

**LAC STE. ANNE COUNTY**  
**SANGUDO, ALBERTA**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

## 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, 2023, 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.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Lac Ste. Anne County as at December 31, 2023, 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**

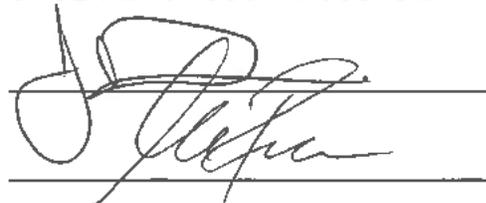
Chartered Professional Accountants

Edmonton, Alberta  
April 25, 2024

**LAC STE. ANNE COUNTY**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT DECEMBER 31, 2023**

	<u>2023</u>	<u>2022</u> (Restated) (Note 21)
<b>FINANCIAL ASSETS</b>		
Cash	\$ 7,606,067	\$ 7,464,463
Accounts receivable (Note 2)	6,131,786	5,295,686
Loans receivable (Note 3)	1,695,022	1,704,729
Long-term investments (Note 4)	<u>1,194,135</u>	<u>1,143,786</u>
	<u>16,627,010</u>	<u>15,608,664</u>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities (Note 7)	5,176,425	3,636,907
Deposit liabilities (Note 8)	2,261,935	1,894,457
Deferred revenue (Note 9)	2,830,697	2,736,709
Asset retirement obligation (Note 10 )	543,647	518,502
Long-term debt (Note 11)	<u>7,828,477</u>	<u>9,095,472</u>
	<u>18,641,181</u>	<u>17,882,047</u>
<b>NET FINANCIAL DEBT</b>	<u>(2,014,171)</u>	<u>(2,273,383)</u>
<b>NON-FINANCIAL ASSETS</b>		
Inventory for consumption (Note 5)	582,436	691,639
Prepaid expenses	638,180	593,276
Tangible capital assets (Schedule 1)	<u>66,544,709</u>	<u>68,947,724</u>
	<u>67,765,325</u>	<u>70,232,639</u>
<b>ACCUMULATED SURPLUS (Note 13)</b>	<u>\$ 65,751,154</u>	<u>\$ 67,959,256</u>
CONTINGENCIES (Note 16)		

ON BEHALF OF COUNTY COUNCIL:

  
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Reeve

County Manager

LAC STE. ANNE COUNTY

STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS

FOR THE YEAR ENDED DECEMBER 31, 2023

	<u>2023</u> (Budget) (Note 20)	<u>2023</u> (Actual)	<u>2022</u> (Actual) (Restated) (Note 21)
<b>Revenue</b>			
Net taxation (Schedule 2)	\$ 20,263,542	\$ 20,041,194	\$ 17,925,304
Sales and user charges	4,574,601	4,294,746	4,178,509
Government transfers for operating (Schedule 3)	1,799,476	3,924,894	2,515,139
Penalties and costs on taxes	614,000	629,902	627,794
Return on investments	245,100	548,281	286,522
Rentals	237,077	272,895	206,304
Licenses and permits	<u>80,000</u>	<u>119,319</u>	<u>74,451</u>
	<u>27,813,796</u>	<u>29,831,231</u>	<u>25,814,023</u>
<b>Expenses</b>			
Public works	15,704,782	15,031,366	14,844,825
General administration	5,953,563	6,026,421	5,524,886
Protective services	3,250,570	5,584,358	3,076,206
Water and wastewater	1,579,519	1,724,175	1,345,382
Parks and recreation	1,666,157	1,393,438	1,287,890
Agricultural services	1,268,979	1,129,053	1,039,960
Waste management	1,094,540	1,108,692	1,012,840
Planning, land and economic development	1,267,432	916,801	950,804
Family and community support services	746,939	683,430	614,955
Council and other legislative	<u>639,840</u>	<u>664,627</u>	<u>603,662</u>
	<u>33,172,321</u>	<u>34,262,361</u>	<u>30,301,410</u>
<b>Deficiency Before Other Items</b>	<u>(5,358,525)</u>	<u>(4,431,130)</u>	<u>(4,487,387)</u>
<b>Other Items</b>			
Government transfers for capital (Schedule 3)	5,093,289	2,222,279	1,474,083
Gain (loss) on disposal of tangible capital assets	2,028,745	(225,184)	842,682
Contributed tangible capital assets	<u>-</u>	<u>225,933</u>	<u>3,412,400</u>
	<u>7,122,034</u>	<u>2,223,028</u>	<u>5,729,165</u>
<b>Annual Surplus (Deficit)</b>	<u>1,763,509</u>	<u>(2,208,102)</u>	<u>1,241,778</u>
<b>Accumulated Surplus, Beginning of Year As Previously Stated</b>	68,445,748	68,445,748	67,177,963
Restatement (Note 21)	<u>-</u>	<u>(486,492)</u>	<u>(460,485)</u>
<b>Accumulated Surplus, Beginning of Year, As Restated</b>	<u>68,445,748</u>	<u>67,959,256</u>	<u>66,717,478</u>
<b>Accumulated Surplus, End of Year</b>	<u>\$ 70,209,257</u>	<u>\$ 65,751,154</u>	<u>\$ 67,959,256</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, 2023**

