

**LAC STE. ANNE COUNTY**  
**SANGUDO, ALBERTA**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

## 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, 2022, 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, 2022, 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)*

Independent Auditors' Report to the Reeve and Council of Lac Ste. Anne County *(continued)*

*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 13, 2023

**LAC STE. ANNE COUNTY**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT DECEMBER 31, 2022**

	<u>2022</u>	<u>2021</u>
<b>FINANCIAL ASSETS</b>		
Cash	\$ 7,464,463	\$ 8,515,599
Accounts receivable (Note 2)	5,295,686	5,433,590
Loans receivable (Note 3)	1,704,729	1,957,499
Long-term investments (Note 4)	<u>1,143,786</u>	<u>1,138,244</u>
	<u>15,608,664</u>	<u>17,044,932</u>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities (Note 7)	3,636,907	4,034,293
Deposit liabilities (Note 8)	1,894,457	1,884,903
Deferred revenue (Note 9)	2,736,709	2,727,434
Long-term debt (Note 10)	<u>9,095,472</u>	<u>8,365,617</u>
	<u>17,363,545</u>	<u>17,012,247</u>
<b>NET FINANCIAL ASSETS</b>	<u>(1,754,881)</u>	<u>32,685</u>
<b>NON-FINANCIAL ASSETS</b>		
Inventory for consumption (Note 5)	691,639	599,908
Prepaid expenses	593,276	475,740
Tangible capital assets (Schedule 1)	<u>68,915,714</u>	<u>66,069,630</u>
	<u>70,200,629</u>	<u>67,145,278</u>
<b>ACCUMULATED SURPLUS (Note 12)</b>	<u>\$ 68,445,748</u>	<u>\$ 67,177,963</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, 2022**

	Budget <u>2022</u> (Note 19)	Actual <u>2022</u>	Actual <u>2021</u>
<b>Revenue</b>			
Net taxation (Schedule 2)	\$ 17,852,414	\$ 17,848,595	\$ 16,961,753
Sales and user charges	4,171,833	3,766,762	3,422,651
Government transfers for operating (Schedule 3)	2,170,567	2,515,139	1,824,765
Penalties and costs on taxes	721,000	627,794	718,541
Return on investments	119,600	286,522	94,752
Rentals	212,643	206,304	232,166
Licenses and permits	<u>82,000</u>	<u>74,451</u>	<u>80,755</u>
	<u>25,330,057</u>	<u>25,325,567</u>	<u>23,335,383</u>
<b>Expenses</b>			
Public works	15,050,398	14,818,818	12,784,395
General administration	5,531,044	5,524,886	5,046,270
Protective services	2,321,655	2,587,750	2,023,064
Water and wastewater	1,543,051	1,345,382	986,508
Parks and recreation	1,477,508	1,287,890	1,198,710
Agricultural services	1,288,649	1,039,960	1,139,920
Waste management	990,360	1,012,840	963,353
Planning, land and economic development	1,427,854	950,804	806,950
Family and community support services	627,424	614,955	494,340
Council and other legislative	<u>625,451</u>	<u>603,662</u>	<u>634,328</u>
	<u>30,883,394</u>	<u>29,786,947</u>	<u>26,077,838</u>
<b>Deficiency Before Other Items</b>	<u>(5,553,337)</u>	<u>(4,461,380)</u>	<u>(2,742,455)</u>
<b>Other Items</b>			
Government transfers for capital (Schedule 3)	3,884,346	1,474,083	3,616,442
Gain on disposal of tangible capital assets	1,283,000	842,682	704,551
Contributed tangible capital assets	<u>-</u>	<u>3,412,400</u>	<u>36,300</u>
	<u>5,167,346</u>	<u>5,729,165</u>	<u>4,357,293</u>
<b>Excess of Revenue over Expenses</b>	(385,991)	1,267,785	1,614,838
<b>Accumulated Surplus, Beginning of Year</b>	<u>67,177,963</u>	<u>67,177,963</u>	<u>65,563,125</u>
<b>Accumulated Surplus, End of Year</b>	<u>\$ 66,791,972</u>	<u>\$ 68,445,748</u>	<u>\$ 67,177,963</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, 2022**

