

**LAC STE. ANNE COUNTY**

**SANGUDO, ALBERTA**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED DECEMBER 31, 2021**

## INDEPENDENT AUDITORS' REPORT

To the Reeve and Council of Lac Ste. Anne County

### *Opinion*

We have audited the accompanying financial statements of Lac Ste. Anne County (the "County"), which comprise the statement of financial position as at December 31, 2021, and the statements of operations, change in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Lac Ste. Anne County as at December 31, 2021, 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.

### *Basis for Opinion*

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

### *Responsibilities of Management and Those Charged with Governance for the Financial Statements*

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian public sector accounting standards, and for such 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.

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

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

*(continues)*



*Auditors' Responsibility for the Audit of the Financial Statements*

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

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

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

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

**METRIX GROUP LLP**

Chartered Professional Accountants

Edmonton, Alberta

April 14, 2022

**LAC STE. ANNE COUNTY**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT DECEMBER 31, 2021**

	<u>2021</u>	<u>2020</u>
<b>FINANCIAL ASSETS</b>		
Cash	\$ 8,515,599	\$ 6,785,318
Accounts receivable (Note 2)	5,433,590	3,689,214
Loans receivable (Note 3)	1,957,499	2,203,654
Long-term investments (Note 4)	<u>1,138,244</u>	<u>1,113,583</u>
	<u>17,044,932</u>	<u>13,791,769</u>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities (Note 7)	4,034,293	1,546,587
Deposit liabilities (Note 8)	1,884,903	1,849,903
Deferred revenue (Note 9)	2,727,434	2,738,172
Long-term debt (Note 10)	<u>8,365,617</u>	<u>5,177,987</u>
	<u>17,012,247</u>	<u>11,312,649</u>
<b>NET FINANCIAL ASSETS</b>	<u>32,685</u>	<u>2,479,120</u>
<b>NON-FINANCIAL ASSETS</b>		
Inventory for consumption (Note 5)	599,908	578,348
Prepaid expenses	475,740	155,755
Tangible capital assets (Schedule 1)	<u>66,069,630</u>	<u>62,349,902</u>
	<u>67,145,278</u>	<u>63,084,005</u>
<b>ACCUMULATED SURPLUS (Note 12)</b>	<u>\$ 67,177,963</u>	<u>\$ 65,563,125</u>

CONTINGENCIES (Note 15)

ON BEHALF OF COUNTY COUNCIL:



Reeve

County Manager

**LAC STE. ANNE COUNTY**  
**STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**

	Budget 2021 (Note 19)	Actual 2021	Actual 2020
<b>Revenue</b>			
Net taxation (Schedule 2)	\$ 17,096,697	\$ 16,961,753	\$ 17,336,139
Sales and user charges	3,089,550	3,422,651	2,929,600
Government transfers for operating (Schedule 3)	2,115,639	1,824,764	2,280,458
Penalties and costs on taxes	616,000	718,541	756,404
Rentals	237,092	232,166	191,713
Return on investments	119,600	94,752	118,015
Licenses and permits	<u>106,750</u>	<u>80,755</u>	<u>65,492</u>
	<u>23,381,328</u>	<u>23,335,382</u>	<u>23,677,821</u>
<b>Expenses</b>			
Public works	13,992,282	12,784,395	13,642,872
General administration	5,351,564	5,046,270	5,332,150
Protective services	2,135,619	2,023,064	1,922,161
Parks and recreation	1,317,184	1,198,710	1,003,349
Agricultural services	1,197,374	1,139,920	992,437
Water and wastewater	1,231,772	986,508	424,290
Waste management	1,021,017	963,353	931,675
Planning, land and economic development	1,022,229	806,950	647,898
Council and other legislative	608,652	634,328	517,124
Family and community support services	<u>414,782</u>	<u>494,340</u>	<u>361,913</u>
	<u>28,292,475</u>	<u>26,077,838</u>	<u>25,775,869</u>
<b>Deficiency Before Other Items</b>	<u>(4,911,147)</u>	<u>(2,742,456)</u>	<u>(2,098,048)</u>
<b>Other Items</b>			
Government transfers for capital (Schedule 3)	4,282,826	3,616,443	2,065,289
Gain on disposal of tangible capital assets	813,607	704,551	472,366
Contributed tangible capital assets	<u>-</u>	<u>36,300</u>	<u>400</u>
	<u>5,096,433</u>	<u>4,357,294</u>	<u>2,538,055</u>
<b>Excess of Revenue over Expenses</b>	185,286	1,614,838	440,007
<b>Accumulated Surplus, Beginning of Year</b>	<u>65,563,125</u>	<u>65,563,125</u>	<u>65,123,118</u>
<b>Accumulated Surplus, End of Year</b>	<u>\$ 65,748,411</u>	<u>\$ 67,177,963</u>	<u>\$ 65,563,125</u>

