

LAC LA BICHE COUNTY
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

Management is responsible for the preparation and presentation of the accompanying consolidated financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian public sector accounting standards. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibility for the integrity and fairness of the consolidated financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded, and financial records are properly maintained to provide reliable information for the preparation of the consolidated financial statements.

The elected Mayor and Council of Lac La Biche County are composed entirely of individuals who are neither management nor employees of the County. The Mayor and Council have the responsibility of meeting with management and the external auditors to discuss the internal controls over the financial reporting process, auditing matters, and financial reporting issues. The Mayor and Council are also responsible for the appointment of the County's external auditors.

Metrix Group LLP, an independent firm of Chartered Professional Accountants, is appointed by Council to audit the consolidated financial statements and to report directly to them. The external auditors have full and free access to and meet periodically and separately with both the Mayor and Council and management to discuss their audit findings.



Manny Deol, Chief Administrative Officer



Hafsa Moghrabi, Finance Manager

Lac La Biche, Alberta
April 23, 2024

INDEPENDENT AUDITORS' REPORT

To the Mayor and Council of Lac La Biche County

Opinion

We have audited the accompanying consolidated financial statements of Lac La Biche County (the "County"), which comprise the consolidated statement of financial position as at December 31, 2023, and the consolidated 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 consolidated financial statements present fairly, in all material respects, the consolidated financial position of the County as at December 31, 2023, and the results of its consolidated operations, changes in 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 Consolidated 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 consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with those requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

We draw attention to Note 22 of the consolidated financial statements, which describes the effects of Canadian public sector accounting standards adopted by the County. Our opinion is not modified in respect of this matter.

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

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

In preparing the consolidated financial statements, management is responsible for assessing the County's ability to continue as a going concern, disclosing, as applicable, matters related 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.

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Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated financial statements.

As part of an audit 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 consolidated 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 consolidated 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 consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the County to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

METRIX GROUP LLP

Chartered Professional Accountants

Edmonton, Alberta
April 23, 2024

LAC LA BICHE COUNTY
Consolidated Statement of Financial Position
As at December 31, 2023

| | <u>2023</u> | <u>2022</u> Restated (Note 22) |
|--|----------------------|--------------------------------------|
| FINANCIAL ASSETS | | |
| Cash | \$ 19,808,670 | \$ 3,557,558 |
| Taxes and grants in place of taxes receivable (Note 2) | 755,563 | 877,893 |
| Trade and other receivables (Note 3) | 7,064,375 | 8,715,076 |
| Investments (Note 4) | <u>85,461,462</u> | <u>70,141,899</u> |
| | <u>113,090,070</u> | <u>83,292,426</u> |
| LIABILITIES | | |
| Accounts payable and accrued liabilities (Note 6) | 8,121,408 | 8,486,498 |
| Deposit liabilities (Note 7) | 953,507 | 894,700 |
| Employee benefit obligations (Note 8) | 1,044,532 | 1,066,724 |
| Deferred revenue (Note 9) | 9,163,529 | 10,693,147 |
| Asset retirement obligations (Note 10) | 12,281,294 | 11,730,124 |
| Long-term debt (Note 11) | <u>31,760,865</u> | <u>1,404,595</u> |
| | <u>63,325,135</u> | <u>34,275,788</u> |
| NET FINANCIAL ASSETS | <u>49,764,935</u> | <u>49,016,638</u> |
| NON-FINANCIAL ASSETS | | |
| Tangible capital assets (Schedule 5) | 455,466,783 | 440,513,478 |
| Inventory for consumption (Note 13) | 7,365,615 | 8,302,859 |
| Prepaid expenses | <u>980,008</u> | <u>986,020</u> |
| | <u>463,812,406</u> | <u>449,802,357</u> |
| ACCUMULATED SURPLUS (Schedule 1, Note 15) | <u>\$513,577,341</u> | <u>\$498,818,995</u> |
| CONTINGENT LIABILITIES (Note 16) | | |

APPROVED ON BEHALF OF COUNCIL:


 _____ Mayor


 _____ Councillor

The accompanying notes are an integral part of the consolidated financial statements.

LAC LA BICHE COUNTY

Consolidated Statement of Operations and Accumulated Surplus

For The Year Ended December 31, 2023

| | <u>2023</u> (Budget) (Note 20) | <u>2023</u> (Actual) | <u>2022</u> (Restated) (Note 22) |
|--|--------------------------------------|-------------------------|--|
| REVENUES | | | |
| Net municipal property taxes <i>(Schedule 2)</i> | \$ 69,161,683 | \$ 70,601,571 | \$ 67,418,811 |
| User fees and sales of goods | 6,895,907 | 5,925,935 | 6,909,912 |
| Investment income | 1,770,498 | 4,621,472 | 2,256,681 |
| Government transfers for operating <i>(Schedule 3)</i> | 860,726 | 1,312,484 | 1,227,916 |
| Other | 461,178 | 1,187,930 | 1,067,061 |
| Rentals | 710,174 | 727,704 | 628,454 |
| Penalties and costs on taxes | 350,000 | 670,847 | 575,996 |
| Fines, licenses and permits | <u>251,650</u> | <u>363,614</u> | <u>370,037</u> |
| | <u>80,461,816</u> | <u>85,411,557</u> | <u>80,454,868</u> |
| EXPENSES | | | |
| Transportation | 16,053,398 | 27,032,946 | 26,540,834 |
| Parks and recreation | 10,578,651 | 14,003,730 | 13,084,615 |
| Administration | 8,632,287 | 10,178,011 | 11,023,627 |
| Water and waste water services | 4,613,604 | 7,173,964 | 7,161,832 |
| Bylaw enforcement | 3,230,128 | 3,737,104 | 2,977,218 |
| Solid waste and recycling | 2,818,864 | 3,271,826 | 2,918,076 |
| Natural gas | 3,148,758 | 2,184,400 | 3,151,599 |
| Family and community support | 2,253,057 | 1,973,272 | 1,659,145 |
| Fire protection and safety services | 1,576,666 | 1,712,967 | 1,505,953 |
| Economic and agricultural development | 2,208,768 | 1,581,442 | 1,567,721 |
| Legislative | 1,079,847 | 1,025,489 | 1,006,592 |
| Planning and development | 1,126,787 | 982,457 | 1,027,864 |
| Culture | 697,156 | 865,312 | 773,562 |
| Environmental services | <u>351,633</u> | <u>380,898</u> | <u>338,727</u> |
| | <u>58,369,604</u> | <u>76,103,818</u> | <u>74,737,365</u> |
| ANNUAL SURPLUS BEFORE OTHER INCOME | <u>22,092,212</u> | <u>9,307,739</u> | <u>5,717,503</u> |
| OTHER INCOME | | | |
| Government transfers for capital <i>(Schedule 3)</i> | 12,238,373 | 4,684,337 | 957,399 |
| Contributed tangible capital assets | - | 482,395 | 313,316 |
| Gain (loss) on disposal of tangible capital assets | <u>135,600</u> | <u>283,875</u> | <u>24,971</u> |
| | <u>12,373,973</u> | <u>5,450,607</u> | <u>1,295,686</u> |
| ANNUAL SURPLUS | <u>34,466,185</u> | <u>14,758,346</u> | <u>7,013,189</u> |
| ACCUMULATED SURPLUS, BEGINNING OF YEAR, AS PREVIOUSLY STATED | 500,720,070 | 500,720,070 | 494,066,881 |
| Restatement <i>(Note 22)</i> | <u>(1,901,075)</u> | <u>(1,901,075)</u> | <u>(2,261,075)</u> |
| ACCUMULATED SURPLUS, BEGINNING OF YEAR, AS RESTATED | <u>498,818,995</u> | <u>498,818,995</u> | <u>491,805,806</u> |
| ACCUMULATED SURPLUS, END OF YEAR <i>(SCHEDULE 1, NOTE 15)</i> | <u>\$533,285,180</u> | <u>\$513,577,341</u> | <u>\$498,818,995</u> |

The accompanying notes are an integral part of the consolidated financial statements.