	<u>2022</u>	<u>2021</u>
<b>Excess of Revenue over Expenses</b>	<b>\$ <u>1,267,785</u></b>	<b>\$ <u>1,614,838</u></b>
Acquisition of tangible capital assets	(4,233,966)	(8,045,775)
Contributed tangible capital assets	(3,412,400)	(36,300)
Proceeds on disposal of tangible capital assets	852,000	722,426
Amortization of tangible capital assets	4,790,964	4,344,471
Gain on disposal of tangible capital assets	<u>(842,682)</u>	<u>(704,551)</u>
	<u>(2,846,084)</u>	<u>(3,719,729)</u>
Use (acquisition) of inventory for consumption	(91,730)	(21,560)
Use (acquisition) of prepaid expenses	<u>(117,537)</u>	<u>(319,984)</u>
	<u>(209,267)</u>	<u>(341,544)</u>
<b>Increase In Net Financial Assets</b>	<b>(1,787,566)</b>	<b>(2,446,435)</b>
<b>Net Financial Assets, Beginning of Year</b>	<b><u>32,685</u></b>	<b><u>2,479,120</u></b>
<b>Net Financial Assets, End of Year</b>	<b>\$ <u>(1,754,881)</u></b>	<b>\$ <u>32,685</u></b>

**LAC STE. ANNE COUNTY**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

	<u>2022</u>	<u>2021</u>
<b>Operating Activities</b>		
Excess of revenue over expenses	\$ 1,267,785	\$ 1,614,838
Non-cash items included in excess of revenue over expenses:		
Amortization of tangible capital assets	4,790,964	4,344,471
Contributed tangible capital assets	(3,412,400)	(36,300)
Gain on disposal of tangible capital assets	<u>(842,682)</u>	<u>(704,551)</u>
	<u>1,803,667</u>	<u>5,218,458</u>
Change in non-cash working capital balances:		
Accounts receivable	137,904	(1,744,376)
Loans receivable	252,770	246,155
Inventory for consumption	(91,730)	(21,580)
Prepaid expenses	(117,537)	(319,984)
Accounts payable and accrued liabilities	(397,386)	2,487,706
Deposit liabilities	9,554	35,000
Deferred revenue	<u>9,275</u>	<u>(10,738)</u>
	<u>(197,150)</u>	<u>672,203</u>
	<u>1,606,517</u>	<u>5,890,661</u>
<b>Financing Activities</b>		
Long-term debt proceeds	1,962,116	4,021,163
Long-term debt principal repayments	<u>(1,232,261)</u>	<u>(833,533)</u>
	<u>729,855</u>	<u>3,187,630</u>
<b>Capital Activities</b>		
Acquisition of tangible capital assets	(4,233,966)	(8,045,775)
Proceeds on sale of tangible capital assets	<u>852,000</u>	<u>722,426</u>
	<u>(3,381,966)</u>	<u>(7,323,349)</u>
<b>Investing Activities</b>		
Change in long-term investments	<u>(5,542)</u>	<u>(24,661)</u>
<b>Change in Cash for the Year</b>	<b>(1,051,136)</b>	<b>1,730,281</b>
<b>Cash, Beginning of Year</b>	<u><b>8,515,599</b></u>	<u><b>6,785,318</b></u>
<b>Cash, End of Year</b>	<b>\$ <u>7,464,463</u></b>	<b>\$ <u>8,515,599</u></b>

