Consolidated Financial Statements (continued)

For the year ended December 31, 2007

13. Salary and benefits disclosure:

	Salary	Benefits and other	2007	2006
	(i)	(ii)		
Mayor				
Peter Kirylichuk	\$ 25,621	\$ 5,565	\$ 31,187	\$ 41,098
Thomas Lett (former Town)	15,273	387	15,661	15,761
	40,894	5,952	46,848	56,859
Councillors				
Phillip Lane	\$ 18,305	\$ 5,101	\$ 23,406	\$ 29,489
Grigorii Bochkarev	25,266	1,455	26,721	24,747
Eugene Uganecz	30,588	5,417	36,005	32,418
Todd Thompson	28,036	6,370	34,306	34,272
Jeff Dechaine	19,238	1,131	20,369	28,092
Guy Piquette	22,298	3,987	26,285	28,554
John Nowak (former Town)	9,501	183	9,685	4,702
Brydon Ward (former Town)	9,566	78	9,644	8,654
Cecilia Quist	16,584	1,224	17,808	7,100
Gordon Coutney	12,849	325	13,174	4,797
Ralph Whitford (former Town)	12,231	113	12,344	9,838
David Lozinski	1,924	408	2,332	-
John Leskiw (former Town)	13,216	5	-	10,143
Terry Colosimo	3,848	838	4,685	-
Gordon Elliot (former Town)	-	-	-	275
Ray Ewaskiw (former Town)	-	-	-	275
Ahmed Taha (former Town)	-	-	-	275
	223,450	26,635	236,764	223,631
Chief Administrative Officer– (current)				
	\$ 130,521	\$ 28,638	\$ 159,159	\$ 130,163
– (former town)	61,169	298,410	359,579	183,015
	191,690	327,048	518,738	313,178

- 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, 2007

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.

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. Corrections of errors:

During the year, the County identified the following errors in its December 31, 2006 comparative figures:

- a) A grant from the Province of Alberta of \$2,119,469 at December 31, 2006 (2005 - nil) relating to water and sewer system development was recognized as revenue and as a receivable before it had been authorized and approved by the Province.
- b) An obligation for landfill closure and post-closure costs of \$3,570,556 at December 31, 2006 (2005 - \$3,366,022) was not recorded consistent with the County's accounting policies and the requirements of Public Sector Accounting Board Standard 3270 "Solid Waste Landfill Closure and Post-Closure Liability".
- c) Accounts payable included obligations to certain recreation societies in the County of \$1,313,485 at December 31, 2006 (2005 - \$1,623,485) for which the societies had not fulfilled certain requirements under the agreements to entitle them to receive the transfers.
- d) Deposits and trust liabilities of \$302,497 at December 31, 2006 (2005 - \$296,762) that relate to amounts collected from land developers in lieu of a requirement to provide municipal reserve lands to the County as required under development agreements should have been recorded as a reserve instead of an obligation as the County has no specific obligation to return these amounts back to the land developers. In addition, trust liabilities of \$60,883 at December 31, 2006 (2005 - \$41,381) that relate to unexpended Library surplus amounts should have been recorded as a reserve instead of an obligation as the Lac La Biche Public Library Board operates and is included in the County's consolidated financial statements.
- e) "New Deal" funding authorized by the Province of Alberta of \$800,237 during the year ended December 31, 2006 was not recorded by the County.

LAC LA BICHE COUNTY

Notes to Consolidated Financial Statements (continued)

For the year ended December 31, 2007

15. Corrections of errors (continued):

- f) Sales proceeds of \$130,299 from a guaranteed buyback agreement relating to heavy equipment that was disposed of during the year ended December 31, 2006 should have been recorded in the prior year.

