

**Lacombe County**  
**Consolidated Financial Statements**  
**For the year ended December 31, 2025**

**Lacombe County**  
**Consolidated Financial Statements**  
**For the year ended December 31, 2025**

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**Lacombe County**  
**Management's Responsibility for Financial Reporting**

**December 31, 2025**

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Management of Lacombe County is responsible for the preparation, accuracy, objectivity and integrity of the accompanying consolidated financial statements and all other information contained within this financial report. Management has prepared the consolidated financial statements in accordance with Canadian public sector accounting standards (PSAS). The consolidated financial statements include amounts based on estimates and judgments. These amounts have been determined on a reasonable basis to ensure the financial statements are presented fairly in all material respects.

In fulfilling its responsibilities and recognizing the limits inherent in all systems, management maintains appropriate internal and administrative control systems to assure management that transactions are appropriately authorized, and assets are properly accounted for and safeguarded.

Management monitors and evaluates these systems, and reliable financial information is available to prepare the consolidated financial statements.

Council is responsible for ensuring management fulfills its financial reporting responsibilities and reviews and approves the consolidated financial statements. This council meets regularly with management to review financial reports.

Metrix Group LLP has audited the consolidated financial statements in accordance with Canadian auditing standards on behalf of council. Metrix Group LLP has full access to the County's council and management. Council has approved the consolidated financial statements.



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Tim Timmons  
County Manager

April 23, 2026  
Lacombe, Alberta



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Michael Minchin  
Director of Corporate Services

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## INDEPENDENT AUDITORS' REPORT

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To the Reeve and Council of Lacombe County

### *Opinion*

We have audited the accompanying financial statements of Lacombe County (the County), which comprise the statement of financial position as at December 31, 2025, statements of operations and accumulated surplus, changes in net financial assets and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the County as at December 31, 2025, and the results of its operations and its cash flows for the years then ended in accordance with Canadian public sector accounting standards.

### *Basis for Opinion*

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

### *Other Matter*

The financial statements for the year ended December 31, 2024 were audited by another auditor who expressed an unmodified opinion on those financial statements on April 30, 2025.

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

Management is responsible for the preparation and fair presentation of these 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 financial statements that are free from material misstatement, whether due to fraud or error.

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

(continues)

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

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

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

**METRIX GROUP LLP**

Chartered Professional Accountants

Edmonton, Alberta  
April 23, 2026

**Lacombe County**  
**Consolidated Statement of Financial Position**

**December 31** **2025** **2024**

**Financial assets**

Cash and cash equivalents (Note 3)	\$ 16,382,730	\$ 14,145,531
Investments (Note 4)	85,577,909	86,153,127
Taxes receivable (Note 5)	1,152,694	826,765
Accounts receivable (Note 6)	10,998,466	11,071,800
Inventories for resale (Note 7)	742,182	723,135
	<b>114,853,981</b>	<b>112,920,358</b>

**Liabilities**

Accounts payable and accrued liabilities (Note 8)	3,549,390	3,650,879
Asset retirement obligation (Note 9)	2,526,975	2,350,551
Employee benefit obligation (Note 10)	1,276,029	1,325,875
Deposit liabilities	1,109,594	1,301,386
Deferred revenue (Note 11)	4,579,400	6,307,731
	<b>13,041,388</b>	<b>14,936,422</b>

**Net financial assets**

**101,812,593** **97,983,936**

**Non-financial assets**

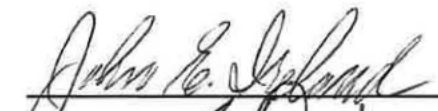
Tangible capital assets (Note 12)	282,558,205	283,540,935
Prepaid expenses and inventories of supplies (Note 14)	6,601,148	6,706,915
	<b>289,159,353</b>	<b>290,247,850</b>

**Accumulated surplus (Note 15)** **\$ 390,971,946** **\$ 388,231,786**

**Contingencies and commitments (Note 17)**

**Liability for contaminated sites (Note 18)**

**Funds held in trust (Note 19)**


Reeve  

Deputy Reeve

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

**Lacombe County**  
**Consolidated Statement of Operations and Accumulated Surplus**

For the year ended December 31	Budget 2025	2025	2024
(see Note 27)			
<b>Revenues</b>			
Taxation - net (Note 20)	\$ 39,689,340	\$ 39,794,571	\$ 37,366,016
Taxation - other (Note 21)	790,000	587,177	813,389
Government transfers for operating (Note 22)	1,625,710	1,720,492	1,497,543
Sales, user charges and costs recovered	3,829,000	2,774,835	2,512,658
Sales to other governments	1,531,350	2,005,468	1,722,623
Permits, licenses, fines, penalties and rentals	665,580	1,216,089	1,008,424
Interest, royalties and patronage allocations	3,635,100	3,790,495	4,421,557
Development levies	1,891,980	1,528,712	1,277,163
Other	12,250	151,358	141,804
	53,670,310	53,569,197	50,761,177
<b>Expenses (Note 23)</b>			
General government	7,119,551	7,874,236	6,409,396
Protective services	4,946,051	4,863,285	4,295,217
Transportation services	30,193,208	30,556,769	28,880,377
Environmental services	5,446,832	5,213,885	4,679,691
Cemetery	60,980	249,812	52,215
Social and family services	441,200	407,892	389,384
Recreation and cultural services	3,714,988	4,076,883	3,630,482
Planning and development	1,340,570	1,313,015	1,214,464
Agriculture services	1,691,730	1,481,000	1,393,864
	54,955,110	56,036,777	50,945,090
<b>Annual (deficiency) before other income</b>	(1,284,800)	(2,467,580)	(183,913)
<b>Other Income</b>			
Government transfers for capital (Note 22)	6,052,060	4,680,118	293,292
Contributed assets (Note 12)	-	403,250	977,503
Gain on sale of tangible capital assets	-	1,174,369	1,796,189
Write-down of tangible capital assets	-	(872,455)	(1,527,451)
Loss on sale of tangible capital assets	-	(177,542)	(847,614)
	6,052,060	4,680,118	293,292
<b>Annual surplus</b>	4,767,260	2,740,160	508,006
<b>Accumulated surplus, beginning of year</b>	388,231,786	388,231,786	387,723,780
<b>Accumulated surplus, end of year</b>	\$ 392,999,046	\$ 390,971,946	\$ 388,231,786

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

**Lacombe County**  
**Consolidated Statement of Change in Net Financial Assets**

<b>For the year ended December 31</b>	<b>Budget 2025</b>	<b>2025</b>	<b>2024</b>
	(see Note 27)		
Annual surplus	\$ 4,767,260	\$ 2,740,160	\$ 508,006
Acquisition of tangible capital assets	(28,595,580)	(21,908,256)	(22,684,477)
Acquisition of contributed assets	-	(403,250)	(977,503)
Amortization of tangible capital assets	22,146,449	22,146,449	22,924,053
Gain on sale of tangible capital assets	-	(1,174,369)	(1,796,189)
Loss on sale of tangible capital assets	-	177,542	847,614
Proceeds on sale of tangible capital assets	1,047,800	1,272,159	2,624,496
Write-downs of tangible capital assets	-	872,455	1,527,451
	(634,071)	3,722,890	2,973,451
Change in prepaid expenses and inventory of supplies	(475,530)	105,767	(42,707)
<b>Net change in net financial assets</b>	<b>(1,109,601)</b>	<b>3,828,657</b>	<b>2,930,744</b>
<b>Net financial assets, beginning of year</b>	<b>97,983,936</b>	<b>97,983,936</b>	<b>95,053,192</b>
<b>Net financial assets, end of year</b>	<b>\$ 96,874,335</b>	<b>\$ 101,812,593</b>	<b>\$ 97,983,936</b>

