

Lacombe County
Consolidated Financial Statements
For the year ended December 31, 2018

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For the year ended December 31, 2018

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Consolidated Financial Statements

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Independent Auditor's Report

To the Members of Council of Lacombe County

Opinion

We have audited the consolidated financial statements of Lacombe County and its controlled or owned organizations (the Group), which comprise the consolidated statement of financial position as at December 31, 2018, and the consolidated statement of operations, consolidated statement of changes in net financial assets, and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2018 and its consolidated financial performance and its cash flows for the year then ended in accordance with 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group 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 these requirements. We believe that 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 Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Public Sector Accounting Standards, and for such internal 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 consolidated financial statements, management is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

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

Auditor's 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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but 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.

Independent Auditor's Report - continued

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 Group's internal control.
- Evaluate the appropriateness of accounting policies used 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 Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's 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 auditor's report. However, future events or conditions may cause the Group 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 Group 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.

Chartered Professional Accountants
Red Deer, Alberta
April 25, 2019

Lacombe County
Consolidated Statement of Financial Position

| December 31 | 2018 | 2017 |
|-------------------------------------------------------|-----------------------|-----------------------|
| Financial assets | | |
| Cash and cash equivalents (Note 1) | \$ 54,140,959 | \$ 52,739,777 |
| Investments (Note 2) | 30,359,288 | 27,237,755 |
| Taxes receivable (Note 3) | 685,968 | 938,757 |
| Accounts receivable (Note 4) | 5,306,163 | 3,013,510 |
| Inventories for resale (Note 5) | 348,552 | 393,797 |
| | 90,840,930 | 84,323,596 |
| Liabilities | | |
| Accounts payable and accrued liabilities | 2,723,822 | 4,339,342 |
| Employee benefit obligation (Note 6) | 1,056,189 | 1,149,595 |
| Deposit liabilities | 2,233,070 | 1,982,988 |
| Deferred revenue (Note 7) | 7,935,370 | 1,663,483 |
| | 13,948,451 | 9,135,408 |
| Net financial assets | 76,892,479 | 75,188,188 |
| Non-financial assets | | |
| Tangible capital assets (Note 8) | 302,861,948 | 309,902,324 |
| Prepaid expenses and inventories of supplies (Note 9) | 6,508,585 | 6,471,420 |
| | 309,370,533 | 316,373,744 |
| Accumulated surplus (Note 10) | \$ 386,263,012 | \$ 391,561,932 |
| Contingencies and commitments (Note 19) | | |
| Liability for contaminated sites (Note 20) | | |
| Funds held in trust (Note 21) | | |

Lacombe County
Consolidated Statement of Operations

| For the year ended December 31 | Budget 2018 | 2018 | 2017 |
|-------------------------------------------------|-----------------------|-----------------------|----------------|
| Revenues | | | |
| Taxation - net (Note 12) | \$ 30,373,530 | \$ 30,345,536 | \$ 28,648,815 |
| Taxation - other (Note 13) | 815,000 | 1,200,484 | 1,027,676 |
| Government transfers (Note 14) | 11,704,100 | 1,961,352 | 4,254,469 |
| Sales, user charges and costs recovered | 1,628,850 | 1,872,135 | 1,850,635 |
| Sales to other governments | 736,450 | 804,557 | 907,560 |
| Permits, licenses, fines, penalties and rentals | 561,470 | 915,086 | 514,115 |
| Interest, royalties and patronage allocations | 1,280,220 | 1,720,259 | 1,474,608 |
| Gain on sale of tangible capital assets | - | 1,316,666 | 1,996,801 |
| Contributed assets | - | 120,990 | 2,514,930 |
| Development levies | 1,363,690 | 2,846,100 | 73,855 |
| Other | 31,510 | 442,000 | 68,116 |
| | 48,494,820 | 43,545,165 | 43,331,580 |
| Expenditures (Note 15) | | | |
| General government | 5,638,717 | 5,562,031 | 5,228,359 |
| Protective services | 2,475,913 | 2,216,822 | 2,069,421 |
| Transportation services | 30,778,748 | 29,920,513 | 29,095,701 |
| Environmental services | 7,423,657 | 2,592,678 | 2,456,030 |
| Cemetery | 72,570 | 53,695 | 53,026 |
| Social and family services | 573,460 | 445,172 | 570,692 |
| Recreation and cultural services | 2,523,499 | 2,606,226 | 4,623,407 |
| Planning and development | 1,351,490 | 1,099,112 | 1,137,837 |
| Agriculture services | 1,244,723 | 1,081,204 | 1,144,172 |
| Write-down of tangible capital assets | - | 3,095,363 | 956,784 |
| Loss on sale of tangible capital assets | - | 171,269 | 119,874 |
| | 52,082,777 | 48,844,085 | 47,455,303 |
| Deficiency of revenue over expenditures | (3,587,957) | (5,298,920) | (4,123,723) |
| Accumulated surplus, beginning of year | 391,561,932 | 391,561,932 | 395,685,655 |
| Accumulated surplus, end of year | \$ 387,973,975 | \$ 386,263,012 | \$ 391,561,932 |

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements

Lacombe County
Consolidated Statement of Change in Net Financial Assets

| For the year ended December 31 | Budget 2018 | 2018 | 2017 |
|---------------------------------------------------------|----------------|----------------|----------------|
| Deficiency of revenue over expenditures | \$ (3,587,957) | \$ (5,298,920) | \$ (4,123,723) |
| Acquisition of tangible capital assets | (28,932,360) | (19,134,368) | (14,925,520) |
| Acquisition of contributed assets | - | (120,990) | (2,514,930) |
| Amortization of tangible capital assets | 22,836,247 | 22,836,247 | 22,610,830 |
| Gain on sale of tangible capital assets | - | (1,316,666) | (1,996,801) |
| Loss on sale of tangible capital assets | - | 171,269 | 119,874 |
| Proceeds on sale of tangible capital assets | 1,105,790 | 1,509,521 | 2,234,729 |
| Write-downs of tangible capital assets | - | 3,095,363 | 956,784 |
| | (8,578,280) | 1,741,456 | 2,361,243 |
| Change in prepaid expenses and inventory of supplies | (37,400) | (37,165) | 103,620 |
| Net change in net financial assets | (8,615,680) | 1,704,291 | 2,464,863 |
| Net financial assets, beginning of year | 75,188,188 | 75,188,188 | 72,723,325 |
| Net financial assets, end of year | \$ 66,572,508 | \$ 76,892,479 | \$ 75,188,188 |