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

**LAC STE. ANNE COUNTY**  
**STATEMENT OF CHANGES IN NET FINANCIAL ASSETS**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**

	<u>2021</u>	<u>2020</u>
<b>Excess of Revenue over Expenses</b>	<b>\$ <u>1,614,838</u></b>	<b>\$ <u>440,007</u></b>
Acquisition of tangible capital assets	(8,045,775)	(5,537,454)
Contributed tangible capital assets	(36,300)	(400)
Proceeds on disposal of tangible capital assets	722,426	752,636
Amortization of tangible capital assets	4,344,471	4,112,849
Gain on disposal of tangible capital assets	<u>(704,551)</u>	<u>(472,366)</u>
	<b><u>(3,719,729)</u></b>	<b><u>(1,144,735)</u></b>
Use (acquisition) of inventory for consumption	(21,560)	171,546
Use (acquisition) of prepaid expenses	<u>(319,984)</u>	<u>226,156</u>
	<b><u>(341,544)</u></b>	<b><u>397,702</u></b>
<b>Increase In Net Financial Assets</b>	<b>(2,446,435)</b>	<b>(307,026)</b>
<b>Net Financial Assets, Beginning of Year</b>	<b><u>2,479,120</u></b>	<b><u>2,786,146</u></b>
<b>Net Financial Assets, End of Year</b>	<b>\$ <u><u>32,685</u></u></b>	<b>\$ <u><u>2,479,120</u></u></b>

**LAC STE. ANNE COUNTY**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**

	<u>2021</u>	<u>2020</u>
<b>Operating Activities</b>		
Excess of revenue over expenses	\$ 1,614,838	\$ 440,007
Non-cash items included in excess of revenue over expenses:		
Amortization of tangible capital assets	4,344,471	4,112,849
Contributed tangible capital assets	(36,300)	(400)
Gain on disposal of tangible capital assets	<u>(704,551)</u>	<u>(472,366)</u>
	<u>5,218,458</u>	<u>4,080,090</u>
Change in non-cash working capital balances:		
Accounts receivable	(1,744,376)	1,406,655
Loans receivable	246,155	239,842
Inventory for consumption	(21,560)	171,546
Prepaid expenses	(319,984)	226,156
Accounts payable and accrued liabilities	2,487,706	(296,608)
Deposit liabilities	35,000	(61,332)
Deferred revenue	<u>(10,738)</u>	<u>1,556,276</u>
	<u>672,203</u>	<u>3,242,535</u>
	<u>5,890,661</u>	<u>7,322,625</u>
<b>Financing Activities</b>		
Long-term debt proceeds	4,021,163	1,455,250
Long-term debt principal repayments	<u>(833,533)</u>	<u>(547,373)</u>
	<u>3,187,630</u>	<u>907,877</u>
<b>Capital Activities</b>		
Acquisition of tangible capital assets	(8,045,775)	(5,537,454)
Proceeds on sale of tangible capital assets	<u>722,426</u>	<u>752,636</u>
	<u>(7,323,349)</u>	<u>(4,784,818)</u>
<b>Investing Activities</b>		
Change in long-term investments	<u>(24,661)</u>	<u>(35,730)</u>
<b>Change in Cash for the Year</b>	<b>1,730,281</b>	<b>3,409,954</b>
<b>Cash, Beginning of Year</b>	<u><b>6,785,318</b></u>	<u><b>3,375,364</b></u>
<b>Cash, End of Year</b>	<u><b>\$ 8,515,599</b></u>	<u><b>\$ 6,785,318</b></u>

