

LAC STE. ANNE COUNTY

SANGUDO, ALBERTA

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2019

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, 2019, and the statements of operations, change in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Lac Ste. Anne County as at December 31, 2019, 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.

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.

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

(continues)



Auditors' Responsibility for the Audit of the Financial Statements

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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 23, 2020

LAC STE. ANNE COUNTY
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2019

	<u>2019</u>	<u>2018</u>
FINANCIAL ASSETS		
Cash	\$ 3,375,364	\$ 4,267,685
Accounts receivable (Note 2)	5,095,869	6,394,143
Loans receivable (Note 3)	2,443,496	2,701,998
Long-term investments (Note 4)	<u>1,077,853</u>	<u>1,073,272</u>
	<u>11,992,582</u>	<u>14,437,098</u>
LIABILITIES		
Accounts payable and accrued liabilities (Note 7)	1,843,195	1,562,613
Deposit liabilities (Note 8)	1,911,235	2,418,978
Deferred revenue (Note 9)	1,181,896	1,232,367
Long-term debt (Note 10)	<u>4,270,110</u>	<u>4,103,181</u>
	<u>9,206,436</u>	<u>9,317,139</u>
NET FINANCIAL ASSETS	<u>2,786,146</u>	<u>5,119,959</u>
NON-FINANCIAL ASSETS		
Inventory for consumption (Note 5)	749,894	764,692
Prepaid expenses	381,911	472,753
Tangible capital assets (Schedule 1)	<u>61,205,167</u>	<u>60,500,957</u>
	<u>62,336,972</u>	<u>61,738,402</u>
ACCUMULATED SURPLUS (Note 12)	<u>\$ 65,123,118</u>	<u>\$ 66,858,361</u>
CONTINGENCIES (Note 15)		

ON BEHALF OF COUNTY COUNCIL:


 _____ Reeve


 _____ County Manager

LAC STE. ANNE COUNTY

STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS

FOR THE YEAR ENDED DECEMBER 31, 2019

	Budget <u>2019</u> (Note 19)	Actual <u>2019</u>	Actual <u>2018</u>
Revenue			
Net taxation (Schedule 2)	\$ 16,494,717	\$ 16,399,776	\$ 15,594,753
Sales and user charges	3,067,179	2,973,822	3,090,951
Government transfers for operating (Schedule 3)	1,011,811	1,070,067	864,370
Penalties and costs on taxes	340,500	615,104	371,233
Return on investments	142,000	204,718	182,008
Rentals	155,480	158,871	152,123
Licenses and permits	<u>102,000</u>	<u>88,275</u>	<u>115,395</u>
	<u>21,313,687</u>	<u>21,510,633</u>	<u>20,370,833</u>
Expenses			
Public works	12,751,257	13,259,925	12,740,326
General administration	4,209,484	5,296,758	3,661,799
Protective services	2,141,523	1,993,416	2,099,106
Parks and recreation	1,064,095	1,011,886	1,045,339
Agricultural services	1,143,237	1,003,018	1,049,667
Waste management	900,653	909,553	807,966
Planning, land and economic development	970,856	636,578	768,966
Council and other legislative	588,238	587,577	518,136
Water and wastewater	387,427	489,644	498,178
Family and community support services	<u>428,696</u>	<u>448,259</u>	<u>456,062</u>
	<u>24,585,466</u>	<u>25,636,614</u>	<u>23,645,545</u>
Deficiency Before Other Items	<u>(3,271,779)</u>	<u>(4,125,981)</u>	<u>(3,274,712)</u>
Other Items			
Government transfers for capital (Schedule 3)	3,790,315	1,685,923	4,271,029
Contributed tangible capital assets	-	399,100	365,100
Gain on disposal of tangible capital assets	<u>517,150</u>	<u>305,715</u>	<u>578,894</u>
	<u>4,307,465</u>	<u>2,390,738</u>	<u>5,215,023</u>
Excess of Revenue over Expenses	1,035,686	(1,735,243)	1,940,311
Accumulated Surplus, Beginning of Year	<u>66,858,361</u>	<u>66,858,361</u>	<u>64,918,050</u>
Accumulated Surplus, End of Year	<u>\$ 67,894,047</u>	<u>\$ 65,123,118</u>	<u>\$ 66,858,361</u>

