

LAC STE. ANNE COUNTY

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2024

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, 2024, 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, 2024, 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

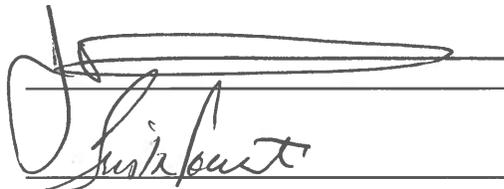
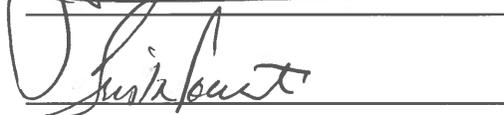
Chartered Professional Accountants

Edmonton, Alberta
April 24, 2025

LAC STE. ANNE COUNTY
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2024

	<u>2024</u>	<u>2023</u>
FINANCIAL ASSETS		
Cash	\$ 8,764,769	\$ 7,606,067
Accounts receivable (Note 2)	5,555,788	6,131,786
Loans receivable (Note 3)	1,513,044	1,695,022
Long-term investments (Note 4)	<u>9,641,815</u>	<u>1,194,135</u>
	<u>25,475,416</u>	<u>16,627,010</u>
LIABILITIES		
Accounts payable and accrued liabilities (Note 7)	3,406,299	5,176,425
Deposit liabilities (Note 8)	2,292,094	2,261,935
Deferred revenue (Note 9)	2,092,959	2,830,697
Asset retirement obligation (Note 10)	572,634	543,647
Long-term debt (Note 11)	<u>7,226,880</u>	<u>7,828,477</u>
	<u>15,590,866</u>	<u>18,641,181</u>
NET FINANCIAL ASSETS (DEBT)	<u>9,884,550</u>	<u>(2,014,171)</u>
NON-FINANCIAL ASSETS		
Inventory for consumption (Note 5)	565,777	582,436
Prepaid expenses	654,737	638,180
Tangible capital assets (Schedule 1)	<u>67,359,962</u>	<u>66,544,709</u>
	<u>68,580,476</u>	<u>67,765,325</u>
ACCUMULATED SURPLUS (Note 13)	<u>\$ 78,465,026</u>	<u>\$ 65,751,154</u>
CONTINGENCIES (Note 16)		

ON BEHALF OF COUNTY COUNCIL:

 _____	Reeve
 _____	Interim County Manager

LAC STE. ANNE COUNTY
STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS
FOR THE YEAR ENDED DECEMBER 31, 2024

	<u>2024</u> (Budget) (Note 20)	<u>2024</u> (Actual)	<u>2023</u> (Actual)
Revenue			
Net taxation (Schedule 2)	\$ 22,381,358	\$ 22,265,126	\$ 20,041,194
Sales and user charges	7,068,003	5,065,296	4,294,746
Government transfers for operating (Schedule 3)	2,234,496	1,883,299	3,924,894
Return on investments	761,548	897,724	548,281
Penalties and costs on taxes	614,000	803,779	629,902
Rentals	277,152	275,110	272,895
Licenses and permits	<u>92,000</u>	<u>200,922</u>	<u>119,319</u>
	<u>33,428,557</u>	<u>31,391,256</u>	<u>29,831,231</u>
Expenses			
Public works	15,752,993	15,258,797	15,031,366
General administration	6,533,617	6,933,137	6,026,421
Protective services	3,710,388	3,569,132	5,584,358
Parks and recreation	1,556,872	1,476,907	1,393,438
Planning, land and economic development	1,165,266	1,239,707	916,801
Waste management	1,157,673	1,169,440	1,108,692
Agricultural services	1,266,275	1,137,345	1,129,053
Water and wastewater	1,261,547	825,408	1,724,175
Council and other legislative	748,442	710,797	664,627
Family and community support services	<u>754,975</u>	<u>684,835</u>	<u>683,430</u>
	<u>33,908,048</u>	<u>33,005,505</u>	<u>34,262,361</u>
Surplus (Deficit) Before Other Items	<u>(479,491)</u>	<u>(1,614,249)</u>	<u>(4,431,130)</u>
Other Items			
Settlement proceeds for administration building	8,450,000	8,456,000	-
Government transfers for capital (Schedule 3)	5,162,922	3,838,096	2,222,279
Gain (loss) on disposal of tangible capital assets	1,831,213	1,510,225	(225,184)
Contributed tangible capital assets	<u>-</u>	<u>523,800</u>	<u>225,933</u>
	<u>15,444,135</u>	<u>14,328,121</u>	<u>2,223,028</u>
Annual Surplus (Deficit)	<u>14,964,644</u>	<u>12,713,872</u>	<u>(2,208,102)</u>
Accumulated Surplus, Beginning of Year	<u>-</u>	<u>65,751,154</u>	<u>67,959,256</u>
Accumulated Surplus, End of Year	<u>\$ 14,964,644</u>	<u>\$ 78,465,026</u>	<u>\$ 65,751,154</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, 2024

