

**LAC STE. ANNE COUNTY**

**SANGUDO, ALBERTA**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED DECEMBER 31, 2020**

## 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, 2020, 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, 2020, and the results of its operations and accumulated surplus, changes in its net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

### *Basis for Opinion*

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the County in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our ethical responsibilities in accordance with these requirements. We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### *Responsibilities of Management and Those Charged with Governance for the Financial Statements*

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian public sector accounting standards, and for such control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the County's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the County or to cease operations, or has no realistic alternative but to do so.

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

*(continues)*



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

*Auditors' Responsibility for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but it is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control.
- Evaluate the appropriateness of accounting policies and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the County's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the County to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including significant deficiencies in internal control that we identify during our audit.

**METRIX GROUP LLP**

Chartered Professional Accountants

Edmonton, Alberta  
April 8, 2021

**LAC STE. ANNE COUNTY**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT DECEMBER 31, 2020**

	<u>2020</u>	<u>2019</u>
<b>FINANCIAL ASSETS</b>		
Cash	\$ 6,785,318	\$ 3,375,364
Accounts receivable (Note 2)	3,689,214	5,095,869
Loans receivable (Note 3)	2,203,654	2,443,496
Long-term investments (Note 4)	<u>1,113,583</u>	<u>1,077,853</u>
	<u>13,791,769</u>	<u>11,992,582</u>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities (Note 7)	1,546,587	1,843,195
Deposit liabilities (Note 8)	1,849,903	1,911,235
Deferred revenue (Note 9)	2,738,172	1,181,896
Long-term debt (Note 10)	<u>5,177,987</u>	<u>4,270,110</u>
	<u>11,312,649</u>	<u>9,206,436</u>
<b>NET FINANCIAL ASSETS</b>	<u>2,479,120</u>	<u>2,786,146</u>
<b>NON-FINANCIAL ASSETS</b>		
Inventory for consumption (Note 5)	578,348	749,894
Prepaid expenses	155,755	381,911
Tangible capital assets (Schedule 1)	<u>62,349,902</u>	<u>61,205,167</u>
	<u>63,084,005</u>	<u>62,336,972</u>
<b>ACCUMULATED SURPLUS (Note 12)</b>	<u>\$ 65,563,125</u>	<u>\$ 65,123,118</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, 2020**

	Budget <u>2020</u> (Note 19)	Actual <u>2020</u>	Actual <u>2019</u>
<b>Revenue</b>			
Net taxation (Schedule 2)	\$ 17,489,889	\$ 17,336,139	\$ 16,399,776
Sales and user charges	2,918,533	2,929,600	2,973,822
Government transfers for operating (Schedule 3)	1,793,768	2,280,458	1,070,067
Penalties and costs on taxes	366,000	756,404	615,104
Rentals	157,825	191,713	158,871
Return on investments	162,050	118,015	204,718
Licenses and permits	<u>91,750</u>	<u>65,492</u>	<u>88,275</u>
	<u>22,979,815</u>	<u>23,677,821</u>	<u>21,510,633</u>
<b>Expenses</b>			
Public works	13,242,630	13,642,872	13,259,925
General administration	4,534,207	5,332,150	5,296,758
Protective services	2,259,711	1,922,161	1,993,416
Parks and recreation	1,218,731	1,003,349	1,011,886
Agricultural services	1,176,432	992,437	1,003,018
Waste management	946,566	931,675	909,553
Planning, land and economic development	1,055,884	647,898	636,578
Council and other legislative	523,052	517,124	587,577
Water and wastewater	484,449	424,290	489,644
Family and community support services	<u>421,335</u>	<u>361,913</u>	<u>448,259</u>
	<u>25,862,997</u>	<u>25,775,869</u>	<u>25,636,614</u>
<b>Deficiency Before Other Items</b>	<u>(2,883,182)</u>	<u>(2,098,048)</u>	<u>(4,125,981)</u>
<b>Other Items</b>			
Government transfers for capital (Schedule 3)	2,551,600	2,065,289	1,685,923
Contributed tangible capital assets	-	400	399,100
Gain on disposal of tangible capital assets	<u>503,700</u>	<u>472,366</u>	<u>305,715</u>
	<u>3,055,300</u>	<u>2,538,055</u>	<u>2,390,738</u>
<b>Excess of Revenue over Expenses</b>	172,118	440,007	(1,735,243)
<b>Accumulated Surplus, Beginning of Year</b>	<u>65,123,118</u>	<u>65,123,118</u>	<u>66,858,361</u>
<b>Accumulated Surplus, End of Year</b>	<u>\$ 65,295,236</u>	<u>\$ 65,563,125</u>	<u>\$ 66,123,118</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, 2020**