Lacombe County
Consolidated Statement of Cash Flows

| For the year ended December 31 | 2018 | 2017 |
|-----------------------------------------------------|----------------------|----------------------|
| Operating transactions | | |
| Excess (deficiency) of revenue over expenditures | \$ (5,298,920) | \$ (4,123,723) |
| Items not involving cash | | |
| Contributed assets | (120,990) | (2,514,930) |
| Amortization | 22,836,247 | 22,610,830 |
| Gain on disposal of tangible capital assets | (1,316,666) | (1,996,801) |
| Write-down of tangible capital asset | 3,095,363 | 956,784 |
| Loss on disposal of tangible capital assets | 171,269 | 119,874 |
| Changes in non-cash operating balances | | |
| Taxes receivable | 252,789 | (150,532) |
| Accounts receivable | (2,292,653) | 3,746,908 |
| Inventories for resale | 45,245 | 23,414 |
| Prepaid expenses and inventories of supplies | (37,165) | 103,620 |
| Accounts payable and accrued liabilities | (1,615,520) | (2,472,196) |
| Employee benefit obligation | (93,406) | (81,353) |
| Deposit liabilities | 250,082 | (158,947) |
| Deferred revenue | 6,271,887 | (2,176,129) |
| | 22,147,562 | 13,886,819 |
| Capital transactions | | |
| Acquisition of tangible capital assets | (19,134,368) | (14,925,520) |
| Proceeds on sale of tangible capital assets | 1,509,521 | 2,234,729 |
| | (17,624,847) | (12,690,791) |
| Investing transactions | | |
| Increase of investments | (3,121,533) | (679,587) |
| Restricted cash balances | (6,521,968) | 2,335,076 |
| | (9,643,501) | 1,655,489 |
| Net change in cash and cash equivalents | (5,120,786) | 2,851,517 |
| Cash and cash equivalents, beginning of year | 49,093,306 | 46,241,789 |
| Cash and cash equivalents, end of year | \$ 43,972,520 | \$ 49,093,306 |
| Cash and cash equivalents is comprised of: | | |
| Cash and cash equivalents | \$ 54,140,959 | \$ 52,739,777 |
| Less: restricted (Note 1) | (10,168,439) | (3,646,471) |
| | \$ 43,972,520 | \$ 49,093,306 |

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements

Lacombe County
Summary of Significant Accounting Policies

December 31, 2018

**Management's
Responsibility for the
Financial Statements**

The consolidated financial statements of the County are the responsibility of management. They have been prepared in accordance with Canadian generally accepted accounting principles established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada.

Basis of Consolidation

The financial statement reflect the assets, liabilities, revenue and expenses of all municipal organizations, committees and Boards which are owned or controlled by the County.

The following entities have been proportionately consolidated:

| | |
|-------------------------------------|-----|
| City of Lacombe Shared Fire Fund | 50% |
| Town of Bentley Shared Fire Fund | 50% |
| Town of Blackfalds Shared Fire Fund | 50% |
| Town of Eckville Shared Fire Fund | 50% |
| Village of Alix Shared Fire Fund | 50% |
| Village of Clive Shared Fire Fund | 50% |

**Cash and Cash
Equivalents**

Management considers all highly liquid investments with a maturity of 3 months or less at acquisition to be cash equivalents.

Investments

Investments are recorded at cost unless there has been a decline in the market value which is other than temporary in nature in which case the investments are written down to market value.

Inventory for Resale

Inventory for resale includes land and bridge materials. Land held for resale is recorded at lower of cost or net realizable value. Cost includes costs for land acquisition and improvements required to prepare the land for servicing such as clearing, stripping and leveling charges. Related development costs incurred to provide infrastructure such as water and wastewater services, roads, sidewalks and street lighting are recorded as physical assets under their respective function. Bridge materials inventory is recorded at the lower of cost or net realizable value.

Inventory of Supplies

Inventories of materials and supplies for consumption are valued at the lower of cost or replacement cost.

Inventory of Gravel

Inventories of gravel for consumption are valued at the lower of cost or replacement cost. Cost is determined per tonne and includes the raw material, extraction, crushing, transportation and reclamation costs.

Lacombe County
Summary of Significant Accounting Policies

December 31, 2018

Tangible Capital Assets

Tangible capital assets are recorded at cost less accumulated amortization. Cost includes all costs directly attributable to acquisition or construction of the tangible capital asset including transportation costs, installation costs, design and engineering fees, legal fees and site preparation costs. Contributed tangible capital assets are recorded at fair value at the time of the donation, with a corresponding amount recorded as revenue. Amortization is recorded on a straight-line basis over the estimated life of the tangible capital asset commencing once the asset is available for productive use as follows:

| | |
|-------------------------|----------------|
| Land improvements | 20 to 25 years |
| Buildings | 4 to 50 years |
| Roads | 20 to 40 years |
| Bridges | 22 to 87 years |
| Machinery and equipment | 5 to 50 years |
| Water infrastructure | 23 to 47 years |
| Sewer infrastructure | 17 to 75 years |
| Vehicles | 10 to 20 years |

Excess Collections and Under-levies

Excess collections 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 excess collection is accrued as a liability and as a reduction in property tax revenue. Requisition tax rates in the subsequent year are adjusted for any excess collections

Collection of Taxes on Behalf of Other Taxation Authorities

The County collects taxation revenue on behalf of other entities. Such levies, other revenues, expenses, assets and liabilities with respect to the operations of entities are not reflected in these financial statements.

The entities the County collects taxation revenue on behalf of are:
Alberta School Foundation Fund
Lacombe Foundation

Trust Funds

Trust funds held in trust by the County, and their related operations, are not included in these financial statements. The financial activity and position of the trust funds are reported separately.

Lacombe County
Summary of Significant Accounting Policies

December 31, 2018

**Retirement Benefits and
Other Employee
Benefit Plans**

The County's contributions due during the period to its multi-employer defined benefit plan are expensed as incurred.

Deferred Revenue

Funds received for specific purposes which are externally restricted by legislation, regulation or agreement and are not available for general municipal purposes are accounted for as deferred revenue on the consolidated statement of financial position. The revenue is recognized in the consolidated statement of operations in the year in which it is used for the specified purpose.

Government Transfers

Government transfers, which include legislative grants, are recognized in the financial statements in the period in which events giving rise to the transfers occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amount can be made.

Revenue Recognition

Taxes are recognized as revenue in the year they are levied.

Charges for sewer and water usage are recorded as user fees. Connection fee revenues are recognized when the connection has been established.

Conditional grant revenue is recognized to the extent the conditions imposed on it have been fulfilled. Unconditional grant revenue is recognized when monies are receivable.

Grants for the acquisition of tangible capital assets are recognized in the period in which eligible expenditures are made.

Sales of service and other revenue is recognized on an accrual basis.

Use of Estimates

The preparation of financial statements in accordance with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future.