LAC LA BICHE COUNTY
Consolidated Statement of Change in Net Financial Assets
For The Year Ended December 31, 2023

| | <u>2023</u> (Budget) (Note 20) | <u>2023</u> (Actual) | <u>2022</u> (Restated) (Note 22) |
|--|--------------------------------------|-----------------------------|--|
| ANNUAL SURPLUS | \$ <u>34,466,185</u> | \$ <u>14,758,346</u> | \$ <u>7,013,189</u> |
| Acquisition of tangible capital assets | (42,645,819) | (34,219,183) | (17,216,503) |
| Contributed tangible capital assets | - | (482,395) | (313,316) |
| Proceeds on disposal of tangible capital assets | - | 580,243 | 338,595 |
| Amortization of tangible capital assets | - | 19,451,905 | 19,064,410 |
| Gain on disposal of tangible capital assets | <u>(135,600)</u> | <u>(283,875)</u> | <u>(24,971)</u> |
| | <u>(42,781,419)</u> | <u>(14,953,305)</u> | <u>1,848,215</u> |
| Net change in inventory for consumption | - | 937,244 | (1,313,928) |
| Net change in prepaid expenses | <u>-</u> | <u>6,012</u> | <u>(41,044)</u> |
| | <u>-</u> | <u>943,256</u> | <u>(1,354,972)</u> |
| INCREASE (DECREASE) IN NET FINANCIAL ASSETS | (8,315,234) | 748,297 | 7,506,432 |
| NET FINANCIAL ASSETS, BEGINNING OF YEAR | <u>49,016,638</u> | <u>49,016,638</u> | <u>41,510,206</u> |
| NET FINANCIAL ASSETS, END OF YEAR | \$ <u>40,701,404</u> | \$ <u>49,764,935</u> | \$ <u>49,016,638</u> |

LAC LA BICHE COUNTY
Consolidated Statement of Cash Flows
For The Year Ended December 31, 2023

| | <u>2023</u> | <u>2022</u> |
|--|-----------------------------|----------------------------|
| OPERATING ACTIVITIES | | |
| Annual surplus | \$ 14,758,346 | \$ 7,013,189 |
| Non-cash items included in annual surplus: | | |
| Gain on disposal of tangible capital assets | (283,875) | (24,971) |
| Amortization of tangible capital assets | 19,451,905 | 19,064,410 |
| Accretion of asset retirement obligations | 520,990 | 496,653 |
| Contributed tangible capital assets | (482,395) | (313,316) |
| Revision in estimates asset retirement obligations | 30,180 | 30,179 |
| Change in non-cash working capital balances: | | |
| Taxes and grants in place of taxes receivable | 122,330 | 219,058 |
| Trade and other receivables | 1,650,701 | (406,928) |
| Deposit liabilities | 58,807 | (123,501) |
| Prepaid expenses | 6,012 | (41,044) |
| Inventory for consumption | 937,244 | (1,313,928) |
| Accounts payable and accrued liabilities | (365,090) | 1,242,906 |
| Employee benefit obligations | (22,192) | (132,564) |
| Deferred revenue | <u>(1,529,618)</u> | <u>2,147,092</u> |
| | <u>34,853,345</u> | <u>27,857,235</u> |
| CAPITAL ACTIVITIES | | |
| Purchase of tangible capital assets | (34,219,183) | (17,216,503) |
| Proceeds on disposal of tangible capital assets | <u>580,243</u> | <u>338,595</u> |
| | <u>(33,638,940)</u> | <u>(16,877,908)</u> |
| INVESTING ACTIVITIES | | |
| Proceeds from sale of investments | 70,051,781 | - |
| Purchase of investments | <u>(85,371,344)</u> | <u>(70,054,967)</u> |
| | <u>(15,319,563)</u> | <u>(70,054,967)</u> |
| FINANCING ACTIVITIES | | |
| Long-term debt issued | 30,560,865 | 1,200,000 |
| Long-term debt repayments | <u>(204,595)</u> | <u>(302,830)</u> |
| | <u>30,356,270</u> | <u>897,170</u> |
| INCREASE (DECREASE) IN CASH | 16,251,112 | (58,178,470) |
| CASH, BEGINNING OF YEAR | <u>3,557,558</u> | <u>61,736,028</u> |
| CASH, END OF YEAR | \$ <u>19,808,670</u> | \$ <u>3,557,558</u> |

Schedule of Changes in Accumulated Surplus
For The Year Ended December 31, 2023

| | <u>Unrestricted</u> | <u>Restricted for Operating</u> | <u>Restricted for Capital</u> | <u>Equity in Tangible Capital Assets</u> | <u>2023 Total</u> | <u>2022 Total (Restated) (Note 22)</u> |
|---|-----------------------------|-------------------------------------|-----------------------------------|--|-----------------------------|--|
| BALANCE, BEGINNING OF YEAR, AS PREVIOUSLY STATED | \$ 3,151,474 | \$ 15,607,063 | \$ 45,767,294 | \$436,194,239 | \$500,720,070 | \$494,066,881 |
| Restatement (Note 22) | <u>6,684,247</u> | <u>-</u> | <u>-</u> | <u>(8,585,322)</u> | <u>(1,901,075)</u> | <u>(2,261,075)</u> |
| BALANCE, BEGINNING OF YEAR, AS RESTATED | 9,835,721 | 15,607,063 | 45,767,294 | 427,608,917 | 498,818,995 | 491,805,806 |
| Annual surplus | 14,758,346 | - | - | - | 14,758,346 | 7,013,189 |
| Purchase of tangible capital assets | (34,219,183) | - | - | 34,219,183 | - | - |
| Contributed tangible capital assets | (482,395) | - | - | 482,395 | - | - |
| Annual amortization expense | 19,451,905 | - | - | (19,451,905) | - | - |
| Disposal of tangible capital assets | 296,368 | - | - | (296,368) | - | - |
| Annual accretion expense | 520,990 | - | - | (520,990) | - | - |
| Revision in estimates asset retirement obligations | 30,180 | - | - | (30,180) | - | - |
| Unrestricted funds designated for future use | (7,205,118) | - | 7,205,118 | - | - | - |
| Restricted funds utilized | 4,420,321 | (4,420,321) | - | - | - | - |
| Long-term debt repaid | (204,595) | - | - | 204,595 | - | - |
| Long-term debt issued | 30,560,865 | - | - | (30,560,865) | - | - |
| Levied portion of debt recoverable - local improvements | <u>127,982</u> | <u>-</u> | <u>-</u> | <u>(127,982)</u> | <u>-</u> | <u>-</u> |
| BALANCE, END OF YEAR | <u>\$ 37,891,387</u> | <u>\$ 11,186,742</u> | <u>\$ 52,972,412</u> | <u>\$411,526,800</u> | <u>\$513,577,341</u> | <u>\$498,818,995</u> |

