

Lacombe County
For the year ended December 31, 2024

FINANCIAL STATEMENTS

Lacombe County
Consolidated Financial Statements
For the year ended December 31, 2024

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Lacombe County
Management's Responsibility for Financial Reporting

December 31, 2024

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.

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



Tim Timmons
County Manager



Michael Minchin
Director of Corporate Services



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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, 2024, 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, 2024 and its consolidated results of operations, its consolidated change in net financial assets, and its consolidated 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.

Emphasis of Matter - Restatement of Comparative Information

We draw attention to Note 32 to the financial statements, which explains that certain comparative information presented for the year ended December 31, 2023 has been restated. Our opinion is not modified in respect of this matter.



Independent Auditor's Report - continued

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.

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.

BDO Canada LLP

Chartered Professional Accountants
Red Deer, Alberta
April 30, 2025

Lacombe County
Consolidated Statement of Financial Position

December 31 **2024** **2023**

Restated
(see Note 32)

Financial assets

Cash and cash equivalents (Note 4)	\$ 55,905,403	\$ 84,776,006
Investments (Note 5)	46,583,600	16,487,836
Taxes receivable (Note 6)	826,765	1,017,290
Accounts receivable (Note 7)	9,118,076	3,884,493
Inventories for resale (Note 8)	723,135	809,991
	<u>113,156,979</u>	<u>106,975,616</u>

Liabilities

Accounts payable and accrued liabilities (Note 9)	3,871,574	2,515,827
Asset retirement obligation (Note 10)	2,350,551	2,236,690
Employee benefit obligation (Note 11)	1,341,801	1,266,888
Deposit liabilities	1,301,386	1,337,050
Deferred revenue (Note 12)	6,307,731	4,565,969
	<u>15,173,043</u>	<u>11,922,424</u>

Net financial assets

97,983,936 95,053,192

Non-financial assets


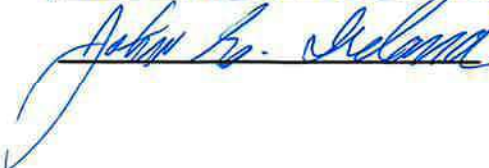
Tangible capital assets (Note 13)	283,540,935	286,006,380
Prepaid expenses and inventories of supplies (Note 15)	6,706,915	6,664,208
	<u>290,247,850</u>	<u>292,670,588</u>

Accumulated surplus (Note 16) **\$ 388,231,786** **\$ 387,723,780**

Contingencies and commitments (Note 18)

Liability for contaminated sites (Note 19)

Funds held in trust (Note 20)

 Reeve
 Deputy Reeve

Lacombe County
Consolidated Statement of Operations

For the year ended December 31	Budget 2024	2024	2023
	(see Note 28)		Restated (see Note 32)
Revenues			
Taxation - net (Note 21)	\$ 37,103,860	\$ 37,366,016	\$ 36,157,850
Taxation - other (Note 22)	840,000	813,389	754,625
Government transfers for operating (Note 23)	1,580,530	1,497,543	1,484,157
Sales, user charges and costs recovered	2,486,080	2,996,091	2,937,112
Sales to other governments	1,362,920	1,722,623	1,598,239
Permits, licenses, fines, penalties and rentals	647,680	1,008,424	880,004
Interest, royalties and patronage allocations	3,478,420	4,421,557	4,316,959
Gain on sale of tangible capital assets	-	1,796,189	1,896,316
Development levies	228,000	1,277,163	7,199
Other	12,100	141,804	135,168
	<u>47,739,590</u>	<u>53,040,799</u>	<u>50,167,629</u>
Expenses (Note 24)			
General government	6,834,757	6,409,396	6,147,196
Protective services	4,609,652	4,295,217	4,269,232
Transportation services	29,766,288	29,363,810	28,780,980
Environmental services	4,721,485	4,679,691	3,389,483
Cemetery	59,220	52,215	81,241
Social and family services	398,400	389,384	393,749
Recreation and cultural services	3,600,842	3,630,482	3,072,309
Planning and development	1,273,020	1,214,464	1,087,804
Agriculture services	1,647,288	1,393,864	1,342,715
Write-down of tangible capital assets	-	1,527,451	679,183
Loss on sale of tangible capital assets	-	847,614	15,137
	<u>52,910,952</u>	<u>53,803,588</u>	<u>49,259,029</u>
Annual surplus (deficiency) before other income	(5,171,362)	(762,789)	908,600
Other Income			
Government transfers for capital (Note 23)	3,680	293,292	3,588,488
Contributed assets (Note 13)	-	977,503	177,300
Annual surplus (deficiency)	<u>(5,167,682)</u>	<u>508,006</u>	<u>4,674,388</u>
Accumulated surplus, beginning of year	<u>387,723,780</u>	<u>387,723,780</u>	<u>383,049,392</u>
Accumulated surplus, end of year	<u>\$ 382,556,098</u>	<u>\$ 388,231,786</u>	<u>\$ 387,723,780</u>