**Liability for
Contaminated Sites**

A contaminated site is a site at which substances occur in concentrations that exceed the maximum acceptable amounts under an environmental standard. Sites that are currently in productive use are only considered a contaminated site if an unexpected event results in contamination. A liability for remediation of contaminated sites is recognized when the organization is directly responsible or accepts responsibility; it is expected that future economic benefits will be given up; and a reasonable estimate of the amount can be made. The liability includes all costs directly attributable to the remediation activities including post remediation operations, maintenance and monitoring. The liability is recorded at net of any expected recoveries.

Lacombe County
Notes to Consolidated Financial Statements

December 31, 2018

1. Cash and Cash Equivalents

| | 2018 | 2017 |
|--------------------------------------------------------------------------------------|----------------------|----------------------|
| Current account (bank prime less 1.85%) | \$ (12,817) | \$ 552,125 |
| GIC investments with interest rates varying from 0.65% to 4.47% and maturing in 2019 | 51,957,506 | 50,232,740 |
| Security deposits | 2,196,270 | 1,954,912 |
| | \$ 54,140,959 | \$ 52,739,777 |

The County has an undrawn line of credit with a limit of \$15 million that carries an interest rate of prime less 0.50%. The line of credit is secured by a general lien on County assets. As at December 31, 2018 the prime rate was 3.95% (2017- 3.20%)

Included in the above amounts are the following amounts that are externally restricted. Externally restricted amounts include amounts received from the Province of Alberta and Government of Canada as conditional grants held exclusively for specific future projects, amounts held in lieu of reserve lands, and deposit liabilities repayable to third parties upon satisfactory completion of the terms of the specific development agreement.

| | 2018 | 2017 |
|-------------------------------------|----------------------|---------------------|
| Municipal Sustainability Initiative | 7,782,059 | 1,636,191 |
| ACP | 146,297 | 27,122 |
| Other | 7,013 | 170 |
| Deposit liabilities | 2,233,070 | 1,982,988 |
| | \$ 10,168,439 | \$ 3,646,471 |

2. Investments

| | 2018 | 2017 |
|-------------------------------------------------------------------------------------------------------------------------------------------------|----------------------|----------------------|
| Stripped coupons, residual bonds and accrual notes purchased at discounts yielding effective annual rates of 1.81% to 4.25% to maturity at cost | \$ 29,158,597 | \$ 26,045,962 |
| Estimated accrued interest | 1,200,511 | 1,191,613 |
| AMFC shares | 180 | 180 |
| | \$ 30,359,288 | \$ 27,237,755 |

The market value of the County's marketable securities was \$30,304,799 (2017 - \$27,275,076).

Lacombe County
Notes to Consolidated Financial Statements

December 31, 2018

3. Taxes Receivable

| | 2018 | 2017 |
|---------------------------------------|-------------------|-------------------|
| Current taxes and grants in place | \$ 812,515 | \$ 905,035 |
| Non-current taxes and grants in place | 535,654 | 710,939 |
| | <u>1,348,169</u> | <u>1,615,974</u> |
| Allowance for doubtful accounts | (662,201) | (677,217) |
| | <u>\$ 685,968</u> | <u>\$ 938,757</u> |

4. Accounts Receivable

Included in accounts receivable is \$618,315 (2017 - \$682,725) in development levies receivable. The development levies are receivable over either five or ten years and yield interest at 5% and 5.5% per year, respectively. The receivables are secured by a caveat on the title of the land to be developed.

5. Inventories for Resale

| | 2018 | 2017 |
|----------------------|-------------------|-------------------|
| Bridge materials | \$ 347,645 | \$ 392,890 |
| Land held for resale | 907 | 907 |
| | <u>\$ 348,552</u> | <u>\$ 393,797</u> |

Lacombe County
Notes to Consolidated Financial Statements

December 31, 2018

6. Employee Benefit Obligation

| | 2018 | 2017 |
|-----------------------|--------------|--------------|
| Sick leave benefits | \$ 500,000 | \$ 500,000 |
| Vacation and overtime | 556,189 | 649,595 |
| | \$ 1,056,189 | \$ 1,149,595 |

Sick Leave Benefits

Sick leave benefits accumulate at a rate of 1 sick day per month worked to a maximum of 100 days. Employees are entitled to sick leave benefits for the lesser of 90 calendar days or their accrued sick leave balance. After 90 calendar days, eligible employees would be placed on the County's long-term disability plan. Sick leave benefits are not paid out at termination or retirement.

A portion of sick leave benefits that have accumulated to December 31, 2018 are expected to be utilized in future years and the estimated liability has been accrued.

Vacation and Overtime

Vacation and overtime consist of amounts that employees are deferring to future years. Employees have either earned the benefits or are entitled to these benefits within the next budgetary year.

7. Deferred Revenue

| | Opening balance | Contributions received (returned) | Externally restricted investment income | Revenue recognized | Ending balance |
|-------|--------------------|-----------------------------------------|--------------------------------------------------|-----------------------|-------------------|
| ASB | \$ - | 226,359 | - | (226,359) | \$ - |
| FGTF | - | 570,459 | - | (570,459) | - |
| MSI | 1,636,191 | 6,715,068 | 95,388 | (664,587) | 7,782,060 |
| FCSS | - | 290,957 | - | (290,957) | - |
| ACP | 27,122 | 200,000 | 1,780 | (82,605) | 146,297 |
| Other | 170 | 133,394 | - | (126,551) | 7,013 |
| | \$ 1,663,483 | 8,136,237 | 97,168 | (1,961,518) | \$ 7,935,370 |

Grants

Under various grant agreements with the Government of Canada and the Province of Alberta, the County is required to account for grants provided and to complete the projects or program in accordance with standards detailed in the various agreements. If these requirements are not adhered to, grants provided will become repayable to the source government. Unexpended funds are repayable to the source government upon final accounting. Funds are deferred until related expenditures under the specific grant agreement have been incurred.