These corrections have been recorded on a retrospective basis, and accordingly the comparative financial statements have been restated as follows:

		(a)	(b)	(c)	(d)	(e)	(f)	
	As previously stated	Grant receivable	Landfill closure and post-closure	Recreation and capital grant payable	Deposits and trust liabilities	"New Deal" grants	Sale proceeds cut-off	As restated
Statement of Financial Position								
Receivables	\$ 10,245,335	\$ (2,119,469)	\$ -	\$ -	\$ -	\$ 800,237	\$ 130,299	\$ 9,056,402
Accounts payable and accrued liabilities	6,689,410	-	-	(1,313,485)	-	-	-	5,375,925
Deferred revenue	1,231,225	-	-	-	-	800,237	-	2,031,462
Deposits and trust liabilities	770,135	-	-	-	(363,380)	-	-	406,755
Landfill closure and post closure liability	142,215	-	3,570,256	-	-	-	-	3,712,471
Operating fund	3,147,788	(2,119,469)	(3,570,256)	-	-	-	130,299	1,827,300
Reserve fund	24,463,046	-	-	1,313,485	363,380	-	-	23,512,941
Statement of Financial Activities								
Revenues	40,322,411	(2,119,469)	-	-	-	-	130,299	38,333,241
Expenditures	38,416,225	-	(204,234)	-	(19,502)	-	-	38,192,489
Excess of revenues over expenses	2,314,654	(2,119,469)	(204,234)	-	19,502	-	130,299	140,752
Fund balances, beginning of year	27,755,636	-	(3,366,022)	1,313,485	343,878	-	-	26,046,977
Fund balances, end of year	29,223,302	(2,119,469)	(3,570,256)	1,313,485	363,380	-	130,299	25,340,741

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

LAC LA BICHE COUNTY

Notes to Consolidated Financial Statements (continued)

For the year ended December 31, 2007

16. Budget figures:

The operating and capital budgets as approved by the Council's of the former Town of Lac La Biche and Lakeland County for the year ended December 31, 2007 are as follows:

	Town of Lac La Biche	Lakeland County	Lac La Biche County
Revenue:			
Net municipal taxes	\$ 1,516,048	\$ 25,235,211	\$ 26,751,259
Special assessments and local improvements	24,000	-	24,000
Sales of goods and services	6,156,240	362,650	6,518,890
Government transfers	4,993,707	484,291	5,477,998
Investment income	28,000	750,000	778,000
Penalties and cost of taxes	75,000	90,200	165,200
Other revenue own sources	103,200	609,193	712,393
	<u>12,896,195</u>	<u>27,531,545</u>	<u>40,427,740</u>
Expenditures:			
Operating	11,566,827	18,554,407	30,121,234
Capital	923,297	8,344,864	9,268,161
	<u>12,490,124</u>	<u>26,899,271</u>	<u>39,389,395</u>
Excess of revenue over expenditures	406,071	632,274	1,038,345
Debenture principal paid	(176,940)	(711,461)	(888,401)
	<u>\$ 229,131</u>	<u>\$ (79,187)</u>	<u>\$ 149,944</u>

17. Approval of financial statements:

These financial consolidated statements were approved by Administration.

