

LAMONT COUNTY
LAMONT, ALBERTA
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

INDEPENDENT AUDITORS' REPORT

To the Reeve and Council of Lamont County
Lamont, Alberta

We have audited the accompanying financial statements of Lamont County (the "County"), which comprise the statement of financial position as at December 31, 2014, and the 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.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Lamont County as at December 31, 2014, and the results of its operations and accumulated surplus, changes in its net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.



Edmonton, Alberta
April 14, 2015

Hawkings Epp Dumont LLP
Chartered Accountants

EDMONTON

10476 Mayfield Road
Edmonton, AB T5P 4P4
1.877.489.9606
T: 780.489.9606
F: 780.484.9689

STONY PLAIN

#101, 5300 – 50 Street
PO Box 3188, Station Main
Stony Plain, AB T7Z 1T8
T: 780.963.2727
F: 780.963.1294

LLOYDMINSTER

5102 – 48 Street
PO Box 10099
Lloydminster, AB T9V 3A2
T: 780.875.7433
F: 780.875.5304

HAWKINGS.COM



LAMONT COUNTY
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2014

	<u>2014</u>	<u>2013</u>
FINANCIAL ASSETS		
Cash and temporary investments (Note 2)	\$ 16,876,025	\$ 17,737,100
Accounts receivable (Note 3)	<u>910,307</u>	<u>1,408,857</u>
	<u>17,786,332</u>	<u>19,145,957</u>
 LIABILITIES		
Accounts payable and accrued liabilities	1,691,978	2,220,016
Deposit liabilities (Note 4)	537,229	1,467,875
Deferred revenue (Note 5)	1,558,367	1,271,457
Employee benefit obligations (Note 6)	161,700	137,709
Due to Community Adult Learning Council (Note 7)	<u>79,403</u>	<u>68,857</u>
	<u>4,028,677</u>	<u>5,165,914</u>
NET FINANCIAL ASSETS	<u>13,757,655</u>	<u>13,980,043</u>
 NON-FINANCIAL ASSETS		
Inventory for consumption (Note 8)	1,827,130	1,427,415
Prepaid expenses	171,836	161,204
Tangible capital assets (Schedule 1)	<u>39,369,873</u>	<u>33,545,588</u>
	<u>41,368,839</u>	<u>35,134,207</u>
ACCUMULATED SURPLUS (Note 10)	\$ <u>55,126,494</u>	\$ <u>49,114,250</u>

CONTINGENCIES (Note 13)

ON BEHALF OF COUNTY COUNCIL:

_____ Reeve

_____ County Manager

LAMONT COUNTY

STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS

FOR THE YEAR ENDED DECEMBER 31, 2014

	Budget <u>2014</u> (Note 17)	Actual <u>2014</u>	Actual <u>2013</u>
Revenue			
Net municipal taxes (Schedule 2)	\$ 12,466,757	\$ 13,010,527	\$ 11,825,448
Government transfers for operating (Schedule 3)	1,142,445	1,102,452	1,221,634
Sales and user charges	686,480	1,046,599	866,902
Offsite levies	-	930,646	-
Investment income	105,000	287,134	213,204
Licenses, permits and fines	86,900	84,289	119,903
Penalties and costs on taxes	75,000	60,459	165,035
Other	18,000	23,775	34,916
Rentals	<u>8,106</u>	<u>17,317</u>	<u>8,557</u>
	<u>14,588,688</u>	<u>16,563,198</u>	<u>14,455,599</u>
Expenses			
Roads, streets, walks, lighting	10,225,988	8,778,221	9,129,388
Administration and legislative	2,666,864	2,253,663	1,889,290
Agricultural service board	900,606	845,396	982,734
Fire protection and safety services	496,068	529,775	498,753
Water supply and distribution	564,734	427,666	417,426
Economic development	615,040	383,279	412,978
Land use planning, zoning and development	536,518	372,872	419,176
Emergency services	343,074	354,376	219,283
Family and community support	268,635	323,984	301,559
Parks, recreation and culture	<u>40,927</u>	<u>35,884</u>	<u>33,636</u>
	<u>16,658,454</u>	<u>14,305,116</u>	<u>14,304,223</u>
Excess (Deficiency) of Revenue over Expenses Before Other Items	<u>(2,069,766)</u>	<u>2,258,082</u>	<u>151,376</u>
Other Items			
Net gain (loss) on disposal of tangible capital assets	-	122,144	(99,402)
Government transfers for capital (Schedule 3)	<u>5,892,977</u>	<u>3,632,018</u>	<u>3,530,140</u>
	<u>5,892,977</u>	<u>3,754,162</u>	<u>3,430,738</u>
Excess of Revenue over Expenses	3,823,211	6,012,244	3,582,114
Accumulated Surplus, Beginning of Year	<u>49,114,250</u>	<u>49,114,250</u>	<u>45,532,136</u>
Accumulated Surplus, End of Year	<u>\$ 52,937,461</u>	<u>\$ 55,126,494</u>	<u>\$ 49,114,250</u>