Lacombe County
Notes to Consolidated Financial Statements

December 31, 2018

8. Tangible Capital Assets - 2018

| | Land | Land Improvements | Buildings | Equipment | Roads | Bridges | Water, Sewer and Other | Vehicles | Total |
|---------------------------------------------|----------------------|---------------------|----------------------|----------------------|-----------------------|----------------------|------------------------|---------------------|-----------------------|
| Cost, beginning of year | \$ 25,594,508 | \$ 4,599,522 | \$ 21,096,768 | \$ 18,968,649 | \$ 641,032,279 | \$ 18,478,590 | \$ 18,495,555 | \$ 7,408,321 | \$ 755,674,192 |
| Additions | 128,236 | 195,918 | 15,238 | 4,035,823 | 11,581,624 | 2,911,041 | 56,541 | 330,937 | 19,255,358 |
| Disposals | (35,067) | - | (26,170) | (2,741,960) | - | - | - | (173,419) | (2,976,616) |
| Write-downs | - | - | - | - | (8,301,733) | (279,282) | - | - | (8,581,015) |
| Cost, end of year | <u>\$ 25,687,677</u> | <u>\$ 4,795,440</u> | <u>\$ 21,085,836</u> | <u>\$ 20,262,512</u> | <u>\$ 644,312,170</u> | <u>\$ 21,110,349</u> | <u>\$ 18,552,096</u> | <u>\$ 7,565,839</u> | <u>\$ 763,371,919</u> |
| Accumulated amortization, beginning of year | \$ - | \$ 1,011,146 | \$ 3,813,024 | \$ 9,406,356 | \$ 420,118,103 | \$ 6,741,927 | \$ 1,203,486 | \$ 3,477,826 | \$ 445,771,868 |
| Amortization | - | 234,319 | 425,990 | 2,778,745 | 18,287,449 | 335,675 | 270,113 | 503,956 | 22,836,247 |
| Disposals | - | - | (20,112) | (2,475,267) | - | - | - | (117,113) | (2,612,492) |
| Write-downs | - | - | - | - | (5,311,134) | (174,518) | - | - | (5,485,652) |
| Accumulated amortization, end of year | <u>\$ -</u> | <u>\$ 1,245,465</u> | <u>\$ 4,218,902</u> | <u>\$ 9,709,834</u> | <u>\$ 433,094,418</u> | <u>\$ 6,903,084</u> | <u>\$ 1,473,599</u> | <u>\$ 3,864,669</u> | <u>\$ 460,509,971</u> |
| Net carrying amount, end of year | <u>\$ 25,687,677</u> | <u>\$ 3,549,975</u> | <u>\$ 16,866,934</u> | <u>\$ 10,552,678</u> | <u>\$ 211,217,752</u> | <u>\$ 14,207,265</u> | <u>\$ 17,078,497</u> | <u>\$ 3,701,170</u> | <u>\$ 302,861,948</u> |

Lacombe County
Notes to Consolidated Financial Statements

December 31, 2018

8. Tangible Capital Assets (continued) - 2017

| | Land | Land Improvements | Buildings | Equipment | Roads | Bridges | Water, Sewer and other | Vehicles | Total |
|---------------------------------------------|---------------|-------------------|---------------|---------------|----------------|---------------|------------------------|--------------|----------------|
| Cost, beginning of year | \$ 23,061,654 | \$ 4,389,843 | \$ 20,858,060 | \$ 17,671,115 | \$ 638,060,477 | \$ 16,417,462 | \$ 18,495,555 | \$ 7,044,997 | \$ 745,999,163 |
| Additions | 2,532,854 | 209,679 | 238,708 | 5,916,118 | 5,260,527 | 2,468,806 | - | 813,758 | 17,440,450 |
| Disposals | - | - | - | (4,618,584) | - | - | - | (450,434) | (5,069,018) |
| Write-downs | - | - | - | - | (2,288,725) | (407,678) | - | - | (2,696,403) |
| Cost, end of year | \$ 25,594,508 | \$ 4,599,522 | \$ 21,096,768 | \$ 18,968,649 | \$ 641,032,279 | \$ 18,478,590 | \$ 18,495,555 | \$ 7,408,321 | \$ 755,674,192 |
| Accumulated amortization, beginning of year | \$ - | \$ 791,898 | \$ 3,388,294 | \$ 11,368,597 | \$ 403,159,384 | \$ 6,768,678 | \$ 933,629 | \$ 3,201,393 | \$ 429,611,873 |
| Amortization | - | 219,248 | 424,730 | 2,521,264 | 18,372,096 | 299,491 | 269,857 | 504,144 | 22,610,830 |
| Disposals | - | - | - | (4,483,505) | - | - | - | (227,711) | (4,711,216) |
| Write-downs | - | - | - | - | (1,413,377) | (326,242) | - | - | (1,739,619) |
| Accumulated amortization, end of year | \$ - | \$ 1,011,146 | \$ 3,813,024 | \$ 9,406,356 | \$ 420,118,103 | \$ 6,741,927 | \$ 1,203,486 | \$ 3,477,826 | \$ 445,771,868 |
| Net carrying amount, end of year | \$ 25,594,508 | \$ 3,588,376 | \$ 17,283,744 | \$ 9,562,293 | \$ 220,914,176 | \$ 11,736,663 | \$ 17,292,069 | \$ 3,930,495 | \$ 309,902,324 |

The net book value of tangible capital assets not being amortized because they are under construction is \$2,864,530 (2017 - \$623,640). \$120,990 (2017 - \$2,514,930) in contributed assets was recognized in the financial statements during the year.

Lacombe County
Notes to Consolidated Financial Statements

December 31, 2018

9. Prepaid Expenses and Inventories of Supplies

| | <u>2018</u> | <u>2017</u> |
|-------------------------|----------------------------|----------------------------|
| Crushed gravel | \$ 1,507,356 | \$ 1,432,946 |
| Undeveloped gravel pits | 4,178,140 | 4,250,406 |
| Materials and supplies | 535,709 | 547,581 |
| Prepaid expenses | 287,380 | 240,487 |
| | <u>\$ 6,508,585</u> | <u>\$ 6,471,420</u> |

Lacombe County
Notes to Consolidated Financial Statements

December 31, 2018

10. Accumulated Surplus

| | 2018 | 2017 |
|------------------------------------------|-----------------------|-----------------------|
| Equity in tangible capital assets | \$ 302,861,948 | \$ 309,902,324 |
| Equity in other non-financial assets | 6,508,585 | 6,471,420 |
| Unrestricted surplus | 378,618 | 378,618 |
| | 309,749,151 | 316,752,362 |
| <u>Restricted surplus (Reserves)</u> | | |
| Main Road | 18,658,644 | 19,698,318 |
| Public Works Equipment | 11,024,152 | 10,311,767 |
| Municipal Facilities | 788,948 | 828,920 |
| Protective Services | 4,080,937 | 3,713,987 |
| Gravel | 2,478,039 | 2,278,039 |
| Subdivision Pavement | 3,663,471 | 3,704,252 |
| Land Development | 416,437 | 416,437 |
| Recreation Capital Assistance | 2,161,970 | 2,197,101 |
| Funds in Lieu of Reserve Land | 1,042,482 | 1,029,104 |
| Subdivision Road Development | 1,108,321 | 1,589,867 |
| Agriculture Equipment | 1,036,841 | 876,823 |
| Peace Officers Equipment | 172,325 | 259,709 |
| Disaster Services | 500,000 | 500,000 |
| Hamlet Street Improvement | 174,236 | 473,992 |
| Tax Rate Stabilization | 2,047,000 | 2,047,000 |
| Shared Fire Funds | 254,851 | 254,846 |
| Lake Access | 859,857 | 859,857 |
| Hamlet of Mirror Contingency | 9,136 | 37,458 |
| Hamlet of Mirror Water | 124,656 | 84,018 |
| Hamlet of Mirror Sewer | 115,052 | 149,241 |
| Community Aggregate Levy | 3,811,904 | 3,181,448 |
| Water - Waste Water | 10,144,170 | 7,545,045 |
| New Pavement | 846,845 | 846,845 |
| Trails | 497,916 | 539,837 |
| Bridge | 6,081,050 | 6,862,941 |
| Shores Water-Sewer | 42,406 | 42,406 |
| Slopes Water-Sewer | 53,125 | 53,125 |
| Operational | 3,751,238 | 3,855,403 |
| Cemetery | 297,636 | 271,776 |
| Lakeview Estates Water Reserve | 42,122 | 33,979 |
| Gull Lake Stabilization Reserve | 228,094 | 266,029 |
| | 76,513,861 | 74,809,570 |
| | \$ 386,263,012 | \$ 391,561,932 |

