LAC STE. ANNE COUNTY

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

METRIX GROUP LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

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, 2025, 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, 2025, 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 or 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 23, 2026

LAC STE. ANNE COUNTY

STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2025

	2025	2024
FINANCIAL ASSETS		
Cash	**$ 15,640,614**	$ 8,764,769
Accounts receivable (Note 2)	**4,277,867**	5,555,788
Loans receivable (Note 3)	**1,323,443**	1,513,044
Long-term investments (Note 4)	**9,172,537**	9,641,815
	30,414,461	25,475,416
LIABILITIES		
Accounts payable and accrued liabilities (Note 7)	**3,748,399**	3,406,299
Deposit liabilities (Note 8)	**2,323,503**	2,292,094
Deferred revenue (Note 9)	**2,241,707**	2,092,959
Asset retirement obligation (Note 10)	**603,250**	572,634
Long-term debt (Note 11)	**8,177,690**	7,226,880
	17,094,549	15,590,866
NET FINANCIAL ASSETS	**13,319,912**	9,884,550
NON-FINANCIAL ASSETS		
Inventory for consumption (Note 5)	**610,801**	565,777
Prepaid expenses	**315,906**	654,737
Tangible capital assets (Schedule 1)	**69,774,882**	67,359,962
	70,701,589	68,580,476
ACCUMULATED SURPLUS (Note 13)	**$ 84,021,501**	$ 78,465,026

CONTINGENCIES (Note 16)

ON BEHALF OF COUNTY COUNCIL:

_______________________ Reeve

_______________________ Chief Administrative Officer

LAC STE. ANNE COUNTY

STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS

FOR THE YEAR ENDED DECEMBER 31, 2025

	2025 (Budget) (Note 20)	2025 (Actual)	2024 (Actual)
Revenue			
Net taxation (Schedule 2)	$ 24,600,023	**$ 24,645,159**	$ 22,265,126
Sales and user charges	4,653,809	**5,378,165**	5,065,296
Government transfers for operating (Schedule 3)	1,349,050	**1,209,925**	1,883,299
Penalties and costs on taxes	514,000	**992,578**	803,779
Return on investments	953,104	**916,562**	897,724
Rentals	349,692	**284,829**	275,110
Licenses and permits	215,100	**226,616**	200,922
	32,634,778	**33,653,834**	31,391,256
Expenses			
Public works	16,254,190	**15,821,356**	15,258,797
General administration	7,228,938	**7,463,883**	6,933,137
Protective services	4,182,996	**4,087,265**	3,569,132
Parks and recreation	1,566,824	**1,449,234**	1,476,907
Waste management	1,192,802	**1,211,069**	1,169,440
Agricultural services	1,308,473	**1,191,010**	1,137,345
Water and wastewater	1,292,596	**1,041,977**	825,408
Council and other legislative	784,209	**773,236**	710,797
Planning, land and economic development	997,370	**710,483**	1,239,707
Family and community support services	803,054	**691,435**	684,835
	35,611,452	**34,440,948**	33,005,505
Deficit Before Other Items	(2,976,674)	**(787,114)**	(1,614,249)
Other Items			
Government transfers for capital (Schedule 3)	5,972,517	**4,671,710**	3,838,096
Gain on disposal of tangible capital assets	3,744,212	**1,390,879**	1,510,225
Contributed tangible capital assets	-	**281,000**	523,800
Settlement proceeds for administration building	-	**-**	8,456,000
	9,716,729	**6,343,589**	14,328,121
Annual Surplus	6,740,055	**5,556,475**	12,713,872
Accumulated Surplus, Beginning of Year	-	**78,465,026**	65,751,154
Accumulated Surplus, End of Year	$ 6,740,055	**$ 84,021,501**	$ 78,465,026

LAC STE. ANNE COUNTY

STATEMENT OF CHANGES IN NET FINANCIAL ASSETS

FOR THE YEAR ENDED DECEMBER 31, 2025

	2025	2024
Annual Surplus	**$ 5,556,475**	$ 12,713,872
Acquisition of tangible capital assets	**(8,445,677)**	(5,674,355)
Contributed tangible capital assets	**(281,000)**	(523,800)
Proceeds on disposal of tangible capital assets	**2,114,919**	1,603,825
Amortization of tangible capital assets	**5,587,717**	5,289,301
Gain on disposal of tangible capital assets	**(1,390,879)**	(1,510,225)
	(2,414,920)	(815,254)
Use (acquisition) of inventory for consumption	**(45,024)**	16,660
Use (acquisition) of prepaid expenses	**338,831**	(16,557)
	293,807	103
Increase In Net Financial Assets	**3,435,362**	11,898,721
Net Financial Assets (Debt), Beginning of Year	**9,884,550**	(2,014,171)
Net Financial Assets, End of Year	**$ 13,319,912**	$ 9,884,550