	<u>2020</u>	<u>2019</u>
<b>Excess of Revenue over Expenses</b>	<b>\$ <u>440,007</u></b>	<b>\$ <u>(1,735,243)</u></b>
Acquisition of tangible capital assets	(5,537,454)	(4,336,746)
Contributed tangible capital assets	(400)	(399,100)
Proceeds on disposal of tangible capital assets	752,636	332,416
Amortization of tangible capital assets	4,112,849	4,004,934
Gain on disposal of tangible capital assets	<u>(472,366)</u>	<u>(305,715)</u>
	<u>(1,144,735)</u>	<u>(704,210)</u>
Use (acquisition) of inventory for consumption	171,546	14,798
Use (acquisition) of prepaid expenses	<u>226,156</u>	<u>90,842</u>
	<u>397,702</u>	<u>105,640</u>
<b>Increase In Net Financial Assets</b>	<b>(307,026)</b>	<b>(2,333,813)</b>
<b>Net Financial Assets, Beginning of Year</b>	<b><u>2,786,146</u></b>	<b><u>5,119,959</u></b>
<b>Net Financial Assets, End of Year</b>	<b>\$ <u>2,479,120</u></b>	<b>\$ <u>2,786,146</u></b>

**LAC STE. ANNE COUNTY**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

	<u>2020</u>	<u>2019</u>
<b>Operating Activities</b>		
Excess of revenue over expenses	\$ 440,007	\$(1,735,243)
Non-cash items included in excess of revenue over expenses:		
Amortization of tangible capital assets	4,112,849	4,004,934
Contributed tangible capital assets	(400)	(399,100)
Gain on disposal of tangible capital assets	<u>(472,366)</u>	<u>(305,715)</u>
	<u>4,080,090</u>	<u>1,564,876</u>
Change in non-cash working capital balances:		
Accounts receivable	1,406,655	1,298,274
Loans receivable	239,842	258,502
Inventory for consumption	171,546	14,798
Prepaid expenses	226,156	90,842
Accounts payable and accrued liabilities	(296,608)	280,582
Deposit liabilities	(61,332)	(507,743)
Deferred revenue	<u>1,556,276</u>	<u>(50,471)</u>
	<u>3,242,535</u>	<u>1,384,784</u>
	<u>7,322,625</u>	<u>2,949,660</u>
<b>Financing Activities</b>		
Long-term debt proceeds	1,455,250	2,139,838
Long-term debt principal repayments	<u>(547,373)</u>	<u>(1,972,909)</u>
	<u>907,877</u>	<u>166,929</u>
<b>Capital Activities</b>		
Acquisition of tangible capital assets	(5,537,454)	(4,336,745)
Proceeds on sale of tangible capital assets	<u>752,636</u>	<u>332,416</u>
	<u>(4,784,818)</u>	<u>(4,004,329)</u>
<b>Investing Activities</b>		
Change in long-term investments	<u>(35,730)</u>	<u>(4,581)</u>
<b>Change in Cash for the Year</b>	<b>3,409,954</b>	<b>(892,321)</b>
<b>Cash, Beginning of Year</b>	<u>3,375,364</u>	<u>4,267,685</u>
<b>Cash, End of Year</b>	<b>\$ <u>6,785,318</u></b>	<b>\$ <u>3,375,364</u></b>