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

For the year ended December 31	Budget 2024	2024	2023
			Restated (see Note 32)
Annual surplus (deficiency)	\$ (5,167,682)	\$ 508,006	\$ 4,674,388
Acquisition of tangible capital assets	(23,076,780)	(22,684,477)	(15,379,820)
Acquisition of contributed assets	-	(977,503)	(177,300)
Amortization of tangible capital assets	22,924,053	22,924,053	22,428,283
Gain on sale of tangible capital assets	-	(1,796,189)	(1,896,316)
Loss on sale of tangible capital assets	-	847,614	15,137
Proceeds on sale of tangible capital assets	1,159,730	2,624,496	2,069,425
Write-downs of tangible capital assets	-	1,527,451	679,183
	(4,160,679)	2,973,451	12,412,980
Change in prepaid expenses and inventory of supplies	(475,530)	(42,707)	188,425
Net change in net financial assets	(4,636,209)	2,930,744	12,601,405
Net financial assets, beginning of year	95,053,192	95,053,192	82,451,787
Net financial assets, end of year	\$ 90,416,983	\$ 97,983,936	\$ 95,053,192

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	2024	2023
		Restated (see Note 32)
Operating transactions		
Annual surplus (deficiency)	\$ 508,006	\$ 4,674,388
Items not involving cash		
Change in accretion liability	113,861	403,866
Contributed assets	(977,503)	(177,300)
Amortization	22,924,053	22,428,283
Gain on disposal of tangible capital assets	(1,796,189)	(1,896,316)
Write-down of tangible capital asset	1,527,451	679,183
Loss on disposal of tangible capital assets	847,614	15,137
Changes in non-cash operating balances		
Taxes receivable	190,525	129,739
Accounts receivable	(5,233,583)	2,575,365
Inventories for resale	86,856	(237,213)
Prepaid expenses and inventories of supplies	(42,707)	188,425
Accounts payable and accrued liabilities	1,355,747	(484,149)
Employee benefit obligation	74,913	(621,075)
Deposit liabilities	(35,664)	20,027
Deferred revenue	1,741,762	(1,356,535)
	<u>21,285,142</u>	<u>26,341,825</u>
Capital transactions		
Acquisition of tangible capital assets	(22,684,477)	(15,379,820)
Proceeds on sale of tangible capital assets	2,624,496	2,069,425
	<u>(20,059,981)</u>	<u>(13,310,395)</u>
Investing transactions		
(Increase)/decrease of investments	(30,095,764)	1,568,596
Restricted cash balances	1,057,444	(66,604)
	<u>(29,038,320)</u>	<u>1,501,992</u>
Net change in cash and cash equivalents	(27,813,159)	14,533,422
Cash and cash equivalents, beginning of year	79,012,468	64,479,046
Cash and cash equivalents, end of year	\$ 51,199,309	\$ 79,012,468
Cash and cash equivalents is comprised of:		
Cash and cash equivalents	\$ 55,905,403	\$ 84,776,006
Less: restricted (Note 4)	(4,706,094)	(5,763,538)
	<u>\$ 51,199,309</u>	<u>\$ 79,012,468</u>

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, 2024

Reporting Entity 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:

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 Management considers all highly liquid investments with a maturity of 12 months or less from the year end to be cash equivalents.

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

Lacombe County

Summary of Significant Accounting Policies

December 31, 2024

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.

Lacombe County

Summary of Significant Accounting Policies

December 31, 2024

Revenue Recognition	<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>
Taxation Revenue	<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>
Use of Estimates	<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>
Liability for Contaminated Sites	<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>

Lacombe County

Summary of Significant Accounting Policies

December 31, 2024

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 has 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.

Lacombe County
Summary of Significant Accounting Policies

December 31, 2024

**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.

Lacombe County
Notes to Consolidated Financial Statements

December 31, 2024

1. New Accounting Policies Adopted During the Year

PS 3400 Revenue, effective January 1, 2024, the County adopted PS 3400 Revenue. This standard establishes standards on how to recognize revenue and requires deferral of revenue with performance obligations until those obligations are satisfied. The adoption of PS 3400 had no impact on the previously reported revenue.

PS 3160 Public-Private Partnerships, the County has adopted Public Sector Accounting Standard PS 3160 - Public-Private Partnerships as part of its accounting policies. At the reporting date, the entity does not have any Public-Private Partnership arrangements, and therefore, this standard does not impact the financial statements for the current period. If the County enters into a P3 arrangement in the future, it will be accounted for in accordance with PS 3160.

2. 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.

Lacombe County
Notes to Consolidated Financial Statements

December 31, 2024

3. 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, 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 4 and 5 as the fair value will change as interest rates change.

Lacombe County
Notes to Consolidated Financial Statements

December 31, 2024

4. Cash and Cash Equivalents

	2024	2023
Current account (bank prime less 1.85%)	\$ 3,641,772	\$ 59,758,284
GIC investments with interest rates varying from 2.00% to 5.90% and maturing in 2025	51,014,155	23,740,373
Security deposits	1,249,476	1,277,349
	<u>\$ 55,905,403</u>	<u>\$ 84,776,006</u>

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, 2024 the prime rate was 5.45% (2023 - 7.20%)

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, 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.