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

**Lacombe County**  
**Consolidated Statement of Cash Flows**

For the year ended December 31	2025	2024
<b>Operating transactions</b>		
Annual surplus	\$ 2,740,160	\$ 508,006
Items not involving cash		
Change in accretion liability	176,424	113,861
Contributed assets	(403,250)	(977,503)
Amortization	22,146,449	22,924,053
Gain on disposal of tangible capital assets	(1,174,369)	(1,796,189)
Write-down of tangible capital asset	872,455	1,527,451
Loss on disposal of tangible capital assets	177,542	847,614
Amortization of bond (premium)	(50,110)	-
Changes in non-cash operating balances		
Taxes receivable	(325,929)	190,525
Accounts receivable	73,334	(7,187,307)
Inventories for resale	(19,047)	86,856
Prepaid expenses and inventories of supplies	105,767	(42,707)
Accounts payable and accrued liabilities	(101,489)	1,355,747
Employee benefit obligation	(49,846)	74,913
Deposit liabilities	(191,792)	(35,664)
Deferred revenue	(1,728,331)	1,741,762
	<b>22,247,968</b>	<b>19,331,418</b>
<b>Capital transactions</b>		
Acquisition of tangible capital assets	(21,908,256)	(22,684,477)
Proceeds on sale of tangible capital assets	1,272,159	2,624,496
	<b>(20,636,097)</b>	<b>(20,059,981)</b>
<b>Investing transactions</b>		
Proceeds from sale of investments	49,868,162	-
Purchase of investments	(49,242,834)	(69,901,912)
Restricted cash balances	373,552	1,057,444
	<b>998,880</b>	<b>(68,844,468)</b>
<b>Net change in cash and cash equivalents</b>	<b>2,610,751</b>	<b>(69,573,031)</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>9,439,437</b>	<b>79,012,468</b>
<b>Cash and cash equivalents, end of year</b>	<b>\$ 12,050,188</b>	<b>\$ 9,439,437</b>
Cash and cash equivalents is comprised of:		
Cash and cash equivalents	\$ 16,382,730	\$ 14,145,531
Less: restricted (Note 3)	(4,332,542)	(4,706,094)
	<b>\$ 12,050,188</b>	<b>\$ 9,439,437</b>

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

**Lacombe County**  
**Summary of Significant Accounting Policies**

**December 31, 2025**

**Reporting Entity** The consolidated 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:

Town of Bentley Shared Fire Services Partnership	60%
Town of Eckville Shared Fire Services Partnership	60%
Village of Alix Shared Fire Services Partnership	60%
Village of Clive Shared Fire Services Partnership	60%

**Cash and Cash Equivalents** Cash and cash equivalents include items that are readily convertible to known amounts of cash, are subject to an insignificant risk of change in value, and have a maturity of three months or less at acquisition.

**Investments** Investments are recorded at amortized 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 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, and transportation.

**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

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**Lacombe County**  
**Summary of Significant Accounting Policies**

**December 31, 2025**

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**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 these entities are not reflected in these financial statements.

The entities the County collects taxation revenue on behalf of are:

- Alberta Municipal Affairs
- Alberta School Foundation Fund
- Lacombe Foundation
- Red Deer Catholic Regional Division No 39
- St Thomas Aquinas Roman Catholic Separate Regional Division No 38

**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 are recognized as revenue in the financial statements when the transfer is authorized and any eligibility criteria are met, except to the extent that the transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the statement of operations as the stipulation liabilities are settled.

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**Lacombe County**  
**Summary of Significant Accounting Policies**

**December 31, 2025**

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<b>Revenue Recognition</b>	<p>Revenue from transactions with no performance obligation is recognized at realizable value when the County has the authority to claim or retain an inflow of economic resources and identifies a past transaction or event giving rise to an asset.</p> <p>Revenue from transactions with performance obligations is recognized as the performance obligations are satisfied by providing the promised goods or services to the payor. User fees are recognized over the period of use, sales of goods are recognized when goods are delivered.</p> <p>Where funds are received in advance of services or with specific restrictions, they are recorded as deferred revenue and recognized in the period when the performance obligation is satisfied.</p>
<b>Taxation Revenue</b>	<p>Taxes are recorded at estimated amounts when they meet the definition of an asset, have been authorized and the taxable event occurs. For property taxes, the taxable event is the period for which the tax is levied. As taxes recorded are initially based on management's best estimate of the taxes that will be received, it is possible that changes in future conditions, such as reassessments due to audits, appeals and court decisions, could result in a change in the amount of tax revenue recognized. Taxes receivable are recognized net of an allowance for anticipated uncollectible amounts.</p>
<b>Use of Estimates</b>	<p>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.</p> <p>Estimates have been used in determining the presented value of accrued accounts receivable, accrued accounts payable, asset retirement obligation liability and tangible capital assets in determining current amortization and accretion expense.</p>
<b>Liability for Contaminated Sites</b>	<p>Contaminated sites are a result of contamination being introduced into air, soil, water or sediment of a chemical, organic or radioactive material or live organism that exceeds an environmental standard. The liability is recorded net of any expected recoveries. A liability for remediation of a contaminated site is recognized when the County is either directly responsible or accepts responsibility and is management's estimate of the cost of post-remediation including operation, maintenance, and monitoring.</p>

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**Lacombe County**  
**Summary of Significant Accounting Policies**

**December 31, 2025**

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**Asset Retirement  
Obligation**

A liability for an asset retirement obligation is recognized at the best estimate of the amount required to retire a tangible capital asset at the financial statement date when there is a legal obligation for the County to incur retirement costs, the past transaction or event giving rise to the liability has occurred, it is expected that future economic benefit will be given up, and a reasonable estimate of the amount can be made. The best estimate of the liability includes all costs directly attributable to asset retirement activities, based on information available at year-end. The best estimate of an asset of an asset retirement obligation incorporates a present value technique, when the cash flows required to settle an asset retirement obligation are expected to occur over extended future periods.

When a liability for an asset retirement obligation is initially recognized, a corresponding asset retirement cost is capitalized to the carrying amount of the related tangible capital asset. The asset retirement cost is amortized over the useful life of the related asset. At each financial reporting date, the County reviews the carrying amount of the liability. The County recognizes period-to-period changes to the liability due to the passage of time as accretion expense. Changes to the liability arising from revisions to either the timing, the amount of the original estimate of undiscounted cash flows or the discount rate are recognized as an increase or decrease to the carrying amount of the related tangible capital asset. The County continues to recognize the liability until it is settled or otherwise extinguished. Disbursements made to settle the liability are deducted from the reported liability when they are made.