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

LAC STE. ANNE COUNTY

SCHEDULE 1

SCHEDULE OF TANGIBLE CAPITAL ASSETS

FOR THE YEAR ENDED DECEMBER 31, 2021

	Land	Land Improvements	Buildings	Engineered Structures	Machinery and Equipment	Vehicles	2021	2020
<b>COST:</b>								
Balance, Beginning of Year	\$ 12,059,758	\$ 3,478,707	\$ 16,995,847	\$ 116,792,532	\$ 11,908,937	\$ 8,054,305	\$ 169,290,086	\$ 166,409,848
Acquisition of tangible capital assets	36,300	21,645	70,061	5,073,204	2,481,284	399,581	8,082,075	5,537,854
Disposal of tangible capital assets	(650)	-	-	(1,371,867)	(1,776,081)	(552,236)	(3,700,834)	(2,657,616)
Balance, End of Year	<u>12,095,408</u>	<u>3,500,352</u>	<u>17,065,908</u>	<u>120,493,869</u>	<u>12,614,140</u>	<u>7,901,650</u>	<u>173,671,327</u>	<u>169,290,086</u>
<b>ACCUMULATED AMORTIZATION:</b>								
Balance, Beginning of Year	-	1,560,762	3,516,117	87,563,722	8,053,592	6,245,991	106,940,184	105,204,681
Annual amortization	-	129,287	454,162	1,855,969	1,597,479	307,574	4,344,471	4,112,849
Accumulated amortization on disposals	-	-	-	(1,371,867)	(1,776,081)	(535,010)	(3,682,958)	(2,377,346)
Balance, End of Year	-	<u>1,690,049</u>	<u>3,970,279</u>	<u>88,047,824</u>	<u>7,874,990</u>	<u>6,018,555</u>	<u>107,601,697</u>	<u>106,940,184</u>
<b>NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS</b>	<u>\$ 12,095,408</u>	<u>\$ 1,810,303</u>	<u>\$ 13,095,629</u>	<u>\$ 32,446,045</u>	<u>\$ 4,739,150</u>	<u>\$ 1,883,095</u>	<u>\$ 66,069,630</u>	<u>\$ 62,349,902</u>

Cost includes construction in progress of \$6,347,577 (2020 - \$2,243,724). These amounts are not amortized until the asset is complete and in use.



**LAC STE. ANNE COUNTY**  
**SCHEDULE OF PROPERTY TAXES**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**

**SCHEDULE 2**

	<u>2021</u> (Budget) (Note19)	<u>2021</u> (Actual)	<u>2020</u> (Actual)
<b>Taxation</b>			
Residential	\$ 12,251,958	\$ 12,214,966	\$ 12,137,742
Linear	6,051,835	6,046,070	6,228,139
Machinery and equipment	1,390,845	1,384,265	1,595,569
Commercial	1,098,962	1,066,920	1,176,532
Farmland	944,218	944,610	866,866
Grants in lieu of taxes	45,017	45,005	24,116
Recreation facility and program assistance tax	584,000	521,100	450,905
Police	353,736	352,756	234,609
Small business tax	348,848	339,178	291,415
Wastewater maintenance tax	250,000	256,265	253,905
Aggregate levy	150,000	149,837	233,063
Cherhill sewer levy	4,940	4,940	4,940
School requisitions over/under levy	<u>(39,690)</u>	<u>(23,528)</u>	<u>(76,035)</u>
	<u>23,434,669</u>	<u>23,302,384</u>	<u>23,421,766</u>
<b>Deduct:</b>			
Alberta School Foundation Fund	5,510,367	5,500,945	5,385,492
Lac Ste. Anne Foundation	450,513	450,513	437,851
Police	353,736	363,824	236,115
Designated Industrial	<u>23,356</u>	<u>25,349</u>	<u>26,169</u>
	<u>6,337,972</u>	<u>6,340,631</u>	<u>6,085,627</u>
<b>Net Taxation</b>	<u>\$ 17,096,697</u>	<u>\$ 16,961,753</u>	<u>\$ 17,336,139</u>

**LAC STE. ANNE COUNTY**  
**SCHEDULE OF GOVERNMENT TRANSFERS**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**

**SCHEDULE 3**

	<u>2021</u> (Budget) (Note19)	<u>2021</u> (Actual)	<u>2020</u> (Actual)
<b>Government transfers for operating</b>			
Provincial	\$ 2,115,639	\$ 1,824,764	\$ 2,280,458
<b>Government transfers for capital</b>			
Provincial	<u>4,282,826</u>	<u>3,616,443</u>	<u>2,065,289</u>
<b>Total Government Transfers</b>	<u>\$ 6,398,465</u>	<u>\$ 5,441,207</u>	<u>\$ 4,345,747</u>