	<u>2023</u>	<u>2022</u> (Restated) (Note 21)
Annual Surplus (Deficit)	\$(2,208,102)	\$ 1,241,778
Acquisition of tangible capital assets	(2,943,741)	(4,233,966)
Contributed tangible capital assets	(225,933)	(3,412,400)
Proceeds on disposal of tangible capital assets	299,685	852,000
Amortization of tangible capital assets	5,047,820	4,792,988
Loss (gain) on disposal of tangible capital assets	<u>225,184</u>	<u>(842,682)</u>
	<u>2,403,015</u>	<u>(2,844,060)</u>
Use (acquisition) of inventory for consumption	109,203	(91,730)
Use (acquisition) of prepaid expenses	<u>(44,904)</u>	<u>(117,537)</u>
	<u>64,299</u>	<u>(209,267)</u>
<b>Increase In Net Financial Assets (Debt)</b>	<b>259,212</b>	<b>(1,811,549)</b>
<b>Net Financial Debt, Beginning of Year</b>	<b><u>(2,273,383)</u></b>	<b><u>(461,834)</u></b>
<b>Net Financial Debt, End of Year</b>	<b><u>\$(2,014,171)</u></b>	<b><u>\$(2,273,383)</u></b>

**LAC STE. ANNE COUNTY**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

	<u>2023</u>	<u>2022</u> (Restated) (Note 21)
<b>Operating Activities</b>		
Annual surplus (deficit)	\$ (2,208,102)	\$ 1,241,778
Non-cash items included in excess of revenue over expenses:		
Amortization of tangible capital assets	5,047,820	4,792,988
Contributed tangible capital assets	(225,933)	(3,412,400)
Loss (gain) on disposal of tangible capital assets	<u>225,184</u>	<u>(842,682)</u>
	<u>2,838,969</u>	<u>1,779,684</u>
Change in non-cash working capital balances:		
Accounts receivable	(836,101)	137,904
Loans receivable	9,707	252,770
Inventory for consumption	109,203	(91,730)
Prepaid expenses	(44,904)	(117,537)
Accounts payable and accrued liabilities	1,539,518	(397,386)
Deposit liabilities	367,478	9,554
Deferred revenue	93,988	9,275
Asset retirement obligation	<u>25,145</u>	<u>23,983</u>
	<u>1,264,034</u>	<u>(173,167)</u>
	<u>4,103,003</u>	<u>1,606,517</u>
<b>Financing Activities</b>		
Long-term debt proceeds	228,178	1,962,116
Long-term debt principal repayments	<u>(1,495,172)</u>	<u>(1,232,261)</u>
	<u>(1,266,994)</u>	<u>729,855</u>
<b>Capital Activities</b>		
Acquisition of tangible capital assets	(2,943,741)	(4,233,966)
Proceeds on sale of tangible capital assets	<u>299,685</u>	<u>852,000</u>
	<u>(2,644,056)</u>	<u>(3,381,966)</u>
<b>Investing Activities</b>		
Change in long-term investments	<u>(50,349)</u>	<u>(5,542)</u>
<b>Change in Cash for the Year</b>	<b>141,604</b>	<b>(1,051,136)</b>
<b>Cash, Beginning of Year</b>	<u>7,464,463</u>	<u>8,515,599</u>
<b>Cash, End of Year</b>	<u>\$ 7,606,067</u>	<u>\$ 7,464,463</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, 2023