**Financial Instruments**

Cash is measured at fair value. Accounts receivable, accounts payable and long-term debt are measured at cost or amortized cost. The carrying amount of each of these financial instruments is presented on the statement of financial position.

Interest and dividends attributable to financial instruments are reported in the statement of operations.

For financial instruments measured using amortized cost, the effective interest rate method is used to determine interest revenue or expense.

All financial assets are tested annually for impairment. When financial assets are impaired, impairment losses are recorded in the statement of operations.

Transaction costs are added to the carrying value for financial instruments measured using cost or amortized costs. Transaction costs are expensed for financial instruments measured at fair value.

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**Lacombe County**  
**Summary of Significant Accounting Policies**

**December 31, 2025**

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**Public-Private  
Partnerships**

The County accounts for public-private partnerships (P3s) in accordance with PS 3160. Infrastructure procured through a P3 arrangement is recognized as a tangible capital asset when the County controls the asset. A liability is recognized for any amounts owing to the private sector partner under the agreement. As at year-end, the County has not entered into any public-private partnership arrangements.

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**Lacombe County**  
**Notes to Consolidated Financial Statements**

**December 31, 2025**

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**1. Future Accounting Standard Pronouncements**

The Conceptual Frameworks for Financial Reporting - The conceptual framework is the foundation for principles-based standards. It is a coherent set of interrelated objectives and fundamentals leading to consistent standards or application of consistent concepts in the absence of specific standards. The County is expected to adopt this standard beginning December 31, 2027.

PS 1202 Financial Statement Presentation - PS 1202 will replace PS 1201 and sets out the general and specific requirements of the presentation of financial information and is based on the concepts in the conceptual framework. The County is expected to adopt this standard beginning December 31, 2027.

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**Lacombe County**  
**Notes to Consolidated Financial Statements**

**December 31, 2025**

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**2. Financial Instruments**

The County is exposed to credit risk, liquidity risk, and interest rate risk from its financial instruments. This note describes the County's objectives, policies, and processes for managing those risks and the methods used to measure them. Further qualitative and quantitative information in respect of these risks is presented below and throughout these financial statements.

**Credit risk:**

Credit risk is that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The County is exposed to credit risk through its cash, accounts receivable, and investments.

The County manages its credit risk by credit approval process. Cash is held at federally regulated chartered banks and provincially regulated credit unions. Cash accounts held at provincially regulated credit unions are fully insured by Credit Union Deposit Insurance Corporations. The County measures its exposure to credit risk based on historical experience regarding collections. The maximum exposure to credit risk at the financial statement date is the carrying value of its cash and accounts receivable and investments, as reported on the statement of financial position. Accounts receivable arise primarily as a result of sales receivable and federal and provincial grant receivables. Based on this knowledge, credit risk of cash and accounts receivable are assessed as low.

**Liquidity risk:**

Liquidity risk is the risk that the County will encounter difficulty in meeting obligations associated with financial liabilities. The County is exposed to liquidity risk through its accounts payable.

The County manages this risk by planning, budgeting and forecasting process to help determine the funds required to support the normal operating requirements. The County measures its exposure to liquidity risk based on extensive budgeting.

**Interest rate risk:**

Interest rate risk is that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The County is exposed to interest rate risk on the interest bearing instruments as disclosed in notes 3 and 4 as the fair value will change as interest rates change.

**Lacombe County**  
**Notes to Consolidated Financial Statements**

**December 31, 2025**

**3. Cash and Cash Equivalents**

	2025	2024
Current account (bank prime less 1.85%)	\$ 6,680,618	\$ 3,641,772
Cash equivalents	8,661,418	9,254,283
Security deposits	1,040,694	1,249,476
	\$ 16,382,730	\$ 14,145,531

The County's cash equivalents are composed of savings accounts that pay monthly interest and bear interest of 2.00% to 3.85%.

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, 2025 the prime rate was 4.45% (2024 - 5.45%)

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, amounts held in offsite levies for specific future infrastructure projects, and deposit liabilities repayable to third parties upon satisfactory completion of the terms of the specific development agreement.

	2025	2024
Aspelund offsite levies	\$ 2,409,107	\$ 2,566,359
Canada Community Building Fund	290,000	63,725
FCSS	-	5,814
Northern Regional Economic Development	-	12,907
Other	6,475	47,262
Development levies	480,728	708,641
Deposit liabilities	1,109,594	1,301,386
Alberta Community Partnership	36,638	-
	\$ 4,332,542	\$ 4,706,094

**Lacombe County**  
**Notes to Consolidated Financial Statements**

**December 31, 2025**

**4. Investments**

	2025	2024
Investments - amortized cost	<b>\$ 85,577,909</b>	<b>\$ 86,153,127</b>

The composition of portfolio investments measured at amortized cost is as follows:

	2025		2024	
	Carrying Value	Market value	Carrying Value	Market value
Fixed income securities	<b>\$85,577,909</b>	<b>\$85,569,946</b>	<b>\$ 86,153,127</b>	<b>\$ 86,146,348</b>

The fixed income securities have an effective interest rates ranging from 2.65% to 5.10% per annum (2024 - 2.00% to 6.14%), maturing between January 2026 and October 2030.

**5. Taxes Receivable**

	2025	2024
Current taxes and grants in place	<b>\$ 1,930,005</b>	<b>\$ 1,202,766</b>
Taxes in arrears	<b>3,082,172</b>	<b>2,175,081</b>
	<b>5,012,177</b>	<b>3,377,847</b>
Allowance for doubtful accounts	<b>(3,859,483)</b>	<b>(2,551,082)</b>
	<b>\$ 1,152,694</b>	<b>\$ 826,765</b>

**Lacombe County**  
**Notes to Consolidated Financial Statements**

**December 31, 2025**

**6. Accounts Receivable**

Included in accounts receivable are the following receivables:

	2025	2024
<b>Short-term receivables</b>		
Trade	\$ 1,147,267	\$ 1,010,580
Accrued interest	2,669,052	1,953,724
Goods and Services Tax recoverable	147,481	143,416
Federal Government	674,555	649,058
Provincial Government	3,354,435	4,042,302
Other Government	876,656	1,036,297
Allowance for doubtful accounts	(131,092)	(78,264)
<b>Total short-term receivables</b>	<b>8,738,354</b>	<b>8,757,113</b>
<b>Long-term receivables</b>		
Development levies at 5% per year	166,193	116,043
Development levies at 6.5% per year	605,294	710,019
Development levy at prime + 1%	1,488,625	1,488,625
<b>Total long-term receivables</b>	<b>2,260,112</b>	<b>2,314,687</b>
<b>Total accounts receivable</b>	<b>\$ 10,998,466</b>	<b>\$ 11,071,800</b>

The long-term receivables were issued at market value at the time of issuance. They were issued to collect water and wastewater infrastructure upgrades in Aspelund Industrial Park, Wildrose Business Park and road development upgrades on Range Road 1-1 with payment terms up to ten years. Payments are due annually, and payments are currently under discussion for repayment of the road development upgrades. The long-term receivables are secured by a caveat on the title of the land to be developed.