The investment in tangible capital assets represents amounts already spent and invested in infrastructure. The investment in other non-financial assets represents amounts already spent and invested in supplies for future use. Reserve funds represent funds set aside by bylaw or council resolution for specific purposes.

Lacombe County
Notes to Consolidated Financial Statements

December 31, 2018

11. Change in Accumulated Surplus

| | Unrestricted surplus | Equity in other non- financial assets | Restricted surplus | Equity in tangible capital assets | 2018 | 2017 |
|-------------------------------------------------|----------------------|------------------------------------------|--------------------|--------------------------------------|----------------|----------------|
| Balance, beginning of year | \$ 378,618 | \$ 6,471,420 | \$ 74,809,570 | \$ 309,902,324 | \$ 391,561,932 | \$ 395,685,655 |
| Excess (deficiency) of revenue over expenses | (5,298,920) | - | - | - | (5,298,920) | (4,123,723) |
| Operating transfers to restricted surplus | (16,204,125) | - | 16,204,125 | - | - | - |
| Operating transfers from restricted surplus | 1,754,580 | - | (1,754,580) | - | - | - |
| Capital transfers from restricted surplus | 12,745,254 | - | (12,745,254) | - | - | - |
| Acquisition of capital | (19,134,368) | - | - | 19,134,368 | - | - |
| Contributed assets | (120,990) | - | - | 120,990 | - | - |
| Disposals and write-down of assets | 3,459,487 | - | - | (3,459,487) | - | - |
| Amortization | 22,836,247 | - | - | (22,836,247) | - | - |
| Change in non-financial assets | (37,165) | 37,165 | - | - | - | - |
| Change in current year accumulated surplus | \$ - | \$ 37,165 | \$ 1,704,291 | \$ (7,040,376) | \$ (5,298,920) | \$ (4,123,723) |
| Balance, end of year | \$ 378,618 | \$ 6,508,585 | \$ 76,513,861 | \$ 302,861,948 | \$ 386,263,012 | \$ 391,561,932 |

Lacombe County
Notes to Consolidated Financial Statements

December 31, 2018

12. Taxation - Net

| | Budget 2018 | 2018 | 2017 |
|----------------------------------------------|----------------------|---------------------|---------------|
| Real property | \$ 13,343,440 | \$13,328,960 | \$ 19,587,944 |
| Machinery and equipment | 75,370 | 75,362 | 14,165,699 |
| Linear property | 6,813,700 | 6,799,510 | 6,906,242 |
| Government grants in place of property taxes | 133,030 | 129,729 | 128,425 |
| Designated Industrial Property | 21,970,930 | 21,902,665 | - |
| | 42,336,470 | 42,236,226 | 40,788,310 |
| Requisitions | | | |
| Alberta School Foundation Fund | 11,373,770 | 11,338,318 | 11,736,052 |
| Lacombe Foundation | 401,460 | 401,461 | 403,443 |
| Designated Industrial Property | 187,710 | 150,911 | - |
| | 11,962,940 | 11,890,690 | 12,139,495 |
| Available for general municipal purposes | \$ 30,373,530 | \$30,345,536 | \$ 28,648,815 |

13. Taxation - other

| | Budget 2018 | 2018 | 2017 |
|----------------------------------|----------------|-------------------|------------|
| Community Aggregate Payment Levy | \$ 700,000 | \$ 729,605 | \$ 572,850 |
| Well Drilling Tax | 115,000 | 470,879 | 454,826 |
| | 815,000 | 1,200,484 | 1,027,676 |

The Community Aggregate Payment Levy is authorized through the Municipal Government Act and established through an approved bylaw. The levy is imposed in respect of all sand and gravel businesses operating in the municipality to raise revenue to be used toward the payment of infrastructure and other costs of the municipality. The amount of revenue generated fluctuates from year to year based upon sand and gravel activity. The levy rate applied is \$0.25 per tonne of sand or gravel hauled to June 30, 2018. The levy rate was increased to \$0.40 per tonne of sand or gravel hauled effective July 1, 2018.

The Well Drilling Equipment Tax is authorized through the Municipal Government Act and established through an approved bylaw. The revenue generated is based upon the amount of well drilling activity from year to year and rates set by Alberta Regulation.

Lacombe County
Notes to Consolidated Financial Statements

December 31, 2018

14. Government Transfers

| | Budget 2018 | 2018 | 2017 |
|-----------------------------------|----------------------|---------------------|---------------------|
| Operating | | | |
| General government | \$ 197,580 | \$ 141,017 | \$ 154,595 |
| Protective services | 68,230 | 32,825 | 57,962 |
| Transportation services | 523,570 | 523,570 | 523,569 |
| Environmental services | 4,961,340 | 58,000 | 58,000 |
| Public health and welfare | 459,290 | 372,432 | 459,356 |
| Planning and development | 243,750 | 94,690 | 194,346 |
| Agriculture services | 168,360 | 168,359 | 174,379 |
| Recreation services | - | - | 102,318 |
| | \$ 6,622,120 | \$ 1,390,893 | \$ 1,724,525 |
| Capital | | | |
| Protective services | - | - | 175,000 |
| Transportation services | 1,949,050 | 570,459 | 2,354,944 |
| Environmental services | 3,132,930 | - | - |
| | \$ 5,081,980 | \$ 570,459 | \$ 2,529,944 |
| Total government transfers | \$ 11,704,100 | \$ 1,961,352 | \$ 4,254,469 |

15. Expenses by Object

| | Budget 2018 | 2018 | 2017 |
|-----------------------------------|----------------------|----------------------|----------------------|
| Salaries and wages | \$ 11,890,110 | \$ 11,257,310 | \$ 11,033,916 |
| Contracted and general services | 4,451,210 | 3,689,859 | 2,918,866 |
| Goods, materials and supplies | 3,145,610 | 2,580,646 | 2,796,466 |
| Transfers to other organizations | 9,509,520 | 4,519,090 | 6,582,129 |
| Purchases from other governments | 221,990 | 230,079 | 196,083 |
| Cancellations and uncollectible | 28,090 | 464,222 | 240,355 |
| Amortization | 22,836,247 | 22,836,247 | 22,610,830 |
| Write-downs and losses on capital | - | 3,266,632 | 1,076,658 |
| | \$ 52,082,777 | \$ 48,844,085 | \$ 47,455,303 |

The budget figure for amortization has been adjusted from the budget approved by council May 10, 2018 (Note 22). Amortization is not funded by the County.