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

LAC STE. ANNE COUNTY

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2025

	2025	2024
Operating Activities		
Annual surplus	**$ 5,556,475**	$ 12,713,872
Non-cash items included in excess of revenue over expenses:		
Amortization of tangible capital assets	**5,587,717**	5,289,301
Contributed tangible capital assets	**(281,000)**	(523,800)
Gain on disposal of tangible capital assets	**(1,390,879)**	(1,510,225)
	9,472,313	15,969,148
Change in non-cash working capital balances:		
Accounts receivable	**1,277,921**	575,998
Loans receivable	**189,601**	181,978
Inventory for consumption	**(45,024)**	16,660
Prepaid expenses	**338,831**	(16,557)
Accounts payable and accrued liabilities	**342,100**	(1,770,126)
Deposit liabilities	**31,409**	30,159
Deferred revenue	**148,748**	(737,738)
Asset retirement obligation	**30,616**	28,987
	2,314,202	(1,690,639)
	11,786,515	14,278,509
Financing Activities		
Long-term debt proceeds	**2,167,507**	992,768
Long-term debt principal repayments	**(1,216,697)**	(1,594,365)
	950,810	(601,597)
Capital Activities		
Acquisition of tangible capital assets	**(8,445,677)**	(5,674,355)
Proceeds on sale of tangible capital assets	**2,114,919**	1,603,825
	(6,330,758)	(4,070,530)
Investing Activities		
Change in long-term investments	**469,278**	(8,447,680)
Change in Cash for the Year	**6,875,845**	1,158,702
Cash, Beginning of Year	**8,764,769**	7,606,067
Cash, End of Year	**$ 15,640,614**	$ 8,764,769

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, 2025

	Land	Land Improvements	Buildings	Engineered Structures	Machinery and Equipment	Vehicles	2025	2024
COST:								
Balance, Beginning 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
Acquisition of tangible capital assets	281,000	225,243	1,700	3,383,674	2,307,939	2,527,121	**8,726,677**	6,198,154
Disposal of tangible capital assets	-	-	(221,926)	(134,104)	(1,772,048)	(1,480,077)	**(3,608,155)**	(3,328,262)
Balance, End of Year	13,143,900	3,872,859	17,510,550	129,101,693	15,381,693	10,113,225	**189,123,920**	184,005,398
ACCUMULATED AMORTIZATION:								
Balance, Beginning of Year	-	2,071,396	5,288,129	93,757,187	8,692,603	6,836,121	**116,645,436**	114,590,797
Annual amortization	-	117,752	459,881	2,484,534	2,051,690	473,860	**5,587,717**	5,289,301
Accumulated amortization on disposals	-	-	(8,877)	(134,104)	(1,647,932)	(1,093,202)	**(2,884,115)**	(3,234,662)
Balance, End of Year	-	2,189,148	5,739,133	96,107,617	9,096,361	6,216,779	**119,349,038**	116,645,436
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	**$ 13,143,900**	**$ 1,683,711**	**$ 11,771,417**	**$ 32,994,076**	**$ 6,285,332**	**$ 3,896,446**	**$ 69,774,882**	**$ 67,359,962**

Cost includes construction in progress of $2,343,848 (2024 - $214,690). 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, 2025

	2025 (Budget) (Note 20)	2025 (Actual)	2024 (Actual)
Taxation			
Residential	$ 17,303,828	$ **17,176,066**	$ 15,966,825
Linear	8,667,718	**8,670,094**	7,457,958
Machinery and equipment	1,680,909	**1,681,582**	1,466,136
Farmland	1,066,637	**1,066,976**	1,042,325
Commercial	1,611,460	**1,735,863**	1,284,454
Small business tax	573,808	**621,246**	641,360
Recreation facility and program assistance tax	695,000	**692,700**	692,000
Wastewater maintenance tax	310,875	**310,875**	308,675
Grants in lieu of taxes	61,538	**61,538**	60,656
Cherhill sewer levy	4,940	**4,940**	4,940
School requisitions over/under levy	(7,588)	**(10,626)**	5,211
	31,969,125	**32,011,254**	28,930,540
Deduct:			
Alberta School Foundation Fund	6,769,955	**6,769,955**	6,067,284
Lac Ste. Anne Foundation	574,617	**574,617**	572,678
Designated Industrial	24,530	**21,523**	25,452
	7,369,102	**7,366,095**	6,665,414
Net Taxation	$ 24,600,023	$ **24,645,159**	$ 22,265,126