**7. Inventories for Resale**

	2025	2024
Bridge materials	\$ 741,274	\$ 722,227
Land held for resale	908	908
	<b>\$ 742,182</b>	<b>\$ 723,135</b>

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**Lacombe County**  
**Notes to Consolidated Financial Statements**

**December 31, 2025**

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**8. Accounts Payable and Accrued Liabilities**

	<u>2025</u>	<u>2024</u>
Trade	\$ 1,023,895	\$ 2,547,614
Provincial Government	1,081,177	873,743
Other Government	1,342,117	134,247
Employee benefits payable	<u>102,201</u>	<u>95,275</u>
Total accounts payable and accrued liabilities	<u>\$ 3,549,390</u>	<u>\$ 3,650,879</u>

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**Lacombe County**  
**Notes to Consolidated Financial Statements**

**December 31, 2025**

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**9. Asset Retirement Obligation**

**Estimation Uncertainty**

The estimated liability for asset retirement obligations is subject to significant measurement uncertainty. The calculation of the obligation is based on management's best estimate of the future costs required to retire the related assets, using assumptions regarding the timing of retirement activities, inflation rates, discount rates, remediation methods, and regulatory requirements.

Actual costs may differ materially from estimates due to changes in technology, environmental standards, regulatory requirements, market conditions, and the timing of retirement activities, particularly as a portion of the obligations are expected to be settled over extended future periods, with some obligations extending to 2094. Such changes could result in significant adjustments to the asset retirement obligation in future years.

**Asbestos abatement**

The County owns buildings which contain asbestos and has obligations to remove hazardous asbestos fiber containing materials. Regulations require the County to handle and dispose of the asbestos in a prescribed manner when it is disturbed, such as when the building undergoes renovations or is demolished.

**Gravel pits**

The County owns lands for the purpose of extracting gravel and has obligations to restore the lands to its original state. Annually the County performs reclamation work on these lands.

**Boat launch**

The County owns two boat launches which contain cement pilings in the lake bed. Regulations require the County to remove the pilings when the launches are no longer in active use.

**Water/Wastewater**

The County owns assets used to operate and supply water and wastewater service to its residents. Regulations require the County to remove and dispose of above ground infrastructure when the infrastructure is no longer needed to supply these services.

The estimated total liability of \$2,526,975 (2024-\$2,350,551) is based on the sum of discounted future cash flows for retirement activities using a discount rate of 4.99% and an inflation rate of 2.50%. The total undiscounted future cash flows expected at the time of retirement, which range from 2025 to 2094 is \$6,600,241 (2024-\$6,459,113).

	2025	2024
Balance, beginning of year	\$ 2,350,551	\$ 2,236,690
Liabilities incurred	319,133	409,269
Liabilities Settled	(246,199)	(361,984)
Accretion expense	103,490	66,576
Estimated total liability	<u>\$ 2,526,975</u>	<u>\$ 2,350,551</u>

**Lacombe County**  
**Notes to Consolidated Financial Statements**

**December 31, 2025**

**10. Employee Benefit Obligation**

	2025	2024
Reconciliation of accrued benefit obligation		
Accrued benefit obligation - January 1	\$ 533,000	\$ 513,891
Current service cost	35,014	26,180
Interest cost	21,542	23,239
Benefits paid	(58,956)	(69,763)
Actuarial loss (gain)	18,000	39,453
Accrued benefit obligation -December 31	548,600	533,000
Components of net benefit cost		
Current service cost	35,014	26,180
Interest cost	21,542	23,239
Amortization of actuarial loss	18,000	39,453
Net benefit cost recognized	74,556	88,872
Reconciliation of accrued benefit liability		
Accrued benefit liability - January 1	533,000	513,891
Benefits paid	(58,956)	(69,763)
Benefit cost for the year	74,556	88,872
Accrued benefit liability - December 31	548,600	533,000
Vacation and overtime	742,960	808,801
MuniSerp	(15,531)	(15,926)
<b>Total Employee Benefit Obligations</b>	<b>\$ 1,276,029</b>	<b>\$ 1,325,875</b>

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.

The employee benefit obligations are measured using actuarial valuations prepared using management's best estimate of assumptions as at December 31, 2025 . The key assumptions used in measuring the obligations include the discount rate, future salary escalation rates, employee turnover rates and retirement age.

The discount rate used to measure the accrued benefit obligation is 3.60% (2024 4.00%), salary escalation assumptions range from 3.60% for 2024 and 3.30% for 2025 and thereafter. Termination of employment rates range from 1.20% - 2.75% and employees are assumed to retire at age 60.

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**Lacombe County**  
**Notes to Consolidated Financial Statements**

**December 31, 2025**

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**10. Employee Benefit Obligation (continued)**

Sick Leave Benefits (continued)

These assumptions are reviewed annually and are based on managements's best estimates, taking into consideration historical experience and expected future trends. Actual results may differ from these assumptions, and such differences are recognized in the period in which they arise.

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.

MuniSerp

MuniSerp is a multi-employer retirement plan. The benefit liability is calculated on an individual member basis, and provides supplemental defined benefit retirement plan.

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**Lacombe County**  
**Notes to Consolidated Financial Statements**

**December 31, 2025**

**11. Deferred Revenue**

	Opening balance	Contributions received	Investment income	Revenue recognized	Ending balance
FCSS	5,814	-	-	(5,814)	-
CCBF	712,783	674,555	7,194	(429,977)	964,555
NRED	12,907	-	-	(12,907)	-
LGFF Capital	2,253,965	3,079,122	2,520	(4,653,710)	681,897
ACP	-	60,000	641	(24,003)	36,638
Development Levies	708,641	75,572	-	(303,485)	480,728
Aspelund Offsite Levies	2,566,359	980,400	78,122	(1,215,774)	2,409,107
Other	47,262	6,475	-	(47,262)	6,475
	<u>\$ 6,307,731</u>	<u>4,876,124</u>	<u>88,477</u>	<u>(6,692,932)</u>	<u>\$ 4,579,400</u>

**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, along with any investment returns 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.

**Canada Community Building Fund (CCBF)**

The Government of Canada provides the Alberta Government with funding for municipalities. Funding in the amount of \$674,555 was recognized in the current year from the Canada Community Building Fund. Funds of \$7,342 (\$148 from 2024 and investment income of \$7,194) are held in cash and a receivable of \$674,555 is due from the provincial government. These funds are restricted to eligible capital projects, as approved under the funding agreement, which are scheduled for completion in 2026.

**Local Government Fiscal Framework (LGFF)**

Funding in the amount of \$3,079,122 was recognized in the current year from the Local Government Fiscal Framework Grant. Funds are held in a receivable due from the Province. These funds are from the capital component of the program and are restricted to eligible capital projects, as approved under the funding agreement.

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**Lacombe County**  
**Notes to Consolidated Financial Statements**

**December 31, 2025**

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**11. Deferred Revenue (continued)**

**Alberta Community Partnership**

Funding in the amount of \$36,638 was received and held in cash in the current year from the Alberta Community Partnership internship grant program. Funds are restricted as outlined in the grant agreement and funds will be expended in 2026.