LAC STE. ANNE COUNTY
STATEMENT OF CHANGES IN NET FINANCIAL ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2019

	<u>2019</u>	<u>2018</u>
Excess of Revenue over Expenses	<u>\$(1,735,243)</u>	<u>\$ 1,940,311</u>
Acquisition of tangible capital assets	(4,336,745)	(6,569,625)
Contributed tangible capital assets	(399,100)	(365,100)
Proceeds on disposal of tangible capital assets	332,416	747,146
Amortization of tangible capital assets	4,004,934	3,919,902
Gain on disposal of tangible capital assets	<u>(305,715)</u>	<u>(578,894)</u>
	<u>(704,210)</u>	<u>(2,846,571)</u>
Use (acquisition) of inventory for consumption	14,798	(72,893)
Use (acquisition) of prepaid expenses	<u>90,842</u>	<u>(33,884)</u>
	<u>105,640</u>	<u>(106,777)</u>
Increase In Net Financial Assets	(2,333,813)	(1,013,037)
Net Financial Assets, Beginning of Year	<u>5,119,959</u>	<u>6,132,996</u>
Net Financial Assets, End of Year	<u>\$ 2,786,146</u>	<u>\$ 5,119,959</u>

LAC STE. ANNE COUNTY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2019

	<u>2019</u>	<u>2018</u>
Operating Activities		
Excess of revenue over expenses	\$(1,735,243)	\$ 1,940,311
Non-cash items included in excess of revenue over expenses:		
Amortization of tangible capital assets	4,004,934	3,919,902
Contributed tangible capital assets	(399,100)	(365,100)
Gain on disposal of tangible capital assets	<u>(305,715)</u>	<u>(578,894)</u>
	<u>1,564,876</u>	<u>4,916,219</u>
Change in non-cash working capital balances:		
Accounts receivable	1,298,274	337,093
Loans receivable	258,502	(377,154)
Inventory for consumption	14,798	(72,893)
Prepaid expenses	90,842	(33,884)
Accounts payable and accrued liabilities	280,582	334,696
Deposit liabilities	(507,743)	879,500
Deferred revenue	<u>(50,471)</u>	<u>(279,750)</u>
	<u>1,384,784</u>	<u>787,608</u>
	<u>2,949,660</u>	<u>5,703,827</u>
Financing Activities		
Long-term debt proceeds	2,139,838	-
Long-term debt principal repayments	<u>(1,972,909)</u>	<u>(891,918)</u>
	<u>166,929</u>	<u>(891,918)</u>
Capital Activities		
Acquisition of tangible capital assets	(4,336,745)	(6,569,625)
Proceeds on sale of tangible capital assets	<u>332,416</u>	<u>747,146</u>
	<u>(4,004,329)</u>	<u>(5,822,479)</u>
Investing Activities		
Change in long-term investments	<u>(4,581)</u>	<u>(4,093)</u>
Change in Cash for the Year	(892,321)	(1,014,663)
Cash, Beginning of Year	<u>4,267,685</u>	<u>5,282,348</u>
Cash, End of Year	<u>\$ 3,375,364</u>	<u>\$ 4,267,685</u>

LAC STE. ANNE COUNTY

SCHEDULE 1

SCHEDULE OF TANGIBLE CAPITAL ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2019