	2024	2023 Restated (see note 32)
Aspelund offsite levies	\$ 2,566,359	\$ 3,652,891
Canada Community Building Fund	63,725	-
FCSS	5,814	-
Northern Regional Economic Development	12,907	30,994
Other	47,262	48,962
Development levies	708,641	693,641
Deposit liabilities	1,301,386	1,337,050
	<u>\$ 4,706,094</u>	<u>\$ 5,763,538</u>

Lacombe County
Notes to Consolidated Financial Statements

December 31, 2024

5. Investments

	<u>2024</u>	<u>2023</u>
Residual bonds and guaranteed investment certificates purchased at discounts yielding effective annual rates of 2.38% to 6.14% to maturity at amortized cost	\$ 45,093,450	\$ 15,509,622
Estimated accrued interest	1,253,529	801,776
MuniSERP	<u>236,621</u>	<u>176,438</u>
	<u>\$ 46,583,600</u>	<u>\$ 16,487,836</u>

The market value of the County's residual bonds and guaranteed investment certificates were \$46,322,166 (2023 - \$16,346,627) which would include accrued interest receivable.

6. Taxes Receivable

	<u>2024</u>	<u>2023</u>
Current taxes and grants in place	\$ 1,202,766	\$ 1,757,467
Taxes in arrears	<u>2,175,081</u>	<u>1,406,040</u>
	3,377,847	3,163,507
Allowance for doubtful accounts	<u>(2,551,082)</u>	<u>(2,146,217)</u>
	<u>\$ 826,765</u>	<u>\$ 1,017,290</u>

Lacombe County
Notes to Consolidated Financial Statements

December 31, 2024

7. Accounts Receivable

Included in accounts receivable are the following receivables:

	2024	2023
Short-term receivables		
Trade	\$ 1,010,580	\$ 573,676
GST	143,416	98,721
Federal Government	649,058	-
Provincial Government	4,042,302	275,686
Other Government	1,036,297	597,730
Allowance for doubtful accounts	(78,264)	(66,904)
Total short-term receivables	<u>6,803,389</u>	<u>1,478,909</u>
Long-term receivables		
Development levies at 5% per year	116,043	110,535
Development levies at 6.5% per year	710,019	806,424
Development levy at prime + 1%	<u>1,488,625</u>	<u>1,488,625</u>
Total long-term receivables	<u>2,314,687</u>	<u>2,405,584</u>
Total accounts receivable	<u><u>\$ 9,118,076</u></u>	<u><u>\$ 3,884,493</u></u>

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.

8. Inventories for Resale

	2024	2023
Bridge materials	\$ 722,227	\$ 809,083
Land held for resale	<u>908</u>	<u>908</u>
	<u><u>\$ 723,135</u></u>	<u><u>\$ 809,991</u></u>

Lacombe County
Notes to Consolidated Financial Statements

December 31, 2024

9. Accounts Payable

	2024	2023
	<hr/>	<hr/>
Trade	\$ 2,547,614	\$ 927,253
Provincial Government	873,743	948,509
Other Government	134,247	350,151
Employee benefits payable	315,970	289,914
	<hr/>	<hr/>
Total accounts payable	\$ 3,871,574	\$ 2,515,827
	<hr/>	<hr/>

Lacombe County
Notes to Consolidated Financial Statements

December 31, 2024

10. Asset Retirement Obligation

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 \$2,350,551 (2023-\$2,236,690) 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 \$6,459,113 (2023-\$6,356,577).

	2024	2023
		Restated (see Note 32)
Balance, beginning of year	\$ 2,236,690	\$ 1,832,824
Liabilities incurred	409,269	294,540
Liabilities Settled	(361,984)	-
Accretion expense	66,576	109,326
	<hr/>	<hr/>
Estimated total liability	\$ 2,350,551	\$ 2,236,690
	<hr/>	<hr/>

Lacombe County
Notes to Consolidated Financial Statements

December 31, 2024

11. Employee Benefit Obligation

	2024	2023
Reconciliation of accrued benefit obligation		
Accrued benefit obligation - January 1	\$ 513,891	\$ 1,100,000
Current service cost	26,180	26,200
Interest cost	23,239	23,200
Benefits paid	(69,763)	(69,800)
Actuarial loss (gain)	39,453	(565,709)
Accrued benefit obligation -December 31	533,000	513,891
Components of net benefit cost		
Current service cost	26,180	26,200
Interest cost	23,239	23,200
Amortization of actuarial loss	39,453	(565,709)
Net benefit cost recognized	88,872	(516,309)
Reconciliation of accrued benefit liability		
Accrued benefit liability - January 1	513,891	1,100,000
Benefits paid	(69,763)	(69,800)
Benefit cost for the year	88,872	(516,309)
Accrued benefit liability - December 31	533,000	513,891
Vacation and overtime	808,801	752,997
Total Employee Benefit Obligations	\$ 1,341,801	\$ 1,266,888

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, 2024 are expected to be utilized in future years and the estimated liability has been accrued, based on a third party actuarial review of sick leave. The following are management's assumptions used in the calculations as at December 31, 2024. The rate used to discount future benefits is 4.00% (2023 4.60%), salary increases estimated at 3.6% 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. Historical data was used to determine the probability of employees using more hours that accrued in one year.