	<u>2024</u>	<u>2023</u>
Annual Surplus (Deficit)	<u>\$12,713,872</u>	<u>\$(2,208,102)</u>
Acquisition of tangible capital assets	(5,674,355)	(2,943,741)
Contributed tangible capital assets	(523,800)	(225,933)
Proceeds on disposal of tangible capital assets	1,603,825	299,685
Amortization of tangible capital assets	5,289,301	5,047,820
Loss (gain) on disposal of tangible capital assets	<u>(1,510,225)</u>	<u>225,184</u>
	<u>(815,254)</u>	<u>2,403,015</u>
Use (acquisition) of inventory for consumption	16,660	109,203
Use (acquisition) of prepaid expenses	<u>(16,557)</u>	<u>(44,904)</u>
	<u>103</u>	<u>64,299</u>
Increase In Net Financial Assets	11,898,721	259,212
Net Financial Debt, Beginning of Year	<u>(2,014,171)</u>	<u>(2,273,383)</u>
Net Financial Assets (Debt), End of Year	<u>\$ 9,884,550</u>	<u>\$(2,014,171)</u>

LAC STE. ANNE COUNTY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2024

	<u>2024</u>	<u>2023</u>
Operating Activities		
Annual surplus (deficit)	\$ 12,713,872	\$ (2,208,102)
Non-cash items included in excess of revenue over expenses:		
Amortization of tangible capital assets	5,289,301	5,047,820
Contributed tangible capital assets	(523,800)	(225,933)
Loss (gain) on disposal of tangible capital assets	<u>(1,510,225)</u>	<u>225,184</u>
	<u>15,969,148</u>	<u>2,838,969</u>
Change in non-cash working capital balances:		
Accounts receivable	575,998	(836,101)
Loans receivable	181,978	9,707
Inventory for consumption	16,660	109,203
Prepaid expenses	(16,557)	(44,904)
Accounts payable and accrued liabilities	(1,770,126)	1,539,518
Deposit liabilities	30,159	367,478
Deferred revenue	(737,738)	93,988
Asset retirement obligation	<u>28,987</u>	<u>25,145</u>
	<u>(1,690,639)</u>	<u>1,264,034</u>
	<u>14,278,509</u>	<u>4,103,003</u>
Financing Activities		
Long-term debt proceeds	992,768	228,178
Long-term debt principal repayments	<u>(1,594,365)</u>	<u>(1,495,172)</u>
	<u>(601,597)</u>	<u>(1,266,994)</u>
Capital Activities		
Acquisition of tangible capital assets	(5,674,355)	(2,943,741)
Proceeds on sale of tangible capital assets	<u>1,603,825</u>	<u>299,685</u>
	<u>(4,070,530)</u>	<u>(2,644,056)</u>
Investing Activities		
Change in long-term investments	<u>(8,447,680)</u>	<u>(50,349)</u>
Change in Cash for the Year	1,158,702	141,604
Cash, Beginning of Year	<u>7,606,067</u>	<u>7,464,463</u>
Cash, End of Year	<u>\$ 8,764,769</u>	<u>\$ 7,606,067</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, 2024