	Land	Land Improvements	Buildings	Engineered Structures	Machinery and Equipment	Vehicles	2019	2018
COST:								
Balance, Beginning of Year	\$ 11,702,468	\$ 3,366,937	\$ 16,141,634	\$ 112,484,365	\$ 11,040,678	\$ 7,986,998	\$ 162,723,080	\$ 159,098,288
Acquisition of tangible capital assets	399,100	19,461	37,591	2,527,325	1,442,659	309,709	4,735,845	6,934,725
Disposal of tangible capital assets	-	-	-	(35,101)	(768,050)	(245,926)	(1,049,077)	(3,309,933)
Balance, End of Year	<u>12,101,568</u>	<u>3,386,398</u>	<u>16,179,225</u>	<u>114,976,589</u>	<u>11,715,287</u>	<u>8,050,781</u>	<u>166,409,848</u>	<u>162,723,080</u>
ACCUMULATED AMORTIZATION:								
Balance, Beginning of Year	-	1,336,715	2,749,736	85,503,206	6,808,010	5,824,456	102,222,123	101,443,902
Annual amortization	-	106,263	421,836	1,554,477	1,588,244	334,114	4,004,934	3,919,902
Accumulated amortization on disposals	-	-	-	(21,028)	(762,626)	(238,722)	(1,022,376)	(3,141,681)
Balance, End of Year	-	<u>1,442,978</u>	<u>3,171,572</u>	<u>87,036,655</u>	<u>7,633,628</u>	<u>5,919,848</u>	<u>105,204,681</u>	<u>102,222,123</u>
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	\$ 12,101,568	\$ 1,943,420	\$ 13,007,653	\$ 27,939,934	\$ 4,081,659	\$ 2,130,933	\$ 61,205,167	\$ 60,500,957

Cost includes construction in progress of \$1,235,575 (2018 - \$1,282,164). 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, 2019

	<u>2019</u> (Budget) (Note19)	<u>2019</u> (Actual)	<u>2018</u> (Actual)
Taxation			
Residential	\$ 11,800,444	\$ 11,743,084	\$ 11,163,354
Linear	6,001,029	6,005,341	5,794,423
Machinery and equipment	1,261,606	1,263,402	1,282,540
Farmland	865,099	865,633	748,844
Commercial	880,088	858,269	911,304
Grants in lieu of taxes	22,243	23,927	21,595
Recreation facility and program assistance tax	377,065	378,235	286,950
Small business tax	303,417	340,306	256,682
Wastewater maintenance tax	245,000	245,064	243,982
Aggregate levy	300,000	241,115	252,768
Local improvement	4,940	4,940	4,939
School requisitions over/under levy	<u>-</u>	<u>110,909</u>	<u>(11,907)</u>
	<u>22,060,931</u>	<u>22,080,225</u>	<u>20,955,474</u>
Deduct:			
Alberta School Foundation Fund	5,118,900	5,233,126	4,945,557
Lac Ste. Anne Foundation	420,557	420,557	403,635
Designated Industrial	<u>26,757</u>	<u>26,766</u>	<u>11,529</u>
	<u>5,566,214</u>	<u>5,680,449</u>	<u>5,360,721</u>
Net Taxation	<u>\$ 16,494,717</u>	<u>\$ 16,399,776</u>	<u>\$ 15,594,753</u>

LAC STE. ANNE COUNTY
SCHEDULE OF GOVERNMENT TRANSFERS
FOR THE YEAR ENDED DECEMBER 31, 2019

SCHEDULE 3

	<u>2019</u> (Budget) (Note19)	<u>2019</u> (Actual)	<u>2018</u> (Actual)
Government transfers for operating			
Provincial	\$ <u>1,011,811</u>	\$ <u>1,070,067</u>	\$ <u>864,370</u>
Government transfers for capital			
Provincial	3,790,315	1,685,923	3,640,633
Local	<u> -</u>	<u> -</u>	<u>630,396</u>
	<u>3,790,315</u>	<u>1,685,923</u>	<u>4,271,029</u>
Total Government Transfers	\$ <u>4,802,126</u>	\$ <u>2,755,990</u>	\$ <u>5,135,399</u>