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

**LAC STE. ANNE COUNTY**  
**SCHEDULE OF TANGIBLE CAPITAL ASSETS**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

**SCHEDULE 1**

	<u>Land</u>	<u>Land Improvements</u>	<u>Buildings</u>	<u>Engineered Structures</u>	<u>Machinery and Equipment</u>	<u>Vehicles</u>	<u>2022</u>	<u>2021</u>
<b>COST:</b>								
Balance, Beginning of Year	\$ 12,095,408	\$ 3,500,352	\$ 17,085,908	\$ 120,493,869	\$ 12,614,140	\$ 7,901,650	\$ 173,671,327	\$ 169,290,086
Acquisition of tangible capital assets	439,800	(6,398)	290,340	4,747,503	2,110,907	64,214	7,646,366	8,082,075
Disposal of tangible capital assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,054,708)</u>	<u>(1,295,336)</u>	<u>-</u>	<u>(2,350,044)</u>	<u>(3,700,834)</u>
Balance, End of Year	<u>12,535,208</u>	<u>3,493,954</u>	<u>17,356,248</u>	<u>124,186,664</u>	<u>13,429,711</u>	<u>7,965,864</u>	<u>178,987,649</u>	<u>173,671,327</u>
<b>ACCUMULATED AMORTIZATION:</b>								
Balance, Beginning of Year	-	1,690,049	3,970,279	88,047,824	7,874,990	6,018,555	107,601,697	106,940,184
Annual amortization	-	129,287	447,847	2,296,106	1,626,974	290,750	4,790,964	4,344,471
Accumulated amortization on disposals	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,045,390)</u>	<u>(1,295,336)</u>	<u>-</u>	<u>(2,340,726)</u>	<u>(3,682,958)</u>
Balance, End of Year	<u>-</u>	<u>1,819,336</u>	<u>4,418,126</u>	<u>89,298,540</u>	<u>8,206,628</u>	<u>6,309,305</u>	<u>110,051,935</u>	<u>107,601,697</u>
<b>NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS</b>	<u>\$ 12,535,208</u>	<u>\$ 1,674,618</u>	<u>\$ 12,938,122</u>	<u>\$ 34,888,124</u>	<u>\$ 5,223,083</u>	<u>\$ 1,656,559</u>	<u>\$ 68,915,714</u>	<u>\$ 66,069,630</u>

Cost includes construction in progress of \$1,205,290 (2021 - \$6,347,577). 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, 2022**

**SCHEDULE 2**

	<u>2022</u> (Budget) (Note19)	<u>2022</u> (Actual)	<u>2021</u> (Actual)
<b>Taxation</b>			
Residential	\$ 12,844,499	\$ 12,740,828	\$ 12,214,966
Linear	6,078,055	6,074,214	6,046,070
Machinery and equipment	1,346,274	1,171,131	1,384,265
Commercial	1,010,448	1,092,854	1,066,920
Farmland	961,296	961,738	944,610
Grants in lieu of taxes	49,756	49,756	45,005
Recreation facility and program assistance tax	696,800	696,900	521,100
Police	471,896	468,206	352,756
Small business tax	503,663	457,375	339,178
Wastewater maintenance tax	250,000	258,415	256,265
Aggregate levy	150,000	411,747	149,837
Cherhill sewer levy	4,940	4,940	4,940
School requisitions over/under levy	<u>10,000</u>	<u>2,847</u>	<u>(23,528)</u>
	<u>24,377,627</u>	<u>24,390,951</u>	<u>23,302,384</u>
<b>Deduct:</b>			
Alberta School Foundation Fund	5,576,913	5,576,913	5,500,945
Police	471,311	488,455	363,824
Lac Ste. Anne Foundation	452,020	452,019	450,513
Designated Industrial	<u>24,969</u>	<u>24,969</u>	<u>25,349</u>
	<u>6,525,213</u>	<u>6,542,356</u>	<u>6,340,631</u>
<b>Net Taxation</b>	<u>\$ 17,852,414</u>	<u>\$ 17,848,595</u>	<u>\$ 16,961,753</u>

**LAC STE. ANNE COUNTY**  
**SCHEDULE OF GOVERNMENT TRANSFERS**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

**SCHEDULE 3**

	<u>2022</u> (Budget) (Note19)	<u>2022</u> (Actual)	<u>2021</u> (Actual)
<b>Government transfers for operating</b>			
Provincial	\$ 2,170,567	\$ 2,515,139	\$ 1,824,765
<b>Government transfers for capital</b>			
Provincial	<u>3,884,346</u>	<u>1,474,083</u>	<u>3,616,442</u>
<b>Total Government Transfers</b>	<u>\$ 6,054,913</u>	<u>\$ 3,989,222</u>	<u>\$ 5,441,207</u>