	Land	Land Improvements	Buildings	Engineered Structures	Machinery and Equipment	Vehicles	2024	2023
COST:								
Balance, Beginning of Year	\$ 12,437,700	\$ 3,524,691	\$ 17,457,409	\$ 124,767,386	\$ 14,779,124	\$ 8,169,196	\$ 181,135,506	\$ 179,069,101
Acquisition of tangible capital assets	518,800	122,925	273,367	1,544,399	2,841,678	896,985	6,198,154	3,169,674
Disposal of tangible capital assets	(93,600)	-	-	(459,662)	(2,775,000)	-	(3,328,262)	(1,103,269)
Balance, End of Year	12,862,900	3,647,616	17,730,776	125,852,123	14,845,802	9,066,181	184,005,398	181,135,506
ACCUMULATED AMORTIZATION:								
Balance, Beginning of Year	-	1,944,816	4,833,017	91,706,960	9,633,906	6,472,098	114,590,797	110,121,377
Annual amortization	-	126,580	455,112	2,509,889	1,833,697	364,023	5,289,301	5,047,820
Accumulated amortization on disposals	-	-	-	(459,662)	(2,775,000)	-	(3,234,662)	(578,400)
Balance, End of Year	-	2,071,396	5,288,129	93,757,187	8,692,603	6,836,121	116,645,436	114,590,797
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	\$ 12,862,900	\$ 1,576,220	\$ 12,442,647	\$ 32,094,936	\$ 6,153,199	\$ 2,230,060	\$ 67,359,962	\$ 66,544,709

Cost includes construction in progress of \$214,690 (2023 - \$799,175). 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, 2024

	<u>2024</u> (Budget) (Note20)	<u>2024</u> (Actual)	<u>2023</u> (Actual)
Taxation			
Residential	\$ 16,064,253	\$ 15,966,825	\$ 14,574,090
Linear	7,444,514	7,457,958	6,538,749
Machinery and equipment	1,467,928	1,466,136	1,292,090
Farmland	1,041,790	1,042,325	1,017,286
Commercial	1,314,053	1,284,454	907,356
Small business tax	646,588	641,360	796,389
Recreation facility and program assistance tax	692,500	692,000	690,300
Wastewater maintenance tax	309,550	308,675	299,899
Grants in lieu of taxes	60,656	60,656	61,056
Cherhill sewer levy	4,940	4,940	4,940
School requisitions over/under levy	-	5,211	2,142
	<u>29,046,772</u>	<u>28,930,540</u>	<u>26,184,297</u>
Deduct:			
Alberta School Foundation Fund	6,067,284	6,067,284	5,659,939
Lac Ste. Anne Foundation	572,678	572,678	458,923
Designated Industrial	<u>25,452</u>	<u>25,452</u>	<u>24,241</u>
	<u>6,665,414</u>	<u>6,665,414</u>	<u>6,143,103</u>
Net Taxation	<u>\$ 22,381,358</u>	<u>\$ 22,265,126</u>	<u>\$ 20,041,194</u>

LAC STE. ANNE COUNTY
SCHEDULE OF GOVERNMENT TRANSFERS
FOR THE YEAR ENDED DECEMBER 31, 2024

SCHEDULE 3

	<u>2024</u> (Budget) (Note20)	<u>2024</u> (Actual)	<u>2023</u> (Actual)
Government transfers for operating			
Provincial	\$ 2,234,496	\$ 1,883,299	\$ 3,924,894
Government transfers for capital			
Provincial	<u>5,162,922</u>	<u>3,838,096</u>	<u>2,222,279</u>
Total Government Transfers	<u>\$ 7,397,418</u>	<u>\$ 5,721,395</u>	<u>\$ 6,147,173</u>