LAC STE. ANNE COUNTY

SCHEDULE 4

SCHEDULE OF SEGMENTED INFORMATION

FOR THE YEAR ENDED DECEMBER 31, 2019

	Public Works	General Administration	Protective Services	Planning and Development	Waste Management	Parks and Recreation	Other	Total
REVENUE								
Net taxation	\$ -	\$ 15,771,538	\$ -	\$ -	\$ -	\$ 378,235	\$ 250,003	\$ 16,399,776
Sales and user charges	652,722	140,764	387,805	275,747	896,579	224,654	395,551	2,973,822
Government transfers for operating	301,168	46,896	20,000	2,667	-	6,069	693,267	1,070,067
Penalties and costs on taxes	-	615,104	-	-	-	-	-	615,104
Return on investments	13,581	172,636	13,971	4,530	-	-	-	204,718
Rentals	-	79,395	76,922	-	-	-	2,554	158,871
Licenses and permits	16,935	-	50,590	20,750	-	-	-	88,275
	<u>984,406</u>	<u>16,826,333</u>	<u>549,288</u>	<u>303,694</u>	<u>896,579</u>	<u>608,958</u>	<u>1,341,375</u>	<u>21,510,633</u>
EXPENSES								
Salaries, wages and benefits	3,066,648	1,824,804	1,014,122	482,771	377,158	112,883	1,217,313	8,095,699
Materials, goods and utilities	4,352,253	351,369	250,701	1,036	92,395	103,817	372,193	5,523,764
Contracted and general services	2,821,715	1,246,117	421,360	152,771	68,395	140,602	767,790	5,618,750
Amortization of tangible capital assets	3,019,307	393,690	305,915	-	76,091	70,927	139,003	4,004,933
Transfers to governments	-	25,079	-	-	295,515	583,659	24,675	928,928
Provision for allowances	-	1,347,300	-	-	-	-	7,522	1,347,300
Interest on long-term debt	-	60,197	1,319	-	-	-	-	69,038
Bank charges and short-term interest	-	48,202	-	-	-	-	-	48,202
	<u>13,259,923</u>	<u>5,296,758</u>	<u>1,993,417</u>	<u>636,578</u>	<u>909,554</u>	<u>1,011,888</u>	<u>2,528,496</u>	<u>25,636,614</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES BEFORE OTHER ITEMS	\$ (12,275,517)	\$ 11,529,575	\$ (1,444,129)	\$ (332,884)	\$ (12,975)	\$ (402,930)	\$ (1,187,121)	\$ (4,125,981)

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, 2019

	<u>2019</u> (Budget) (Note 19)	<u>2019</u> (Actual)	<u>2018</u> (Actual)
Salaries, wages and benefits	\$ 8,898,201	\$ 8,095,699	\$ 7,923,915
Materials, goods and utilities	5,639,615	5,523,764	6,048,207
Contracted and general services	4,826,473	5,618,750	4,583,569
Amortization	4,144,628	4,004,933	3,919,903
Provision for allowances	5,000	1,347,300	95,000
Transfers to governments, agencies and organizations	953,399	928,928	958,406
Interest on long-term debt	88,150	69,038	81,486
Bank charges and short-term interest	<u>30,000</u>	<u>48,202</u>	<u>35,059</u>
	<u>\$ 24,585,466</u>	<u>\$ 25,636,614</u>	<u>\$ 23,645,545</u>

See accompanying notes to the financial statements.

LAC STE. ANNE COUNTY

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019

1. SIGNIFICANT ACCOUNTING POLICIES

These financial statements are the representations of the County's management prepared in accordance with Canadian public sector accounting standards. Significant aspects of the accounting policies adopted by the County are as follows:

(a) Reporting Entity

These financial statements reflect the assets, liabilities, revenues, and expenditures, and changes in equity balances and cash flows of the County.

(b) Basis of Accounting

The financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting records revenue as it is earned and measurable. Expenses are recognized as they are incurred and measurable based upon receipt of goods and services and/or the legal obligation to pay.

Funds from external parties and earnings thereon restricted by agreement or legislation are accounted for as deferred revenue until used for the purpose specified.

(c) Use of Estimates

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenditure during the period. Where management uncertainty exists, the financial statements have been prepared within reasonable limits of materiality. Actual results could differ from those estimates.

(d) Cash

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

(e) Investments

Investments are recorded at amortized cost. Investment premiums and discounts are amortized on a net present value basis over the term of the respective investments. When there has been a loss in value that is other than a temporary decline, the respective investment is written down to recognize the loss.

(f) Loans receivable

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

(g) Local Improvements

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

(h) Government Transfers

Government transfers are recognized in the financial statements as revenue in the period that the events giving rise to the transfer occurred, providing the transfers are authorized, any eligibility criteria have been met by the County, and reasonable estimates of the amounts can be made.