Schedule of Property Taxes Levied
For The Year Ended December 31, 2023

| | <u>2023</u> (Budget) (Note 20) | <u>2023</u> (Actual) | <u>2022</u> (Actual) |
|---|--------------------------------------|-------------------------|-------------------------|
| TAXATION | | | |
| Real property taxes | | | |
| Residential | \$ 7,607,687 | \$ 7,795,315 | \$ 7,462,948 |
| Non-residential | 41,912,021 | 43,630,750 | 41,978,198 |
| Linear property taxes | 30,596,346 | 29,901,348 | 28,842,171 |
| Local improvement taxes | - | - | 14,526 |
| Government grants in place of property taxes | <u>184,936</u> | <u>180,640</u> | <u>180,519</u> |
| | <u>80,300,990</u> | <u>81,508,053</u> | <u>78,478,362</u> |
| REQUISITIONS | | | |
| Alberta School Foundation Fund and Lakeland Catholic School District No. 150 | 10,250,117 | 10,017,275 | 10,250,117 |
| Greater North Foundation | 635,745 | 635,745 | 555,357 |
| Designated industrial property assessment | <u>253,445</u> | <u>253,462</u> | <u>254,077</u> |
| | <u>11,139,307</u> | <u>10,906,482</u> | <u>11,059,551</u> |
| NET MUNICIPAL TAXES | <u>\$ 69,161,683</u> | <u>\$ 70,601,571</u> | <u>\$ 67,418,811</u> |

LAC LA BICHE COUNTY
 Schedule of Government Transfers
 For The Year Ended December 31, 2023

SCHEDULE 3

| | <u>2023</u> (Budget) (Note 20) | <u>2023</u> (Actual) | <u>2022</u> (Actual) |
|-----------------------------------|--------------------------------------|-------------------------|-------------------------|
| TRANSFERS FOR OPERATING | | | |
| Provincial government | \$ 754,774 | \$ 1,131,242 | \$ 1,023,724 |
| Local government | <u>105,952</u> | <u>181,242</u> | <u>204,192</u> |
| | <u>860,726</u> | <u>1,312,484</u> | <u>1,227,916</u> |
| TRANSFERS FOR CAPITAL | | | |
| Provincial government | 12,238,373 | 4,569,312 | 944,691 |
| Federal government | <u>-</u> | <u>115,025</u> | <u>12,708</u> |
| | <u>12,238,373</u> | <u>4,684,337</u> | <u>957,399</u> |
| TOTAL GOVERNMENT TRANSFERS | <u>\$ 13,099,099</u> | <u>\$ 5,996,821</u> | <u>\$ 2,185,315</u> |

LAC LA BICHE COUNTY
Schedule of Segmented Disclosure
For The Year Ended December 31, 2023

SCHEDULE 4

| | <u>General Revenue</u> | <u>General Government</u> | <u>Protective Services</u> | <u>Transportation Services</u> | <u>Public Utilities</u> | <u>Family and Community Support</u> | <u>Planning and Development</u> | <u>Recreation and Culture</u> | <u>Natural Gas</u> | <u>2023</u> | <u>2022</u> (Restated) (Note 22) |
|--|-----------------------------|-------------------------------|------------------------------|--------------------------------|------------------------------|-------------------------------------|---------------------------------|-------------------------------|--------------------------|-----------------------------|---|
| REVENUE | | | | | | | | | | | |
| Net municipal property taxes | \$ 70,601,571 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 70,601,571 | \$ 67,418,811 |
| User fees and sales of goods | - | 42,733 | 133,831 | 27,101 | 2,660,381 | 61,572 | 23,884 | 537,372 | 2,439,061 | 5,925,935 | 6,909,912 |
| Investment income | 4,613,955 | - | - | - | - | - | - | 7,517 | - | 4,621,472 | 2,256,681 |
| Other revenues | 701,629 | 110,126 | 884,293 | 307,888 | 52,803 | 14,591 | 225,162 | 596,528 | 57,075 | 2,950,095 | 2,641,548 |
| Government transfers operating | - | 46,833 | 92,073 | - | 51,733 | 425,654 | 336,426 | 359,765 | - | 1,312,484 | 1,227,916 |
| | <u>75,917,155</u> | <u>199,692</u> | <u>1,110,197</u> | <u>334,989</u> | <u>2,764,917</u> | <u>501,817</u> | <u>585,472</u> | <u>1,501,182</u> | <u>2,496,136</u> | <u>85,411,557</u> | <u>80,454,868</u> |
| EXPENSES | | | | | | | | | | | |
| Salaries, wages and benefits | - | 6,161,810 | 2,744,113 | 6,891,915 | 2,949,580 | 1,308,142 | 1,404,872 | 6,215,727 | 448,827 | 28,124,986 | 25,847,150 |
| Amortization | - | 631,125 | 375,506 | 11,886,908 | 3,211,210 | - | 24,481 | 3,265,168 | 57,507 | 19,451,905 | 19,064,410 |
| Contracted and general services | - | 2,503,913 | 1,566,928 | 2,906,351 | 2,533,376 | 178,181 | 855,536 | 1,589,482 | 160,866 | 12,294,633 | 14,300,942 |
| Materials, goods, supplies and utilities | - | 241,817 | 594,800 | 5,292,820 | 1,459,451 | 222,236 | 135,747 | 1,579,618 | 1,397,853 | 10,924,342 | 11,253,356 |
| Transfers to local organizations | - | 69,316 | 154,865 | - | 26,510 | 264,713 | 143,263 | 2,117,891 | 119,347 | 2,895,905 | 2,765,160 |
| Other expenses | - | 1,595,325 | - | - | 171 | - | - | 867 | - | 1,596,363 | 974,159 |
| Accretion of asset retirement obligations | - | 194 | 13,896 | 11,881 | 473,833 | - | - | 21,186 | - | 520,990 | 496,653 |
| Interest on long-term debt | - | - | - | 43,071 | 172,557 | - | - | 79,103 | - | 294,731 | 35,535 |
| | <u>-</u> | <u>11,203,500</u> | <u>5,450,108</u> | <u>27,032,946</u> | <u>10,826,688</u> | <u>1,973,272</u> | <u>2,563,899</u> | <u>14,869,042</u> | <u>2,184,400</u> | <u>76,103,855</u> | <u>74,737,365</u> |
| ANNUAL SURPLUS BEFORE OTHER INCOME | 75,917,155 | (11,003,808) | (4,339,911) | (26,697,957) | (8,061,771) | (1,471,455) | (1,978,427) | (13,367,860) | 311,736 | 9,307,702 | 5,717,503 |
| OTHER INCOME | | | | | | | | | | | |
| Government transfers for capital | - | - | - | 1,338,784 | 1,487,312 | - | - | 1,858,241 | - | 4,684,337 | 957,399 |
| Contributed tangible capital assets | - | - | - | 312,826 | - | - | 136,200 | 33,369 | - | 482,395 | 313,316 |
| Gain (loss) on disposal of tangible capital assets | - | 72,869 | 235 | 214,736 | (1,647) | - | - | (2,318) | - | 283,875 | 24,971 |
| ANNUAL SURPLUS (DEFICIT) | \$ <u>75,917,155</u> | \$ <u>(10,930,939)</u> | \$ <u>(4,339,676)</u> | \$ <u>(24,831,611)</u> | \$ <u>(6,576,106)</u> | \$ <u>(1,471,455)</u> | \$ <u>(1,842,227)</u> | \$ <u>(11,478,568)</u> | \$ <u>311,736</u> | \$ <u>14,758,309</u> | \$ <u>7,013,189</u> |

The accompanying notes are an integral part of the consolidated financial statements.