LAC STE. ANNE COUNTY

SCHEDULE 4

SCHEDULE OF SEGMENTED INFORMATION

FOR THE YEAR ENDED DECEMBER 31, 2024

	Public Works	General Administration	Protective Services	Planning and Development	Waste Management	Parks and Recreation	Other	Total
REVENUE								
Net taxation	\$ -	\$ 21,259,511	\$ -	\$ -	\$ -	\$ 692,000	\$ 313,615	\$ 22,265,126
Sales and user charges	441,752	1,002,970	832,012	531,022	1,114,972	337,253	805,315	5,065,296
Government transfers for operating	547,229	306,665	277,431	2,100	-	10,168	739,706	1,883,299
Return on investments	81,393	816,331	-	-	-	-	-	897,724
Penalties and costs on taxes	-	803,779	-	-	-	-	-	803,779
Licenses and permits	8,284	-	170,188	22,300	-	-	150	200,922
Rentals	-	129,499	121,422	-	-	2,205	21,984	275,110
	<u>1,078,658</u>	<u>24,318,755</u>	<u>1,401,053</u>	<u>555,422</u>	<u>1,114,972</u>	<u>1,041,626</u>	<u>1,880,770</u>	<u>31,391,256</u>
EXPENSES								
Salaries, wages and benefits	4,064,008	2,564,104	1,438,338	612,043	486,299	96,378	2,011,363	11,272,533
Contracted and general services	3,292,991	1,853,320	1,457,459	625,645	94,691	137,877	702,043	8,164,026
Amortization of tangible capital assets	4,139,207	472,165	225,785	-	93,013	106,749	252,382	5,289,301
Materials, goods and utilities	3,611,692	494,294	447,550	2,019	125,326	175,845	322,909	5,179,635
Provision for allowances	-	1,456,623	-	-	-	-	-	1,456,623
Transfers to governments	-	45,972	-	-	370,112	960,057	42,757	1,418,898
Interest on long-term debt	150,898	2,639	-	-	-	-	26,931	180,468
Bank charges and short-term interest	-	44,021	-	-	-	-	-	44,021
	<u>15,258,796</u>	<u>6,933,138</u>	<u>3,569,132</u>	<u>1,239,707</u>	<u>1,169,441</u>	<u>1,476,906</u>	<u>3,358,385</u>	<u>33,005,505</u>
ANNUAL SURPLUS (DEFICIT)								
BEFORE OTHER ITEMS	<u>\$ (14,180,138)</u>	<u>\$ 17,385,617</u>	<u>\$ (2,168,079)</u>	<u>\$ (684,285)</u>	<u>\$ (54,469)</u>	<u>\$ (435,280)</u>	<u>\$ (1,477,615)</u>	<u>\$ (1,614,249)</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, 2024

SCHEDULE 5

	<u>2024</u> (Budget) (Note 20)	<u>2024</u> (Actual)	<u>2023</u> (Actual)
Salaries, wages and benefits	\$ 11,974,696	\$ 11,272,533	\$ 10,755,888
Contracted and general services	9,290,039	8,164,026	11,305,310
Amortization	5,145,805	5,289,301	5,047,820
Materials, goods and utilities	5,528,904	5,179,635	5,322,472
Provision for allowances	285,501	1,456,623	198,630
Transfers to governments, agencies and organizations	1,371,080	1,418,898	1,364,665
Interest on long-term debt	242,023	180,468	207,790
Bank charges and short-term interest	<u>70,000</u>	<u>44,021</u>	<u>59,786</u>
	<u>\$ 33,908,048</u>	<u>\$ 33,005,505</u>	<u>\$ 34,262,361</u>

See accompanying notes to the financial statements.

LAC STE. ANNE COUNTY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

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, 2024

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, 2024

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, 2024

2. ACCOUNTS RECEIVABLE

	<u>2024</u>	<u>2023</u>
Property taxes	\$ 5,437,182	\$ 4,006,516
Government transfers	1,777,967	2,495,113
Trade	1,319,536	1,245,699
Goods and Services Tax	141,521	214,976
Accrued interest	<u>95,540</u>	<u>2,453</u>
	8,771,746	7,964,757
Less: Allowance for doubtful accounts	<u>(3,215,958)</u>	<u>(1,832,971)</u>
	<u>\$ 5,555,788</u>	<u>\$ 6,131,786</u>