LAC STE. ANNE COUNTY

NOTES TO FINANCIAL STATEMENTS (CONT'D)

DECEMBER 31, 2019

1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(i) Requisition of Over-Levies and Under-Levies

Over-levies and under-levies arise from the difference between the actual levy made to cover each requisition and the actual amount requisitioned. If the actual levy exceeds the requisition, the over-levy is accrued as a liability and property tax revenue is reduced. In situations where the actual levy is less than the requisition amount, the under levy is accrued as a receivable and as property tax revenue. Requisition tax rates in the subsequent year are adjusted for any over-levies or under-levies of the prior year.

(j) Non-Financial Assets

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

i) Tangible Capital Assets

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets is amortized on a straight-line basis over the estimated useful life as follows:

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

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

ii) Contributions of Tangible Capital Assets

Tangible capital assets received as contributions are recorded at fair value at the date of receipt and also are recorded as revenue.

iii) Leases

Leases are classified as capital or operating leases. Leases which transfer substantially all of the benefits and risks incidental to ownership of property are accounted for as capital leases. All other leases are accounted for as operating leases and the related lease payments are charged to expenses as incurred.

iv) Inventories

Inventories held for consumption are recorded at the lower of cost or net realizable value with cost determined by the average cost method.

LAC STE. ANNE COUNTY

NOTES TO FINANCIAL STATEMENTS (CONT'D)

DECEMBER 31, 2019

2. ACCOUNTS RECEIVABLE

	<u>2019</u>	<u>2018</u>
Property taxes	\$ 3,680,893	\$ 1,958,513
Government transfers	1,627,373	2,843,864
Trade	1,177,455	1,675,269
Goods and Services Tax	289,386	245,539
Accrued interest	<u>33,949</u>	<u>48,782</u>
	6,809,056	6,771,967
Less: Allowance for doubtful accounts	<u>(1,713,187)</u>	<u>(377,824)</u>
	<u>\$ 5,095,869</u>	<u>\$ 6,394,143</u>

3. LOAN RECEIVABLES

	<u>2019</u>	<u>2018</u>
Lac Ste. Anne Foundation, unsecured, repayable in semi-annual payments of \$112,072 including interest at 4.779%, due September 15, 2031.	\$ 2,057,521	\$ 2,181,998
Town of Onoway, unsecured, non-interest bearing and is repayable in annual installments of \$100,000, due December 31, 2022.	300,000	500,000
Rich Valley Agricultural Society, unsecured, non-interest bearing and is repayable in annual payments of \$6,848, due December 15, 2029.	68,475	-
Darwell Public Library Society, unsecured, non-interest bearing and is repayable in annual payments of \$2,500, due January 15, 2026.	<u>17,500</u>	<u>20,000</u>
	<u>\$ 2,443,496</u>	<u>\$ 2,701,998</u>

LAC STE. ANNE COUNTY

NOTES TO FINANCIAL STATEMENTS (CONT'D)

DECEMBER 31, 2019

4. LONG-TERM INVESTMENTS

	<u>2019</u>	<u>2018</u>
Guaranteed Investment Certificates, earning interest at rates from 2.13% - 2.55%, maturing from 2020 - 2021.	\$ 952,728	\$ 484,000
Investment account cash	-	468,537
Servus Credit Union Ltd. common shares.	124,995	120,605
Alberta Municipal Financing Corporation	<u>130</u>	<u>130</u>
	<u>\$ 1,077,853</u>	<u>\$ 1,073,272</u>

5. INVENTORY FOR CONSUMPTION

	<u>2019</u>	<u>2018</u>
Gravel	\$ 397,518	\$ 209,207
Parts, culverts and other	<u>352,376</u>	<u>555,485</u>
	<u>\$ 749,894</u>	<u>\$ 764,692</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, 2019. There are no balances outstanding at December 31, 2019.