Lacombe County
Notes to Consolidated Financial Statements

December 31, 2024

11. Employee Benefit Obligation (continued)

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.

Lacombe County
Notes to Consolidated Financial Statements

December 31, 2024

12. Deferred Revenue

	Opening balance Restated (see note 31)	Contributions received	Investment income	Revenue recognized	Ending balance
ASB	\$ -	226,247	-	(226,247)	\$ -
MSI Capital	78,727	-	1,385	(80,112)	-
FCSS	-	317,321	-	(311,507)	5,814
CCBF	60,754	649,058	2,971	-	712,783
STIP	-	287,378	878	(288,256)	-
NRED	30,994	-	904	(18,991)	12,907
LGFF	-	298,984	-	(298,984)	-
Operating					
LGFF Capital	-	2,698,804	-	(444,839)	2,253,965
Other grants	-	25,792	-	(25,792)	-
Development	693,641	23,782	-	(8,782)	708,641
Levies					
Aspelund	3,652,891	-	181,848	(1,268,380)	2,566,359
Offsite Levies					
Other	48,962	-	-	(1,700)	47,262
	<u>\$ 4,565,969</u>	<u>4,527,366</u>	<u>187,986</u>	<u>(2,973,590)</u>	<u>\$ 6,307,731</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.

Family and Community Social Services (FCSS)

Funding in the amount of \$5,814 was received and held in cash in the current year from the Family and Community Social Services grant program. Funds are restricted to eligible social services programs, as approved under the funding agreement, funds will be expended on programs in 2025.

Canada Community Building Fund (CCBF)

The Government of Canada provides the Alberta Government with funding for municipalities. Funding in the amount of \$652,029 was recognized in the current year from the Canada Community Building Fund. Funds of \$63,725 (\$60,754 from 2023 and investment income of \$2,971) are held in cash and a receivable of \$649,058 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 2025.

Lacombe County
Notes to Consolidated Financial Statements

December 31, 2024

12. Deferred Revenue (continued)

Northern and Regional Economic Development (NRED)

Funding was received from the Northern and Regional Economic Development Program. These funds are held in cash. These funds are restricted to program activities as approved under the funding agreement. These program activities are scheduled for completion in 2025.

Local Government Fiscal Framework (LGFF)

Funding in the amount of \$2,253,965 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, which are scheduled for completion in 2025.

Development Levies

Revenue in the amount of \$15,000 was recognized in the current year from various development agreements. Funds 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 1,268,380 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 \$47,262 was collected for operating services to be completed in 2025. Funds are held in cash.

The total funds held in cash and cash equivalents is \$3,404,708 and amounts in accounts receivable is \$2,903,023.

Lacombe County
Notes to Consolidated Financial Statements

December 31, 2024

13. Tangible Capital Assets - 2024

	Land	Land Improvements	Buildings	Equipment	Roads	Bridges	Water, Sewer and Other	Vehicles	Total
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

Lacombe County
Notes to Consolidated Financial Statements

December 31, 2024

13. Tangible Capital Assets (continued) - 2023 Restated (see Note 32)

	Land		Buildings	Equipment	Roads	Bridges	Water, Sewer and other	Vehicles	Total
Cost, beginning of year	Land Improvements								
Additions	\$ 31,176,467	\$ 6,257,872	\$ 21,362,179	\$ 24,786,059	\$ 647,542,318	\$ 30,008,157	\$ 28,461,031	\$ 9,103,806	\$ 798,697,889
Disposals	211,824	634,499	77,940	4,128,469	9,093,516	33,238	40,545	1,337,089	15,557,120
Write-downs	-	-	-	(3,022,605)	-	-	-	(602,520)	(3,625,125)
Cost, end 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
Accumulated amortization, beginning of year	\$ -	\$ 2,825,607	\$ 5,933,481	\$ 12,020,575	\$ 469,010,875	\$ 7,879,376	\$ 2,764,548	\$ 4,518,455	\$ 504,952,917
Amortization	-	553,699	424,837	3,420,323	16,480,791	546,127	433,419	569,087	22,428,283
Disposals	-	-	-	(2,933,969)	-	-	-	(502,910)	(3,436,879)
Write-downs	-	-	-	-	(9,803,972)	-	-	-	(9,803,972)
Accumulated amortization, end 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
Net carrying amount, end of year	\$ 31,388,291	\$ 3,513,065	\$ 15,081,801	\$ 13,384,994	\$ 170,464,985	\$ 21,615,892	\$ 25,303,609	\$ 5,253,743	\$ 286,006,380

The net book value of tangible capital assets not being amortized because they are under construction is \$749,200 (2023 - \$952,790). \$977,503 (2023 - \$177,300) in contributed assets was recognized in the financial statements during the year.