3. LOAN RECEIVABLES

	<u>2024</u>	<u>2023</u>
Lac Ste. Anne Foundation, unsecured, repayable in semi-annual payments of \$112,072 including interest at 4.779%, due September 15, 2031.	\$ 1,338,805	\$ 1,496,436
Onoway Curling Association, unsecured, non-interest bearing and is repayable in annual payments of \$15,000, due January 15, 2033.	135,000	150,000
Rich Valley Agricultural Society, unsecured, non-interest bearing and is repayable in annual payments of \$6,848, due December 15, 2029.	34,239	41,086
Darwell Public Library Society, unsecured, non-interest bearing and is repayable in annual payments of \$2,500, due January 15, 2026.	<u>5,000</u>	<u>7,500</u>
	<u>\$ 1,513,044</u>	<u>\$ 1,695,022</u>

LAC STE. ANNE COUNTY
NOTES TO FINANCIAL STATEMENTS (CONT'D)
DECEMBER 31, 2024

4. LONG-TERM INVESTMENTS

	<u>2024</u>	<u>2023</u>
Guaranteed investment certificates, earning interest at rates from 3.3% - 5.25%, maturing from 2025 - 2026.	\$ 9,264,830	\$ 1,050,000
Investment account cash	225,675	-
Servus Credit Union Ltd. common shares.	<u>151,310</u>	<u>144,135</u>
	<u>\$ 9,641,815</u>	<u>\$ 1,194,135</u>

5. INVENTORY FOR CONSUMPTION

	<u>2024</u>	<u>2023</u>
Parts, culverts and other	\$ 563,177	\$ 567,475
Gravel	<u>2,600</u>	<u>14,961</u>
	<u>\$ 565,777</u>	<u>\$ 582,436</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, 2024. Demand term loans totaling \$128,274 are outstanding at December 31, 2024 (2023 - \$692,634). See Note 11 for demand term loan details.

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	<u>2024</u>	<u>2023</u>
Trade	\$ 3,088,116	\$ 4,536,202
Earned vacation liability	290,077	547,148
Accrued interest on long-term debt	28,106	29,783
Construction holdbacks	<u>-</u>	<u>63,292</u>
	<u>\$ 3,406,299</u>	<u>\$ 5,176,425</u>

LAC STE. ANNE COUNTY
NOTES TO FINANCIAL STATEMENTS (CONT'D)
DECEMBER 31, 2024

8. DEPOSIT LIABILITIES

	<u>2024</u>	<u>2023</u>
Road damage deposits	\$ 1,175,300	\$ 1,159,800
Development trust	666,983	654,283
Tax sale surplus	<u>449,811</u>	<u>447,852</u>
	<u>\$ 2,292,094</u>	<u>\$ 2,261,935</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>2024</u>	<u>2023</u>
Provincial government transfers		
Canada Community Building Fund grant	\$ 1,352,101	\$ 2,173,169
Alberta Agriculture grant	241,409	322,237
Municipal Sustainability Initiative grant	-	197,509
Other provincial grants	381,814	86,009
Other	<u>117,635</u>	<u>51,773</u>
	<u>\$ 2,092,959</u>	<u>\$ 2,830,697</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>2024</u>	<u>2023</u>
Balance, beginning of year	\$ 543,647	\$ 518,502
Accretion expense	<u>28,987</u>	<u>25,145</u>
Balance, end of year	<u>\$ 572,634</u>	<u>\$ 543,647</u>

LAC STE. ANNE COUNTY
NOTES TO FINANCIAL STATEMENTS (CONT'D)
DECEMBER 31, 2024

11. LONG-TERM DEBT

	<u>2024</u>	<u>2023</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.	\$ 1,320,308	\$ 1,475,761
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.	1,278,678	1,462,317
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.	1,000,462	1,102,436
Debenture debt held by the Government of Alberta, repayable in semi-annual installments of \$34,585 including interest at 4.88%; due December 16, 2049. Relates to Darwell phase B collection line.	992,768	-
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	507,934	526,889
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.	432,322	487,384
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.	414,845	614,723
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.	283,733	294,322
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.	264,757	345,409
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.	212,779	277,597

LAC STE. ANNE COUNTY
NOTES TO FINANCIAL STATEMENTS (CONT'D)
DECEMBER 31, 2024

11. LONG-TERM DEBT (CONTINUED)

	<u>2024</u>	<u>2023</u>
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.	\$ 128,274	\$ 430,892
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.	159,443	264,252
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.	103,523	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.	83,387	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.	43,667	56,575
Demand term loan with Servus Credit Union repaid during the year.	-	261,742
	<u>\$ 7,226,880</u>	<u>\$ 7,828,477</u>