LAC STE. ANNE COUNTY

SCHEDULE 4

SCHEDULE OF SEGMENTED INFORMATION

FOR THE YEAR ENDED DECEMBER 31, 2021

	Public Works	General Administration	Protective Services	Planning and Development	Waste Management	Parks and Recreation	Other	Total
<b>REVENUE</b>								
Net taxation	\$ -	\$ 16,179,448	\$ -	\$ -	\$ -	\$ 521,100	\$ 261,205	\$ 16,961,753
Sales and user charges	136,674	416,264	703,957	428,271	969,600	329,658	438,227	3,422,651
Government transfers for operating	1,076,369	27,416	-	-	-	2	720,977	1,824,764
Penalties and costs on taxes	-	718,541	-	-	-	-	-	718,541
Rentals	1,050	150,946	77,768	-	-	-	2,402	232,166
Return on investments	9,523	85,229	-	-	-	-	-	94,752
Licenses and permits	7,696	-	49,359	23,700	-	-	-	80,755
	<u>1,231,312</u>	<u>17,577,844</u>	<u>831,084</u>	<u>451,971</u>	<u>969,600</u>	<u>850,760</u>	<u>1,422,811</u>	<u>23,335,382</u>
<b>EXPENSES</b>								
Salaries, wages and benefits	3,391,711	2,077,749	1,016,629	684,495	390,416	66,587	1,717,247	9,344,834
Contracted and general services	3,040,289	1,855,712	504,311	109,919	83,118	95,530	1,055,956	6,844,835
Amortization of tangible capital assets	3,314,134	469,915	248,132	-	68,862	97,316	146,113	4,344,472
Materials, goods and utilities	2,955,982	591,207	253,993	9,359	81,332	143,320	281,712	4,316,905
Transfers to governments	-	51,528	-	-	339,625	795,956	24,676	1,211,785
Interest on long-term debt	82,278	-	-	3,178	-	-	29,392	114,848
Bank charges and short-term interest	-	35,843	-	-	-	-	-	35,843
Provision for allowances	-	(135,684)	-	-	-	-	-	(135,684)
	<u>12,784,394</u>	<u>5,046,270</u>	<u>2,023,065</u>	<u>806,951</u>	<u>963,353</u>	<u>1,198,709</u>	<u>3,255,096</u>	<u>26,077,838</u>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES BEFORE OTHER ITEMS</b>	<u>\$ (11,553,082)</u>	<u>\$ 12,531,574</u>	<u>\$ (1,191,981)</u>	<u>\$ (354,980)</u>	<u>\$ 6,247</u>	<u>\$ (347,949)</u>	<u>\$ (1,832,285)</u>	<u>\$ (2,742,456)</u>

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

**LAC STE. ANNE COUNTY**  
**SCHEDULE OF EXPENDITURES BY OBJECT**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**

**SCHEDULE 5**

	<u>2021</u> (Budget) (Note 19)	<u>2021</u> (Actual)	<u>2020</u> (Actual)
Salaries, wages and benefits	\$ 9,756,719	\$ <b>9,344,834</b>	\$ 8,596,314
Contracted and general services	7,668,422	<b>6,844,835</b>	5,941,831
Amortization	4,354,228	<b>4,344,472</b>	4,112,850
Materials, goods and utilities	4,777,971	<b>4,316,905</b>	4,998,760
Transfers to governments, agencies and organizations	1,162,535	<b>1,211,785</b>	1,007,311
Interest on long-term debt	114,853	<b>114,848</b>	90,505
Bank charges and short-term interest	55,000	<b>35,843</b>	41,341
Provision for allowances	<u>402,747</u>	<u><b>(135,684)</b></u>	<u>986,957</u>
	<b><u>\$ 28,292,475</u></b>	<b><u>\$ 26,077,838</u></b>	<b><u>\$ 25,775,869</u></b>

See accompanying notes to the financial statements.

**LAC STE. ANNE COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

**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

Cash includes chequing and savings accounts and cash on hand amounts that are readily converted into known amounts of cash and are subject to an insignificant change in 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) Loans receivable

Loans receivable are recorded at cost. Interest revenue is recognized as revenue in the year it is earned.