Lacombe County
Notes to Consolidated Financial Statements

December 31, 2024

14. Equity in Tangible Capital Assets

	<u>2024</u>	<u>2023</u>
		Restated (see Note 32)
Tangible capital assets	\$ 797,567,264	\$ 800,146,729
Accumulated amortization	(514,026,329)	(514,140,349)
Asset retirement obligation	<u>(2,350,551)</u>	<u>(2,236,690)</u>
	<u>\$ 281,190,384</u>	<u>\$ 283,769,690</u>

15. Prepaid Expenses and Inventories of Supplies

	<u>2024</u>	<u>2023</u>
Crushed gravel	\$ 1,295,610	\$ 1,334,026
Undeveloped gravel pits	4,099,671	4,082,474
Materials and supplies	706,914	721,086
Prepaid expenses	<u>604,720</u>	<u>526,622</u>
	<u>\$ 6,706,915</u>	<u>\$ 6,664,208</u>

Lacombe County
Notes to Consolidated Financial Statements

December 31, 2024

16. Accumulated Surplus

	<u>2024</u>	<u>2023</u>
		Restated (see Note 32)
Equity in tangible capital assets (Note 14)	\$ 281,190,384	\$ 283,769,690
Equity in other non-financial assets	6,706,915	6,664,208
Unrestricted surplus	3,106,672	1,562,601
Restricted surplus (Reserves) - total on next page	<u>97,227,815</u>	<u>95,727,281</u>
	<u>\$ 388,231,786</u>	<u>\$ 387,723,780</u>
<u>Restricted surplus (Reserves)</u>		
Fleet and Equipment	22,028,857	21,114,132
Paved Road	19,938,525	22,081,654
Municipal Facilities	4,777,688	4,863,309
Airport Capital	106,570	74,570
Protective Services	2,928,216	3,261,621
Gravel	4,638,377	4,438,377
Land Development	444,201	444,201
Recreation Capital Assistance	3,610,197	3,951,586
Funds in Lieu of Reserve Land	1,383,224	1,310,214
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	167,031	139,014
Lake Access	852,209	874,418
Hamlet of Mirror Utility System	202,260	218,418
Community Resource	7,211,254	6,449,364
Water - Waste Water	15,295,358	14,159,624
New Pavement	5,203,596	2,714,711
Trails	1,073,611	1,007,411
Bridge	7,727,163	8,885,034
Gravel Reclamation	650,887	519,474
Sylvan Lake Utility	(265,768)	(184,528)

Lacombe County
Notes to Consolidated Financial Statements

December 31, 2024

16. Accumulated Surplus (continued)

	<u>2024</u>	<u>2023</u>
		Restated (see Note 32)
<u>Restricted surplus (Reserves) (continued)</u>		
Wildrose Utility	(616,693)	(411,338)
Aspelund Utility	79,395	71,698
Operational	5,814,700	5,063,280
Cemetery	507,750	382,040
Lakeview Estates Water	7,577	2,095
Gull Lake Stabilization	252,300	254,088
Palm Cove Utility Offsite Levy	(1,900,145)	(1,791,247)
Wildrose Utility Offsite Levy	(11,461,180)	(10,736,594)
	<u>97,227,815</u>	<u>95,727,281</u>

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 \$14,243,786 (2023-\$13,123,707).

Lacombe County
Notes to Consolidated Financial Statements

December 31, 2024

17. Change in Accumulated Surplus					2023
	Unrestricted surplus	Equity in other non-financial assets	Restricted surplus	Equity in tangible capital assets	Restated (see note 32)
Balance, beginning of year	\$ 1,562,601	\$ 6,664,208	\$ 95,727,281	\$ 283,769,690	\$ 383,049,392
Excess (deficiency) of revenue over expenses	508,006	-	-	-	4,674,388
Operating transfers to restricted surplus	(17,311,341)	-	17,311,341	-	-
Operating transfers from restricted surplus	2,099,515	-	(2,099,515)	-	-
Capital transfers from restricted surplus	13,711,292	-	(13,711,292)	-	-
Acquisition of capital	(22,684,477)	-	-	22,684,477	-
Contributed assets	(977,503)	-	-	977,503	-
Disposals and write-down of assets	3,203,372	-	-	(3,203,372)	-
Amortization	22,924,053	-	-	(22,924,053)	-
Accretion Expense	66,576	-	-	(66,576)	-
Change in ARO liability	47,285	-	-	(47,285)	-
Change in non-financial assets	(42,707)	42,707	-	-	-
Change in current year accumulated surplus	\$ 1,544,071	\$ 42,707	\$ 1,500,534	\$ (2,579,306)	\$ 4,674,388
Balance, end of year	\$ 3,106,672	\$ 6,706,915	\$ 97,227,815	\$ 281,190,384	\$ 387,723,780

Lacombe County
Notes to Consolidated Financial Statements

December 31, 2024

18. 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.

19. Liability for Contaminated Sites

Management reviewed the prior year analysis and 2024 activity in the County and determined that no sites met the criteria to be reported as a liability.