LAC LA BICHE COUNTY

Schedule 1 – Operating Fund Activities and Changes in Fund Balance

For the year ended December 31, 2007 with comparative figures for 2006

	2007	2006 (Restated - note 15)
Revenue:		
Net municipal taxes	\$ 20,847,762	\$ 16,988,445
Special assessments and local Improvements	24,428	24,428
Sales of goods and services	6,459,507	5,675,223
Government transfers	6,547,559	7,834,521
Investment income	1,541,220	1,326,336
Penalties and costs of taxes	126,514	115,194
Other revenue own sources	788,894	682,083
	<u>36,335,884</u>	<u>32,646,230</u>
Expenditures:		
General government	4,348,457	2,524,784
Protective services	1,033,659	786,659
Transportation services	12,127,435	12,979,062
Environmental use and protection	755,954	1,298,516
Public health and welfare	182,241	266,108
Water, sewer, garbage, drainage	2,980,661	1,106,189
Planning and development	1,301,867	1,062,779
Agriculture services	661,441	760,085
Recreation, culture and other	2,009,949	1,823,346
Natural gas supply and distribution	2,411,352	3,330,359
	<u>27,813,016</u>	<u>25,937,887</u>
Excess of revenue over expenditures	8,522,868	6,708,343
Net interfund transfers:		
To capital	(3,893,147)	(1,977,465)
To reserves	(6,412,248)	(6,511,504)
From reserves	-	98,413
Debenture principal paid	(44,773)	(163,942)
	<u>(10,350,168)</u>	<u>(8,554,498)</u>
Change in fund balances	(1,827,300)	(1,846,155)
Balance, beginning of year	1,827,300	3,673,455
Balance, end of year	\$ -	\$ 1,827,300

LAC LA BICHE COUNTY

Schedule 2 – Capital Fund Activities and Changes in Fund Balance

For the year ended December 31, 2007 with comparative figures for 2006

	2007	2006
		(Restated - note 15)
Revenue:		
Government transfers	\$ 4,472,711	\$ 5,343,042
Other revenue own sources	309,267	343,969
	<u>4,781,978</u>	<u>5,687,011</u>
Expenditures:		
General government	16,366	55,975
Protective services	232,628	231,264
Transportation services	1,359,937	1,172,528
Environmental use and protection	43,976	523,481
Public health and welfare	450	-
Water, sewer, garbage, drainage	7,009,321	9,903,521
Planning and development	-	5,560
Agriculture services	255,540	15,890
Recreation, culture and other	30,172	35,351
Natural gas supply and distribution	-	330,534
	<u>8,948,390</u>	<u>12,274,104</u>
Deficiency of revenue over expenditures	(4,166,412)	(6,587,093)
Net interfund transfers:		
From operations	3,893,147	1,977,465
From (to) reserves	(64,899)	241,987
Debenture principal received	1,181,791	-
Debenture principal paid	(843,627)	(683,546)
	<u>4,166,412</u>	<u>1,535,906</u>
Change in fund balances	-	(5,051,187)
Balance, beginning of year	-	5,051,187
Balance, end of year	\$ -	\$ -

LAC LA BICHE COUNTY

Schedule 3 – Reserve Fund Activities and Changes in Fund Balance

For the year ended December 31, 2007 with comparative figures for 2006

	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	3,190,090	2,545,561	-	5,735,651
Plamondon	5,510	-	-	5,510
Fire	342,428	-	-	342,428
Emergency services/disaster	50,000	-	-	50,000
Gravel inventories	241,000	-	-	241,000
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	1,175,922	8,033	-	1,183,955
Base paving – mission	4,000,000	-	-	4,000,000
Base paving – Egg Lake	1,500,000	-	-	1,500,000
Landfill reclamation	150,000	-	-	150,000
Walking trails	500,000	-	-	500,000
Municipal parks and schools	141,575	14,922	-	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
	13,479,569	2,568,516	-	16,048,085

LAC LA BICHE COUNTY

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

For the year ended December 31, 2007 with comparative figures for 2006

	Balance, beginning of year	Transfer to reserves	Transfer from reserves	Balance, end of year
	(Restated - note 15)			
Capital				
General capital	287,090	-	-	287,090
Office equipment	100,000	-	-	100,000
Council computers	12,000	-	-	12,000
Fire equipment	470,000	-	-	470,000
Interpretive centre	300,000	-	-	300,000
Municipal reserve	5,378	6,326	-	11,704
Library reserve	60,883	-	-	60,883
Offsite levy	40,082	69,919	-	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	-	-	200,000
Water and sewer mains	113,000	-	-	113,000
Water and sewer expansion	1,583,145	-	-	1,583,145
Water and sewer servicing	4,137,820	7,450	-	4,145,270
ASB equipment	130,000	-	-	130,000
Electronic meters	101,116	-	-	101,116
GPS program	15,000	-	-	15,000
Recreation equipment	44,115	-	-	44,115
Recreation grants	1,313,485	-	(3,470)	1,310,015
Recreational multiplex	1,750,000	1,750,000	-	3,500,000
	13,603,628	1,833,695	(3,470)	15,433,853
Unfunded landfill closure and post-closure costs (note 8)	(3,570,256)	2,168,124	(89,717)	(1,491,849)
Total reserves	\$ 23,512,941	\$ 6,570,335	\$ (93,187)	\$ 29,990,089