(g) Local Improvements

Construction and borrowing costs associated with local improvement projects are recovered through annual special levies that are approved by bylaw. These levies are collectible from the affected property owners and are levied over the estimated lifetime of the project. Revenues from local improvement levies are recognized in full in the period in which the local improvement project is completed.

(h) 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.

LAC STE. ANNE COUNTY

NOTES TO FINANCIAL STATEMENTS (CONT'D)

DECEMBER 31, 2021

**1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

(i) 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.

(j) Non-Financial Assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the normal course of operations. The change in non-financial assets during the year, together with the excess of revenues over expenses, provides the 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:

Land improvements	15-50 years
Buildings	25-50 years
Engineered structures	5-90 years
Machinery and equipment	5-40 years
Vehicles	3-20 years

One-half of the annual amortization is charged in the year of acquisition and in the year of disposal. Assets under construction are not amortized until the asset is available for productive use.

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 or net realizable value with cost determined by the average cost method.

**LAC STE. ANNE COUNTY**  
**NOTES TO FINANCIAL STATEMENTS (CONT'D)**  
**DECEMBER 31, 2021**

**2. ACCOUNTS RECEIVABLE**

	<u>2021</u>	<u>2020</u>
Property taxes	\$ 5,599,538	\$ 4,803,539
Trade	1,634,543	722,330
Government transfers	293,804	659,926
Goods and Services Tax	253,632	165,338
Accrued interest	<u>-</u>	<u>14,830</u>
	<b>7,781,517</b>	<b>6,365,963</b>
Less: Allowance for doubtful accounts	<u>(2,347,927)</u>	<u>(2,676,749)</u>
	<b><u>\$ 5,433,590</u></b>	<b><u>\$ 3,689,214</u></b>

**3. LOAN RECEIVABLES**

	<u>2021</u>	<u>2020</u>
Lac Ste. Anne Foundation, unsecured, repayable in semi-annual payments of \$112,072 including interest at 4.779%, due September 15, 2031.	<b>\$ 1,790,218</b>	<b>\$ 1,927,026</b>
Town of Onoway, unsecured, non-interest bearing and is repayable in annual installments of \$100,000, due December 31, 2022.	<b>100,000</b>	<b>200,000</b>
Rich Valley Agricultural Society, unsecured, non-interest bearing and is repayable in annual payments of \$6,848, due December 15, 2029.	<b>54,781</b>	<b>60,000</b>
Darwell Public Library Society, unsecured, non-interest bearing and is repayable in annual payments of \$2,500, due January 15, 2026.	<u>12,500</u>	<u>16,628</u>
	<b><u>\$ 1,957,499</u></b>	<b><u>\$ 2,203,654</u></b>

**LAC STE. ANNE COUNTY**  
**NOTES TO FINANCIAL STATEMENTS (CONT'D)**  
**DECEMBER 31, 2021**

**4. LONG-TERM INVESTMENTS**

	<u>2021</u>	<u>2020</u>
Guaranteed investment certificates, matured in 2021.	\$ -	\$ 469,728
Investment account cash	1,006,840	515,777
Servus Credit Union Ltd. common shares.	<u>131,404</u>	<u>128,078</u>
	<u>\$ 1,138,244</u>	<u>\$ 1,113,583</u>

**5. INVENTORY FOR CONSUMPTION**

	<u>2021</u>	<u>2020</u>
Parts, culverts and other	\$ 473,942	\$ 450,342
Gravel	<u>125,966</u>	<u>128,006</u>
	<u>\$ 599,908</u>	<u>\$ 578,348</u>

**6. BANK INDEBTEDNESS**

The current account overdraft and bank indebtedness are payable on demand with interest payable monthly at prime minus 0.25%. The County has an authorized current account overdraft limit of \$10,000,000 and an authorized demand term loan limit of \$5,300,000 at December 31, 2021. Demand term loans totaling \$1,758,928 are outstanding at December 31, 2021 (2020 - \$2,281,335). See Note 10 for demand term loan details.