	Land	Land Improvements	Buildings	Engineered Structures	Machinery and Equipment	Vehicles	2023	2022 (Restated) (Note 21)
<b>COST:</b>								
Balance, Beginning of Year	\$ 12,535,208	\$ 3,493,954	\$ 17,457,700	\$ 124,186,664	\$ 13,429,711	\$ 7,965,864	\$ 179,069,101	\$ 173,772,779
Acquisition of tangible capital assets	293,933	30,737	209,661	715,409	1,570,005	349,929	3,169,674	7,646,366
Disposal of tangible capital assets	(391,441)	-	(209,952)	(134,687)	(220,592)	(146,597)	(1,103,269)	(2,350,044)
Balance, End of Year	<u>12,437,700</u>	<u>3,524,691</u>	<u>17,457,409</u>	<u>124,767,386</u>	<u>14,779,124</u>	<u>8,169,196</u>	<u>181,435,506</u>	<u>179,069,101</u>
<b>ACCUMULATED AMORTIZATION:</b>								
Balance, Beginning of Year	-	1,819,336	4,487,568	89,298,540	8,206,628	6,309,305	110,121,377	107,669,115
Annual amortization	-	125,480	444,546	2,520,535	1,647,870	309,389	5,047,820	4,792,988
Accumulated amortization on disposals	-	-	(99,097)	(112,115)	(220,592)	(146,596)	(578,400)	(2,340,726)
Balance, End of Year	-	<u>1,944,816</u>	<u>4,833,017</u>	<u>91,706,960</u>	<u>9,633,906</u>	<u>6,472,098</u>	<u>114,590,797</u>	<u>110,121,377</u>
<b>NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS</b>	<b>\$ 12,437,700</b>	<b>\$ 1,579,875</b>	<b>\$ 12,624,392</b>	<b>\$ 33,060,426</b>	<b>\$ 5,145,218</b>	<b>\$ 1,697,098</b>	<b>\$ 66,544,709</b>	<b>\$ 68,947,724</b>

Cost includes construction in progress of \$799,175 (2022 - \$1,205,290). These amounts are not amortized until the asset is complete and in use.

## LAC STE. ANNE COUNTY

## SCHEDULE 2

## SCHEDULE OF PROPERTY TAXES

FOR THE YEAR ENDED DECEMBER 31, 2023

	<u>2023</u> (Budget) (Note20)	<u>2023</u> (Actual)	<u>2022</u> (Actual)
<b>Taxation</b>			
Residential	\$ 14,677,075	\$ 14,574,090	\$ 13,110,093
Linear	6,530,357	6,538,749	6,131,231
Machinery and equipment	1,292,083	1,292,090	1,184,345
Farmland	1,016,977	1,017,286	974,688
Commercial	1,314,603	907,356	1,108,615
Small business tax	505,684	796,389	457,375
Recreation facility and program assistance tax	709,900	690,300	696,900
Wastewater maintenance tax	304,025	299,899	258,415
Grants in lieu of taxes	61,002	61,056	49,756
Cherhill sewer levy	4,940	4,940	4,940
School requisitions over/under levy	(10,000)	2,142	2,847
	<u>26,406,646</u>	<u>26,184,297</u>	<u>23,979,205</u>
<b>Deduct:</b>			
Alberta School Foundation Fund	5,659,939	5,659,939	5,576,913
Lac Ste. Anne Foundation	458,924	458,923	452,019
Designated Industrial	24,241	24,241	24,969
	<u>6,143,104</u>	<u>6,143,103</u>	<u>6,053,901</u>
<b>Net Taxation</b>	<u>\$ 20,263,542</u>	<u>\$ 20,041,194</u>	<u>\$ 17,925,304</u>