Lacombe County
Notes to Consolidated Financial Statements

December 31, 2024

20. 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:

	2024	2023
Tax Sale Surplus	\$ 45,798	\$ 43,608
Scholarships	36,916	36,916
Mirror Cemetery Perpetual Care Fund	18,395	17,915
Drainage Maintenance Funds	48,087	48,343
Shared Fire Equipment Funds	69,850	9,471
	<u>\$ 219,046</u>	<u>\$ 156,253</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.

21. Taxation - Net

	Budget 2024	2024	2023
Real property	\$ 16,857,440	\$ 16,542,590	\$ 15,756,718
Machinery and equipment	186,560	228,149	188,252
Linear property	8,141,050	8,278,338	7,664,918
Government grants in place of property taxes	150,620	124,884	153,074
Designated Industrial Property	25,882,850	25,943,503	24,863,600
	<u>51,218,520</u>	<u>51,117,464</u>	<u>48,626,562</u>
Requisitions			
ASFF/Opted-Out Schools	13,253,140	12,861,095	11,619,585
Lacombe Foundation	509,730	526,560	504,680
Designated Industrial Property	351,790	363,793	344,447
	<u>14,114,660</u>	<u>13,751,448</u>	<u>12,468,712</u>
Available for general municipal purposes	<u>\$ 37,103,860</u>	<u>\$ 37,366,016</u>	<u>\$ 36,157,850</u>

Lacombe County
Notes to Consolidated Financial Statements

December 31, 2024

22. Taxation - other

	Budget 2024	2024	2023
Community Aggregate Payment Levy	\$ 840,000	\$ 813,389	\$ 754,625

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.

23. Government Transfers

	Budget 2024	2024	2023
Operating			
General government - Provincial	\$ 298,980	\$ 301,934	\$ 298,984
Protective services - Other Government	56,410	91,072	87,881
Transportation services - Provincial	523,570	537,792	523,567
Environmental services - Provincial	183,000	60,000	60,000
Public health and welfare - Provincial	317,320	311,507	313,904
Planning and development - Provincial	35,000	28,991	33,574
Agriculture services - Provincial	166,250	166,247	166,247
	1,580,530	1,497,543	1,484,157
Capital			
Transportation services - Federal	-	-	3,000,000
Transportation services - Provincial	-	288,256	588,488
Transportation Services- Other	3,680	5,036	-
	3,680	293,292	3,588,488
Total government transfers	\$ 1,584,210	\$ 1,790,835	\$ 5,072,645

Lacombe County
Notes to Consolidated Financial Statements

December 31, 2024

24. Expenses by Object

	Budget 2024	2024	2023
			Restated (see Note 32)
Salaries and wages	\$ 13,668,460	\$ 12,892,432	\$ 12,167,687
Contracted and general services	4,812,440	4,200,064	3,942,220
Goods, materials and supplies	2,739,380	2,403,739	3,154,007
Transfers to other organizations	8,245,210	8,078,010	6,040,661
Purchases from other governments	514,600	472,585	528,117
Accretion expense	-	35,534	109,326
Cancellations and uncollectible	6,810	422,106	194,409
Amortization	22,924,052	22,924,052	22,428,282
Write-downs and losses on capital	-	2,375,066	694,320
	<u>\$ 52,910,952</u>	<u>\$ 53,803,588</u>	<u>\$ 49,259,029</u>

The budget figure for amortization has been adjusted from the budget approved by council November 24, 2023 (Note 28). Amortization is not funded by the County.

Lacombe County
Notes to Consolidated Financial Statements

December 31, 2024

25. 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 12.23% 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 11.23% for the excess.

Contributions for the year were:

	2024	2023
	<hr/>	<hr/>
Employer contributions	\$ 839,710	\$ 759,559
Employee contributions	745,548	678,299
	<hr/>	<hr/>
	\$ 1,585,258	\$ 1,437,858
	<hr/>	<hr/>

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, 2023 indicates a surplus of \$15.075 billion (2022 surplus - \$12.671 billion) 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, 2024

25. 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.

	2024	2023
	<hr/>	<hr/>
Employer contributions	\$ 26,714	\$ 25,900
Employee contributions	21,840	21,175
	<hr/>	<hr/>
	\$ 48,554	\$ 47,075
	<hr/>	<hr/>

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 2023 indicates a surplus of \$10.31 million (2022 - \$3.32 million deficit) 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.

	2024	2023
	<hr/>	<hr/>
Employer contributions	\$ 41,719	\$ 42,360
	<hr/>	<hr/>

The accrued benefit liability as at December 31, 2024 was \$220,695 (2023 - \$186,991). The benefit liability as at December 31, 2024 was over funded by \$15,926 (2023 - under funded \$10,552).