Schedule of Tangible Capital Assets

For The Year Ended December 31, 2023

| | <u>Land</u> | <u>Land Improvements</u> | <u>Buildings</u> | <u>Engineered Structures</u> | <u>Machinery and Equipment</u> | <u>Vehicles</u> | <u>Construction in Progress</u> | 2023 | <u>2022</u> (Restated) (Note 22) |
|---|----------------------|--------------------------|----------------------|------------------------------|--------------------------------|---------------------|---------------------------------|-----------------------|--|
| COST: | | | | | | | | | |
| Balance, Beginning of Year | \$ 52,889,836 | \$ 38,826,232 | \$ 91,420,236 | \$ 478,454,501 | \$ 25,584,561 | \$ 14,120,671 | \$ 5,413,518 | \$706,709,555 | \$ 690,646,591 |
| Restatement (Note 22) | - | <u>2,089,789</u> | <u>284,199</u> | <u>2,107,111</u> | - | - | - | 4,481,099 | 4,481,099 |
| Balance, Beginning of Year, As Restated | 52,889,836 | 40,916,021 | 91,704,435 | 480,561,612 | 25,584,561 | 14,120,671 | 5,413,518 | 711,190,654 | 695,127,690 |
| Additions | 1,460,824 | 408,257 | 122,446 | 2,301,277 | 2,608,320 | 875,652 | 26,442,407 | 34,219,183 | 17,216,503 |
| Contributed assets | 136,200 | - | 814 | 345,381 | - | - | - | 482,395 | 313,316 |
| Disposals | - | - | (259,621) | (195,013) | (964,168) | (243,781) | (242,629) | (1,905,212) | (1,466,855) |
| Transfers | - | <u>3,574,459</u> | <u>1,477,431</u> | <u>13,349,392</u> | <u>714,045</u> | - | <u>(19,115,327)</u> | - | - |
| Balance, End of Year | <u>54,486,860</u> | <u>44,898,737</u> | <u>93,045,505</u> | <u>496,362,649</u> | <u>27,942,758</u> | <u>14,752,542</u> | <u>12,497,969</u> | 743,987,020 | <u>711,190,654</u> |
| ACCUMULATED AMORTIZATION: | | | | | | | | | |
| Balance, Beginning of Year | \$ - | \$ 12,524,130 | \$ 25,619,506 | \$ 209,988,576 | \$ 13,056,216 | \$ 8,152,451 | \$ - | \$269,340,879 | \$ 251,539,641 |
| Restatement (Note 22) | - | <u>911,028</u> | <u>143,213</u> | <u>282,056</u> | - | - | - | 1,336,297 | 1,226,356 |
| Balance, Beginning of Year, As Restated | - | 13,435,158 | 25,762,719 | 210,270,632 | 13,056,216 | 8,152,451 | - | 270,677,176 | 252,765,997 |
| Amortization | - | 1,990,684 | 2,027,485 | 12,209,142 | 2,317,369 | 907,225 | - | 19,451,905 | 19,064,410 |
| Disposals | - | - | (223,274) | (185,916) | (955,873) | (243,781) | - | (1,608,844) | (1,153,231) |
| Balance, End of Year | - | <u>15,425,842</u> | <u>27,566,930</u> | <u>222,293,858</u> | <u>14,417,712</u> | <u>8,815,895</u> | - | 288,520,237 | <u>270,677,176</u> |
| 2023 NET BOOK VALUE | \$ 54,486,860 | \$ 29,472,895 | \$ 65,478,575 | \$ 274,068,791 | \$ 13,525,046 | \$ 5,936,647 | \$ 12,497,969 | \$ 455,466,783 | \$ - |
| 2022 NET BOOK VALUE | \$ 52,889,836 | \$ 27,480,863 | \$ 65,941,716 | \$ 270,290,980 | \$ 12,528,345 | \$ 5,968,220 | \$ 5,413,518 | \$ - | \$ 440,513,478 |

*Construction in progress is comprised of

\$ - \$ 1,803,165 \$ 1,937,861 \$ 8,451,552 \$ 129,713 \$ 175,678 \$ - \$ 12,497,969 \$ 5,413,518

1. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of Lac La Biche County (the "County") are the representations of 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

The consolidated financial statements reflect the assets, liabilities, revenues, and expenses, changes in net financial position and cash flows of the reporting entity. This entity is comprised of County operations plus all of the organizations that are owned or controlled by the County and are, therefore, accountable to Council for the administration of their financial affairs and resources. Included with the County is the Lac La Biche County Library Board.

The schedule of taxes levied also includes requisitions for education, health, social and other external organizations that are not part of the government reporting entity.

The consolidated statements exclude trust assets that are administered by the County for the benefit of external parties. Interdepartmental and organizational transactions and balances are eliminated.

(b) Basis of accounting

The consolidated 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 or services and/or the legal obligation to pay.

Revenues are accounted for in the period in which the transactions or events occurred that gave rise to the revenues and are reliably measured and reasonably estimated. Funds from external parties and earnings thereon restricted by agreement or legislation are accounted for as deferred revenue until used for the purpose specified.

Expenses are recognized in the period the goods or services are acquired and a liability is incurred or transfers are due.

(c) Revenue recognition

All revenues are reported on an accrual basis. Cash received for which services and products have not been provided are recognized as deferred revenue.

(d) Tax revenue

Property tax revenue is based on assessments determined in accordance with the *Municipal Government Act*. Tax rates are established annually. Taxation revenues are recorded at the time tax billings are issued. Assessments are subject to appeal.

Construction and borrowing costs associated with local improvement projects are recovered through annual special property assessments during the period of the related borrowing. These levies are collectible from property owners for work performed by the County. Under the accrual basis of accounting, revenues to be received from local improvement assessments are recognized in full in the period the local improvement project costs are incurred and the passing of the related imposition by-law.

1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(e) Requisition over-levy and under-levy

Over-levies and under-levies arise from the difference between the actual property tax 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. 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.

(f) Government transfers

Government transfers are the transfer of assets from senior levels of government that are not the result of an exchange transaction, are not expected to be repaid in the future, or the result of a direct financial return.

Government transfers are recognized in the consolidated financial statements as revenue in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be determined.

(g) Pension expenses

Contributions for current and past service pension benefits are recorded as expenses in the year in which they become due.

(h) Investments

Investments are recorded at amortized cost. When there has been a loss in value that is other than a temporary decline, the investment is written down to recognize the loss.

(i) Asset retirement obligations

Asset retirement obligations are legal obligations associated with the retirement tangible capital assets. Asset retirement activities include all activities related to an asset retirement obligation. These may include, but are not limited to:

- Decommissioning or dismantling a tangible capital asset that was acquired, constructed or developed;
- Remediation of contamination of a tangible capital asset created by its normal use;
- Post-retirement activities such as monitoring; and
- Constructing other tangible capital assets to perform post-retirement activities.

(CONT'D)

1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(i) Asset retirement obligations (continued)

Asset retirement obligations are initially measured at the later of the date of acquisition or legislative obligation. When a liability for an asset retirement obligation is recognized, the asset retirement costs are added to the carrying amount of the related tangible capital asset in productive use and are amortized over the estimated useful life of the related tangible capital asset. Asset retirement costs related to unrecognized tangible capital assets or for tangible capital assets no longer in productive use are expensed in the consolidated statement of operations.