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

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 1,212,827	\$ 251,165	\$ 1,463,992
2026	1,066,707	214,397	1,281,104
2027	834,133	179,330	1,013,463
2028	675,981	149,104	825,085
2029	647,825	125,158	772,983
Thereafter	<u>2,789,407</u>	<u>715,753</u>	<u>3,505,160</u>
	<u>\$ 7,226,880</u>	<u>\$ 1,634,907</u>	<u>\$ 8,861,787</u>

LAC STE. ANNE COUNTY
NOTES TO FINANCIAL STATEMENTS (CONT'D)
DECEMBER 31, 2024

12. EQUITY IN TANGIBLE CAPITAL ASSETS

	<u>2024</u>	<u>2023</u>
Tangible capital assets (Schedule 1)	\$ 184,005,398	\$ 181,135,506
Accumulated amortization (Schedule 1)	(116,645,436)	(114,590,797)
Long-term debt for tangible capital asset purposes	(4,122,137)	(5,531,505)
Asset retirement obligation (Note 10)	<u>(572,634)</u>	<u>(543,647)</u>
	<u>\$ 62,665,191</u>	<u>\$ 60,469,557</u>

13. ACCUMULATED SURPLUS

	<u>2024</u>	<u>2023</u>
Unrestricted surplus (deficit)	\$ <u>(1,482,786)</u>	\$ <u>(1,254,444)</u>
Restricted surplus		
Infrastructure	4,553,966	4,486,850
Community	2,396,015	1,426,938
Administrative	<u>10,332,640</u>	<u>622,253</u>
	<u>17,282,621</u>	<u>6,536,041</u>
Equity in tangible capital assets (Note 12)	<u>62,665,191</u>	<u>60,469,557</u>
	<u>\$ 78,465,026</u>	<u>\$ 65,751,154</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>2024</u>	<u>2023</u>
Reeve					
Division 5	\$	73,813	\$ 16,691	\$ 90,504	\$ 87,181
Councillors					
Division 1		58,215	13,133	71,348	69,964
Division 2		65,863	14,692	80,555	78,568
Division 3		68,750	6,611	75,361	61,848
Division 4		57,915	14,254	72,169	70,101
Division 6		57,915	14,060	71,975	70,322
Division 7		91,456	4,864	96,320	61,054
Chief Administrative Officer		264,394	43,597	307,991	300,507

(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, 2024

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>2024</u>	<u>2023</u>
Total debt limit	\$ 47,086,884	\$ 44,746,847
Total debt	<u>(7,226,880)</u>	<u>(7,828,477)</u>
Amount of total debt limit unused	<u>39,860,004</u>	<u>36,918,370</u>
Debt servicing limit	7,847,814	7,457,808
Debt servicing	<u>(1,463,992)</u>	<u>(1,822,857)</u>
Amount of debt servicing limit unused	<u>\$ 6,383,822</u>	<u>\$ 5,634,951</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 11.65% 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 10.65% on pensionable earnings above this amount.

Total contributions made by the County to the LAPP in 2024 were \$652,193 (2023 - \$654,622). Total contributions made by the employees of the County to the LAPP in 2024 were \$579,095 (3 - \$584,161).

At December 31, 2023, the LAPP disclosed an actuarial surplus of \$15.1 billion (2022 - \$12.7 billion).

LAC STE. ANNE COUNTY
NOTES TO FINANCIAL STATEMENTS (CONT'D)
DECEMBER 31, 2024

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 2024 final budget adopted by Council on April 25, 2024.

The table below reconciles the approved budget figures reported in these financial statements.

	<u>2024</u>
Annual surplus	\$ 14,964,644
Deduct:	
Transfers to reserves	(11,785,262)
Debt repayment	(1,443,010)
Purchase of tangible capital assets	(9,712,992)
Add back:	
Amortization	5,174,792
Transfers from reserves	1,714,714
Transfers for capital funding	<u>1,087,114</u>
	<u>\$ -</u>

21. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved by Council.