**LAC STE. ANNE COUNTY**  
**NOTES TO FINANCIAL STATEMENTS (CONT'D)**  
**DECEMBER 31, 2021**

**7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

	<u>2021</u>	<u>2020</u>
Trade	\$ 3,392,778	\$ 1,017,677
Earned vacation liability	574,809	459,687
Construction holdbacks	35,033	38,819
Accrued interest on long-term debt	<u>31,673</u>	<u>30,404</u>
	<b><u>\$ 4,034,293</u></b>	<b><u>\$ 1,546,587</u></b>

**8. DEPOSIT LIABILITIES**

	<u>2021</u>	<u>2020</u>
Road damage deposits	\$ 1,061,000	\$ 1,071,500
Development trust	677,783	632,283
Tax sale surplus	<u>146,120</u>	<u>146,120</u>
	<b><u>\$ 1,884,903</u></b>	<b><u>\$ 1,849,903</u></b>

**9. DEFERRED REVENUE**

Deferred revenue consists of the following amounts, which have been restricted by third parties for a specified purpose. These amounts are recognized as revenue in the period in which the related expenditures are incurred.

	<u>2021</u>	<u>2020</u>
Provincial government transfers		
Federal gas tax fund grant	\$ 1,807,031	\$ 738,105
Alberta Agriculture	456,811	271,143
Collaboration and partnership grants	187,718	187,718
Municipal sustainability initiative grant	88,994	1,064,120
Family and community support services grant	72,086	65,339
Other provincial grants	26,009	26,009
Municipal stimulus grant	-	312,000
Other	<u>88,785</u>	<u>73,738</u>
	<b><u>\$ 2,727,434</u></b>	<b><u>\$ 2,738,172</u></b>

LAC STE. ANNE COUNTY

NOTES TO FINANCIAL STATEMENTS (CONT'D)

DECEMBER 31, 2021

10. LONG-TERM DEBT

	<u>2021</u>	<u>2020</u>
Debenture debt held by the Government of Alberta, repayable in semi-annual installments of \$106,946 including interest at 2.48%; due December 15, 2026. Relates to capital road projects.	\$ 1,000,000	\$ -
Debenture debt held by the Government of Alberta, repayable in semi-annual installments of \$53,750 including interest at 1.13%; due June 15, 2026. Relates to building purchase.	470,358	-
Debenture debt held by the Government of Alberta, repayable in semi-annual installments of \$104,767 including interest at 1.828%; due June 15, 2031. Relates to capital road projects.	1,819,721	-
Debenture debt held by the Government of Alberta, repayable in semi-annual installments of \$34,282 including interest at 2.85%; due December 15, 2031. Relates to capital road projects.	592,942	-
Demand term loan with Servus Credit Union repayable in monthly installments of \$25,830 including interest at 2.5%; due May 1, 2025. Relates to capital road projects.	1,013,970	1,294,769
Demand term loan with Servus Credit Union, repayable in monthly installments of \$20,134 plus interest at 3.7%; due January 1, 2025. Relates to capital road projects.	744,958	986,566
Debenture debt held by the Government of Alberta, repayable in semi-annual installments of \$9,219 including interest at 2.691%; due December 16, 2044. Relates to North 43 forcemain oversizing.	314,668	324,441
Debenture debt held by the Government of Alberta, repayable in semi-annual installments of \$16,504 including interest at 2.691%; due December 16, 2044. Relates to North 43 forcemain collection line	563,314	580,809
Debenture debt held by the Government of Alberta, repayable in semi-annual installments of \$112,072 including interest at 4.779%; due September 15, 2031. Relates to Lac Ste. Anne Foundation.	1,765,485	1,900,401
Debenture debt held by the Government of Alberta, repayable in annual installments of \$16,374 including interest at 6.125%; due July 2, 2027. Relates to Darwell wastewater system.	<u>80,201</u>	<u>91,001</u>
	<u>\$ 8,365,617</u>	<u>\$ 5,177,987</u>

LAC STE. ANNE COUNTY

NOTES TO FINANCIAL STATEMENTS (CONT'D)

DECEMBER 31, 2021

10. LONG-TERM DEBT (CONTINUED)

Repayments of principal and interest over the next five years are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 1,232,262	\$ 234,220	\$ 1,466,482
2023	1,258,498	199,045	1,457,543
2024	1,285,520	163,106	1,448,626
2025	909,939	130,785	1,040,724
2026	728,697	109,006	837,703
Thereafter	<u>2,950,701</u>	<u>398,134</u>	<u>3,348,835</u>
	<u>\$ 8,365,617</u>	<u>\$ 1,234,296</u>	<u>\$ 9,599,913</u>