LAMONT COUNTY
STATEMENT OF CHANGES IN NET FINANCIAL ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2014

	<u>2014</u>	<u>2013</u>
Excess of Revenue over Expenses	\$ <u>6,012,244</u>	\$ <u>3,582,114</u>
Acquisition of tangible capital assets	(8,065,515)	(5,512,753)
Proceeds on disposal of tangible capital assets	222,908	124,337
Amortization of tangible capital assets	2,140,466	1,964,342
Gain (loss) on disposal of tangible capital assets	<u>(122,144)</u>	<u>99,402</u>
	<u>(5,824,285)</u>	<u>(3,324,672)</u>
Net use (acquisition) of inventory for consumption	(399,715)	229,633
Net use (acquisition) of prepaid expenses	<u>(10,632)</u>	<u>21,369</u>
	<u>(410,347)</u>	<u>251,002</u>
Increase In Net Financial Assets	(222,388)	508,444
Net Financial Assets, Beginning of Year	<u>13,980,043</u>	<u>13,471,599</u>
Net Financial Assets, End of Year	<u>\$13,757,655</u>	<u>\$13,980,043</u>

LAMONT COUNTY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2014

	<u>2014</u>	<u>2013</u>
Operating Activities		
Excess of revenue over expenses	\$ 6,012,244	\$ 3,582,114
Non-cash items included in excess of revenue over expenses:		
Amortization of tangible capital assets	2,140,466	1,964,342
(Gain) loss on disposal of tangible capital assets	<u>(122,144)</u>	<u>99,402</u>
	8,030,566	5,645,858
Change in non-cash working capital balances:		
Accounts receivable	498,550	1,144,638
Inventory for consumption	(399,715)	229,633
Prepaid expenses	(10,632)	21,369
Accounts payable and accrued liabilities	(528,038)	361,678
Deposit liabilities	(930,646)	463,384
Employee benefit obligations	23,991	28,608
Due to Landfill Commission	-	(1,974)
Due to Community Adult Learning Council	10,546	(9,381)
Deferred revenue	<u>286,910</u>	<u>(1,266,069)</u>
	<u>6,981,532</u>	<u>6,617,744</u>
Capital Activities		
Acquisition of tangible capital assets	(8,065,515)	(5,512,753)
Proceeds on sale of tangible capital assets	<u>222,908</u>	<u>124,337</u>
	<u>(7,842,607)</u>	<u>(5,388,416)</u>
Change in Cash for the Year	(861,075)	1,229,328
Cash, Beginning of Year	<u>17,737,100</u>	<u>16,507,772</u>
Cash, End of Year	<u>\$16,876,025</u>	<u>\$17,737,100</u>

LAMONT COUNTY

SCHEDULE 1

SCHEDULE OF TANGIBLE CAPITAL ASSETS

FOR THE YEAR ENDED DECEMBER 31, 2014

	Land	Buildings	Engineered Structures	Machinery and Equipment	Vehicles	2014	2013
COST:							
Balance, Beginning of Year	\$ 1,511,029	\$ 984,708	\$ 68,340,533	\$ 14,367,129	\$ 1,582,254	\$ 86,785,652	\$ 81,763,698
Acquisition of tangible capital assets	-	368,489	6,191,100	1,428,796	77,130	8,065,515	5,512,753
Disposal of tangible capital assets	-	-	(765,865)	(363,859)	(26,922)	(1,156,646)	(490,799)
Balance, End of Year	<u>1,511,029</u>	<u>1,353,197</u>	<u>73,765,768</u>	<u>15,432,066</u>	<u>1,632,462</u>	<u>93,694,521</u>	<u>86,785,652</u>
ACCUMULATED AMORTIZATION:							
Balance, Beginning of Year	-	469,828	46,703,227	5,273,038	793,971	53,240,064	51,542,781
Annual amortization	-	18,366	1,379,157	627,685	115,258	2,140,466	1,964,342
Accumulated amortization on disposals	-	-	(765,865)	(268,479)	(21,538)	(1,055,882)	(267,059)
Balance, End of Year	-	<u>488,194</u>	<u>47,316,519</u>	<u>5,632,244</u>	<u>887,691</u>	<u>54,324,648</u>	<u>53,240,064</u>
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	<u>\$ 1,511,029</u>	<u>\$ 865,003</u>	<u>\$ 26,449,249</u>	<u>\$ 9,799,822</u>	<u>\$ 744,771</u>	<u>\$ 39,369,873</u>	<u>\$ 33,545,588</u>