LAC STE. ANNE COUNTY

SCHEDULE 3

SCHEDULE OF GOVERNMENT TRANSFERS

FOR THE YEAR ENDED DECEMBER 31, 2025

	2025 (Budget) (Note20)	**2025 (Actual)**	2024 (Actual)
Government transfers for operating			
Provincial	$ 1,349,050	**$ 1,209,925**	$ 1,883,299
Government transfers for capital			
Provincial	5,972,517	**4,671,710**	3,838,096
Total Government Transfers	$ 7,321,567	**$ 5,881,635**	$ 5,721,395

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

LAC STE. ANNE COUNTY

SCHEDULE 4

SCHEDULE OF SEGMENTED INFORMATION

FOR THE YEAR ENDED DECEMBER 31, 2025

	Public Works	General Administration	Protective Services	Planning and Development	Waste Management	Parks and Recreation	Other	Total
REVENUE								
Net taxation	$ -	$ 23,636,645	$ -	$ -	$ -	$ 692,700	$ 315,814	**$ 24,645,159**
Sales and user charges	209,600	932,518	1,235,142	349,719	1,352,720	355,296	943,170	**5,378,165**
Government transfers for operating	244,736	33,215	131,392	2,100	-	4,200	794,282	**1,209,925**
Return on investments	54,509	855,033	7,020	-	-	-	-	**916,562**
Penalties and costs on taxes	-	992,578	-	-	-	-	-	**992,578**
Licenses and permits	11,567	-	184,049	30,900	-	-	100	**226,616**
Rentals	-	154,867	115,016	-	-	-	14,946	**284,829**
	520,412	26,604,856	1,672,619	382,719	1,352,720	1,052,196	2,068,312	**33,653,834**
EXPENSES								
Salaries, wages and benefits	4,332,450	3,357,192	1,727,621	482,065	507,283	89,379	2,067,931	**12,563,921**
Contracted and general services	3,523,250	1,590,795	1,395,632	227,670	89,635	122,917	855,583	**7,805,482**
Amortization of tangible capital assets	4,331,060	477,293	266,598	-	122,908	93,348	296,510	**5,587,717**
Materials, goods and utilities	3,513,426	526,677	687,499	747	113,627	165,984	363,401	**5,371,361**
Provision for allowances	-	1,412,585	-	-	-	-	-	**1,412,585**
Transfers to governments	-	56,920	-	-	377,617	977,607	42,757	**1,454,901**
Interest on long-term debt	121,169	1,451	9,914	-	-	-	71,476	**204,010**
Bank charges and short-term interest	-	40,971	-	-	-	-	-	**40,971**
	15,821,355	7,463,884	4,087,264	710,482	1,211,070	1,449,235	3,697,658	**34,440,948**
ANNUAL SURPLUS (DEFICIT) BEFORE OTHER ITEMS	**$ (15,300,943)**	**$ 19,140,972**	**$ (2,414,645)**	**$ (327,763)**	**$ 141,650**	**$ (397,039)**	**$ (1,629,346)**	**$ (787,114)**

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

LAC STE. ANNE COUNTY

SCHEDULE 5

SCHEDULE OF EXPENDITURES BY OBJECT

FOR THE YEAR ENDED DECEMBER 31, 2025

	2025 (Budget) (Note 20)	**2025 (Actual)**	2024 (Actual)
Salaries, wages and benefits	$ 12,988,172	**$ 12,563,921**	$ 11,272,533
Contracted and general services	8,916,158	**7,805,482**	8,164,026
Amortization	5,291,105	**5,587,717**	5,289,301
Materials, goods and utilities	5,820,743	**5,371,361**	5,179,635
Provision for allowances	917,891	**1,412,585**	1,456,623
Transfers to governments, agencies and organizations	1,391,803	**1,454,901**	1,418,898
Interest on long-term debt	210,530	**204,010**	180,468
Bank charges and short-term interest	75,050	**40,971**	44,021
	$ 35,611,452	**$ 34,440,948**	$ 33,005,505

See accompanying notes to the financial statements.