**Development Levies**

Revenue in the amount of \$303,485 was recognized in the current year from funds received for road upgrades collected through development agreements. Funds of \$480,728 are held in cash. These funds are restricted for future infrastructure upgrades, as outlined in the various development agreements.

**Aspelund Offsite Levies**

Revenue in the amount of \$1,215,774 was recognized in the current year from funds received for the water and wastewater infrastructure development in the Aspelund Industrial Park. Funds are held in cash. These funds are restricted for future water and wastewater infrastructure upgrades in the Aspelund Industrial Park.

**Other Deferred Revenue**

Revenue in the amount of \$6,475 was collected for operating services to be completed in 2026. Funds are held in cash.

The total funds held in cash and cash equivalents is \$3,222,948 and amounts in accounts receivable is \$1,356,452.

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**Lacombe County**  
**Notes to Consolidated Financial Statements**

December 31, 2025

**12. Tangible Capital Assets - 2025**

	Land	Land Improvements	Buildings	Equipment	Roads	Bridges	Water, Sewer and Other	Vehicles	Total
Cost, beginning of year	\$ 31,712,391	\$ 7,049,450	\$ 22,533,732	\$ 27,494,762	\$ 637,647,441	\$ 33,292,215	\$ 28,472,288	\$ 9,364,985	\$ 797,567,264
Additions	377,775	1,194,414	150,362	4,553,958	12,696,896	2,927,324	154,153	256,624	22,311,506
Disposals	(50,660)	(195,096)	(45,000)	(3,045,349)	-	(199,217)	-	(140,752)	(3,676,074)
Write-downs	-	-	-	-	(7,773,966)	-	-	-	(7,773,966)
Cost, end of year	\$ 32,039,506	\$ 8,048,768	\$ 22,639,094	\$ 29,003,371	\$ 642,570,371	\$ 36,020,322	\$ 28,626,441	\$ 9,480,857	\$ 808,428,730
Accumulated amortization, beginning of year	\$ -	\$ 3,687,077	\$ 6,650,593	\$ 13,527,661	\$ 473,908,965	\$ 8,918,212	\$ 3,485,884	\$ 3,847,937	\$ 514,026,329
Amortization	-	614,669	445,721	2,674,676	16,761,652	591,567	433,998	624,166	22,146,449
Disposals	-	(195,096)	(150)	(2,904,590)	-	(178,668)	-	(122,238)	(3,400,742)
Write-downs	-	-	-	-	(6,901,511)	-	-	-	(6,901,511)
Accumulated amortization, end of year	\$ -	\$ 4,106,650	\$ 7,096,164	\$ 13,297,747	\$ 483,769,106	\$ 9,331,111	\$ 3,919,882	\$ 4,349,865	\$ 525,870,525
Net carrying amount, end of year	\$ 32,039,506	\$ 3,942,118	\$ 15,542,930	\$ 15,705,624	\$ 158,801,265	\$ 26,689,211	\$ 24,706,559	\$ 5,130,992	\$ 282,558,205

The net book value of tangible capital assets not being amortized because they are under construction is \$868,578 (2024 - \$749,200). \$403,250 (2024 - \$977,503) in contributed assets was recognized in the financial statements during the year.

**Lacombe County**  
Notes to Consolidated Financial Statements

December 31, 2025

**12. Tangible Capital Assets (continued)**

	Land	Land	Buildings	Equipment	Roads	Bridges	Water, Sewer and other	Vehicles	Total
	Improvements								
Cost, beginning of year	\$ 31,388,291	\$ 6,892,371	\$ 21,440,119	\$ 25,891,923	\$ 646,152,679	\$ 30,041,395	\$ 28,501,576	\$ 9,838,375	\$ 800,146,729
Additions	324,100	438,478	1,573,218	4,486,484	11,392,671	3,324,118	768,160	1,354,751	23,661,980
Disposals		(281,399)	(479,605)	(2,883,645)	-	(73,298)	(797,448)	(1,828,141)	(6,343,536)
Write-downs	-	-	-	-	(19,897,909)	-	-	-	(19,897,909)
Cost, end of year	\$ 31,712,391	\$ 7,049,450	\$ 22,533,732	\$ 27,494,762	\$ 637,647,441	\$ 33,292,215	\$ 28,472,288	\$ 9,364,985	\$ 797,567,264
Accumulated amortization, beginning of year	\$ -	\$ 3,379,306	\$ 6,358,318	\$ 12,506,929	\$ 475,687,694	\$ 8,425,503	\$ 3,197,967	\$ 4,584,632	\$ 514,140,349
Amortization	-	589,170	419,593	3,680,699	16,591,729	561,567	451,854	629,441	22,924,053
Disposals	-	(281,399)	(127,318)	(2,659,967)	-	(68,858)	(163,937)	(1,366,136)	(4,667,615)
Write-downs	-	-	-	-	(18,370,458)	-	-	-	(18,370,458)
Accumulated amortization, end of year	\$ -	\$ 3,687,077	\$ 6,650,593	\$ 13,527,661	\$ 473,908,965	\$ 8,918,212	\$ 3,485,884	\$ 3,847,937	\$ 514,026,329
Net carrying amount, end of year	\$ 31,712,391	\$ 3,362,373	\$ 15,883,139	\$ 13,967,101	\$ 163,738,476	\$ 24,374,003	\$ 24,986,404	\$ 5,517,048	\$ 283,540,935

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**Lacombe County**  
**Notes to Consolidated Financial Statements**

December 31, 2025

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**13. Equity in Tangible Capital Assets**

	<u>2025</u>	<u>2024</u>
Tangible capital assets	\$ 808,428,730	\$ 797,567,264
Accumulated amortization	(525,870,525)	(514,026,329)
Asset retirement obligation	<u>(2,526,975)</u>	<u>(2,350,551)</u>
	<u>\$ 280,031,230</u>	<u>\$ 281,190,384</u>

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**14. Prepaid Expenses and Inventories of Supplies**

	<u>2025</u>	<u>2024</u>
Crushed gravel	\$ 1,204,836	\$ 1,295,610
Undeveloped gravel pits	4,033,625	4,099,671
Materials and supplies	653,590	706,914
Prepaid expenses	<u>709,097</u>	<u>604,720</u>
	<u>\$ 6,601,148</u>	<u>\$ 6,706,915</u>

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**Lacombe County**  
**Notes to Consolidated Financial Statements**

December 31, 2025

**15. Accumulated Surplus**

	2025	2024
Equity in tangible capital assets (Note 13)	\$ 280,031,230	\$ 281,190,384
Equity in other non-financial assets	6,601,148	6,706,915
Unrestricted surplus	3,567,887	3,106,672
Restricted surplus (Reserves) - total on next page	100,771,681	97,227,815
	\$ 390,971,946	\$ 388,231,786

Restricted surplus (Reserves)