LAC LA BICHE COUNTY

Schedule 4 – Equity in Capital Assets

For the year ended December 31, 2007 with comparative figures for 2006

	2007	2006
Equity, beginning of year	\$ 65,555,327	\$ 53,250,740
Acquisition of capital assets		
General government	16,366	55,975
Protective services	232,628	231,264
Transportation services	1,359,937	1,172,528
Water, sewer, garbage, drainage	7,009,321	9,903,521
Planning and development	-	5,560
Agriculture services	255,540	15,890
Recreation, culture and other	30,172	35,351
Environmental use and protection	43,976	523,481
Public health and water	450	-
Natural gas supply and distribution	-	330,534
	8,948,390	12,274,104
Disposal of assets (costs)	(713,773)	(730,019)
Amortization of gas utility capital assets	(58,397)	(86,986)
Capital financing		
Debenture principal received	(1,181,792)	-
Debenture principal paid	888,400	847,488
Equity balance, end of year	\$ 73,438,155	\$ 65,555,327
Equity in capital assets is represented by:		
Capital assets (note 5)	\$ 83,216,211	\$ 75,039,991
Capital debt	(9,778,056)	(9,484,664)
	\$ 73,438,155	\$ 65,555,327

LAC LA BICHE COUNTY

Schedule 5 – Net Municipal Taxes

For the year ended December 31, 2007 with comparative figures 2006

	2007	2006
Levies:		
Residential land and improvements	\$ 4,290,487	\$ 4,011,547
Non-resident land, improvements, machinery and equipment	23,219,574	18,990,279
	<u>27,510,061</u>	<u>23,001,826</u>
Local improvements	20,337	20,983
	<u>27,530,398</u>	<u>23,022,809</u>
Requisitions:		
Alberta School Foundation Fund	6,530,825	5,866,507
Greater North Foundation	151,811	167,857
	<u>6,682,636</u>	<u>6,034,364</u>
Net taxes for general municipal purposes	<u>\$ 20,847,762</u>	<u>\$ 16,988,445</u>

LAC LA BICHE COUNTY

Schedule 6 – Government Transfers

For the year ended December 31, 2007 with comparative figures for 2006

	2007	2006
		(Restated - note 15)
Federal transfers:		
Shared-cost agreements and grants	\$ -	\$ 4,352
Provincial transfers:		
Shared-cost agreements and grants	10,895,415	12,631,744
Local government transfers:		
Shared-cost agreements and grants	124,855	541,467
	<u>\$ 11,020,270</u>	<u>\$ 13,177,563</u>

LAC LA BICHE COUNTY

Schedule 7 – Consolidated Expenditures by Object

For the year ended December 31, 2007 with comparative figures for 2006

	2007	2006
		(Restated - note 15)
Salaries, wages and benefits	\$ 6,988,650	\$ 5,392,627
Contracted and general services	10,748,834	10,928,644
Materials, goods, and utilities	7,742,877	7,445,473
Transfers to local boards and agencies	1,560,033	1,679,031
Debenture interest	477,986	444,679
Bad debts (recovery)	260,362	(25,337)
Other transactions, discount adjustments	34,274	53,268
Purchase of capital assets	8,948,390	12,274,104
	<u>\$ 36,761,406</u>	<u>\$ 38,192,489</u>