LAC STE. ANNE COUNTY

NOTES TO FINANCIAL STATEMENTS (CONT'D)

DECEMBER 31, 2019

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	<u>2019</u>	<u>2018</u>
Trade	\$ 1,375,673	\$ 946,224
Earned vacation liability	338,596	358,255
Community Adult Learning Council	61,432	88,010
Construction holdbacks	34,946	136,468
Accrued interest on long-term debt	<u>32,548</u>	<u>33,656</u>
	<u>\$ 1,843,195</u>	<u>\$ 1,562,613</u>

8. DEPOSIT LIABILITIES

	<u>2019</u>	<u>2018</u>
Road damage deposits	\$ 1,091,500	\$ 1,546,500
Development trust	616,158	641,658
Tax sale surplus	<u>203,577</u>	<u>230,820</u>
	<u>\$ 1,911,235</u>	<u>\$ 2,418,978</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>2019</u>	<u>2018</u>
Provincial government transfers		
Municipal sustainability initiative grant	\$ 465,614	\$ 696,488
Federal gas tax fund grant	264,696	-
Collaboration and partnership grants	193,571	196,238
Alberta Agriculture	157,488	118,362
Other provincial grants	26,009	96,696
Family and community support services grant	14,096	58,678
Other	<u>60,422</u>	<u>65,905</u>
	<u>\$ 1,181,896</u>	<u>\$ 1,232,367</u>

LAC STE. ANNE COUNTY

NOTES TO FINANCIAL STATEMENTS (CONT'D)

DECEMBER 31, 2019

10. LONG-TERM DEBT

	<u>2019</u>	<u>2018</u>
Debenture debt held by Alberta Capital Finance Authority, repayable in semi-annual installments of \$112,072 including interest at 4.779%; due September 15, 2031. Relates to Lac Ste. Anne Foundation.	\$ 2,029,094	\$ 2,151,851
Loan with Servus Credit Union,, repayable in monthly installments of \$20,134 plus interest at prime plus 3.75%; due January 1, 2025. Relates to capital road projects.	1,208,040	-
Debenture debt held by Alberta Capital Finance Authority, repayable in semi-annual installments of \$16,504 including interest at 2.691%; due December 16, 2044. Relates to North 43 forcemain collection line	597,842	-
Debenture debt held by Alberta Capital Finance Authority, repayable in semi-annual installments of \$9,219 including interest at 2.691%; due December 16, 2044. Relates to North 43 forcemain oversizing.	333,956	-
Debenture debt held by Alberta Capital Finance Authority, repayable in annual installments of \$16,374 including interest at 6.125%; due July 2, 2027. Relates to Darwell wastewater system.	101,178	110,767
Loan with Servus Credit Union repaid during the year.	-	1,767,200
Debenture debt repaid during the year.	<u>-</u>	<u>73,363</u>
	<u>\$ 4,270,110</u>	<u>\$ 4,103,181</u>

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

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 386,892	\$ 207,326	\$ 594,218
2021	414,592	185,970	600,562
2022	422,517	159,562	582,079
2023	430,818	132,778	563,596
2024	439,514	105,646	545,160
Thereafter	<u>2,175,777</u>	<u>491,530</u>	<u>2,667,307</u>
	<u>\$ 4,270,110</u>	<u>\$ 1,282,812</u>	<u>\$ 5,552,922</u>

LAC STE. ANNE COUNTY

NOTES TO FINANCIAL STATEMENTS (CONT'D)

DECEMBER 31, 2019

11. EQUITY IN TANGIBLE CAPITAL ASSETS

	<u>2019</u>	<u>2018</u>
Tangible capital assets (Schedule 1)	\$ 166,409,848	\$ 162,723,080
Accumulated amortization (Schedule 1)	(105,204,681)	(102,222,123)
Long-term debt for tangible capital asset purposes	<u>(1,309,218)</u>	<u>(1,951,330)</u>
	<u>\$ 59,895,949</u>	<u>\$ 58,549,627</u>