LAC STE. ANNE COUNTY

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2025

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:

Financial statement component	Measurement
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.

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.

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.

2. ACCOUNTS RECEIVABLE

	2025	2024
Property taxes	**$ 6,284,996**	$ 5,437,182
Government transfers	**1,348,591**	1,777,967
Trade	**900,861**	1,319,536
Goods and Services Tax	**187,849**	141,521
Accrued interest	**95,042**	95,540
	8,817,339	8,771,746
Less: Allowance for doubtful accounts	**(4,539,472)**	(3,215,958)
	$ 4,277,867	$ 5,555,788

3. LOAN RECEIVABLES

	2025	2024
Lac Ste. Anne Foundation, unsecured, repayable in semi-annual payments of $112,072 including interest at 4.779%, due September 15, 2031.	**$ 1,173,552**	$ 1,338,805
Onoway Curling Association, unsecured, non-interest bearing and is repayable in annual payments of $15,000, due January 15, 2033.	**120,000**	135,000
Rich Valley Agricultural Society, unsecured, non-interest bearing and is repayable in annual payments of $6,848, due December 15, 2029.	**27,391**	34,239
Darwell Public Library Society, unsecured, non-interest bearing and is repayable in annual payments of $2,500, due January 15, 2026.	**2,500**	5,000
	$ 1,323,443	$ 1,513,044

4. LONG-TERM INVESTMENTS

	2025	2024
Guaranteed investment certificates, earning interest at rates from 2.9% - 5.25%, maturing from 2026 - 2027.	**$ 9,014,830**	$ 9,264,830
Servus Credit Union Ltd. common shares.	**157,707**	151,310
Investment account cash	**-**	225,675
	$ 9,172,537	$ 9,641,815

5. INVENTORY FOR CONSUMPTION

	2025	2024
Parts, culverts and other	**$ 547,411**	$ 563,177
Gravel	**63,390**	2,600
	$ 610,801	$ 565,777

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, 2025. Demand term loans outstanding at December 31, 2025 was $nil (2024 - $128,274).

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2025	2024
Trade	**$ 3,345,818**	$ 3,088,116
Earned vacation liability	**363,775**	290,077
Accrued interest on long-term debt	**38,806**	28,106
	$ 3,748,399	$ 3,406,299

8. DEPOSIT LIABILITIES

	2025	2024
Road damage deposits	**$ 1,232,900**	$ 1,175,300
Development trust	**660,483**	666,983
Tax sale surplus	**430,120**	449,811
	$ 2,323,503	$ 2,292,094

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.

	2025	2024
Provincial government transfers		
Canada Community Building Fund grant	**$ 891,773**	$ 1,352,101
Local Government Fiscal Framework grant	**653,416**	-
Alberta Agriculture grant	**154,620**	241,409
Other provincial grants	**405,144**	381,814
Other	**136,754**	117,635
	$ 2,241,707	$ 2,092,959

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.

	2025	2024
Balance, beginning of year	**$ 572,634**	$ 543,647
Accretion expense	**30,616**	28,987
Balance, end of year	**$ 603,250**	$ 572,634

11. LONG-TERM DEBT

	2025	2024
Debenture debt held by the Government of Alberta, repayable in semi-annual installments of $112,072 including interest at 4.779%; due September 15, 2031. Relates to Lac Ste. Anne Foundation.	**$ 1,157,338**	$ 1,320,308
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.	**1,091,667**	1,278,678
Debenture debt held by the Government of Alberta, repayable in semi-annual installments of $59,575 including interest at 3.46%; due September 29, 2035. Relates to equipment purchase.	**1,000,000**	-
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.	**971,793**	992,768
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.	**893,879**	1,000,462
Debenture debt held by the Government of Alberta, repayable in semi-annual installments of $64,957 including interest at 2.94%; due September 29, 2030. Relates to equipment purchase.	**600,000**	-
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	**488,465**	507,934
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.	**375,679**	432,322
Debenture debt held by the Government of Alberta, repayable in semi-annual installments of $36,229 including interest at 3.01%; due November 28, 2030. Relates to capital road projects.	**334,023**	-
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.	**272,858**	283,733