When the future retirement date is unknown, the asset retirement obligation is measured at the current estimated cost to settle or otherwise extinguish the liability. When the future retirement date is known, a present value technique is used to measure the liability. Subsequent to the initial measurement, the asset retirement obligation is adjusted to reflect the passage of time and changes in the estimated future cash flows underlying the obligation and is recognized as an accretion expense in the consolidated statement of operations.

(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 change in net financial assets for the year.

Tangible Capital Assets

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to the acquisition, construction, development or betterment of the asset. Contributed assets are capitalized and are recorded at their estimated fair value upon acquisition and are also recorded as revenue. Construction in progress represents assets which are not available for productive use and therefore are not subject to amortization. The cost, less residual value, of tangible capital assets is amortized on a straight-line basis over the estimated useful life as follows:

| | <u>Years</u> |
|-----------------------------|--------------|
| Land improvements | 10 - 50 |
| Buildings | 25 - 50 |
| Engineered structures | |
| Water system | 25 - 50 |
| Wastewater system | 25 - 50 |
| Other engineered structures | 3 - 75 |
| Machinery and equipment | 5 - 40 |
| Vehicles | 5 - 25 |

The amortization in the year of acquisition is charged at one half the normal annual rate and no amortization is charged in the year of disposal.

Works of art, historical artifacts, and collections owned by the County are not recorded in tangible capital assets, but are expensed when acquired and disclosed.

(CONT'D)

1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(j) Non-financial assets (continued)

Inventory

Inventory held for consumption is valued at the lower of cost or replacement cost, with cost determined by the average cost method.

Inventory of materials and supplies include roadway maintenance materials, vehicle equipment and facility parts. Inventory of materials and supplies are valued at the lower of cost or replacement value. Cost is assigned using the first-in, first-out cost formula.

(k) Use of estimates

The preparation of consolidated 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 consolidated financial statements, and the reported amounts of revenue and expenditure during the period. Where uncertainty exists, the consolidated financial statements have been prepared within reasonable limits of materiality. Actual results could differ from those estimates.

Accounts receivable are stated after evaluation as to their collectibility and an appropriate allowance for doubtful accounts is provided where considered necessary. The amounts recorded for valuation of tangible capital assets, the useful lives and related amortization of tangible capital assets, future cash flows associated with asset retirement obligations, and accrued liabilities are areas where management makes significant estimates and assumptions in determining the amounts to be recorded in the consolidated financial statements.

(l) Future Accounting Standard Pronouncements

The following summarizes upcoming changes to *Public Sector Accounting Standards*. The County will continue to assess the impact and prepare for the adoption of these standards.

i) Public Private Partnerships

PS 3160, Public Private Partnerships, establishes standards on how to account for public private partnership arrangements (recognition of infrastructure assets and the corresponding liability to the private partnership) along with the disclosure and presentation requirements. This standard is applicable to fiscal years beginning on or after April 1, 2023.

ii) Revenue

PS 3400, Revenue, establishes standards on how to account for and report revenue differentiating between revenue arising from transactions that include performance obligations and transactions that do not. This standard is applicable to fiscal years beginning on or after April 1, 2023.

iii) Purchased Intangible Assets

PSG-8, Purchased Intangible Assets, provides guidance regarding the recognition, measurement, and disclosure of purchased intangible assets in relation to the conceptual framework for financial reporting in the public sector. This guideline is applicable to fiscal years beginning on or after April 1, 2023.

LAC LA BICHE COUNTY
Notes to Consolidated Financial Statements
Year Ended December 31, 2023

1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(I) Future Accounting Standard Pronouncements (continued)

iv) Financial Statement Presentation

PS 1202, Financial Statement Presentation, sets out general and specific requirements for the presentation of information in general purpose financial statements. The financial statement principles are based on the concepts in the Conceptual Framework for Financial Reporting in the Public Sector. This standard is applicable to fiscal years beginning on or after April 1, 2026.

2. TAXES AND GRANTS IN PLACE OF TAXES RECEIVABLES

| | <u>2023</u> | <u>2022</u> |
|--|--------------------|--------------------|
| Current taxes and grants in place of taxes | \$ 1,405,558 | \$ 1,389,866 |
| Arrears taxes | <u>4,342,391</u> | <u>3,547,741</u> |
| | 5,747,949 | 4,937,607 |
| Less: Allowance for doubtful accounts | <u>(4,992,386)</u> | <u>(4,059,714)</u> |
| | <u>\$ 755,563</u> | <u>\$ 877,893</u> |

3. TRADE AND OTHER RECEIVABLES

| | <u>2023</u> | <u>2022</u> |
|---------------------------------------|---------------------|---------------------|
| Debt recoverable - local improvements | \$ 2,783,608 | \$ 3,215,671 |
| Trade accounts receivable | 1,880,771 | 2,321,893 |
| Receivables from other governments | 958,053 | 2,100,460 |
| Accrued interest | 1,191,638 | 851,420 |
| Goods and Services Tax recoverable | <u>320,786</u> | <u>304,225</u> |
| | 7,134,856 | 8,793,669 |
| Less: Allowance for doubtful accounts | <u>(70,481)</u> | <u>(78,593)</u> |
| | <u>\$ 7,064,375</u> | <u>\$ 8,715,076</u> |

4. INVESTMENTS

| | <u>2023</u> | <u>2022</u> |
|------------------------------------|----------------------|----------------------|
| Guaranteed Investment Certificates | \$ 85,382,606 | \$ 70,067,115 |
| Servus Credit Union Ltd. shares | 78,374 | 74,302 |
| Gas Alberta Inc. shares | <u>482</u> | <u>482</u> |
| | <u>\$ 85,461,462</u> | <u>\$ 70,141,899</u> |

Guaranteed Investment Certificates bearing interest at a fixed rates ranging from 1.13% to 6.50% per annum (2022 - 0.90% - 5.00%) maturing between February 2024 and September 2025.

LAC LA BICHE COUNTY
Notes to Consolidated Financial Statements
Year Ended December 31, 2023

5. LINE OF CREDIT

The County has a revolving demand credit facility of \$7,500,000. The line of credit bears interest at the bank's prime rate minus 0.5% per annum, was not drawn on at December 31, 2023 (2022 - \$NIL) and is unsecured.

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

| | <u>2023</u> | <u>2022</u> |
|----------------------------------|---------------------|---------------------|
| Trade and other accounts payable | \$ 5,393,211 | \$ 6,755,667 |
| Holdbacks payable | 2,125,402 | 718,848 |
| Payable to other governments | 99,610 | 749,857 |
| Salaries and wages | 396,992 | 258,733 |
| Interest on long-term debt | <u>106,193</u> | <u>3,393</u> |
| | <u>\$ 8,121,408</u> | <u>\$ 8,486,498</u> |

7. DEPOSIT LIABILITIES

| | <u>2023</u> | <u>2022</u> |
|-------------------------------|-------------------|-------------------|
| Trade deposits | \$ 722,078 | \$ 672,761 |
| Development performance bonds | 205,580 | 220,590 |
| Other | <u>25,849</u> | <u>1,349</u> |
| | <u>\$ 953,507</u> | <u>\$ 894,700</u> |

8. EMPLOYEE BENEFITS OBLIGATION

| | <u>2023</u> | <u>2022</u> |
|----------|---------------------|---------------------|
| Vacation | \$ 1,037,777 | \$ 1,041,567 |
| Overtime | <u>6,755</u> | <u>25,157</u> |
| | <u>\$ 1,044,532</u> | <u>\$ 1,066,724</u> |

Employee benefits obligation is comprised of the vacation and overtime that employees are deferring to future years. Employees have either earned the benefits (and are vested) or are entitled to these benefits within the next budgetary year.