LAC STE. ANNE COUNTY

SCHEDULE 4

SCHEDULE OF SEGMENTED INFORMATION

FOR THE YEAR ENDED DECEMBER 31, 2022

	Public Works	General Administration	Protective Services	Planning and Development	Waste Management	Parks and Recreation	Other	Total
<b>REVENUE</b>								
Net taxation	\$ -	\$ 16,888,341	\$ -	\$ -	\$ -	\$ 696,900	\$ 263,354	\$ 17,848,595
Sales and user charges	404,639	405,086	605,058	493,298	987,026	376,239	495,436	3,766,762
Government transfers for operating	1,342,145	448	558,448	10,606	-	6,300	597,192	2,515,139
Penalties and costs on taxes	-	627,794	-	-	-	-	-	627,794
Return on investments	32,945	253,577	-	-	-	-	-	286,522
Rentals	3,900	121,922	70,596	-	-	7,819	2,267	206,304
Licenses and permits	10,175	-	39,826	24,450	-	-	-	74,451
	<u>1,793,804</u>	<u>18,297,148</u>	<u>1,273,928</u>	<u>528,354</u>	<u>987,026</u>	<u>1,087,058</u>	<u>1,358,249</u>	<u>25,325,567</u>
<b>EXPENSES</b>								
Salaries, wages and benefits	3,658,874	2,266,117	980,427	719,291	441,426	93,627	1,781,429	9,941,191
Contracted and general services	3,680,012	2,158,976	1,034,013	219,670	51,773	138,284	1,245,873	8,528,601
Materials, goods and utilities	3,583,220	529,461	362,769	11,843	145,934	129,848	364,892	5,127,967
Amortization of tangible capital assets	3,775,123	469,915	210,541	-	68,205	107,982	159,197	4,790,963
Transfers to governments	-	26,999	-	-	305,502	818,149	24,600	1,175,250
Interest on long-term debt	121,587	4,976	-	-	-	-	27,970	154,533
Provision for allowances	-	34,958	-	-	-	-	-	34,958
Bank charges and short-term interest	-	33,484	-	-	-	-	-	33,484
	<u>14,818,816</u>	<u>5,524,866</u>	<u>2,587,750</u>	<u>950,804</u>	<u>1,012,840</u>	<u>1,287,890</u>	<u>3,603,961</u>	<u>29,786,947</u>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES BEFORE OTHER ITEMS</b>	<u>\$ (13,025,012)</u>	<u>\$ 12,772,262</u>	<u>\$ (1,313,822)</u>	<u>\$ (422,450)</u>	<u>\$ (25,814)</u>	<u>\$ (200,832)</u>	<u>\$ (2,245,712)</u>	<u>\$ (4,461,380)</u>

**LAC STE. ANNE COUNTY**  
**SCHEDULE OF EXPENDITURES BY OBJECT**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

**SCHEDULE 5**

	<u>2022</u> (Budget) (Note 19)	<u>2022</u> (Actual)	<u>2021</u> (Actual)
Salaries, wages and benefits	\$ 10,842,134	\$ 9,941,191	\$ 9,344,834
Contracted and general services	8,590,068	8,528,601	6,844,835
Materials, goods and utilities	5,605,605	5,127,967	4,316,905
Amortization	4,336,228	4,790,963	4,344,472
Transfers to governments, agencies and organizations	1,313,107	1,175,250	1,211,785
Interest on long-term debt	151,517	154,533	114,848
Provision for allowances	-	34,958	(135,684)
Bank charges and short-term interest	<u>44,735</u>	<u>33,484</u>	<u>35,843</u>
	<u>\$ 30,883,394</u>	<u>\$ 29,786,947</u>	<u>\$ 26,077,838</u>

See accompanying notes to the financial statements.

**LAC STE. ANNE COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

**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, 2022

**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, 2022**

**2. ACCOUNTS RECEIVABLE**

	<u>2022</u>	<u>2021</u>
Property taxes	\$ 4,316,414	\$ 5,599,538
Government transfers	1,569,520	293,804
Trade	1,044,971	1,634,543
Goods and Services Tax	211,764	253,632
Accrued interest	<u>17,532</u>	<u>-</u>
	<b>7,160,201</b>	<b>7,781,517</b>
Less: Allowance for doubtful accounts	<u>(1,864,515)</u>	<u>(2,347,927)</u>
	<b><u>\$ 5,295,686</u></b>	<b><u>\$ 5,433,590</u></b>