Cost includes construction in progress of \$1,651,781 (2013 - \$58,227). These amounts are not amortized until the asset is complete and in use.

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

LAMONT COUNTY

SCHEDULE 2

SCHEDULE OF PROPERTY TAXES

FOR THE YEAR ENDED DECEMBER 31, 2014

	<u>2014</u> (Budget) (Note 17)	<u>2014</u> (Actual)	<u>2013</u> (Actual)
Taxation			
Real property taxes	\$ 7,759,040	\$ 8,317,701	\$ 7,684,850
Linear property	<u>7,853,302</u>	<u>7,852,727</u>	<u>7,232,976</u>
	<u>15,612,342</u>	<u>16,170,428</u>	<u>14,917,826</u>
Requisitions			
Alberta School Foundation Fund	2,613,920	2,618,004	2,584,617
Lamont County Seniors Foundation	253,511	263,743	246,127
Landfill Requisition	<u>278,154</u>	<u>278,154</u>	<u>261,634</u>
	<u>3,145,585</u>	<u>3,159,901</u>	<u>3,092,378</u>
Net Municipal Taxes	<u>\$ 12,466,757</u>	<u>\$ 13,010,527</u>	<u>\$ 11,825,448</u>

LAMONT COUNTY

SCHEDULE 3

SCHEDULE OF GOVERNMENT TRANSFERS

FOR THE YEAR ENDED DECEMBER 31, 2014

	<u>2014</u> (Budget) (Note 17)	<u>2014</u> (Actual)	<u>2013</u> (Actual)
Transfers for operating			
Provincial Government	\$ 1,128,982	\$ 1,088,989	\$ 1,208,171
Other Local Governments	<u>13,463</u>	<u>13,463</u>	<u>13,463</u>
	<u>1,142,445</u>	<u>1,102,452</u>	<u>1,221,634</u>
Transfers for capital			
Provincial Government	<u>5,892,977</u>	<u>3,632,018</u>	<u>3,530,140</u>
Total Government Transfers	<u>\$ 7,035,422</u>	<u>\$ 4,734,470</u>	<u>\$ 4,751,774</u>

LAMONT COUNTY

SCHEDULE OF SEGMENTED DISCLOSURE

SCHEDULE 4

FOR THE YEAR ENDED DECEMBER 31, 2014

	Administration and legislative	Roads, streets, walks, lighting	Land use planning, zoning & development	Fire protection and safety services & Emergency services	Agricultural service board	Water supply and distribution	Parks, recreation and culture & FCSS	Total
REVENUE								
Net municipal taxes	\$ 13,010,527	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 13,010,527
Government transfers	199,960	4,131,139	-	17,477	170,991	-	214,903	4,734,470
Sales and user charges	254,580	189,840	35,219	230,118	1,570	191,452	143,820	1,046,599
Penalties and costs on taxes	60,459	-	-	-	-	-	-	60,459
Rentals	16,437	-	-	-	880	-	-	17,317
Investment income	287,134	-	-	-	-	-	-	287,134
Licenses, permits and fees	-	-	80,374	3,915	-	-	-	84,289
Offsite Levies	-	-	930,646	-	-	-	-	930,646
Other revenues	17,099	125,685	-	-	3,020	-	115	145,919
	<u>13,846,196</u>	<u>4,446,664</u>	<u>1,046,239</u>	<u>251,510</u>	<u>176,461</u>	<u>191,452</u>	<u>358,838</u>	<u>20,317,360</u>
EXPENSES								
Salaries, wages and benefits	994,681	3,138,724	447,819	246,337	536,707	-	204,201	5,568,469
Materials, goods, supplies and utilities	86,072	3,361,041	5,636	72,444	53,687	105,673	17,705	3,702,258
Contracted and general services	669,463	401,289	299,196	460,439	177,213	216,909	102,825	2,327,334
Transfers to local boards and agencies	158,118	-	3,500	20,614	-	-	35,137	217,369
Purchases from other governments	197,932	-	-	-	-	-	-	197,932
Bank charges and short-term interest	2,747	-	-	-	-	-	-	2,747
Provision for allowances	141,565	-	-	6,976	-	-	-	148,541
	<u>2,250,578</u>	<u>6,901,054</u>	<u>756,151</u>	<u>806,810</u>	<u>767,607</u>	<u>322,582</u>	<u>359,868</u>	<u>12,164,650</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES BEFORE AMORTIZATION	<u>11,595,618</u>	<u>(2,454,390)</u>	<u>290,088</u>	<u>(555,300)</u>	<u>(591,146)</u>	<u>(131,130)</u>	<u>(1,030)</u>	<u>8,152,710</u>
Amortization of tangible capital assets	3,085	1,877,167	-	77,341	77,789	105,084	-	2,140,466
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	<u>\$ 11,592,533</u>	<u>\$ (4,331,557)</u>	<u>\$ 290,088</u>	<u>\$ (632,641)</u>	<u>\$ (668,935)</u>	<u>\$ (236,214)</u>	<u>\$ (1,030)</u>	<u>\$ 6,012,244</u>