**LAC STE. ANNE COUNTY**  
**SCHEDULE OF GOVERNMENT TRANSFERS**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

**SCHEDULE 3**

	<u>2023</u> (Budget) (Note20)	<b><u>2023</u></b> <b>(Actual)</b>	<u>2022</u> (Actual)
<b>Government transfers for operating</b>			
Provincial	\$ 1,799,476	<b>\$ 3,924,894</b>	\$ 2,515,139
<b>Government transfers for capital</b>			
Provincial	<u>5,093,289</u>	<b><u>2,222,279</u></b>	<u>1,474,083</u>
<b>Total Government Transfers</b>	<b><u>\$ 6,892,765</u></b>	<b><u>\$ 6,147,173</u></b>	<b><u>\$ 3,989,222</u></b>

LAC STE. ANNE COUNTY

SCHEDULE 4

SCHEDULE OF SEGMENTED INFORMATION

FOR THE YEAR ENDED DECEMBER 31, 2023

	Public Works	General Administration	Protective Services	Planning and Development	Waste Management	Parks and Recreation	Other	Total
<b>REVENUE</b>								
Net taxation	\$ -	\$ 19,046,055	\$ -	\$ -	\$ -	\$ 690,300	\$ 304,839	\$ 20,041,194
Sales and user charges	372,852	685,288	657,298	406,743	1,081,695	336,839	754,031	4,294,746
Government transfers for operating	607,762	-	2,468,311	90,543	-	-	758,278	3,924,894
Penalties and costs on taxes	-	629,902	-	-	-	-	-	629,902
Return on investments	74,373	473,908	-	-	-	-	-	548,281
Rentals	(300)	156,710	74,799	-	-	1,905	39,781	272,895
Licenses and permits	15,248	-	80,816	22,305	-	-	950	119,319
	<u>1,069,935</u>	<u>20,991,863</u>	<u>3,281,224</u>	<u>519,591</u>	<u>1,081,695</u>	<u>1,029,044</u>	<u>1,857,879</u>	<u>29,831,231</u>
<b>EXPENSES</b>								
Contracted and general services	3,269,577	2,314,899	3,644,390	280,894	88,982	128,346	1,578,222	11,305,310
Salaries, wages and benefits	3,839,271	2,360,132	1,323,039	632,479	459,110	103,608	2,038,249	10,755,868
Materials, goods and utilities	3,730,987	573,209	422,656	3,427	151,636	125,999	314,558	5,322,472
Amortization of tangible capital assets	4,014,041	469,915	194,272	-	64,690	104,879	200,023	5,047,820
Transfers to governments	-	48,037	-	-	344,273	930,606	43,749	1,364,665
Interest on long-term debt	177,488	3,814	-	-	-	-	26,488	207,790
Provision for allowances	-	198,630	-	-	-	-	-	198,630
Bank charges and short-term interest	-	59,786	-	-	-	-	-	59,786
	<u>15,031,364</u>	<u>6,028,422</u>	<u>5,584,357</u>	<u>916,800</u>	<u>1,108,691</u>	<u>1,393,438</u>	<u>4,201,289</u>	<u>34,262,361</u>
<b>ANNUAL SURPLUS (DEFICIT)</b>								
<b>BEFORE OTHER ITEMS</b>	<u>\$ (43,961,429)</u>	<u>\$ 14,965,441</u>	<u>\$ (2,303,133)</u>	<u>\$ (397,209)</u>	<u>\$ (26,996)</u>	<u>\$ (364,394)</u>	<u>\$ (2,343,410)</u>	<u>\$ (4,431,130)</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, 2023