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

**LAC STE. ANNE COUNTY**  
**SCHEDULE OF TANGIBLE CAPITAL ASSETS**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

**SCHEDULE 1**

	<u>Land</u>	<u>Land Improvements</u>	<u>Buildings</u>	<u>Engineered Structures</u>	<u>Machinery and Equipment</u>	<u>Vehicles</u>	<u>2020</u>	<u>2019</u>
<b>COST:</b>								
Balance, Beginning of Year	\$ 12,101,568	\$ 3,386,398	\$ 16,179,225	\$ 114,978,589	\$ 11,715,287	\$ 8,050,781	\$ 166,409,848	\$ 162,723,080
Acquisition of tangible capital assets	30,640	92,309	1,059,172	2,980,459	1,371,750	3,524	5,537,854	4,735,845
Disposal of tangible capital assets	<u>(72,450)</u>	<u>-</u>	<u>(242,550)</u>	<u>(1,164,516)</u>	<u>(1,178,100)</u>	<u>-</u>	<u>(2,657,616)</u>	<u>(1,049,077)</u>
Balance, End of Year	<u>12,059,758</u>	<u>3,478,707</u>	<u>16,995,847</u>	<u>116,792,532</u>	<u>11,908,937</u>	<u>8,054,305</u>	<u>169,290,086</u>	<u>166,409,848</u>
<b>ACCUMULATED AMORTIZATION:</b>								
Balance, Beginning of Year	-	1,442,978	3,171,572	87,038,655	7,633,628	5,919,848	105,204,681	102,222,123
Annual amortization	-	117,784	441,565	1,629,293	1,598,064	326,143	4,112,849	4,004,934
Accumulated amortization on disposals	<u>-</u>	<u>-</u>	<u>(97,020)</u>	<u>(1,102,226)</u>	<u>(1,178,100)</u>	<u>-</u>	<u>(2,377,346)</u>	<u>(1,022,376)</u>
Balance, End of Year	<u>-</u>	<u>1,560,762</u>	<u>3,516,117</u>	<u>87,563,722</u>	<u>8,053,592</u>	<u>6,245,991</u>	<u>106,940,184</u>	<u>105,204,681</u>
<b>NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS</b>	<b><u>\$ 12,059,758</u></b>	<b><u>\$ 1,917,945</u></b>	<b><u>\$ 13,479,730</u></b>	<b><u>\$ 29,228,810</u></b>	<b><u>\$ 3,855,345</u></b>	<b><u>\$ 1,808,314</u></b>	<b><u>\$ 62,349,902</u></b>	<b><u>\$ 61,205,167</u></b>

Cost includes construction in progress of \$2,243,724 (2019 - \$1,235,575). These amounts are not amortized until the asset is complete and in use.



**LAC STE. ANNE COUNTY**  
**SCHEDULE OF PROPERTY TAXES**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

**SCHEDULE 2**

	<u>2020</u> (Budget) (Note19)	<u>2020</u> (Actual)	<u>2019</u> (Actual)
<b>Taxation</b>			
Residential	\$ 12,276,511	\$ 12,137,742	\$ 11,743,084
Linear	6,225,385	6,228,139	6,005,341
Machinery and equipment	1,595,569	1,595,569	1,263,402
Commercial	1,248,722	1,176,532	858,269
Farmland	866,270	866,866	865,633
Grants in lieu of taxes	24,126	24,116	23,927
Recreation facility and program assistance tax	448,305	450,905	378,235
Small business tax	264,427	291,415	340,306
Wastewater maintenance tax	245,000	253,905	245,064
Police	236,331	234,609	-
Aggregate levy	250,000	233,063	241,115
Cherhill sewer levy	4,940	4,940	4,940
School requisitions over/under levy	<u>(108,508)</u>	<u>(76,035)</u>	<u>110,909</u>
	<u>23,577,078</u>	<u>23,421,766</u>	<u>22,080,225</u>
<b>Deduct:</b>			
Alberta School Foundation Fund	5,387,509	5,385,492	5,233,126
Lac Ste. Anne Foundation	437,850	437,851	420,557
Police	235,656	236,115	-
Designated Industrial	<u>26,174</u>	<u>26,169</u>	<u>26,766</u>
	<u>6,087,189</u>	<u>6,085,627</u>	<u>5,680,449</u>
<b>Net Taxation</b>	<u>\$ 17,489,889</u>	<u>\$ 17,336,139</u>	<u>\$ 16,399,776</u>

**LAC STE. ANNE COUNTY**  
**SCHEDULE OF GOVERNMENT TRANSFERS**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

**SCHEDULE 3**

	<u>2020</u> (Budget) (Note 19)	<u>2020</u> (Actual)	<u>2019</u> (Actual)
<b>Government transfers for operating</b>			
Provincial	\$ 1,793,768	\$ 2,280,458	\$ 1,070,067
<b>Government transfers for capital</b>			
Provincial	<u>2,551,600</u>	<u>2,065,289</u>	<u>1,685,923</u>
<b>Total Government Transfers</b>	<u>\$ 4,345,368</u>	<u>\$ 4,345,747</u>	<u>\$ 2,755,990</u>