Lacombe County
Notes to Consolidated Financial Statements

December 31, 2024

26. 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 2024	Total 2023
Councillors:				
Division 1	\$ 67,542	\$ 11,830	\$ 79,372	\$ 72,381
Division 2	74,578	13,322	87,900	88,985
Division 3- Reeve	81,392	7,995	89,387	86,848
Division 4	63,537	11,325	74,862	72,560
Division 5	69,707	10,934	80,641	83,840
Division 6	58,233	11,381	69,614	69,864
Division 7	71,331	13,170	84,501	88,613
Administration:				
County Manager	296,129	73,825	369,954	382,349
Designated Officer	153,872	28,746	182,618	171,583
Designated Officer	136,585	27,561	164,146	153,417

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.

Lacombe County
Notes to Consolidated Financial Statements

December 31, 2024

27. 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:

	2024	2023
		Restated (see Note 32)
Total debt limit	\$ 76,589,151	\$ 72,005,189
Total debt	-	-
Total debt limit available	<u>76,589,151</u>	<u>72,005,189</u>
Debt servicing limit	12,764,859	12,000,865
Debt servicing	-	-
Total debt servicing limit available	<u>12,764,859</u>	<u>12,000,865</u>

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.

Lacombe County
Notes to Consolidated Financial Statements

December 31, 2024

28. Budget

The budget adopted by Council on November 24, 2023 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 29).

The County budgets for transfers to and from reserves for both operations and capital (Note 29).

The County budgets for the purchase and use of inventory (Note 29).

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 24, 2023 with adjustments as follows:

	Approved Budget	Amortization Allocation	Budget per Financial Statements	Actual per Financial Statements
Total Revenues	\$ 47,743,270	-	47,743,270	\$ 53,040,799
General government	6,558,670	276,087	6,834,757	6,409,396
Protective services	4,186,000	423,652	4,609,652	4,295,217
Transportation services	8,537,820	21,228,468	29,766,288	29,363,810
Environmental services	4,169,520	551,965	4,721,485	4,679,691
Cemetery	59,220	-	59,220	52,215
Social and family services	398,400	-	398,400	389,384
Recreation and cultural services	3,361,580	239,262	3,600,842	3,630,482
Planning and development	1,270,950	2,070	1,273,020	1,214,464
Agriculture services	1,444,740	202,548	1,647,288	1,393,864
Write-down of capital assets	-	-	-	1,527,451
Loss on sale of capital assets	-	-	-	847,614
Total Expenditures	29,986,900	22,924,052	52,910,952	53,803,588
Excess of revenues over expenditures	17,756,370	(22,924,052)	(5,167,682)	(762,789)

Lacombe County
Notes to Consolidated Financial Statements

December 31, 2024

29. Reconciliation of Operating Results to Budget

	Budget 2024	2024	2023
			Restated (see Note 32)
Excess (deficiency) of revenue over expenditures, per financial statements	\$ (5,167,682)	\$ 508,006	\$ 4,674,388
Add back:			
Amortization expense	22,924,052	22,924,052	22,428,282
Accretion Expense	-	66,576	109,326
Proceeds on disposal of capital assets	1,159,730	2,624,496	2,069,425
Loss on sale of capital assets	-	847,614	15,137
Write-downs of capital assets	-	1,527,451	679,183
Net transfers (to) from reserves	5,081,540	(1,500,534)	(11,965,721)
Change in ARO liability	-	47,285	-
Use (purchase) of inventory	(920,860)	(42,707)	188,425
Deduct:			
Tangible capital asset purchases	(23,076,780)	(22,684,477)	(15,379,820)
(Gain) loss on disposal of capital assets	-	(1,796,189)	(1,896,316)
Contributed assets	-	(977,503)	(177,300)
Results of operations	\$ -	\$ 1,544,070	\$ 745,009

The budget figure for amortization has been adjusted from the budget approved by Council November 24, 2023 (Note 28). Amortization is not funded by the County.

December 31, 2024

30. 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, 2024

30. 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 service	Planning and development	Agriculture services	2024 Total
Revenue										
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	1,425,636	1,073,064	2,915	-	94,100	39,909	13,216	2,996,091
Sales to other governments	299,889	632,266	310,827	438,147	-	-	4,458	-	37,037	1,722,624
Permits, licenses, fines and 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	1,376,106	-	-	-	-	-	24,654	1,796,189
Contributed assets	258,500	-	-	719,003	-	-	-	-	-	977,503
Other	1,277,985	-	121,965	-	-	-	10,517	-	8,500	1,418,967
	45,442,377	1,618,000	4,179,602	2,230,214	2,915	311,507	109,075	106,300	311,604	54,311,594
Expenses										
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	1,436,245	435,222	11,222	-	501,837	140,590	128,054	4,200,064
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	21,228,468	551,965	-	-	239,262	2,070	202,548	22,924,052
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
	6,409,395	4,308,882	31,091,697	5,313,203	52,216	389,384	3,630,483	1,214,464	1,393,864	53,803,588
Net surplus (deficit)	\$ 39,032,982	\$ (2,690,882)	\$ (26,912,095)	\$ (3,082,989)	\$ (49,301)	\$ (77,877)	\$ (3,521,408)	\$ (1,108,164)	\$ (1,082,260)	\$ 508,006