SCHEDULE 5

	<u>2023</u> (Budget) (Note 20)	<u>2023</u> (Actual)	<u>2022</u> (Actual) (Restated) (Note 21)
Contracted and general services	\$ 9,418,978	\$ 11,305,310	\$ 9,041,039
Salaries, wages and benefits	11,405,556	10,755,888	9,941,191
Materials, goods and utilities	5,785,330	5,322,472	5,127,967
Amortization	4,794,700	5,047,820	4,792,988
Transfers to governments, agencies and organizations	1,471,398	1,364,665	1,175,250
Interest on long-term debt	213,777	207,790	154,533
Provision for allowances	41,582	198,630	34,958
Bank charges and short-term interest	<u>41,000</u>	<u>59,786</u>	<u>33,484</u>
	<u>\$ 33,172,321</u>	<u>\$ 34,262,361</u>	<u>\$ 30,301,410</u>

See accompanying notes to the financial statements.

LAC STE. ANNE COUNTY

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

1. SIGNIFICANT ACCOUNTING POLICIES

(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

These financial statements are the representations of management, prepared in accordance with Canadian public sector accounting standards.

(c) Use of Estimates

The preparation of the financial statements in accordance with Canadian public sector accounting standards, requires management to make estimates regarding significant items such as allowances for uncollectible receivables, amounts relating to impairment assessments, asset retirement obligations and amortization of tangible capital assets that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Where measurement uncertainty exists, the financial statements have been prepared within reasonable limits of materiality. Actual results could differ from those estimates.

(d) Valuation of Financial Assets and Liabilities

The County's financial assets and liabilities are measured as follows:

<u>Financial statement component</u>	<u>Measurement</u>
Cash	Cost and amortized cost
Accounts receivables	Lower of cost or net recoverable value
Loans receivable	Amortized cost
Long-term investments	Amortized cost
Accounts payable and accrued liabilities	Cost
Deposit liabilities	Cost
Long-term debt	Amortized cost

All financial assets are assessed annually for impairment. Impairment losses are recognized in the statement of operations. A write-down of a financial asset to reflect a loss that is other than temporary in value is not reversed for a subsequent increase in value.

For financial assets and liabilities measured at amortized cost, the effective interest rate method is used to determine interest revenue or expense. Transaction costs are a component of cost for financial assets and liabilities that are measured at cost or amortized cost and expensed when measured at fair value.

(e) 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.

(f) 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.

(g) Loans receivable

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

LAC STE. ANNE COUNTY

NOTES TO FINANCIAL STATEMENTS (CONT'D)

DECEMBER 31, 2023

**1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

(h) 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.

(i) 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.

(j) 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.

(k) Asset Retirement Obligations

During 2023, the County adopted PS 3280 Asset Retirement Obligations which provides guidance on how to account for and report liabilities for retirement of tangible capital assets.

Asset retirement obligations are legal obligations associated with the retirement of tangible capital assets. Asset retirement activities include all activities relating to an asset retirement obligation including, but not limited to, decommissioning or dismantling, remediation of contamination, post-retirement activities such as monitoring, and constructing other tangible capital assets to perform post-retirement activities.

A liability for asset retirement obligation is recognized when there is a legal obligation to incur retirement costs, the past transaction or event giving rise to the liability as occurred, it is expected that future economic benefits will be given up, and a reasonable estimate of the amount can be made.

When a liability for asset retirement obligation is recognized, asset retirement costs related to recognized tangible capital assets in productive use are capitalized by increasing the carrying value of the related asset and are amortized over the estimated useful life of the underlying tangible capital asset. Asset retirement costs related to unrecognized tangible capital assets and those not in productive use are expensed.