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

LAMONT COUNTY

SCHEDULE 5

SCHEDULE OF EXPENDITURES BY OBJECT

FOR THE YEAR ENDED DECEMBER 31, 2014

	<u>2014</u> (Budget) (Note 17)	<u>2014</u> (Actual)	<u>2013</u> (Actual)
Salaries, wages and benefits	\$ 6,011,766	\$ 5,568,469	\$ 5,404,797
Materials, goods, supplies and utilities	4,326,206	3,702,258	3,563,977
Contracted and general services	4,781,706	2,327,334	3,243,235
Amortization of tangible capital assets	1,132,984	2,140,466	1,964,342
Transfers to local boards and agencies	254,399	217,369	171,659
Purchases from other governments	124,593	197,932	124,592
Bank charges and short-term interest	2,800	2,747	2,364
Provision for allowances	<u>24,000</u>	<u>148,541</u>	<u>(170,743)</u>
	<u>\$ 16,658,454</u>	<u>\$ 14,305,116</u>	<u>\$ 14,304,223</u>

LAMONT COUNTY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014

1. SIGNIFICANT ACCOUNTING POLICIES

These financial statements are the representations of the County's 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

These financial statements reflect the assets, liabilities, revenues, and expenditures, and changes in equity balances and cash flows of the County.

(b) Basis of Accounting

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

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

(c) Use of Estimates

The preparation of 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 financial statements, and the reported amounts of revenue and expenditure during the period. Where management uncertainty exists, the financial statements have been prepared within reasonable limits of materiality. Actual results could differ from those estimates.

(d) Cash and cash equivalents

Cash includes cash and cash equivalents. Cash equivalents are investments in guaranteed investment certificates and are valued at cost. The carrying amounts approximate fair value.

(e) Investments

Investments are recorded at amortized cost. Investment premiums and discounts are amortized on a 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 recognize the loss.

(f) Requisition of Over-Levies and Under-Levies

Over-levies and under-levies arise from the difference between the actual 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. In situations 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.

(g) Government Transfers

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, any eligibility criteria have been met by the County, and reasonable estimates of the amounts can be made.

(Continues)

LAMONT COUNTY

NOTES TO FINANCIAL STATEMENTS (CONT'D)

DECEMBER 31, 2014

1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(h) 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 consolidated change in net financial assets for the year.

i) Tangible Capital Assets

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

Buildings	25-50 years
Engineered structures	
Water system	35-75 years
Other engineered structures	5-60 years
Machinery and equipment	5-40 years
Vehicles	10-25 years

A full year of amortization is charged in the year of acquisition and none in the year of disposal. Assets under construction are not amortized until the asset is available for productive use.

ii) Contributions of Tangible Capital Assets

Tangible capital assets received as contributions are recorded at fair value at the date of receipt and also are recorded as revenue.

iii) Leases

Leases are classified as capital or operating leases. Leases which transfer substantially all of the benefits and risks incidental to ownership of property are accounted for as capital leases. All other leases are accounted for as operating leases and the related lease payments are charged to expenses as incurred.

iv) Inventories

Inventories held for consumption are recorded at the lower of cost and replacement cost.