**3. LOAN RECEIVABLES**

	<u>2022</u>	<u>2021</u>
Lac Ste. Anne Foundation, unsecured, repayable in semi-annual payments of \$112,072 including interest at 4.779%, due September 15, 2031.	<b>\$ 1,646,795</b>	<b>\$ 1,790,218</b>
Rich Valley Agricultural Society, unsecured, non-interest bearing and is repayable in annual payments of \$6,848, due December 15, 2029.	<b>47,934</b>	<b>54,781</b>
Darwell Public Library Society, unsecured, non-interest bearing and is repayable in annual payments of \$2,500, due January 15, 2026.	<b>10,000</b>	<b>12,500</b>
Town of Onoway, unsecured, non-interest bearing and is repayable in annual installments of \$100,000, due December 31, 2022.	<u>-</u>	<u>100,000</u>
	<b><u>\$ 1,704,729</u></b>	<b><u>\$ 1,957,499</u></b>

**LAC STE. ANNE COUNTY**  
**NOTES TO FINANCIAL STATEMENTS (CONT'D)**

**DECEMBER 31, 2022**

**4. LONG-TERM INVESTMENTS**

	<u>2022</u>	<u>2021</u>
Guaranteed investment certificates, earning interest at 4.05%, maturing July 26, 2023.	\$ 1,000,000	\$ -
Servus Credit Union Ltd. common shares.	136,645	131,404
Investment account cash	<u>7,141</u>	<u>1,006,840</u>
	<u>\$ 1,143,786</u>	<u>\$ 1,138,244</u>

**5. INVENTORY FOR CONSUMPTION**

	<u>2022</u>	<u>2021</u>
Parts, culverts and other	\$ 497,404	\$ 473,942
Gravel	<u>194,235</u>	<u>125,966</u>
	<u>\$ 691,639</u>	<u>\$ 599,908</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, 2022. Demand term loans totaling \$1,229,421 are outstanding at December 31, 2022 (2021 - \$1,758,928). See Note 10 for demand term loan details.



**LAC STE. ANNE COUNTY**  
**NOTES TO FINANCIAL STATEMENTS (CONT'D)**  
**DECEMBER 31, 2022**

**7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

	<u>2022</u>	<u>2021</u>
Trade	\$ 2,988,129	\$ 3,392,778
Earned vacation liability	575,938	574,809
Construction holdbacks	40,132	35,033
Accrued interest on long-term debt	<u>32,708</u>	<u>31,673</u>
	<u>\$ 3,636,907</u>	<u>\$ 4,034,293</u>

**8. DEPOSIT LIABILITIES**

	<u>2022</u>	<u>2021</u>
Road damage deposits	\$ 1,079,000	\$ 1,061,000
Development trust	659,783	677,783
Tax sale surplus	<u>155,674</u>	<u>146,120</u>
	<u>\$ 1,894,457</u>	<u>\$ 1,884,903</u>

**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>2022</u>	<u>2021</u>
Provincial government transfers		
Federal gas tax fund grant	\$ 1,550,566	\$ 1,807,031
Municipal sustainability initiative grant	481,912	88,994
Alberta Agriculture	454,160	456,811
Collaboration and partnership grants	89,010	187,718
Other provincial grants	75,875	26,009
Family and community support services grant	-	72,086
Other	<u>85,186</u>	<u>88,785</u>
	<u>\$ 2,736,709</u>	<u>\$ 2,727,434</u>

**LAC STE. ANNE COUNTY**  
**NOTES TO FINANCIAL STATEMENTS (CONT'D)**

**DECEMBER 31, 2022**

**10. LONG-TERM DEBT**

	<u>2022</u>	<u>2021</u>
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.	<b>\$ 1,642,645</b>	\$ 1,819,721
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.	<b>1,624,043</b>	1,765,485
Debenture debt held by the Government of Alberta, repayable in semi-annual installments of \$75,063 including interest at 4.47%; due December 15, 2032. Relates to capital road projects.	<b>1,200,000</b>	-
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.	<b>809,736</b>	1,000,000
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.	<b>726,071</b>	1,013,970
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	<b>545,345</b>	563,314
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.	<b>540,910</b>	592,942
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.	<b>503,350</b>	744,958
Debenture debt held by the Government of Alberta, repayable in semi-annual installments of \$47,682 including interest at 4.52%; due December 15, 2027. Relates to Sangudo slide.	<b>422,535</b>	-
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.	<b>367,886</b>	470,358