Lacombe County
Notes to Consolidated Financial Statements

December 31, 2018

16. Municipal Employees Pension Plans

Local Authorities Pension Plan

Certain employees of the County are eligible to be members of the Local Authorities Pension Plan (LAPP), a multi-employer pension plan which is covered by the Public Sector Pension Plans Act. The plan provides defined pension benefits to employees based on their length of service and rates of pay. Contributions for the year were:

| | 2018 | 2017 |
|------------------------|--------------|--------------|
| Employer contributions | \$ 811,480 | \$ 831,054 |
| Employee contributions | 734,414 | 755,294 |
| | \$ 1,545,894 | \$ 1,586,348 |

As this is a multi-employer pension plan, these contributions are the County's pension benefit expense. No pension liability for this type of plan is included in the County's financial statements. The most recent valuation as at December 31, 2017 indicates a surplus of \$4.835 billion (2016 deficit - 637 million) for basic pension benefits. The actuary does not attribute portions of the unfunded liability to individual employers.

Alberta Urban Municipalities Association Apex Supplementary Pension Plan

Certain employees of the County are eligible to be members of the Alberta Urban Municipalities Association APEX Supplementary Pension Plan (APEX), a multi-employer pension plan. This plan provides defined pension benefits to employees based on their length of service and rates of pay.

| | 2018 | 2017 |
|------------------------|-----------|-----------|
| Employer contributions | \$ 24,900 | \$ 13,676 |
| Employee contributions | 18,708 | 11,342 |
| | \$ 43,608 | \$ 25,018 |

As this is a multi-employer pension plan, these contributions are the County's pension benefit expense. No pension liability for this type of plan is included in the County's financial statements. The most recent valuation as at December 31, 2017 indicates a deficit of \$1,596,899 (2016 deficit - \$2,269,192) for basic pension benefits. The actuary does not attribute portions of the unfunded liability to individual employers.

Lacombe County
Notes to Consolidated Financial Statements

December 31, 2018

16. Municipal Employees Pension Plans (continued)

Alberta Urban Municipalities Association Municipal Supplementary Executive Retirement Plan

Certain employees of the County are eligible to be members of the Alberta Urban Municipalities Association MuniSERP pension plan, a multi-employer pension plan. This plan differs from other multi-employer pension plans in that the pension liability is calculated on an individual member basis. This plan provides defined pension benefits to employees based on their length of service and rates of pay.

| | 2018 | 2017 |
|------------------------|------------------|------|
| Employer contributions | \$ 24,777 | \$ - |

The accrued pension liability as at December 31, 2018 was \$30,422. The unfunded portion of the pension liability as at December 31, 2018 was \$5,645.

17. Remuneration Disclosure

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

| | Compensation | Benefits & Allowances | Total 2018 | Total 2017 |
|--------------------------|--------------|-----------------------|------------|------------|
| Councillors: | | | | |
| Division 1 | \$ 56,337 | \$ 16,600 | \$ 72,937 | \$ 70,958 |
| Division 2 | 60,725 | 18,300 | 79,025 | 76,892 |
| Division 3 | 54,712 | 12,783 | 67,495 | 65,419 |
| Division 4 - Reeve | 62,295 | 14,481 | 76,776 | 77,283 |
| Division 5 | 59,587 | 13,430 | 73,017 | 74,426 |
| Division 6 | 53,630 | 14,273 | 67,903 | 65,758 |
| Division 7 | 57,529 | 18,508 | 76,037 | 72,042 |
| Administration: | | | | |
| County Manager - current | 218,919 | 67,535 | 286,454 | - |
| County Manager - former | - | - | - | 382,438 |
| Designated Officer | 138,657 | 19,692 | 158,349 | 145,817 |

Council Compensation: includes base pay, per diem and expenses for attending meetings and other Council functions.

Council Benefits and Allowances: includes the County's contribution for health, dental and insurance benefits, convention expenses, and mileage paid for attending meetings and other Council functions.

Chief Administrative Officer and Designated Officer Salary: includes regular base pay.

Chief Administrative Officer and Designated Office Benefits and Allowances: includes the County's contribution for Canada Pension Plan, Employment Insurance, health, dental and insurance benefits, pension, professional memberships, tuition and mileage.

Lacombe County
Notes to Consolidated Financial Statements

December 31, 2018

18. Debt Limits

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

| | 2018 | 2017 |
|--------------------------------------|---------------------|---------------|
| Total debt limit | \$64,282,074 | \$ 57,430,058 |
| Total debt | - | - |
| Total debt limit available | 64,282,074 | 57,430,058 |
| | | |
| Debt servicing limit | 10,713,679 | 9,571,676 |
| Debt servicing | - | - |
| Total debt servicing limit available | 10,713,679 | 9,571,676 |

The debt limit is calculated at 1.5 times revenue of the County (as defined in Alberta Regulation 255/00) and the debt service limit is calculated at 0.25 times such revenue. Incurring debt beyond these limitations 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 municipality. Rather, the financial statements must be interpreted as a whole.

19. Contingencies and Commitments

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.

The County has entered into an agreement with the Town of Blackfalds to purchase water and wastewater services from the Town of Blackfalds to serve the Joint Economic Area. Rates are set on an annual basis. The agreement will expire in 2054 with an option for renewal. Either party may terminate this agreement with three years written notice.

Lacombe County
Notes to Consolidated Financial Statements

December 31, 2018

20. Liability for Contaminated Sites

Effective for years beginning on or after April 1, 2014, municipalities and other public sector entities were required to account for and report liabilities related to the remediation of contaminated sites (Section PS 3260).

In 2015, County management undertook steps to identify sites that would fall under this accounting standard including a comprehensive review of all properties owned and controlled by the County. No sites were identified that would fall under this standard.

Management reviewed the prior year analysis and 2018 activity in the County and determined that no sites met the criteria to be reported as a liability.