Lacombe County

Notes to Consolidated Financial Statements

December 31, 2024

30. Segmented Information (continued) - 2023 Restated (see Note 32)

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	2023 Restated (see Note 32) Total
Revenue										
Taxation	\$ 36,912,475	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 36,912,475
Government transfers	298,984	87,881	4,112,055	-	-	313,904	-	33,574	226,247	5,072,645
User fees and service charges	53,939	173,116	1,486,736	1,041,717	2,200	-	99,474	55,737	24,194	2,937,113
Sales to other governments	283,989	550,107	227,369	481,675	-	-	15,998	-	39,101	1,598,239
Permits, licenses, fines, rentals	542,780	179,426	108,573	-	-	-	-	47,200	2,025	880,004
Investment income	4,316,959	-	-	-	-	-	-	-	-	4,316,959
Gain on sale of assets	-	192,150	1,700,519	1,020	-	-	-	-	2,626	1,896,315
Contributed assets	33,300	-	11,600	-	-	-	132,400	-	-	177,300
Other	127,423	-	743	-	-	-	7,701	-	6,500	142,367
	42,569,849	1,182,680	7,647,595	1,524,412	2,200	313,904	255,573	136,511	300,693	53,933,417
Expenses										
Salaries and wages	3,487,834	1,595,077	4,582,432	735,793	-	16,877	-	977,818	771,856	12,167,687
Contracted and general services	1,322,555	409,483	1,072,440	407,503	30,157	-	459,219	97,226	143,637	3,942,220
Goods, materials and supplies	227,685	272,849	2,229,724	127,663	716	-	52,774	7,871	234,725	3,154,007
Transfers to other organizations	643,834	1,592,342	203	1,042,087	50,368	376,872	2,324,247	2,818	7,890	6,040,661
Cancellations and uncollectible	185,829	-	-	8,580	-	-	-	-	-	194,409
Purchases from other gov't	-	-	-	528,117	-	-	-	-	-	528,117
Amortization	278,621	399,480	20,810,613	524,775	-	-	228,116	2,070	184,607	22,428,282
Write-down of capital assets	-	-	-	-	-	-	-	-	-	-
Loss on sale of capital assets	-	15,137	679,183	-	-	-	-	-	-	694,320
Accretion	-	-	-	-	-	-	-	-	-	-
expense	840	-	85,569	14,964	-	-	7,953	-	-	109,326
	6,147,198	4,284,368	29,460,164	3,389,482	81,241	393,749	3,072,309	1,087,803	1,342,715	49,259,029
Net surplus (deficit)	\$ 36,422,651	\$ (3,101,688)	\$ (21,812,569)	\$ (1,865,070)	\$ (79,041)	\$ (79,845)	\$ (2,816,736)	\$ (951,292)	\$ (1,042,022)	\$ 4,674,388

Lacombe County
Notes to Consolidated Financial Statements

December 31, 2024

31. Comparative Figures

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

Lacombe County
Notes to Consolidated Financial Statements

December 31, 2024

32. Prior Period Adjustments

During the year, the County reviewed the methodology used for the calculation of Asset Retirement Obligations and verified that the discount calculation did not factor the full useful life of the asset. Review of PS 3100 - Restricted Assets and Revenues resulted in a restatement of prior year comparatives. As a result, the following adjustments have been made as of December 31, 2023:

	2023 Previously reported	Adjustment recognized	2023 Restated
Statement of Operations			
Revenue Detail:			
Development Levies	2,040	5,159	7,199
Revenue Total	50,162,470	5,159	50,167,629
Expense Detail:			
Accretion Expense	86,508	22,818	109,326
Amortization ARO	83,804	211,498	295,302
Expense Total	49,024,713	234,316	49,259,029
Surplus/ (Deficiency) of revenue over expenditures	4,903,545	(229,157)	4,674,388
Accumulated surplus , beginning of year	387,602,632	(4,553,240)	383,049,392
Accumulated surplus , end of year	392,506,177	(4,782,397)	387,723,780
Statement of Financial Position			
Financial Assets	106,975,616	-	106,975,616
Liabilities Details:			
Deferred Revenue	219,437	4,346,532	4,565,969
Asset Retirement Obligation	1,877,217	359,473	2,236,690
Liabilities Total	7,216,419	4,706,005	11,922,424
Net Financial Assets	99,759,197	(4,706,005)	95,053,192
Non Financial Assets Detail:			
TCA ARO Cost	1,204,589	490,805	1,695,394
TCA ARO Accum Amortization	(325,206)	(567,195)	(892,401)
Non-Financial Assets Total	292,746,980	(76,392)	292,670,588
Statement of Change in net Financial Assets			
Deficiency of revenue over expenditures	4,903,545	(229,157)	4,674,388
Amortization of tangible capital assets	22,216,784	211,499	22,428,283
Net change in financial assets	12,913,601	(312,196)	12,601,405
Net financial assets , beginning of year	86,845,596	(4,393,809)	82,451,787
Net financial assets , end of year	99,759,197	(4,706,005)	95,053,192

Lacombe County
Notes to Consolidated Financial Statements

December 31, 2024

33. Approval of Financial Statements

Council and Management approved these financial statements.