12. ACCUMULATED SURPLUS

	<u>2019</u>	<u>2018</u>
Unrestricted surplus (deficit)	\$ <u>(3,171,363)</u>	\$ <u>(49,275)</u>
Restricted surplus		
Infrastructure	6,324,197	6,429,680
Community	1,451,087	1,237,007
Administrative	<u>623,248</u>	<u>691,322</u>
	<u>8,398,532</u>	<u>8,358,009</u>
Equity in tangible capital assets (Note 11)	<u>59,895,949</u>	<u>58,549,627</u>
	<u>\$ 65,123,118</u>	<u>\$ 66,858,361</u>

LAC STE. ANNE COUNTY

NOTES TO FINANCIAL STATEMENTS (CONT'D)

DECEMBER 31, 2019

13. SALARIES AND BENEFITS DISCLOSURE

Disclosure of salaries and benefits for municipal officials, the chief administrative officer and designated officers as required by Alberta Regulation 313/2000 is as follows:

	<u>Salary (1)</u>	<u>Benefits and Allowances (2)</u>	<u>Total</u>	
			<u>2019</u>	<u>2018</u>
Reeve				
Division 5	\$ 65,000	\$ 12,925	\$ 77,925	\$ 67,849
Councillors				
Division 1	51,225	11,463	62,688	54,459
Division 2	58,000	12,295	70,295	61,111
Division 3	51,000	8,917	59,917	53,070
Division 4	51,000	8,917	59,917	53,070
Division 6	51,000	11,451	62,451	54,537
Division 7	51,000	4,210	55,210	48,962
Chief Administrative Officer	204,591	38,323	242,914	219,340
Designated Officers	-	-	-	-

(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, 2019

14. DEBT LIMITS

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

	<u>2019</u>	<u>2018</u>
Total debt limit	\$ 32,265,950	\$ 30,556,250
Total debt	<u>(4,270,110)</u>	<u>(4,103,181)</u>
Amount of total debt limit unused	<u>27,995,840</u>	<u>26,453,069</u>
Debt servicing limit	5,377,658	5,092,708
Debt servicing	<u>(594,218)</u>	<u>(846,898)</u>
Amount of debt servicing limit unused	<u>\$ 4,783,440</u>	<u>\$ 4,245,810</u>

The debt limit is calculated at 1.50 times revenue of the County (as defined in the Alberta Regulation 255/2000) and the debt service limit is calculated as 0.25 times such revenue. Incurring debt beyond these limitations requires approval by the Minister of Municipal Affairs. These thresholds are a conservative guideline used by Alberta Municipal Affairs to identify municipalities that could be at a financial risk if further debt is acquired. The calculation taken alone does not represent the financial stability of the County. Rather, the financial statements must be interpreted as a whole.

15. CONTINGENCIES

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

16. LOCAL AUTHORITIES PENSION PLAN

Employees of the County participate in the Local Authorities Pension Plan (LAPP), which is covered by the *Public Sector Pension Plans Act*. LAPP is financed by employer and employee contributions and investment earnings of the LAPP Fund.

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

Total current and past service contributions made by the County to the LAPP in 2019 were \$542,539 (2018 - \$550,098). Total current and past service contributions made by the employees of the County to the LAPP in 2019 were \$485,430 (2018 - \$503,320).

At December 31, 2018, the LAPP disclosed an actuarial surplus of \$3.5 billion (2017 - \$4.8 billion deficit).

LAC STE. ANNE COUNTY

NOTES TO FINANCIAL STATEMENTS (CONT'D)

DECEMBER 31, 2019

17. FINANCIAL INSTRUMENTS

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

18. SEGMENTED INFORMATION

The County provides a range of services to its residents. For each reported segment, revenues and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. The accounting policies used in these segments are consistent with those followed in the preparation of the financial statements as disclosed in Note 1. For additional information see the Schedule of Segment Disclosure (Schedule 4).

19. BUDGET

The budget figures presented in these financial statements are based on the 2019 final budget adopted by Council on April 25, 2019.

20. SUBSEQUENT EVENT

On March 11, 2020, the COVID-19 outbreak was declared a global pandemic by the World Health Organization and on March 17, 2020 the Province of Alberta declared a public health emergency. Many businesses and individuals in a variety of sectors may experience an economic loss due to COVID-19 which may have a financial impact on the County. An estimate of the potential financial impact cannot be made at this time.

21. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved by Council and Management.