11. LONG-TERM DEBT (CONTINUED)

	2025	2024
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.	**209,978**	414,845
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.	**180,419**	264,757
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.	**144,998**	212,779
Demand term loan with Servus Credit Union repayable in monthly payments of $4,420 including interest at 4.5%; due November 1, 2028. Relates to Sangudo slide.	**144,613**	-
Debenture debt held by the Government of Alberta, repayable in semi-annual installments of $9,180 including interest at 2.85%; due November 7, 2030. Relates to Sangudo slide.	**85,000**	-
Debenture debt 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.	**79,516**	103,523
Debenture debt 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.	**64,049**	83,387
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.	**53,448**	159,443
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.	**29,967**	43,667
Demand term loan repaid during the year.	**-**	128,274
	$ 8,177,690	$ 7,226,880

LAC STE. ANNE COUNTY

NOTES TO FINANCIAL STATEMENTS (CONT'D)

DECEMBER 31, 2025

11. LONG-TERM DEBT (CONTINUED)

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

	Principal	Interest	Total
2026	$ 1,391,519	$ 282,509	$ 1,674,028
2027	1,169,820	236,566	1,406,386
2028	1,018,367	195,095	1,213,462
2029	952,042	160,823	1,112,865
2030	984,539	128,326	1,112,865
Thereafter	2,661,403	666,524	3,327,927
	$ 8,177,690	$ 1,669,843	$ 9,847,533

12. EQUITY IN TANGIBLE CAPITAL ASSETS

	2025	2024
Tangible capital assets (Schedule 1)	**$ 189,123,920**	$ 184,005,398
Accumulated amortization (Schedule 1)	**(119,349,038)**	(116,645,436)
Long-term debt for tangible capital asset purposes	**(5,287,236)**	(4,122,137)
Asset retirement obligation (Note 10)	**(603,250)**	(572,634)
	$ 63,884,396	$ 62,665,191

13. ACCUMULATED SURPLUS

	2025	2024
Unrestricted surplus (deficit)	**$ 384,543**	$ (1,482,786)
Restricted surplus		
Administrative	**11,616,489**	10,332,640
Infrastructure	**5,344,494**	4,553,966
Community	**2,791,579**	2,396,015
	19,752,562	17,282,621
Equity in tangible capital assets (Note 12)	**63,884,396**	62,665,191
	$ 84,021,501	$ 78,465,026

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:

	Salary (1)	Benefits and Allowances (2)	2025	2024
Reeve				
Joe Blakeman	$ 61,312	$ 10,865	$ **72,177**	$ 90,504
Jurgen Preugschas	14,255	1,316	**15,571**	-
Councilors				
Nicholas Gelych	54,709	9,476	**64,185**	80,555
Lorne Olsvik	48,527	9,793	**58,320**	71,348
George Vaughan	52,436	5,259	**57,695**	75,361
Ross Bohnet	48,107	9,113	**57,220**	71,975
Kevin Lovich	48,107	9,032	**57,139**	72,169
Lloyd Giebelhaus	52,436	3,982	**56,418**	96,320
Dale Johnson	11,988	2,498	**14,486**	-
Jill Stoney	11,879	1,476	**13,355**	-
Barry Voltner	10,898	2,453	**13,351**	-
Boris Knysh	10,898	2,453	**13,351**	-
Ed Gifford	10,898	2,453	**13,351**	-
Mike Derksen	10,898	2,453	**13,351**	-
Mike Primeau, CAO	716,405	15,368	**731,773**	307,991
Trista Court, Interim CAO	138,934	21,364	**160,298**	-

(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.

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:

	2025	2024
Total debt limit	**$ 50,480,751**	$ 47,086,884
Total debt	**(8,177,690)**	(7,226,880)
Amount of total debt limit unused	**42,303,061**	39,860,004
Debt servicing limit	**8,413,459**	7,847,814
Debt servicing	**(1,674,028)**	(1,463,992)
Amount of debt servicing limit unused	**$ 6,739,431**	$ 6,383,822

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 2025 were $631,719 (2024 - $652,193). Total contributions made by the employees of the County to the LAPP in 2025 were $560,988 (2024 - $579,095).

At December 31, 2024, the LAPP disclosed an actuarial surplus of $19.6 billion (2023 - $15.1 billion).

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 2025 final budget adopted by Council on April 10, 2025.

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

		2025
Annual surplus	$	6,740,055
Deduct:		
Transfers to reserves		(2,207,188)
Debt repayment		(1,145,595)
Purchase of tangible capital assets		(12,851,236)
Add back:		
Amortization		5,320,572
Transfers from reserves		1,618,392
Debt proceeds		2,525,000
	$	-

21. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved by Council.