The County does not provide post-employment benefits to employees.

LAC LA BICHE COUNTY
Notes to Consolidated Financial Statements
Year Ended December 31, 2023

9. DEFERRED REVENUE

Deferred revenue is comprised of the following amounts, which have been received from various third parties and are restricted to the eligible operating and capital projects as approved in the funding agreements for a specified purpose. These amounts are recognized as revenue in the period in which the related expenditures are incurred.

| | <u>2022</u> | <u>Additions</u> | <u>Revenue Recognized</u> | <u>2023</u> |
|---|----------------------|---------------------|-------------------------------|----------------------------|
| Municipal Sustainability Initiative | \$ 8,327,335 | \$ 2,211,452 | \$ (1,990,864) | \$ 8,547,923 |
| Canada Community Building Fund | 1,069,185 | - | (1,069,185) | - |
| Alberta Municipal Water /Wastewater Partnership | 555,312 | 500,000 | (1,055,312) | - |
| Sponsorship agreements | 357,109 | 42,571 | (62,748) | 336,932 |
| Other provincial and corporate grants | 199,345 | 741,578 | (819,438) | 121,485 |
| Leases and memberships | 103,090 | 447,545 | (435,171) | 115,464 |
| Intermunicipal Collaboration Framework Agreement | 58,131 | - | (48,105) | 10,026 |
| Other recreation | <u>23,640</u> | <u>18,921</u> | <u>(10,862)</u> | <u>31,699</u> |
| | <u>\$ 10,693,147</u> | <u>\$ 3,962,067</u> | <u>\$ (5,491,685)</u> | <u>\$ 9,163,529</u> |

Sponsorship agreements are being amortized to revenue on a straight-line basis per agreement over a number of years ranging from 5 - 15 years.

LAC LA BICHE COUNTY
Notes to Consolidated Financial Statements
Year Ended December 31, 2023

10. ASSET RETIREMENT OBLIGATIONS

Tangible capital assets with associated retirement obligations include land, land improvements, buildings, engineered structures, and machinery and equipment.

The County has asset retirement obligations to remove various hazardous materials, including asbestos 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 is 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.

The County has asset retirement obligations pursuant to the *Environmental Enhancement and Protection Act* (Alberta) to fund the closure of its landfill sites and provide for the post-closure care of the facilities. Closure and post-closure activities include the the final covering and landscaping, surface and ground water monitoring, leachate control, site inspection, and maintenance. The County is required to provide closure care upon closure of the landfill and to provide post-closure care for 25 years subsequent to closure.

The County has asset retirement obligations pursuant to the *Environmental Enhancement and Protection Act* (Alberta) to fund the future reclamation of various operational facilities and work sites. Reclamation activities involved the restoration of properties to their original condition, include the final soil cover, landscaping, and visual inspection. Although, the timing of the reclamation is conditional on the length of time until the facilities and site are expected to be inactive, regulations create an existing obligation for the County to reclaim the properties at the end of life.

| | <u>2023</u> | <u>2022</u> |
|----------------------------|----------------------|----------------------|
| Balance, Beginning of Year | \$ 11,730,124 | \$ 11,203,292 |
| Net Change for the Year | | |
| Revision in estimates | 30,180 | 30,179 |
| Accretion expense | <u>520,990</u> | <u>496,653</u> |
| | <u>551,170</u> | <u>526,832</u> |
| Balance, End of Year | \$ <u>12,281,294</u> | \$ <u>11,730,124</u> |

Asset retirement obligations of \$12,281,294 (2022 - \$11,730,124) includes \$11,182,762 (2022 - \$10,661,772) measured using a present value technique. The present value was calculated using estimated total undiscounted cash flow amounting to \$50,974,108 (2022 - \$50,974,108), a discount rate of 4.90% (2022 - 4.90%), with retirement and reclamation activities expected to be settled between 2028 and 2076. The remaining obligations of \$1,098,532 (2022 - \$1,068,352) are measured at the current cost due to the uncertainty about when the retirement and reclamation activities are expected to occur.

LAC LA BICHE COUNTY
Notes to Consolidated Financial Statements
Year Ended December 31, 2023

11. LONG-TERM DEBT

| | <u>2023</u> | <u>2022</u> |
|--|-----------------------------|----------------------------|
| Debenture debt held by the Province of Alberta, repayable beginning June 2024, in semi-annual installments of \$2,562,009 including interest at 4.38%; due June 2027; issued for the main street revitalization. | \$ 16,460,865 | \$ 1,100,000 |
| Debenture debt held by the Province of Alberta, repayable beginning June 2024, in semi-annual installments of \$864,043, including interest at 4.69%; due June 2032; issued for the Aquatics Center. | 12,000,000 | 100,000 |
| Debenture debt held by the Province of Alberta, repayable in semi-annual installments of \$512,106 including interest at 5.16%; due September 2033; issued for McArthur Park Development. The remaining debenture balance of \$4,000,000 is scheduled for payment in 2024. | 3,300,000 | - |
| Debenture debt held by the Province of Alberta, repayable in semi-annual installments of \$69,140 including interest at 4.565%; due December 2023; issued for Lakeview Estate water and wastewater line. | - | 133,686 |
| Debenture debt held by the Province of Alberta, repayable in semi-annual installments of \$14,231 including interest at 4.565%; due December 2023; issued for base paving of 99 Avenue in the Town of Lac La Biche. | - | 27,516 |
| Debenture debt held by the Province of Alberta, repayable in annual installments of \$26,024 including interest at 6.00%; due April 2023; issued for Lac La Biche town water and wastewater lines. | - | 24,551 |
| Debenture debt held by the Province of Alberta, repayable in semi-annual installments of \$4,872 including interest at 4.565%; due December 2023; issued for upgrading on Main Street, Plamondon. | - | 9,421 |
| Debenture debt held by the Province of Alberta, repayable in semi-annual installments of \$4,872 including interest at 4.565%; due December 2023; issued for Bulk Station road water and wastewater lines. | - | 9,421 |
| | <u>\$ 31,760,865</u> | <u>\$ 1,404,595</u> |

The portion of long-term debt to be received amounts to \$4,000,000.

The current portion of the long-term debt amounts to \$5,630,195 (2022 - \$204,595).

Debenture debt is issued on the credit and security of the County at large.

Interest on long-term debt paid amounted to \$294,731 (2022 - \$35,535). The County's total cash payments for interest is \$191,931 (2022 - \$36,373).