LAMONT COUNTY
NOTES TO FINANCIAL STATEMENTS (CONT'D)
DECEMBER 31, 2014

2. CASH AND TEMPORARY INVESTMENTS

	<u>2014</u>	<u>2013</u>
Cash	\$ 4,621,646	\$ 7,613,639
Guaranteed investment certificates	12,251,777	10,120,859
Temporary investments	<u>2,602</u>	<u>2,602</u>
	<u>\$16,876,025</u>	<u>\$17,737,100</u>

Guaranteed investment certificates are short term deposits that mature during 2015 and earn interest at rates from 1.58% to 1.87%.

3. ACCOUNTS RECEIVABLE

	<u>2014</u>	<u>2013</u>
Due from governments	\$ 746,436	\$ 515,164
Trade and other receivables	168,486	474,591
Property taxes	305,484	434,294
Goods and Services Tax	<u>333,303</u>	<u>373,612</u>
	1,553,709	1,797,661
Less: Allowance for doubtful accounts	<u>(643,402)</u>	<u>(388,804)</u>
	<u>\$ 910,307</u>	<u>\$ 1,408,857</u>

4. DEPOSIT LIABILITIES

	<u>2014</u>	<u>2013</u>
	<u>\$ 537,229</u>	<u>\$ 1,467,875</u>

The County has collected amounts from various companies as a condition of development agreements for developments or subdivisions located in the Heartland Region.

LAMONT COUNTY

NOTES TO FINANCIAL STATEMENTS (CONT'D)

DECEMBER 31, 2014

5. DEFERRED REVENUE

	<u>2014</u>	<u>2013</u>
Municipal Sustainability Initiative grant	\$ 1,236,324	\$ 1,004,977
FCSS - sponsorship and donations	105,337	100,181
Rural broadband grant	86,343	85,000
Alberta Community Partnership grant	50,790	-
FSEPP grant	44,628	36,340
Road bonds - Apache and Encana	30,000	30,000
Planning referral fee	2,701	12,721
Regional partnership	1,868	1,868
Partnership funding grant	<u>376</u>	<u>370</u>
	<u>\$ 1,558,367</u>	<u>\$ 1,271,457</u>

Funding received from the various grant programs, construction bonds and donations, as noted above are restricted to the eligible operating and capital projects as approved in the funding agreements. These amounts are recognized as revenue in the period in which the related expenditures are incurred.

6. EMPLOYEE BENEFIT OBLIGATIONS

	<u>2014</u>	<u>2013</u>
Vacation payable	\$ 141,939	\$ 123,022
Overtime payable	15,891	9,054
Earned day off payable	<u>3,870</u>	<u>5,633</u>
	<u>\$ 161,700</u>	<u>\$ 137,709</u>

The vacation, overtime and earned day off liability is comprised of benefits 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 year.

7. DUE TO COMMUNITY ADULT LEARNING COUNCIL

The County handles the administration of the Community Adult Learning Council. At the end of the year the County owed \$79,403 (2013 - \$68,857) to the Community Adult Learning Council.

8. INVENTORY FOR CONSUMPTION

	<u>2014</u>	<u>2013</u>
Gravel and road materials	\$ 1,426,044	\$ 1,068,394
Public Works	356,124	327,342
Agricultural services	<u>44,962</u>	<u>31,679</u>
	<u>\$ 1,827,130</u>	<u>\$ 1,427,415</u>

LAMONT COUNTY

NOTES TO FINANCIAL STATEMENTS (CONT'D)

DECEMBER 31, 2014

9. EQUITY IN TANGIBLE CAPITAL ASSETS

	<u>2014</u>	<u>2013</u>
Tangible capital assets (Schedule 1)	\$ 93,694,521	\$ 86,785,652
Accumulated amortization (Schedule 1)	<u>(54,324,648)</u>	<u>(53,240,064)</u>
	<u>\$ 39,369,873</u>	<u>\$ 33,545,588</u>

10. ACCUMULATED SURPLUS

	<u>2014</u>	<u>2013</u>
Unrestricted surplus	\$ _____ -	\$ _____ -
Restricted surplus		
Roads - operating	3,004,250	3,004,250
General - operating	740,085	740,085
Aggregate levy - operating	453,549	215,625
Fire - operating	226,000	226,000
Statutory Plan Reviews - professional fees - operating	55,000	55,000
Heartland Implementation Plan - professional fees - operating	50,000	50,000
Industrial Development - professional fees - operating	37,000	50,000
Heartland Project Team - professional fees - operating	25,000	25,000
Library - operating	10,123	11,153
Road construction - capital	3,434,678	3,650,000
Vehicle and equipment replacement - capital	3,393,398	3,393,398
Bridge replacement - capital	1,040,597	1,040,597
Utility - capital	1,000,000	1,000,000
General - capital	723,600	723,600
Building - capital	705,378	505,378
Emergency services - capital	594,200	614,813
Projects - capital	163,763	163,763
Computer - capital	<u>100,000</u>	<u>100,000</u>
	<u>15,756,621</u>	<u>15,568,662</u>
Equity in tangible capital assets (Note 9)	<u>39,369,873</u>	<u>33,545,588</u>
	<u>\$ 55,126,494</u>	<u>\$ 49,114,250</u>