Fleet and Equipment	22,611,169	22,028,857
Paved Road	20,300,221	19,938,525
Municipal Facilities	5,197,849	4,777,688
Airport Capital	138,570	106,570
Protective Services	4,408,906	2,928,216
Gravel	4,444,277	4,638,377
Land Development	444,201	444,201
Recreation Capital Assistance	4,419,335	3,610,197
Funds in Lieu of Reserve Land	1,434,743	1,383,224
Development Road	1,013,881	1,013,881
Disaster Services	500,000	500,000
Tax Rate Stabilization	5,056,774	5,056,774
Shared Fire Funds	174,002	167,031
Lake Access	477,582	852,209
Hamlet of Mirror Utility System	241,167	202,260
Community Resource	7,115,844	7,211,254
Water - Waste Water	17,877,836	15,295,358
New Pavement	3,599,884	5,203,596
Trails	1,023,766	1,073,611
Bridge	6,893,229	7,727,163
Gravel Reclamation	724,171	650,887
Sylvan Lake Utility	(309,624)	(265,768)

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**Lacombe County**  
**Notes to Consolidated Financial Statements**

December 31, 2025

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**15. Accumulated Surplus (continued)**

	2025	2024
<u>Restricted surplus (Reserves) (continued)</u>		
Wildrose Utility	(913,194)	(616,693)
Aspelund Utility	113,809	79,395
Operational	6,854,101	5,814,700
Cemetery	445,590	507,750
Lakeview Estates Water	11,237	7,577
Gull Lake Stabilization	249,279	252,300
Palm Cove Utility Offsite Levy	(1,958,706)	(1,900,145)
Wildrose Utility Offsite Levy	(11,818,218)	(11,461,180)
	100,771,681	97,227,815

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.

Collection of funds for offsite levy and utility operating reserves in a deficit position expected to be collected by future development and expansion of the utility service areas. The deficit amount is \$14,999,742 (2024-\$14,243,786).

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**Lacombe County**  
**Notes to Consolidated Financial Statements**

December 31, 2025

**16. Change in Accumulated Surplus**

	Unrestricted surplus	Equity in other non-financial assets	Restricted surplus	Equity in tangible capital assets	2025	2024
Balance, beginning of year	\$ 3,106,672	\$ 6,706,915	\$ 97,227,815	\$ 281,190,384	\$ 388,231,786	\$ 387,723,780
Annual Surplus	2,740,160	-	-	-	2,740,160	508,006
Operating transfers to restricted surplus	(20,927,952)	-	20,927,952	-	-	-
Operating transfers from restricted surplus	6,734,833	-	(6,734,833)	-	-	-
Capital transfers from restricted surplus	10,649,253	-	(10,649,253)	-	-	-
Acquisition of capital	(21,908,256)	-	-	21,908,256	-	-
Contributed assets	(403,250)	-	-	403,250	-	-
Disposals and write-down of assets	1,147,787	-	-	(1,147,787)	-	-
Amortization	22,146,449	-	-	(22,146,449)	-	-
Accretion Expense	103,490	-	-	(103,490)	-	-
Change in ARO liability	72,934	-	-	(72,934)	-	-
Change in non-financial assets	105,767	(105,767)	-	-	-	-
Change in current year accumulated surplus	\$ 461,215	\$ (105,767)	\$ 3,543,866	\$ (1,159,154)	\$ 2,740,160	\$ 508,006
Balance, end of year	\$ 3,567,887	\$ 6,601,148	\$ 100,771,681	\$ 280,031,230	\$ 390,971,946	\$ 388,231,786

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**Lacombe County**  
**Notes to Consolidated Financial Statements**

December 31, 2025

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**17. 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.

The County has entered into an agreement with the City of Lacombe to purchase water and wastewater services from the City of Lacombe to serve the Joint Economic Area. Rates are set on an annual basis. The agreement will expire in 2057 with an option for renewal. Either party may terminate this agreement with three years written notice.

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**18. Liability for Contaminated Sites**

Management reviewed the prior year analysis and 2025 activity in the County and determined that no sites met the criteria to be reported as a liability.

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**Lacombe County**  
**Notes to Consolidated Financial Statements**

December 31, 2025

**19. 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:

	2025	2024
Tax Sale Surplus	\$ 126,725	\$ 45,798
Scholarships	32,208	36,916
Mirror Cemetery Perpetual Care Fund	18,795	18,395
Drainage Maintenance Funds	49,548	48,087
Lacombe Regional Waste Services Commission	(465)	-
Shared Fire Equipment Funds	3,389	69,850
	\$ 230,200	\$ 219,046

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.

**20. Taxation - Net**

	Budget 2025	2025	2024
	(see Note 27)		
Real property	\$ 17,423,990	\$ 18,573,313	\$ 16,542,590
Machinery and equipment	245,010	241,003	228,149
Linear property	9,122,790	9,028,052	8,278,338
Government grants in place of property taxes	128,770	113,985	124,884
Designated Industrial Property	27,276,120	26,808,295	25,943,503
	54,196,680	54,764,648	51,117,464
Requisitions			
ASFF/Opted-Out Schools	13,581,180	14,047,157	12,861,095
Lacombe Foundation	536,550	567,613	526,560
Designated Industrial Property	389,610	355,307	363,793
	14,507,340	14,970,077	13,751,448
Available for general municipal purposes	\$ 39,689,340	\$ 39,794,571	\$ 37,366,016

**Lacombe County**  
**Notes to Consolidated Financial Statements**

December 31, 2025

**21. Taxation - other**

	Budget 2025	2025	2024
Community Aggregate Payment Levy	\$ 790,000	\$ 587,177	\$ 813,389

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. Revenue not expended in the year is held in the Community Resource reserve for future use. The amount of revenue generated fluctuates from year to year based upon sand and gravel activity. The levy rate applied is \$0.40 per tonne of sand or gravel hauled.

**22. Government Transfers**

	Budget 2025	2025	2024
<b>Operating</b>			
General government - Provincial	\$ 298,980	\$ 297,509	\$ 301,934
Protective services - Other Government	64,130	47,973	91,072
Transportation services - Provincial	386,330	523,570	537,792
Environmental services - Provincial	60,000	51,000	60,000
Environmental services - Federal	283,700	275,824	-
Public health and welfare - Provincial	317,320	323,134	311,507
Planning and development - Provincial	49,000	35,235	28,991
Agriculture services - Provincial	166,250	166,247	166,247
	1,625,710	1,720,492	1,497,543
<b>Capital</b>			
Transportation services - Provincial	4,900,490	4,408,959	288,256
Environmental services - Federal	1,014,420	154,153	-
Transportation Services- Other	137,150	117,006	5,036
	6,052,060	4,680,118	293,292
<b>Total government transfers</b>	<b>\$ 7,677,770</b>	<b>\$ 6,400,610</b>	<b>\$ 1,790,835</b>

**Lacombe County**  
**Notes to Consolidated Financial Statements**

December 31, 2025

**23. Expenses by Object**

	Budget 2025	2025	2024
Salaries and wages	\$ 14,447,950	\$ 13,736,369	\$ 12,892,432
Contracted and general services	5,980,400	5,194,407	3,716,630
Goods, materials and supplies	3,018,070	3,550,019	2,403,739
Transfers to other organizations	7,624,530	9,232,786	8,078,010
Purchases from other governments	1,731,440	708,422	472,585
Accretion expense	-	103,490	35,534
Cancellations and uncollectible	6,270	1,364,834	422,106
Amortization	22,146,450	22,146,450	22,924,053
Write-downs and losses on capital	-	1,049,997	2,375,066
	<b>\$ 54,955,110</b>	<b>\$ 57,086,774</b>	<b>\$ 53,320,155</b>

The budget figure for amortization has been adjusted from the budget approved by council November 29, 2024 (Note 27). Amortization is not funded by the County.