(CONT'D)

LAC LA BICHE COUNTY
Notes to Consolidated Financial Statements
Year Ended December 31, 2023

11. LONG-TERM DEBT (CONT'D)

Principal and interest repayments:

| | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|------------|----------------------|---------------------|----------------------|
| 2024 | \$ 5,630,195 | \$ 1,392,190 | \$ 7,022,385 |
| 2025 | 6,539,121 | 1,337,196 | 7,876,317 |
| 2026 | 6,837,824 | 1,038,493 | 7,876,317 |
| 2027 | 4,588,204 | 726,105 | 5,314,309 |
| 2028 | 2,183,345 | 568,954 | 2,752,299 |
| Thereafter | <u>5,982,176</u> | <u>1,187,191</u> | <u>7,169,367</u> |
| | <u>\$ 31,760,865</u> | <u>\$ 6,250,129</u> | <u>\$ 38,010,994</u> |

12. DEBT LIMITS

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

| | <u>2023</u> | <u>2022</u> |
|--|-----------------------|-----------------------|
| Total debt limit | \$ 128,117,336 | \$ 120,682,302 |
| Total debt | <u>(31,760,865)</u> | <u>(1,404,595)</u> |
| Amount of debt limit unused | <u>\$ 96,356,471</u> | <u>\$ 119,277,707</u> |
| Service on debt limit | \$ 21,352,889 | \$ 20,113,717 |
| Service on debt | <u>(7,022,385)</u> | <u>(396,526)</u> |
| Amount of service on debt limit unused | <u>\$ 14,330,504</u> | <u>\$ 19,717,191</u> |

The debt limit is calculated at 1.5 times revenue of the County (as defined in *Alberta Regulation 255/2000*) and the debt service limit is calculated at 0.25 times such revenue. Incurring debt beyond these limits requires approval by the Minister of Municipal Affairs. These thresholds are guidelines used by Alberta Municipal Affairs to identify municipalities which could be at 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.

13. INVENTORY FOR CONSUMPTION

| | <u>2023</u> | <u>2022</u> |
|-----------------------|---------------------|---------------------|
| Gravel | \$ 5,958,323 | \$ 6,957,683 |
| Material and supplies | <u>1,407,292</u> | <u>1,345,176</u> |
| | <u>\$ 7,365,615</u> | <u>\$ 8,302,859</u> |

LAC LA BICHE COUNTY
Notes to Consolidated Financial Statements
Year Ended December 31, 2023

14. EQUITY IN TANGIBLE CAPITAL ASSETS

| | <u>2023</u> | <u>2022</u> |
|---|-----------------------------|-----------------------------|
| Net book value of tangible capital assets | \$455,466,783 | \$440,513,478 |
| Long-term debt | (31,760,865) | (1,404,595) |
| Debt recoverable - local improvements | 102,176 | 230,158 |
| Asset retirement obligations | <u>(12,281,294)</u> | <u>(11,730,124)</u> |
| | <u>\$411,526,800</u> | <u>\$427,608,917</u> |

15. ACCUMULATED SURPLUS

Accumulated surplus consists of restricted and unrestricted amounts and equity in tangible capital assets as follows:

| | <u>2023</u> | <u>2022</u> |
|-----------------------------------|-----------------------------|-----------------------------|
| Unrestricted surplus | \$ <u>37,891,387</u> | \$ <u>9,835,721</u> |
| Restricted surplus | | |
| General operations | 11,186,742 | 15,607,063 |
| Capital | <u>52,972,412</u> | <u>45,767,294</u> |
| | <u>64,159,154</u> | <u>61,374,357</u> |
| Equity in tangible capital assets | <u>411,526,800</u> | <u>427,608,917</u> |
| | <u>\$513,577,341</u> | <u>\$498,818,995</u> |

16. CONTINGENT LIABILITIES

- a) Through the Federation of Alberta Gas Co-ops Ltd., the County is a member of the Fedgas Insurance Reciprocal Exchange ("FIRE"). Through the Rural Municipalities of Alberta, the County is a member of the Genesis Reciprocal Insurance Exchange ("GENESIS"). 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 FIRE or GENESIS. Any liability incurred would be accounted for as a current transaction in the year the losses are determined.
- b) The County is a defendant in various lawsuits arising in the normal course of operations and involving various amounts. Management is of the opinion that the results of these actions should not have any material effect on the financial position of the County. No amounts have been accrued in these consolidated financial statements relating to any of these activities. Any awards or settlements will be reflected in the Consolidated Statement of Operations as the matters are resolved or when sufficient information on amounts and likelihood is known.

17. LOCAL AUTHORITIES PENSION PLAN

Employees of the County participate in the *Local Authorities Pension Plan* ("LAPP"), which is one of the plans covered by the *Alberta Public Sector Pension Plans Act*. The LAPP is financed by employer and employee contributions and by investment earnings of the LAPP Fund. Contributions for current service are recorded as expenditures in the year in which they become due.

The County is required to make current service contributions to the LAPP consisting of 8.45% of pensionable earnings up to the year's maximum pensionable earnings ("YMPE") under the Canada Pension Plan ("CPP") and 12.23% of the excess.

Total current service contributions made by the County to the LAPP in 2023 were \$1,611,581 (2022 - \$1,619,393). Total current service contributions made by the employees of the County to the LAPP in 2023 were \$1,439,665 (2022 - \$1,450,867).

At December 31, 2022, the LAPP disclosed an actuarial surplus of \$12.67 billion (2021 - \$11.92 billion).

18. SEGMENTED INFORMATION

Segmented information has been identified based upon lines of service provided by the County. County services are provided by departments and their activities are reported by functional area in the body of the consolidated financial statements. Certain lines of service that have been separately disclosed in the segmented information, along with the services they provide, are as follows:

(a) General Government

General Government is comprised of County Council, the Office of the Chief Administrative Officer, Communications, and Corporate Services. Corporate Services is comprised of Financial Services, Human Resources, Records Management, and Information Technology Services.

Council makes decisions regarding service delivery and service levels on behalf of the County in order to balance the needs and wants of County residents in a financially responsible manner.

(b) Protective Services

Protective Services is comprised of Fire, Emergency Management, and Municipal Enforcement Services. Fire Services is responsible to provide fire suppression services; fire prevention programs; training and education related to fire prevention; and detection or extinguishment of fires. The mandate of Emergency Management to help maintain safe communities and public safety in disaster situations. Municipal Enforcement Services provide bylaw enforcement that ranges from community standards, to traffic safety, to animal control as well as provincial statute enforcement with authorities granted by the Solicitor General of Alberta.

(c) Transportation

Transportation is comprised of Common Services and the Public Works areas. They are responsible for the maintenance of the roadway, airport and storm systems of the County.

(CONT'D)

18. SEGMENTED INFORMATION (CONT'D)

(d) Recreation and Culture

Recreation and Culture are comprised of Recreation, Culture and Cultural Facilities. Recreation and Culture provide recreational and cultural services and activities which promote the well-being of its citizens. These areas are responsible for the parks, playgrounds, facilities, and green spaces of the County. This area also and acts as a liaison between community groups and provides grant funding.

(e) Public Utilities

Public Utilities are comprised of water, waste water, waste management collection and recycling. The County is responsible for environmental programs such as the introduction of organic carts, weekly garbage pick-up and promoting recycling and other related initiatives.

(f) Planning and Development

Planning and Development is comprised of Planning and Infrastructure, Engineering and Economic Development. These areas are responsible for the planning and development of the County's infrastructure system and work with developers in planning the growth of the County in a sustainable manner. Engineering is responsible for major capital infrastructure projects. Economic Development works with businesses in the County to encourage economic sustainability.

(g) Family and Community Support Services

The Family and Community Services area provides services mandated by Family and Community Support Services Alberta through a shared funding model between the Province of Alberta and the County.

(h) Natural Gas

Natural Gas is comprised of natural gas services within the County's franchise area of the hamlet of Lac La Biche.