LAC STE. ANNE COUNTY

NOTES TO FINANCIAL STATEMENTS (CONT'D)

DECEMBER 31, 2023

**1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

(l) **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, 2023**

**2. ACCOUNTS RECEIVABLE**

	<u>2023</u>	<u>2022</u>
Property taxes	\$ 4,006,516	\$ 4,316,414
Government transfers	2,495,113	1,569,520
Trade	1,245,699	1,044,971
Goods and Services Tax	214,976	211,764
Accrued interest	<u>2,453</u>	<u>17,532</u>
	<b>7,964,757</b>	<b>7,160,201</b>
Less: Allowance for doubtful accounts	<u>(1,832,971)</u>	<u>(1,864,515)</u>
	<b><u>\$ 6,131,786</u></b>	<b><u>\$ 5,295,686</u></b>

**3. LOAN RECEIVABLES**

	<u>2023</u>	<u>2022</u>
Lac Ste. Anne Foundation, unsecured, repayable in semi-annual payments of \$112,072 including interest at 4.779%, due September 15, 2031.	<b>\$ 1,496,436</b>	<b>\$ 1,646,795</b>
Onoway Curling Association, unsecured, non-interest bearing and is repayable in annual payments of \$15,000, due January 15, 2033.	<b>150,000</b>	<b>-</b>
Rich Valley Agricultural Society, unsecured, non-interest bearing and is repayable in annual payments of \$6,848, due December 15, 2029.	<b>41,086</b>	<b>47,934</b>
Darwell Public Library Society, unsecured, non-interest bearing and is repayable in annual payments of \$2,500, due January 15, 2026.	<u>7,500</u>	<u>10,000</u>
	<b><u>\$ 1,695,022</u></b>	<b><u>\$ 1,704,729</u></b>

**LAC STE. ANNE COUNTY**  
**NOTES TO FINANCIAL STATEMENTS (CONT'D)**  
**DECEMBER 31, 2023**

**4. LONG-TERM INVESTMENTS**

	<u>2023</u>	<u>2022</u>
Guaranteed investment certificates, earning interest at rates from 4.60% - 5.48%, maturing from 2024 - 2026.	\$ 1,050,000	\$ 1,000,000
Servus Credit Union Ltd. common shares.	144,135	136,645
Investment account cash	<u>-</u>	<u>7,141</u>
	<u>\$ 1,194,135</u>	<u>\$ 1,143,786</u>

**5. INVENTORY FOR CONSUMPTION**

	<u>2023</u>	<u>2022</u>
Parts, culverts and other	\$ 567,475	\$ 497,404
Gravel	<u>14,961</u>	<u>194,235</u>
	<u>\$ 582,436</u>	<u>\$ 691,639</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, 2023. Demand term loans totaling \$692,634 are outstanding at December 31, 2023 (2022 - \$1,229,421). See Note 11 for demand term loan details.

**7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

	<u>2023</u>	<u>2022</u>
Trade	\$ 4,536,202	\$ 2,988,129
Earned vacation liability	547,148	575,938
Construction holdbacks	63,292	40,132
Accrued interest on long-term debt	<u>29,783</u>	<u>32,708</u>
	<u>\$ 5,176,425</u>	<u>\$ 3,636,907</u>

LAC STE. ANNE COUNTY

NOTES TO FINANCIAL STATEMENTS (CONT'D)

DECEMBER 31, 2023

8. DEPOSIT LIABILITIES

	<u>2023</u>	<u>2022</u>
Road damage deposits	\$ 1,159,800	\$ 1,079,000
Development trust	654,283	659,783
Tax sale surplus	<u>447,852</u>	<u>155,674</u>
	<u>\$ 2,261,935</u>	<u>\$ 1,894,457</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>2023</u>	<u>2022</u>
Provincial government transfers		
Federal gas tax fund grant	\$ 2,173,169	\$ 1,550,566
Alberta Agriculture	322,237	454,160
Municipal sustainability initiative grant	197,509	481,912
Other provincial grants	86,009	75,875
Collaboration and partnership grants	-	89,010
Other	<u>51,773</u>	<u>85,186</u>
	<u>\$ 2,830,697</u>	<u>\$ 2,736,709</u>