**LAC STE. ANNE COUNTY**  
**NOTES TO FINANCIAL STATEMENTS (CONT'D)**

**DECEMBER 31, 2022**

**10. LONG-TERM DEBT (CONTINUED)**

	<u>2022</u>	<u>2021</u>
Debenture debt held by the Government of Alberta, repayable in semi-annual installments of \$38,320 including interest at 4.52%; due December 15, 2027. Relates to equipment purchase.	\$ 339,581	\$ -
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.	304,631	314,668
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>68,739</u>	<u>80,201</u>
	<u>\$ 9,095,472</u>	<u>\$ 8,365,617</u>

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

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 1,495,172	\$ 284,500	\$ 1,779,672
2024	1,532,963	237,792	1,770,755
2025	1,168,641	194,213	1,362,854
2026	999,170	160,663	1,159,833
2027	763,218	128,973	892,191
Thereafter	<u>3,136,308</u>	<u>393,096</u>	<u>3,529,404</u>
	<u>\$ 9,095,472</u>	<u>\$ 1,399,237</u>	<u>\$10,494,709</u>

**11. EQUITY IN TANGIBLE CAPITAL ASSETS**

	<u>2022</u>	<u>2021</u>
Tangible capital assets (Schedule 1)	\$ 178,967,649	\$ 173,671,327
Accumulated amortization (Schedule 1)	(110,051,935)	(107,601,697)
Long-term debt for tangible capital asset purposes	<u>(6,621,453)</u>	<u>(5,722,150)</u>
	<u>\$ 62,294,261</u>	<u>\$ 60,347,480</u>

**LAC STE. ANNE COUNTY**  
**NOTES TO FINANCIAL STATEMENTS (CONT'D)**

**DECEMBER 31, 2022**

**12. ACCUMULATED SURPLUS**

	<u>2022</u>	<u>2021</u>
Unrestricted surplus (deficit)	\$ <u>296,579</u>	\$ <u>(379,036)</u>
Restricted surplus		
Infrastructure	4,255,551	5,118,238
Community	903,292	1,494,281
Administrative	<u>696,065</u>	<u>597,000</u>
	<u>5,854,908</u>	<u>7,209,519</u>
Equity in tangible capital assets (Note 11)	<u>62,294,261</u>	<u>60,347,480</u>
	<u>\$ 68,445,748</u>	<u>\$ 67,177,963</u>

**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>2022</u>	<u>2021</u>
Reeve				
Division 5	\$ 68,250	\$ 15,232	\$ 83,482	\$ 79,796
Councillors				
Division 1	53,550	13,122	66,672	63,599
Division 2	60,975	14,032	75,007	71,196
Division 3	53,625	9,590	63,215	60,354
Division 4	22,313	4,054	26,367	60,400
Division 6	53,550	13,313	66,863	63,780
Division 7	53,775	5,149	58,924	55,764
Chief Administrative Officer	243,673	43,528	287,201	275,151

(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, 2022**

**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>2022</u>	<u>2021</u>
Total debt limit	\$ 37,988,351	\$ 35,003,073
Total debt	<u>(9,095,472)</u>	<u>(8,365,617)</u>
Amount of total debt limit unused	<u>28,892,879</u>	<u>26,637,456</u>
Debt servicing limit	6,331,392	5,833,846
Debt servicing	<u>(1,779,672)</u>	<u>(1,466,482)</u>
Amount of debt servicing limit unused	<u>\$ 4,551,720</u>	<u>\$ 4,367,364</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 8.45% of pensionable earnings up to the Canada Pension Plan year's maximum pensionable earnings and 12.80% on pensionable earnings above this amount. Employees of the County are required to make current service contributions of 7.45% of pensionable earnings up to the year's maximum pensionable earnings and 11.80% on pensionable earnings above this amount.

Total current and past service contributions made by the County to the LAPP in 2022 were \$624,320 (2021 - \$639,125). Total current and past service contributions made by the employees of the County to the LAPP in 2022 were \$556,546 (2021 - \$576,829).

At December 31, 2021, the LAPP disclosed an actuarial surplus of \$11.9 billion (2021 - \$5.0 billion).

**LAC STE. ANNE COUNTY**

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

**DECEMBER 31, 2022**

**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 2022 final budget adopted by Council on April 28, 2022.

**20. APPROVAL OF FINANCIAL STATEMENTS**

These financial statements were approved by Council and Management.