

**LEDUC COUNTY**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**Year Ended December 31, 2014**



April 28, 2015


### MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS


The accompanying consolidated financial statements and other information contained in this financial report of Leduc County (the "County") are the responsibility of the County's management and have been approved by Council.

These consolidated financial statements have been prepared by management using the accounting principles disclosed in the notes to these statements. Financial statements are not precise since they include certain amounts based on estimates and judgments. Management has determined such amounts on a reasonable basis in order to ensure that the consolidated statements are presented fairly, in all material aspects.

To assist in its responsibility, management maintains accounting, budget and other controls to provide reasonable assurance that transactions are appropriately authorized, that assets are properly accounted for and safeguarded, and that financial records are reliable for preparation of the consolidated financial statements.

The consolidated financial statements have been audited by Hawkings Epp Dumont LLP, the external auditors, in accordance with Canadian generally accepted auditing standards on behalf of Council, residents and ratepayers of the County.

  
Brian Bowles, CLGM, BPE  
County Manager

  
Allan J. Krasowski  
Deputy County Manager

## INDEPENDENT AUDITORS' REPORT

To the Mayor and Council of Leduc County

We have audited the accompanying financial statements of Leduc County, which comprise the statement of financial position as at December 31, 2014, and the statements of operations, change in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### *Management's Responsibility 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.

### *Auditors' Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Opinion*

In our opinion, the financial statements present fairly, in all material respects, the financial position of Leduc County as at December 31, 2014, and the results of its operations, change in its net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.



Edmonton, Alberta  
April 28, 2015

Hawkings Epp Dumont LLP  
Chartered Accountants

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**LEDUC COUNTY**  
**Consolidated Statement of Financial Position**  
As at December 31, 2014

	<u>2014</u>	<u>2013</u>
<b>FINANCIAL ASSETS</b>		
Cash	\$ 58,248,474	\$ 42,419,879
Taxes and grants-in-lieu receivable (Note 3)	1,328,819	1,324,945
Accounts receivable (Note 4)	1,838,888	4,358,021
Local improvement taxes receivable (Note 5)	10,323,203	10,966,285
Debt charges recoverable (Note 6)	2,886,713	3,020,260
Other assets	96,046	103,377
	<u>74,722,143</u>	<u>62,192,767</u>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	10,164,662	8,859,624
Deposits	2,020,089	1,958,125
Deferred revenue (Note 7)	4,917,285	3,360,761
Long-term debt (Note 8)	22,792,467	22,660,776
	<u>39,894,503</u>	<u>36,839,286</u>
<b>NET FINANCIAL ASSETS</b>	<u>34,827,640</u>	<u>25,353,481</u>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (Schedule 1)	233,670,052	227,486,294
Consumable inventory	110,545	179,502
Prepaid expenses	65,419	269,538
	<u>233,846,016</u>	<u>227,935,334</u>
<b>ACCUMULATED SURPLUS (Note 16)</b>	<u>\$ 268,673,656</u>	<u>\$ 253,288,815</u>

See accompanying notes to financial statements

**LEDUC COUNTY**  
**Consolidated Statement of Operations**

Year ended December 31, 2014

	<u>2014</u> (Budget - Note 17)	<u>2014</u> (Actual)	<u>2013</u> (Actual)
<b>REVENUES</b>			
Taxation and grants-in-lieu			
Property, net municipal (Schedule 2)	42,287,108	\$ 42,394,193	\$ 39,700,259
Local improvements	1,115,597	472,515	499,737
Sales to other governments	411,633	448,189	144,811
Sales/user fees			
General administration	47,000	50,279	43,832
Fire	63,500	201,891	146,090
Public works	286,800	267,926	316,790
Transit	40,000	59,917	62,138
Water	1,710,675	1,912,542	1,675,169
Sewer	1,846,679	1,477,538	1,390,089
Waste	35,397	38,671	34,032
Family and community support services	9,350	30,158	16,372
Planning and development	153,000	279,615	145,161
Agriculture	19,000	11,484	22,535
Recreation and parks	631,685	610,893	658,276
Penalties and costs on taxes	237,620	350,072	325,398
Licenses and permits	1,366,350	2,103,566	1,457,384
Fines	462,500	555,384	581,590
Franchise fees	-	-	5,275
Returns on investments	420,545	644,070	567,716
Rentals	88,405	142,758	144,899
Insurance proceeds	9,300	10,575	8,465
Government transfers for operating (Schedule 4)	3,945,119	3,797,333	3,291,622
Developers' agreements and levies	-	9,522,105	5,904,630
Other revenue	150,544	406,169	647,987
Carried forward	<u>\$ 55,337,807</u>	<u>\$ 65,787,843</u>	<u>\$ 57,790,257</u>