10. ASSET RETIREMENT OBLIGATION

The County has asset retirement obligations to remove various hazardous materials including, asbestos, lead, mercury, and mold from various buildings under its control. Regulations require the County to handle and dispose of these materials in a prescribed manner when it is disturbed, such as when the building undergoes renovations or being demolished. Although the timing of the removal is conditional on the building undergoing renovations or being demolished, regulations create an existing obligation for the County to remove the materials when the asset retirement activities occur.

	<u>2023</u>	<u>2022</u> (Restated) (Note 21)
Balance, beginning of year	\$ 518,502	\$ 494,519
Accretion expense	<u>25,145</u>	<u>23,983</u>
Balance, end of year	<u>\$ 543,647</u>	<u>\$ 518,502</u>

LAC STE. ANNE COUNTY

NOTES TO FINANCIAL STATEMENTS (CONT'D)

DECEMBER 31, 2023

11. LONG-TERM DEBT

	<u>2023</u>	<u>2022</u>
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>\$ 1,475,761</b>	\$ 1,624,043
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>1,462,317</b>	1,642,645
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>1,102,436</b>	1,200,000
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>614,723</b>	809,736
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>526,889</b>	545,345
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>487,384</b>	540,910
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>430,892</b>	726,071
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>345,409</b>	422,535
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.	<b>294,322</b>	304,631
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.	<b>277,597</b>	339,581

LAC STE. ANNE COUNTY

NOTES TO FINANCIAL STATEMENTS (CONT'D)

DECEMBER 31, 2023

11. LONG-TERM DEBT (CONTINUED)

	<u>2023</u>	<u>2022</u>
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.	\$ 264,252	\$ 367,886
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.	261,742	503,350
Debenture debt held by the Government of Alberta, repayable in semi-annual installments of \$14,429 including interest at 4.97%; due December 15, 2028. Relates to equipment purchase.	126,380	-
Debenture debt held by the Government of Alberta, repayable in semi-annual installments of \$11,622 including interest at 4.97%; due December 15, 2028. Relates to Sangudo slide.	101,798	-
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>56,575</u>	<u>68,739</u>
	<u>\$ 7,828,477</u>	<u>\$ 9,095,472</u>

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

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 1,574,231	\$ 248,626	\$ 1,822,857
2025	1,211,986	202,971	1,414,957
2026	1,044,696	167,239	1,211,935
2027	811,034	133,259	944,293
2028	651,742	104,174	755,916
Thereafter	<u>2,534,788</u>	<u>290,802</u>	<u>2,825,590</u>
	<u>\$ 7,828,477</u>	<u>\$ 1,147,071</u>	<u>\$ 8,975,548</u>

LAC STE. ANNE COUNTY

NOTES TO FINANCIAL STATEMENTS (CONT'D)

DECEMBER 31, 2023

12. EQUITY IN TANGIBLE CAPITAL ASSETS

	<u>2023</u>	<u>2022</u>
Tangible capital assets (Schedule 1)	\$ 181,135,506	\$ 179,069,101
Accumulated amortization (Schedule 1)	(114,590,797)	(110,121,377)
Long-term debt for tangible capital asset purposes	(5,531,505)	(6,621,453)
Asset retirement obligation (Note 10)	<u>(543,647)</u>	<u>(518,502)</u>
	<u>\$ 60,469,557</u>	<u>\$ 61,807,769</u>