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**Lacombe County**  
**Notes to Consolidated Financial Statements**

December 31, 2025

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**24. Municipal Employees Pension Plans and Retirement Benefits**

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. It is financed by employer and employee contributions and investment earnings of the LAPP fund. The plan provides defined pension benefits to employees based on their length of service and rates of pay.

The County contributes to the Plan at a rate of 8.45% of pensionable earnings up to the Canada Pension Plan Maximum Pensionable Earnings and 11.65% for the excess. Employees contribute to the Plan at a rate of 7.45% of pensionable earnings up to the Canada Pension Plan Maximum Pensionable Earnings and 10.65% for the excess.

Contributions for the year were:

	2025	2024
Employer contributions	\$ 826,911	\$ 839,710
Employee contributions	741,537	745,548
	<u>\$ 1,568,448</u>	<u>\$ 1,585,258</u>

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, 2024 indicates a surplus of \$19.600 billion (2023 surplus - \$15.075 billion) for basic pension benefits. The actuary does not attribute portions of the unfunded liability to individual employers.

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**Lacombe County**  
**Notes to Consolidated Financial Statements**

December 31, 2025

**24. Municipal Employees Pension Plans and Retirement Benefits (continued)**

Alberta Municipalities Apex Supplementary Pension Plan

Certain employees of the County are eligible to be members of the Alberta Municipalities 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.

	2025	2024
Employer contributions	\$ 27,799	\$ 26,714
Employee contributions	22,728	21,840
	<u>\$ 50,527</u>	<u>\$ 48,554</u>

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 2024 indicates a surplus of \$17.16 million (2023 - \$10.31 million surplus) for basic pension benefits. The actuary does not attribute portions of the unfunded liability to individual employers.

Alberta Municipalities Municipal Supplemental Employee Retirement Plan

The County is a participant in the Alberta Municipalities MuniSERP retirement plan, a multiple-employer defined benefit plan. The County has made this plan available to certain employees to enrol as members. The benefit liability to the County is calculated on an individual member basis. This plan provides a supplemental retirement defined benefit to employees based on their length of service and rates of pay. Contribution fluctuations are the result of market changes.

	2025	2024
Employer contributions	\$ 15,603	\$ 41,719

The accrued benefit liability as at December 31, 2025 was \$248,914 (2024 - \$220,695). The benefit liability as at December 31, 2025 was over funded by \$15,531 (2024 - over funded \$15,926).

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**Lacombe County**  
**Notes to Consolidated Financial Statements**

December 31, 2025

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**25. 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:

	<u>Compensation</u>	<u>Benefits &amp; Allowances</u>	<u>Total 2025</u>	<u>Total 2024</u>
<b>Councillors:</b>				
Division 1- Reeve	\$ 66,087	\$ 10,173	\$ 76,260	\$ 79,372
Division 2	76,260	14,615	90,875	87,900
Division 3 - Reeve Jan-Oct	61,168	6,790	67,958	89,387
Division 3 - Nov-Dec	15,724	2,086	17,810	
Division 4	65,668	12,001	77,669	74,862
Division 5 - Jan - Sep	35,483	7,150	42,633	
Division 5 - Nov-Dec	15,389	1,664	17,053	80,641
Division 6	62,880	12,258	75,138	69,614
Division 7	72,023	14,769	86,792	84,501
<b>Administration:</b>				
County Manager	305,015	74,421	379,436	369,954
Designated Officer	163,534	31,689	195,223	182,618
Designated Officer	146,111	29,459	175,570	164,146

Council Compensation: includes base pay and per diem.

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

County Manager and Designated Officer Salary: includes regular base pay.

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

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**Lacombe County**  
**Notes to Consolidated Financial Statements**

December 31, 2025

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**26. 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:

	<u>2025</u>	<u>2024</u>
Total debt limit	<b>\$ 80,353,796</b>	\$ 76,141,766
Total debt	-	-
Total debt limit available	<b><u>80,353,796</u></b>	<b><u>76,141,766</u></b>
Debt servicing limit	<b>13,392,299</b>	12,690,294
Debt servicing	-	-
Total debt servicing limit available	<b><u>13,392,299</u></b>	<b><u>12,690,294</u></b>

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.

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**Lacombe County**  
**Notes to Consolidated Financial Statements**

December 31, 2025

**27. Budget**

The budget adopted by Council on November 29, 2024 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 modifications from full accrual basis are as follows:

The County does not budget for amortization. The actual amortization expense for the year is included in the budget presentation to provide comparability between budgeted and actual results.

The County budgets for capital expenditures and proceeds from the disposition of capital in a separate capital budget (Note 28).

The County budgets for transfers to and from reserves for both operations and capital (Note 28).

The County budgets for the purchase and use of inventory (Note 28).

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 November 29, 2024 with adjustments as follows:

	Approved Budget	Amortization Allocation	Budget per Financial Statements	Actual per Financial Statements
Total Revenues	\$ 53,670,310	-	53,670,310	\$ 53,569,197
General government	6,863,790	255,761	7,119,551	7,874,236
Protective services	4,488,370	457,681	4,946,051	4,863,285
Transportation services	9,763,680	20,429,528	30,193,208	30,556,769
Environmental services	4,910,100	536,732	5,446,832	5,213,885
Cemetery	60,980	-	60,980	249,812
Social and family services	441,200	-	441,200	407,892
Recreation and cultural services	3,461,270	253,718	3,714,988	4,076,883
Planning and development	1,338,500	2,070	1,340,570	1,313,015
Agriculture services	1,480,770	210,960	1,691,730	1,481,000
Write-down of capital assets	-	-	-	(872,455)
Loss on sale of capital assets	-	-	-	(177,542)
Total Expenditures	32,808,660	22,146,450	54,955,110	54,986,780
Excess of revenues over expenditures	20,861,650	(22,146,450)	(1,284,800)	(1,417,583)

**Lacombe County**  
**Notes to Consolidated Financial Statements**

December 31, 2025

**28. Reconciliation of Operating Results to Budget**

	Budget 2025	2025	2024
Excess (deficiency) of revenue over expenditures, per financial statements	\$ 4,767,260	\$ 2,740,160	\$ 508,006
Add back:			
Amortization expense	22,146,450	22,146,450	22,924,053
Accretion expense	-	103,490	66,576
Proceeds on disposal of capital assets	1,047,800	1,272,159	2,624,496
Loss on sale of capital assets	-	177,542	847,614
Write-downs of capital assets	-	872,455	1,527,451
Net transfers (to) from reserves	1,595,460	(3,543,866)	(1,500,534)
Change in ARO liability	-	72,934	47,285
Use (purchase) of inventory	(961,390)	105,767	(42,707)
Deduct:			
Tangible capital asset purchases	(28,595,580)	(21,908,256)	(22,684,477)
(Gain) loss on disposal of capital assets	-	(1,174,369)	(1,796,189)
Contributed assets	-	(403,250)	(977,503)
Results of operations	\$ -	\$ 461,216	\$ 1,544,071

The budget figure for amortization has been adjusted from the budget approved by Council November 29, 2024 (Note 27). Amortization is not funded by the County.