LAMONT COUNTY

NOTES TO FINANCIAL STATEMENTS (CONT'D)

DECEMBER 31, 2014

11. SALARIES AND BENEFITS DISCLOSURE

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

	<u>Salary (1)</u>	<u>Benefits and Allowances (2)</u>	<u>Total</u> <u>2014</u>	<u>2013</u>
Reeve				
W. Woldanski	47,019	7,695	54,714	50,834
Councillors				
D. Warawa - Deputy Reeve	43,999	7,426	51,425	47,567
R. Anaka	40,979	7,158	48,137	44,301
R. Malica	40,979	7,158	48,137	7,205
R. Bryks	40,979	3,904	44,883	6,893
C. Klita	-	-	-	36,919
D. McCartney	-	-	-	33,849
County Manager				
A. Harvey (3)	150,457	31,696	182,153	177,564

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

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

(3) Benefits and allowances figures also include the employer's share of the costs of additional taxable benefits including special leave with pay, financial and retirement planning services, concessionary loans, travel allowances, car allowances and club memberships.

LAMONT COUNTY

NOTES TO FINANCIAL STATEMENTS (CONT'D)

DECEMBER 31, 2014

12. 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>2014</u>	<u>2013</u>
Total debt limit	\$ 24,844,797	\$ 21,683,399
Total debt	<u>-</u>	<u>-</u>
Amount of total debt limit unused	<u>\$ 24,844,797</u>	<u>\$ 21,683,399</u>
Debt servicing limit	\$ 4,140,800	\$ 3,613,900
Debt servicing	<u>-</u>	<u>-</u>
Amount of debt servicing limit unused	<u>\$ 4,140,800</u>	<u>\$ 3,613,900</u>

The debt limit is calculated at 1.50 times revenue of the County (as defined in the Alberta Regulation 255/2000) and the debt service limit is calculated as 0.25 times such revenue. Incurring debt beyond these limitations requires approval by the Minister of Municipal Affairs. These thresholds are a conservative guideline used by Alberta Municipal Affairs to identify municipalities that could be at a 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.

13. CONTINGENCIES

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.

14. LOCAL AUTHORITIES PENSION PLAN

Employees of the County participate in the Local Authorities Pension Plan (LAPP), which is covered by the *Public Sector Pension Plans Act*. LAPP is financed by employer and employee contributions and 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 11.39% of pensionable earnings up to the Canada Pension Plan year's maximum pensionable earnings and 15.84% on pensionable earnings above this amount. Employees of the County are required to make current service contributions of 10.39% of pensionable earnings up to the year's maximum pensionable earnings and 14.84% on pensionable earnings above this amount.

Total current and past service contributions made by the County to the LAPP in 2014 were \$404,196 (2013 - \$349,530). Total current and past service contributions made by the employees of the County to the LAPP in 2014 were \$370,223 (2013 - \$319,892).

At December 31, 2013, the LAPP disclosed an actuarial deficit of \$ 4.8 billion (2012 - \$5 billion).

LAMONT COUNTY

NOTES TO FINANCIAL STATEMENTS (CONT'D)

DECEMBER 31, 2014

15. FINANCIAL INSTRUMENTS

The County's financial instruments consist of cash and temporary investments, accounts receivables, accounts payable and accrued liabilities and deposit liabilities. It is management's opinion that the County is not exposed to significant interest, liquidity or currency risk arising from these financial instruments.

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

Unless otherwise noted, the fair value of these financial instruments approximates their carrying value.

16. SEGMENTED DISCLOSURE

The County provides a range of services to its residents. For each reported segment, revenues and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. The accounting policies used in these segments are consistent with those followed in the preparation of the financial statements as disclosed in Note 1. For additional information see the Schedule of Segment Disclosure (Schedule 4).

17. BUDGET

The budget figures are provided for information purposes only and have not been audited.

18. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved by Council and Management.