13. ACCUMULATED SURPLUS

	<u>2023</u>	<u>2022</u>
Unrestricted surplus (deficit)	\$ <u>(1,254,444)</u>	\$ <u>296,579</u>
Restricted surplus		
Infrastructure	4,486,850	4,255,551
Community	1,426,938	903,292
Administrative	<u>622,253</u>	<u>696,065</u>
	<u>6,536,041</u>	<u>5,854,908</u>
Equity in tangible capital assets (Note 12)	<u>60,469,557</u>	<u>61,807,769</u>
	<u>\$ 65,751,154</u>	<u>\$ 67,959,256</u>

14. 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>2023</u>	<u>2022</u>
Reeve					
Division 5	\$ 71,663	\$ 15,518	\$ 87,181	\$ 83,482	
Councillors					
Division 1	56,228	13,736	69,964	66,672	
Division 2	63,945	14,623	78,568	75,007	
Division 3	56,228	5,620	61,848	63,215	
Division 4	56,228	13,873	70,101	26,367	
Division 6	56,378	13,944	70,322	66,863	
Division 7	56,228	4,826	61,054	58,924	
Chief Administrative Officer	258,030	42,477	300,507	287,201	

(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, 2023

**15. 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>2023</u>	<u>2022</u>
Total debt limit	\$ 44,746,847	\$ 38,721,035
Total debt	<u>(7,828,477)</u>	<u>(9,095,472)</u>
Amount of total debt limit unused	<u>36,918,370</u>	<u>29,625,563</u>
Debt servicing limit	7,457,808	6,453,506
Debt servicing	<u>(1,822,857)</u>	<u>(1,779,672)</u>
Amount of debt servicing limit unused	<u>\$ 5,634,951</u>	<u>\$ 4,673,834</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.

**16. 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.

**17. 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 12.23% 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 11.23% on pensionable earnings above this amount.

Total current and past service contributions made by the County to the LAPP in 2023 were \$654,622 (2022 - \$624,320). Total current and past service contributions made by the employees of the County to the LAPP in 2023 were \$584,161 (2022 - \$556,546).

At December 31, 2022, the LAPP disclosed an actuarial surplus of \$12.7 billion (2021 - \$11.9 billion).

LAC STE. ANNE COUNTY

NOTES TO FINANCIAL STATEMENTS (CONT'D)

DECEMBER 31, 2023

**18. 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 currency, liquidity, market or other price risk arising from these financial instruments. Unless otherwise noted, the carrying value of the financial instruments approximates their fair value.

*Credit risk*

The County is exposed to credit risk with respect to receivables. Credit risk arises from the possibility that ratepayers and other customers may experience financial difficulty and be unable to fulfil their obligations. The large number and diversity of ratepayers and other customers minimizes the County's credit risk.

*Interest rate risk*

Interest rate risk is the risk that the County's annual surplus will be affected by the fluctuation and degree of volatility in interest rates. Interest rate risk on the County's long term debt is managed through fixed rate debentures with the Province of Alberta (Note 11).

**19. 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).

**20. BUDGET**

The budget figures presented in these financial statements are based on the 2023 final budget adopted by Council on April 13, 2023.

**21. RESTATEMENT**

Effective January 1, 2023, the County adopted the new accounting standard PS 3280 Asset Retirement Obligations and applied the standard using the modified retroactive approach with restatement of prior year comparative information.

On January 1, 2023, the County recognized the following to conform to the new standard:

- asset retirement obligation, adjusted for accumulated accretion to the effective date;
- asset retirement cost capitalized as an increase to the carrying amount of the related tangible capital assets in productive use;
- accumulated amortization on the capitalized cost; and
- adjustment to the opening balance of accumulated surplus.

A summary of the changes are as follow:

- The recording of an asset retirement obligation totaling \$518,502
- An increase in tangible capital assets of \$32,010
- A decrease in annual surplus of \$26,007
- A decrease in opening accumulated surplus of \$460,485

**22. COMPARATIVE FIGURES**

Certain comparative figures have been reclassified to conform with the current year's financial statement presentation.

**23. APPROVAL OF FINANCIAL STATEMENTS**

These financial statements were approved by Council and Management.