LAC STE. ANNE COUNTY

SCHEDULE 4

SCHEDULE OF SEGMENTED INFORMATION

FOR THE YEAR ENDED DECEMBER 31, 2020

	Public Works	General Administration	Protective Services	Planning and Development	Waste Management	Parks and Recreation	Other	Total
<b>REVENUE</b>								
Net taxation	\$ -	\$ 16,626,389	\$ -	\$ -	\$ -	\$ 450,905	\$ 258,845	\$ 17,336,139
Sales and user charges	139,151	546,718	504,265	252,188	901,699	253,738	331,841	2,929,600
Government transfers for operating	622,440	1,108,621	-	5,854	-	-	543,543	2,280,458
Penalties and costs on taxes	-	756,404	-	-	-	-	-	756,404
Return on investments	13,698	104,317	-	-	-	-	-	118,015
Rentals	-	112,089	78,593	-	-	-	1,031	191,713
Licenses and permits	11,455	-	32,587	21,450	-	-	-	65,492
	<u>786,744</u>	<u>19,254,538</u>	<u>615,445</u>	<u>279,492</u>	<u>901,699</u>	<u>704,643</u>	<u>1,135,260</u>	<u>23,677,821</u>
<b>EXPENSES</b>								
Salaries, wages and benefits	3,265,366	1,970,404	1,035,800	463,869	382,219	110,936	1,367,720	8,596,314
Materials, goods and utilities	3,967,068	387,840	206,258	10,351	94,008	108,533	224,702	4,998,760
Contracted and general services	3,261,891	1,461,690	414,893	173,678	53,706	84,057	491,916	5,941,831
Amortization of tangible capital assets	3,088,796	458,165	265,210	-	63,294	81,389	155,996	4,112,860
Transfers to governments	-	25,754	-	-	338,448	618,434	24,675	1,007,311
Provision for allowances	-	986,957	-	-	-	-	-	986,957
Interest on long-term debt	59,751	-	-	-	-	-	30,754	90,505
Bank charges and short-term interest	-	41,341	-	-	-	-	-	41,341
	<u>13,642,872</u>	<u>5,332,151</u>	<u>1,922,161</u>	<u>647,898</u>	<u>931,675</u>	<u>1,003,349</u>	<u>2,295,763</u>	<u>25,775,869</u>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES BEFORE OTHER ITEMS</b>	<b><u>\$ (12,856,128)</u></b>	<b><u>\$ 13,922,387</u></b>	<b><u>\$ (1,306,716)</u></b>	<b><u>\$ (368,406)</u></b>	<b><u>\$ (29,976)</u></b>	<b><u>\$ (298,706)</u></b>	<b><u>\$ (1,160,503)</u></b>	<b><u>\$ (2,098,048)</u></b>

**LAC STE. ANNE COUNTY**  
**SCHEDULE OF EXPENDITURES BY OBJECT**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

**SCHEDULE 5**

	<u>2020</u> (Budget) (Note 19)	<u>2020</u> (Actual)	<u>2019</u> (Actual)
Salaries, wages and benefits	\$ 8,992,198	\$ 8,596,314	\$ 8,095,699
Contracted and general services	5,907,040	5,941,831	5,618,750
Materials, goods and utilities	5,490,028	4,998,760	5,523,764
Amortization	4,140,628	4,112,850	4,004,933
Transfers to governments, agencies and organizations	1,045,042	1,007,311	928,928
Provision for allowances	104,587	986,957	1,347,300
Interest on long-term debt	97,590	90,505	69,038
Bank charges and short-term interest	<u>85,884</u>	<u>41,341</u>	<u>48,202</u>
	<u>\$ 25,862,997</u>	<u>\$ 25,775,869</u>	<u>\$ 25,636,614</u>

See accompanying notes to the financial statements.