December 31, 2025

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**29. 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, 2025

**29. Segmented Information (continued) - 2025**

For the year ended December 31	General government	Protective services	Transportation services	Environmental services	Cemetery	Social and family services	Recreation and cultural services	Planning and development	Agriculture services	2025 Total
<b>Revenue</b>										
Taxation	\$ 40,381,748	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 40,381,748
Government transfers	297,509	47,973	5,049,535	429,977	-	323,134	-	35,235	217,247	6,400,610
User fees and service charges	87,370	305,008	825,493	1,282,854	2,040	-	98,959	134,516	38,595	2,774,835
Sales to other governments	330,010	826,334	368,651	439,600	-	-	6,210	-	34,663	2,005,468
Permits, licenses, fines and rentals	855,021	192,150	121,668	-	-	-	-	45,800	1,450	1,216,089
Investment income	3,790,495	-	-	-	-	-	-	-	-	3,790,495
Gain on sale of assets	-	23,738	1,145,036	5,595	-	-	-	-	-	1,174,369
Contributed assets	18,700	-	369,850	-	-	-	14,700	-	-	403,250
Other	1,528,712	-	10,654	127,619	-	-	7,585	-	5,500	1,680,070
	<u>47,289,565</u>	<u>1,395,203</u>	<u>7,890,887</u>	<u>2,285,645</u>	<u>2,040</u>	<u>323,134</u>	<u>127,454</u>	<u>215,551</u>	<u>297,455</u>	<u>59,826,934</u>
<b>Expenses</b>										
Salaries and wages	3,942,660	1,353,193	5,697,372	840,261	-	17,905	-	1,080,312	804,666	13,736,369
Contracted and general services	1,477,578	344,839	1,727,151	758,586	10,731	-	475,035	213,066	187,421	5,194,407
Goods, materials and supplies	238,848	242,079	2,620,028	115,089	716	-	51,457	15,578	266,224	3,550,019
Transfers to other organizations	595,630	2,465,492	728	2,236,144	238,365	389,987	3,292,721	1,989	11,730	9,232,786
Cancellations and uncollectible	1,362,834	-	-	2,000	-	-	-	-	-	1,364,834
Purchases from other gov't	-	-	-	708,422	-	-	-	-	-	708,422
Amortization	255,761	457,681	20,429,528	536,732	-	-	253,718	2,070	210,960	22,146,450
Loss on sale of capital assets	69,550	56,120	893,004	31,323	-	-	-	-	-	1,049,997
Accretion expense	926	-	81,961	16,651	-	-	3,952	-	-	103,490
	<u>7,943,787</u>	<u>4,919,404</u>	<u>31,449,772</u>	<u>5,245,208</u>	<u>249,812</u>	<u>407,892</u>	<u>4,076,883</u>	<u>1,313,015</u>	<u>1,481,001</u>	<u>57,086,774</u>
<b>Net surplus (deficit)</b>	<b>\$ 39,345,778</b>	<b>\$ (3,524,201)</b>	<b>\$ (23,558,885)</b>	<b>\$ (2,959,563)</b>	<b>\$ (247,772)</b>	<b>\$ (84,758)</b>	<b>\$ (3,949,429)</b>	<b>\$ (1,097,464)</b>	<b>\$ (1,183,546)</b>	<b>\$ 2,740,160</b>

**Lacombe County**  
**Notes to Consolidated Financial Statements**

December 31, 2025

**29. Segmented Information (continued) - 2024**

For the year ended December 31	General government	Protective services	Transportation services	Environmental services	Cemetery	Social and family services	Recreation and cultural services	Planning and development	Agriculture services	2024 Total
<b>Revenue</b>										
Taxation	\$ 38,179,405	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 38,179,405
Government transfers	301,934	91,072	831,084	-	-	311,507	-	28,991	226,247	1,790,835
User fees and service charges	45,922	301,329	942,202	1,073,064	2,915	-	94,100	39,909	13,216	2,512,657
Sales to other governments	299,889	632,266	310,827	438,147	-	-	4,458	-	37,037	1,722,624
Permits, licenses, fines, rentals	657,185	197,904	113,984	-	-	-	-	37,400	1,950	1,008,423
Investment income	4,421,557	-	-	-	-	-	-	-	-	4,421,557
Gain on sale of assets	-	395,429	1,376,107	-	-	-	-	-	24,654	1,796,190
Contributed assets	258,500	-	-	719,003	-	-	-	-	-	977,503
Other	1,277,985	-	121,965	-	-	-	10,517	-	8,500	1,418,967
	<u>45,442,377</u>	<u>1,618,000</u>	<u>3,696,169</u>	<u>2,230,214</u>	<u>2,915</u>	<u>311,507</u>	<u>109,075</u>	<u>106,300</u>	<u>311,604</u>	<u>53,828,161</u>
<b>Expenses</b>										
Salaries and wages	3,764,772	1,350,556	5,131,246	784,477	-	17,401	-	1,060,419	783,561	12,892,432
Contracted and general services	1,192,646	354,248	952,811	435,222	11,222	-	501,837	140,590	128,054	3,716,630
Goods, materials and supplies	181,877	194,983	1,557,341	137,823	1,168	-	53,832	8,561	268,154	2,403,739
Transfers to other organizations	572,767	1,971,778	189	2,280,010	39,826	371,983	2,827,086	2,824	11,547	8,078,010
Cancellations and uncollectible	420,364	-	-	1,742	-	-	-	-	-	422,106
Purchases from other gov't	-	-	-	472,585	-	-	-	-	-	472,585
Amortization	276,087	423,652	21,228,469	551,965	-	-	239,262	2,070	202,548	22,924,053
Write-down of capital assets	-	-	-	-	-	-	-	-	-	-
Loss on sale of capital assets	-	13,665	1,727,890	633,511	-	-	-	-	-	2,375,066
Accretion expense	882	-	10,318	15,868	-	-	8,466	-	-	35,534
	<u>6,409,395</u>	<u>4,308,882</u>	<u>30,608,264</u>	<u>5,313,203</u>	<u>52,216</u>	<u>389,384</u>	<u>3,630,483</u>	<u>1,214,464</u>	<u>1,393,864</u>	<u>53,320,155</u>
<b>Net surplus (deficit)</b>	<b>\$ 39,032,982</b>	<b>\$ (2,690,882)</b>	<b>\$ (26,912,095)</b>	<b>\$ (3,082,989)</b>	<b>\$ (49,301)</b>	<b>\$ (77,877)</b>	<b>\$ (3,521,408)</b>	<b>\$ (1,108,164)</b>	<b>\$ (1,082,260)</b>	<b>\$ 508,006</b>

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**Lacombe County**  
**Notes to Consolidated Financial Statements**

December 31, 2025

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**30. Comparative Figures**

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

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**31. Approval of Financial Statements**

Council and Management approved these financial statements.

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