Certain allocation methodologies are employed in the preparation of segmented financial information. Net municipal taxes are unallocated to segments and are presented under General Revenue. Sales and user charges have been allocated to the segment based upon the segment that generated the revenue. Government transfers have been allocated to the segment based upon the purpose for which the transfer was made.

19. FINANCIAL RISK MANAGEMENT

The County's financial instruments include cash and cash equivalents, taxes and grants in place of taxes, trade and other accounts receivable, investments, accounts payable and accrued liabilities, and long-term debt. It is management's opinion that the County is not exposed to significant liquidity, market, interest or currency risk arising from these financial instruments.

The County is subject to credit risk with respect to taxes and grants in lieu of taxes receivables and trade and other receivables. Credit risk arises from the possibility that taxpayers and entities to which the County provides services may experience financial difficulty and be unable to fulfil their obligations. The large number and diversity of taxpayers and customers minimizes the credit risk.

Unless otherwise noted, the carrying values of the financial instruments approximates fair values.

LAC LA BICHE COUNTY
Notes to Consolidated Financial Statements
Year Ended December 31, 2023

20. BUDGET

The budget presented in these financial statements are based on the budget approved by Council on December 21, 2021. The County compiles a budget on a modified accrual basis. The budget expensed all tangible capital asset purchases rather than including amortization expense. The reconciliation below adjusts excess revenue over expenses to align with the budget process. It should not be used as a replacement for the statement of operations and accumulated surplus. Users should note that this information may not be appropriate for their purposes.

| | <u>2023</u> (Budget) | <u>2023</u> (Actual) | <u>2022</u> (Actual) (Restated) (Note 22) |
|--|-------------------------|-------------------------|--|
| Annual surplus | <u>34,466,185</u> | <u>14,758,346</u> | <u>7,013,189</u> |
| Add: | | | |
| Amortization expense | - | 19,451,905 | 19,064,410 |
| Net transfers (to) from reserves | 8,409,706 | (2,783,522) | (10,569,247) |
| Proceeds on disposals of tangible capital assets | <u>-</u> | <u>580,243</u> | <u>338,595</u> |
| | <u>8,409,706</u> | <u>17,248,626</u> | <u>8,833,758</u> |
| Deduct: | | | |
| Principal debt repayments | 230,072 | 204,595 | 302,830 |
| Tangible capital asset purchases | <u>42,645,819</u> | <u>34,219,183</u> | <u>17,216,503</u> |
| | <u>42,875,891</u> | <u>34,423,778</u> | <u>17,519,333</u> |
| Results of Operations as Budgeted | <u>\$ -</u> | <u>\$ (2,416,806)</u> | <u>\$ (1,672,386)</u> |

21. APPROVAL OF FINANCIAL STATEMENTS

These consolidated financial statements were approved by Council and management on April 23, 2024.

LAC LA BICHE COUNTY

Notes to Consolidated Financial Statements

Year Ended December 31, 2023

22. RESTATEMENT - PS 3280 ASSET RETIREMENT OBLIGATION STANDARD ADOPTION

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

On January 1, 2022, the County recognized the following to conform to the new standard:

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

Comparative figures have been restated as follows.

| | <u>As Previously Stated</u> | <u>Restatement</u> | <u>As Restated</u> |
|---|---------------------------------|-----------------------|----------------------|
| Consolidated statement of financial position | | | |
| Financial assets | \$ 83,292,426 | \$ - | \$ 83,292,426 |
| Liabilities | <u>29,229,911</u> | <u>5,045,877</u> | <u>34,275,788</u> |
| Net financial assets | 54,062,515 | (5,045,877) | 49,016,638 |
| Non-financial assets | <u>446,657,555</u> | <u>3,144,802</u> | <u>449,802,357</u> |
| Accumulated surplus | <u>\$500,720,070</u> | <u>\$ (1,901,075)</u> | <u>\$498,818,995</u> |
| Consolidated statement of operations and accumulated surplus | | | |
| Revenues | \$ 81,750,554 | \$ - | \$ 81,750,554 |
| Expenses | <u>75,097,365</u> | <u>(360,000)</u> | <u>74,737,365</u> |
| Annual surplus | <u>\$ 6,653,189</u> | <u>\$ 360,000</u> | <u>\$ 7,013,189</u> |
| Accumulated surplus - Beginning of year | 494,066,881 | (2,261,075) | 491,805,806 |
| Accumulated surplus - End of year | <u>\$500,720,070</u> | <u>\$ (1,901,075)</u> | <u>\$498,818,995</u> |
| Statement of changes in net financial assets (debt) | | | |
| Annual surplus | <u>\$ 6,653,189</u> | <u>\$ 360,000</u> | <u>\$ 7,013,189</u> |
| Change in net financial assets | <u>7,036,491</u> | <u>469,941</u> | <u>7,506,432</u> |
| Net financial assets, beginning of year | 47,026,024 | (5,515,818) | 41,510,206 |
| Net financial assets, end of year | <u>\$ 54,062,515</u> | <u>\$ (5,045,877)</u> | <u>\$ 49,016,638</u> |

LAC LA BICHE COUNTY
Notes to Consolidated Financial Statements
Year Ended December 31, 2023

23. SALARY AND BENEFITS DISCLOSURE

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

| | <u>Salary⁽¹⁾</u> | <u>Honorarium</u> | <u>Benefits⁽²⁾</u> | Total 2023 | Total <u>2022</u> |
|--|-----------------------------|--------------------------|-------------------------------|--------------------------|--------------------------|
| Paul Reutov, Mayor | \$ 110,143 | \$ - | \$ 10,390 | \$ 120,533 | \$ 119,115 |
| Darlene Beniuk, Ward 1 | 32,156 | 36,036 | 7,730 | 75,922 | 75,639 |
| Kevin Pare, Ward 2 | 34,141 | 39,900 | 12,058 | 86,099 | 82,496 |
| Colette Borgun, Ward 3 | 32,156 | 44,616 | 7,805 | 84,577 | 89,546 |
| Jason Stedman, Ward 4 | 32,156 | 23,881 | 11,611 | 67,648 | 68,030 |
| Charlyn Moore, Ward 5 | 33,148 | 28,743 | 12,085 | 73,976 | 75,537 |
| Sterling Johnson, Ward 6 | 35,133 | 38,038 | 9,845 | 83,016 | 72,859 |
| John Mondal, Ward 7 | 32,156 | 32,461 | 11,414 | 76,031 | 81,218 |
| Lorin Tkachuk, Ward 7 | <u>32,156</u> | <u>26,455</u> | <u>11,842</u> | <u>70,453</u> | <u>84,442</u> |
| | <u>\$ 373,345</u> | <u>\$ 270,130</u> | <u>\$ 94,780</u> | <u>\$ 738,255</u> | <u>\$ 748,882</u> |
| Chief Administrative Officers ⁽³⁾ : | <u>\$ 190,048</u> | <u>\$ -</u> | <u>\$ 22,246</u> | <u>\$ 212,294</u> | <u>\$ 250,903</u> |

(1) - Salary includes regular base pay, bonuses, lump sum payments, and any other direct cash remuneration, including vacation and severance payments.

(2) - Benefits include the employer's share of all employee benefits and contributions or payments including pension, health care, dental coverage, vision coverage, group life insurance, accidental disability and dismemberment insurance, long-term and short-term disability plans, professional membership dues, and tuition.

(3) - The current year figures include the former and current Chief Administrative Officers' salaries, severance, and benefits.