**LAC STE. ANNE COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

**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, 2020**

**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, 2020**

**2. ACCOUNTS RECEIVABLE**

	<u>2020</u>	<u>2019</u>
Property taxes	\$ 4,803,539	\$ 3,680,893
Trade	722,330	1,177,455
Government transfers	659,926	1,627,373
Goods and Services Tax	165,338	289,386
Accrued interest	<u>14,830</u>	<u>33,949</u>
	6,365,963	6,809,056
Less: Allowance for doubtful accounts	<u>(2,676,749)</u>	<u>(1,713,187)</u>
	<u>\$ 3,689,214</u>	<u>\$ 5,095,869</u>

**3. LOAN RECEIVABLES**

	<u>2020</u>	<u>2019</u>
Lac Ste. Anne Foundation, unsecured, repayable in semi-annual payments of \$112,072 including interest at 4.779%, due September 15, 2031.	\$ 1,927,026	\$ 2,057,521
Town of Onoway, unsecured, non-interest bearing and is repayable in annual installments of \$100,000, due December 31, 2022.	200,000	300,000
Rich Valley Agricultural Society, unsecured, non-interest bearing and is repayable in annual payments of \$6,848, due December 15, 2029.	60,000	68,475
Darwell Public Library Society, unsecured, non-interest bearing and is repayable in annual payments of \$2,500, due January 15, 2026.	<u>16,628</u>	<u>17,500</u>
	<u>\$ 2,203,654</u>	<u>\$ 2,443,496</u>

**LAC STE. ANNE COUNTY**  
**NOTES TO FINANCIAL STATEMENTS (CONT'D)**  
**DECEMBER 31, 2020**

**4. LONG-TERM INVESTMENTS**

	<u>2020</u>	<u>2019</u>
Guaranteed investment certificates, earning interest at rates from 2.18% - 2.25%, maturing in 2021.	\$ 469,728	\$ 952,728
Investment account cash	515,777	-
Servus Credit Union Ltd. common shares.	128,078	124,995
Alberta Municipal Financing Corporation	<u>-</u>	<u>130</u>
	<u>\$ 1,113,583</u>	<u>\$ 1,077,853</u>

**5. INVENTORY FOR CONSUMPTION**

	<u>2020</u>	<u>2019</u>
Parts, culverts and other	\$ 450,342	\$ 352,376
Gravel	<u>128,006</u>	<u>397,518</u>
	<u>\$ 578,348</u>	<u>\$ 749,894</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, 2020. Demand term loans totaling \$2,281,335 are outstanding at December 31, 2020 (2019 - \$1,208,040). See Note 10 for demand term loan details.



**LAC STE. ANNE COUNTY**  
**NOTES TO FINANCIAL STATEMENTS (CONT'D)**  
**DECEMBER 31, 2020**

**7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

	<u>2020</u>	<u>2019</u>
Trade	\$ 1,017,677	\$ 1,375,673
Earned vacation liability	459,687	338,596
Construction holdbacks	38,819	34,946
Accrued interest on long-term debt	30,404	32,548
Community Adult Learning Council	<u>-</u>	<u>61,432</u>
	<u>\$ 1,546,587</u>	<u>\$ 1,843,195</u>

**8. DEPOSIT LIABILITIES**

	<u>2020</u>	<u>2019</u>
Road damage deposits	\$ 1,071,500	\$ 1,091,500
Development trust	632,283	616,158
Tax sale surplus	<u>146,120</u>	<u>203,577</u>
	<u>\$ 1,849,903</u>	<u>\$ 1,911,235</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>2020</u>	<u>2019</u>
Provincial government transfers		
Municipal sustainability initiative grant	\$ 1,064,120	\$ 465,614
Federal gas tax fund grant	738,105	264,696
Municipal stimulus grant	312,000	-
Alberta Agriculture	271,143	157,488
Collaboration and partnership grants	187,718	193,571
Family and community support services grant	65,339	14,096
Other provincial grants	26,009	26,009
Other	<u>73,738</u>	<u>60,422</u>
	<u>\$ 2,738,172</u>	<u>\$ 1,181,896</u>

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

**DECEMBER 31, 2020**

**10. LONG-TERM DEBT**

	<u>2020</u>	<u>2019</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.	\$ 1,900,401	\$ 2,029,094
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.	1,294,769	-
Demand term loan with Servus Credit Union, repayable in monthly installments of \$20,134 plus interest at 3.7%; due January 1, 2025. Relates to capital road projects.	986,566	1,208,040
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	580,809	597,842
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.	324,441	333,956
Debenture debt held by the Government of Alberta, repayable in annual installments of \$16,374 including interest at 6.125%; due July 2, 2027. Relates to Darwell wastewater system.	<u>91,001</u>	<u>101,178</u>
	<b><u>\$ 5,177,987</u></b>	<b><u>\$ 4,270,110</u></b>