21. Funds Held in Trust

Certain assets have been conveyed or assigned to the County to be administered as directed by agreement or statute. The County holds the assets for the benefit of and stand in fiduciary relationship to the beneficiaries. The following trust funds and assets are excluded from the County's financial statements:

| | <u>2018</u> | <u>2017</u> |
|--------------------------------------------|-------------------|-------------------|
| Tax Sale Surplus | \$ 74,440 | \$ 44,357 |
| Scholarships | 37,849 | 38,793 |
| Mirror Cemetery Perpetual Care Fund | 16,215 | 15,095 |
| Drainage Maintenance Funds | 45,704 | 45,118 |
| Lacombe Regional Waste Services Commission | (44) | 16 |
| Shared Fire Equipment Funds | <u>173,752</u> | <u>194,835</u> |
| | <u>\$ 347,916</u> | <u>\$ 338,214</u> |

The Shared Fire Equipment Funds consist of various agreements between the Municipality and municipalities within Lacombe County who have agreed to share the costs of operating jointly owned fire equipment.

During the year, the County received land in lieu of cash as a security deposit. The County has agreed to not sell lots titled to the County unless the developer defaults on the development agreement.

Lacombe County
Notes to Consolidated Financial Statements

December 31, 2018

22. Budget

The budget adopted by Council on May 10, 2018 was not prepared on a basis consistent with that used to report actual results (Public Sector Accounting Standards). The budget was prepared on a modified accrual basis while Public Sector Accounting Standards now require a full accrual basis. The budget anticipated a deficit after transfers to reserve to account for the change in inventory. In addition, the budget expensed all tangible capital expenditures rather than including amortization expense. As a result, the budget figures presented in the statements of operations and change in net financial assets represent the budget adopted by Council on May 10, 2018 with adjustments as follows:

| | Budget | Amortization Allocation | Budget per Financial Statements | Actual per Financial Statements |
|--------------------------------------|---------------|----------------------------|------------------------------------|------------------------------------|
| Total Revenues | \$ 48,494,820 | - | 48,494,820 | \$ 43,545,165 |
| General government | 5,331,290 | 307,427 | 5,638,717 | 5,562,031 |
| Protective services | 2,172,270 | 303,643 | 2,475,913 | 2,216,822 |
| Transportation services | 9,240,460 | 21,538,288 | 30,778,748 | 29,920,513 |
| Environmental services | 7,079,380 | 344,277 | 7,423,657 | 2,592,678 |
| Cemetery | 72,570 | - | 72,570 | 53,695 |
| Social and family services | 573,460 | - | 573,460 | 445,172 |
| Recreation and cultural services | 2,320,140 | 203,359 | 2,523,499 | 2,606,226 |
| Planning and development | 1,351,490 | - | 1,351,490 | 1,099,112 |
| Agriculture services | 1,105,470 | 139,253 | 1,244,723 | 1,081,204 |
| Write-down of capital assets | - | - | - | 3,095,363 |
| Loss on sale of capital assets | - | - | - | 171,269 |
| Total Expenditures | 29,246,530 | 22,836,247 | 52,082,777 | 48,844,085 |
| Excess of revenues over expenditures | 19,248,290 | (22,836,247) | (3,587,957) | (5,298,920) |

Lacombe County
Notes to Consolidated Financial Statements

December 31, 2018

23. Reconciliation of Operating Results to Budget

| | Budget 2018 | 2018 | 2017 |
|----------------------------------------------------------------------------|----------------|----------------|----------------|
| Excess (deficiency) of revenue over expenditures, per financial statements | \$ (3,587,957) | \$ (5,298,920) | \$ (4,123,723) |
| Add back: | | | |
| Amortization expense | 22,836,247 | 22,836,247 | 22,610,830 |
| Proceeds on disposal of capital assets | 1,105,790 | 1,509,521 | 2,234,729 |
| Loss on sale of capital assets | - | 171,269 | 119,874 |
| Write-downs of capital assets | - | 3,095,363 | 956,784 |
| Net transfers (to) from reserves | 8,615,680 | (1,704,291) | (2,453,310) |
| Use (purchase) of inventory | (37,400) | (37,165) | 103,620 |
| Deduct: | | | |
| Tangible capital asset purchases | (28,932,360) | (19,134,368) | (14,925,520) |
| (Gain) loss on disposal of capital assets | - | (1,316,666) | (1,996,801) |
| Contributed assets | - | (120,990) | (2,514,930) |
| Results of operations | \$ - | \$ - | \$ 11,553 |

The budget figure for amortization has been adjusted from the budget approved by Council May 10, 2018 (Note 22). Amortization is not funded by the County.

December 31, 2018

24. Segmented Information

The County is a diversified municipal government institution that provides a wide range of services to its citizens. Distinguishable functional segments have been separately disclosed in the segmented information. The nature of the segments and the activities they encompass are as follows:

General government

Provides legislative and administrative oversight for the entire County.

Protective services

Provides fire, ambulance, safety, community peace officer, and bylaw services for the entire County.

Transportation services

Manages the County's fleet of equipment as well as maintain and improve the County's infrastructure.

Environmental services

Provides water, wastewater, solid waste and recycling services.

Cemetery

Provides support and funding for various cemetery groups in the County.

Social and family services

Provides family and community support services.

Recreation and cultural services

Provides funding to recreation groups including other local municipalities within the County.

Planning and development

Provides services related to all property development plans through its application process.

Agriculture services

Provides services for weed and pest control as well as horticulture and soil conservation.

The accounting policies of the segments are the same as those described in the summary of significant accounting policies. In measuring and reporting segment revenue from transactions with other segments, inter-segment transfers have been eliminated. The revenues and expenses that are directly attributable to a particular segment are allocated to that segment. Taxation revenue is revenue of the County as a whole and has not been allocated to individual segments. It has been allocated in its entirety to general government.