11. EQUITY IN TANGIBLE CAPITAL ASSETS

	<u>2021</u>	<u>2020</u>
Tangible capital assets (Schedule 1)	\$ 173,671,327	\$ 169,290,086
Accumulated amortization (Schedule 1)	(107,601,697)	(106,940,184)
Long-term debt for tangible capital asset purposes	<u>(5,722,150)</u>	<u>(2,372,336)</u>
	<u>\$ 60,347,480</u>	<u>\$ 59,977,566</u>

12. ACCUMULATED SURPLUS

	<u>2021</u>	<u>2020</u>
Unrestricted surplus (deficit)	\$ <u>(379,036)</u>	\$ <u>(2,618,941)</u>
Restricted surplus		
Infrastructure	5,118,238	6,360,942
Community	1,494,281	1,372,132
Administrative	<u>597,000</u>	<u>471,426</u>
	<u>7,209,519</u>	<u>8,204,500</u>
Equity in tangible capital assets (Note 11)	<u>60,347,480</u>	<u>59,977,566</u>
	<u>\$ 67,177,963</u>	<u>\$ 65,563,125</u>

LAC STE. ANNE COUNTY

NOTES TO FINANCIAL STATEMENTS (CONT'D)

DECEMBER 31, 2021

**13. 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>2021</u>	<u>2020</u>
Reeve				
Division 5	\$ 65,150	\$ 7,015	\$ 72,165	\$ 77,918
Councillors				
Division 1	51,000	5,202	<b>56,202</b>	62,217
Division 2	58,000	5,745	<b>63,745</b>	70,128
Division 3	51,000	4,697	<b>55,697</b>	59,609
Division 4	51,000	5,115	<b>56,115</b>	59,609
Division 6	51,000	5,202	<b>56,202</b>	62,359
Division 7	51,000	107	<b>51,107</b>	54,891
Chief Administrative Officer	232,210	42,941	<b>275,151</b>	259,834

(1) Salary includes regular base pay and any other direct cash remuneration.

(2) Benefits and allowances include the employer's share of the employee benefits and contributions or payments made on behalf of employees including pension and health care benefits.

LAC STE. ANNE COUNTY

NOTES TO FINANCIAL STATEMENTS (CONT'D)

DECEMBER 31, 2021

**14. DEBT LIMITS**

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

	<u>2021</u>	<u>2020</u>
Total debt limit	\$ <b>35,003,073</b>	\$ 35,516,732
Total debt	<u><b>(8,365,617)</b></u>	<u>(5,177,987)</u>
Amount of total debt limit unused	<u><b>26,637,456</b></u>	<u>30,338,745</u>
Debt servicing limit	<b>5,833,846</b>	5,919,455
Debt servicing	<u><b>(1,466,482)</b></u>	<u>(846,898)</u>
Amount of debt servicing limit unused	<u><b>\$ 4,367,364</b></u>	<u>\$ 5,072,557</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.

**15. CONTINGENCIES**

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

**16. 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.

The County is required to make current service contributions to the LAPP of 9.39% of pensionable earnings up to the Canada Pension Plan year's maximum pensionable earnings and 13.84% on pensionable earnings above this amount. Employees of the County are required to make current service contributions of 8.39% of pensionable earnings up to the year's maximum pensionable earnings and 12.84% on pensionable earnings above this amount.

Total current and past service contributions made by the County to the LAPP in 2021 were \$639,125 (2020 - \$591,023). Total current and past service contributions made by the employees of the County to the LAPP in 2021 were \$576,829 (2020 - \$534,269).

At December 31, 2020, the LAPP disclosed an actuarial surplus of \$5.0 billion (2019 - \$7.9 billion).

**LAC STE. ANNE COUNTY**

**NOTES TO FINANCIAL STATEMENTS (CONT'D)**

**DECEMBER 31, 2021**

**17. FINANCIAL INSTRUMENTS**

The County's financial instruments consist of cash, accounts receivables, loans receivable, long-term investments, accounts payable and accrued liabilities, deposit liabilities and long-term debt. It is management's opinion that the County is not exposed to significant interest rate, liquidity, currency, credit, market or other price risk arising from these financial instruments. Unless otherwise noted, the fair value of these financial instruments approximates their carrying value.

**18. SEGMENTED INFORMATION**

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).

**19. BUDGET**

The budget figures presented in these financial statements are based on the 2021 final budget adopted by Council on April 22, 2021.

**20. APPROVAL OF FINANCIAL STATEMENTS**

These financial statements were approved by Council and Management.