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

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 695,391	\$ 180,542	\$ 875,933
2022	710,416	156,576	866,992
2023	725,998	132,055	858,053
2024	742,131	107,005	849,136
2025	355,423	85,813	441,236
Thereafter	<u>1,948,628</u>	<u>406,450</u>	<u>2,355,078</u>
	<b><u>\$ 5,177,987</u></b>	<b><u>\$ 1,068,441</u></b>	<b><u>\$ 6,246,428</u></b>

**LAC STE. ANNE COUNTY**  
**NOTES TO FINANCIAL STATEMENTS (CONT'D)**  
**DECEMBER 31, 2020**

**11. EQUITY IN TANGIBLE CAPITAL ASSETS**

	<u>2020</u>	<u>2019</u>
Tangible capital assets (Schedule 1)	\$ 169,290,086	\$ 166,409,848
Accumulated amortization (Schedule 1)	(106,940,184)	(105,204,681)
Long-term debt for tangible capital asset purposes	<u>(2,372,336)</u>	<u>(1,309,218)</u>
	<u>\$ 59,977,566</u>	<u>\$ 59,895,949</u>

**12. ACCUMULATED SURPLUS**

	<u>2020</u>	<u>2019</u>
Unrestricted surplus (deficit)	\$ <u>(2,618,941)</u>	\$ <u>(3,109,325)</u>
Restricted surplus		
Infrastructure	6,360,942	6,262,159
Community	1,372,132	1,451,087
Administrative	<u>471,426</u>	<u>623,248</u>
	<u>8,204,500</u>	<u>8,336,494</u>
Equity in tangible capital assets (Note 11)	<u>59,977,566</u>	<u>59,895,949</u>
	<u>\$ 65,563,125</u>	<u>\$ 65,123,118</u>

**LAC STE. ANNE COUNTY**  
**NOTES TO FINANCIAL STATEMENTS (CONT'D)**  
**DECEMBER 31, 2020**

**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>2020</u>	<u>2019</u>
Reeve				
Division 5	\$ 65,000	\$ 12,918	\$ 77,918	\$ 77,925
Councillors				
Division 1	51,000	11,217	62,217	62,688
Division 2	58,000	12,128	70,128	70,295
Division 3	51,000	8,609	59,609	59,917
Division 4	51,000	8,609	59,609	59,917
Division 6	51,000	11,359	62,359	62,451
Division 7	51,000	3,891	54,891	55,210
Chief Administrative Officer	220,449	39,385	259,834	242,914

(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, 2020**

**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>2020</u>	<u>2019</u>
Total debt limit	\$ <b>35,516,732</b>	\$ 32,265,950
Total debt	<u>(5,177,987)</u>	<u>(4,270,110)</u>
Amount of total debt limit unused	<u>30,338,745</u>	<u>27,995,840</u>
Debt servicing limit	<b>5,919,455</b>	5,377,658
Debt servicing	<u>(875,933)</u>	<u>(846,898)</u>
Amount of debt servicing limit unused	<u>\$ 5,043,522</u>	<u>\$ 4,530,760</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 2020 were \$591,023 (2019 - \$542,539). Total current and past service contributions made by the employees of the County to the LAPP in 2020 were \$534,269 (2019 - \$485,430).

At December 31, 2019, the LAPP disclosed an actuarial surplus of \$7.9 billion (2018 - \$3.5 billion).

**LAC STE. ANNE COUNTY**  
**NOTES TO FINANCIAL STATEMENTS (CONT'D)**  
**DECEMBER 31, 2020**

**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 2020 final budget adopted by Council on April 23, 2020.

**20. UNCERTAINTY DUE TO COVID-19**

On March 17, 2020, the Government of Alberta declared a public health emergency in response to the COVID-19 pandemic. The measures implemented to combat the spread of the virus have had an impact on the County; however, an estimate of the financial impact cannot be made at this time.

The County is closely monitoring the recommendations from public health agencies and government authorities while implementing its operational plan to reduce any adverse financial impact and continue operations.

**21. APPROVAL OF FINANCIAL STATEMENTS**

These financial statements were approved by Council and Management.