Lacombe County
Notes to Consolidated Financial Statements

December 31, 2018

24. Segmented Information (continued) - 2018

| For the year ended December 31 | General government | Protective services | Transportation services | Environmental services | Cemetery | Social and family services | Recreation and cultural service | Planning and development | Agriculture services | 2018 Total |
|-------------------------------------------|-----------------------|------------------------|----------------------------|---------------------------|--------------------|-------------------------------|------------------------------------|-----------------------------|-------------------------|-----------------------|
| Revenue | | | | | | | | | | |
| Taxation | \$ 31,546,020 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | 31,546,020 |
| Government transfers | 141,017 | 32,825 | 1,094,029 | - | - | 372,432 | - | 152,690 | 168,359 | 1,961,352 |
| User fees and service charges | 44,647 | 15,390 | 957,711 | 741,883 | 5,681 | - | - | 95,626 | 11,196 | 1,872,134 |
| Sales to other governments | 246,549 | 221,194 | 160,419 | 165,395 | - | - | - | - | 11,000 | 804,557 |
| Permits, licenses, fines and rentals | 299,000 | 229,815 | 337,371 | - | - | - | - | 48,100 | 800 | 915,086 |
| Investment income | 1,720,259 | - | - | - | - | - | - | - | - | 1,720,259 |
| Gain on sale of assets | - | - | 1,313,799 | 705 | - | - | 2,162 | - | - | 1,316,666 |
| Contributed assets | - | - | - | - | - | - | 120,990 | - | - | 120,990 |
| Other | 3,140,564 | - | 121,670 | - | - | - | 2,762 | - | 23,105 | 3,288,101 |
| | <u>37,138,056</u> | <u>499,224</u> | <u>3,984,999</u> | <u>907,983</u> | <u>5,681</u> | <u>372,432</u> | <u>125,914</u> | <u>296,416</u> | <u>214,460</u> | <u>43,545,165</u> |
| Expenses | | | | | | | | | | |
| Salaries and wages | 3,306,671 | 1,044,202 | 4,878,311 | 537,808 | - | 13,615 | - | 855,048 | 621,655 | 11,257,310 |
| Contracted and general services | 717,075 | 345,062 | 1,687,909 | 226,403 | 8,826 | - | 361,334 | 231,034 | 112,216 | 3,689,859 |
| Goods, materials and supplies | 211,566 | 198,730 | 1,814,786 | 78,481 | 544 | - | 73,352 | 12,971 | 190,216 | 2,580,646 |
| Transfers to other organizations | 557,069 | 318,725 | 1,220 | 1,173,631 | 44,324 | 431,557 | 1,968,180 | 6,519 | 17,865 | 4,519,090 |
| Cancellations and uncollectible | 462,222 | - | - | 2,000 | - | - | - | - | - | 464,222 |
| Purchases from other gov't | - | - | - | 230,079 | - | - | - | - | - | 230,079 |
| Amortization | 307,427 | 303,643 | 21,538,288 | 344,277 | - | - | 203,359 | - | 139,253 | 22,836,247 |
| Loss on sale of capital assets | 29,747 | 48,360 | 3,095,505 | - | - | - | 3,540 | - | 89,480 | 3,266,632 |
| | <u>5,591,777</u> | <u>2,258,722</u> | <u>33,016,019</u> | <u>2,592,679</u> | <u>53,694</u> | <u>445,172</u> | <u>2,609,765</u> | <u>1,105,572</u> | <u>1,170,685</u> | <u>48,844,085</u> |
| Net surplus (deficit) | \$ 31,546,279 | \$ (1,759,498) | \$ (29,031,020) | \$ (1,684,696) | \$ (48,013) | \$ (72,740) | \$ (2,483,851) | \$ (809,156) | \$ (956,225) | \$ (5,298,920) |

Lacombe County
Notes to Consolidated Financial Statements

December 31, 2018

24. Segmented Information (continued) - 2017

| For the year ended December 31 | General government | Protective services | Transportation services | Environmental services | Cemetery | Social and family services | Recreation and cultural service | Planning and development | Agriculture services | 2017 Total |
|-------------------------------------------|-----------------------|------------------------|----------------------------|---------------------------|--------------------|-------------------------------|------------------------------------|-----------------------------|-------------------------|-----------------------|
| Revenue | | | | | | | | | | |
| Taxation | \$ 29,676,491 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | 29,676,491 |
| Government transfers | 154,595 | 232,962 | 2,878,513 | - | - | 459,356 | 102,318 | 252,346 | 174,379 | 4,254,469 |
| User fees and service charges | 26,991 | 41,146 | 1,057,463 | 657,979 | 2,225 | - | - | 53,932 | 10,899 | 1,850,635 |
| Sales to other governments | 134,384 | 234,313 | 317,975 | 210,403 | - | - | - | - | 10,485 | 907,560 |
| Permits, licenses and fines | 332,241 | 64,438 | 67,486 | - | - | - | - | 48,650 | 1,300 | 514,115 |
| Investment income | 1,474,608 | - | - | - | - | - | - | - | - | 1,474,608 |
| Gain on sale of assets | - | - | 1,741,189 | - | - | - | - | - | 255,612 | 1,996,801 |
| Contributed assets | - | - | - | 219,340 | - | - | 2,295,590 | - | - | 2,514,930 |
| Other | 101,997 | - | 15,545 | - | - | - | 2,397 | 2,032 | 20,000 | 141,971 |
| | 31,901,307 | 572,859 | 6,078,171 | 1,087,722 | 2,225 | 459,356 | 2,400,305 | 356,960 | 472,675 | 43,331,580 |
| Expenses | | | | | | | | | | |
| Salaries and wages | 3,207,568 | 1,052,465 | 4,881,432 | 499,978 | - | 11,267 | - | 826,168 | 555,038 | 11,033,916 |
| Contracted and general services | 804,847 | 257,869 | 939,814 | 190,185 | 15,616 | - | 302,762 | 302,003 | 105,770 | 2,918,866 |
| Goods, materials and supplies | 212,646 | 231,421 | 2,014,301 | 70,142 | 397 | - | 70,573 | 6,364 | 190,622 | 2,796,466 |
| Transfers to other organizations | 459,617 | 238,076 | 58,784 | 1,153,550 | 37,013 | 559,425 | 4,062,648 | 6,091 | 6,925 | 6,582,129 |
| Cancellations and uncollectible | 238,355 | - | - | 2,000 | - | - | - | - | - | 240,355 |
| Purchases from other gov't | - | - | - | 196,083 | - | - | - | - | - | 196,083 |
| Amortization | 305,326 | 286,801 | 21,201,370 | 344,092 | - | - | 187,424 | - | 285,817 | 22,610,830 |
| Write-down of capital assets | - | - | - | - | - | - | - | - | - | - |
| Loss on sale of capital assets | - | 21,333 | 1,054,753 | - | - | - | - | - | 572 | 1,076,658 |
| | 5,228,359 | 2,087,965 | 30,150,454 | 2,456,030 | 53,026 | 570,692 | 4,623,407 | 1,140,626 | 1,144,744 | 47,455,303 |
| Net surplus (deficit) | \$ 26,672,948 | \$ (1,515,106) | \$ (24,072,283) | \$ (1,368,308) | \$ (50,801) | \$ (111,336) | \$ (2,223,102) | \$ (783,666) | \$ (672,069) | \$ (4,123,723) |

Lacombe County
Notes to Consolidated Financial Statements

December 31, 2018

25. Comparative Figures

Wherever necessary, comparative figures have been reclassified to conform with current year financial statement presentation.

26. Approval of Financial Statements

Council and Management approved these financial statements.