See accompanying notes to financial statements

**LEDUC COUNTY**  
**Consolidated Statement of Operations**  
Year ended December 31, 2014

	2014 (Budget - Note 17)	2014 (Actual)	2013 (Actual)
Brought forward	\$ 55,337,807	\$ 65,787,843	\$ 57,790,257
<b>EXPENSES</b>			
Legislative	734,379	691,520	671,602
General administration	8,709,844	8,153,110	7,041,137
Enforcement	1,162,550	946,414	1,009,195
Fire	4,836,973	5,075,475	4,401,391
Disaster services	58,900	49,355	26,738
By-law enforcement	125,155	124,571	113,976
Public works	14,294,597	12,015,549	11,939,601
Transit	234,740	534,920	214,867
Drainage	40,482	23,362	19,761
Water	1,833,519	1,919,655	1,653,859
Sewer	1,913,247	1,894,551	1,898,410
Waste management	1,058,609	1,222,467	1,052,350
Other environmental use	2,000	2,000	2,000
Family and community support services	1,724,365	1,695,150	1,577,804
Planning and development	5,069,049	4,107,285	3,632,640
Agriculture	1,549,187	1,395,723	1,378,038
Recreation board	6,650	3,755	3,740
Recreation and parks	4,926,642	4,754,960	9,766,158
Library board	346,227	333,961	323,256
Other	2,633,613	2,492,183	2,257,499
Amortization (Schedule 1)	-	18,205,764	23,088,077
	<u>51,260,728</u>	<u>65,641,730</u>	<u>72,072,099</u>
ANNUAL SURPLUS (DEFICIT) BEFORE OTHER REVENUE (EXPENSES)	4,077,079	146,113	(14,281,842)
<b>OTHER REVENUE (EXPENSES)</b>			
Gain (loss) on disposal of tangible capital assets	-	279,410	(53,931)
Contributed assets	2,145,000	8,841,014	748,976
Government transfer for capital (Schedule 4)	8,983,654	6,118,304	9,355,522
	<u>11,128,654</u>	<u>15,238,728</u>	<u>10,050,567</u>
ANNUAL SURPLUS (DEFICIT)	15,205,733	15,384,841	(4,231,275)
ACCUMULATED SURPLUS, BEGINNING OF YEAR	<u>253,288,815</u>	<u>253,288,815</u>	<u>257,520,090</u>
ACCUMULATED SURPLUS, END OF YEAR (Note 16)	\$ 268,494,548	\$ 268,673,656	\$ 253,288,815

**LEDUC COUNTY**  
**Consolidated Statement of Changes in Net Financial Assets**

Year ended December 31, 2014

	2014 (Budget - Note 17)	2014 (Actual)	2013 (Actual)
ANNUAL SURPLUS (DEFICIT)	\$ 15,205,733	\$ 15,384,841	\$ (4,231,275)
Acquisition of tangible capital assets	(60,226,573)	(16,482,157)	(20,540,510)
Contributed tangible capital assets	(2,145,000)	(8,841,013)	(748,976)
Proceeds on disposal of tangible capital assets	439,066	1,213,058	301,098
Amortization of tangible capital assets	-	18,205,764	23,088,077
(Gain)/loss on disposal of tangible capital assets	-	(279,410)	53,931
	<u>(61,932,507)</u>	<u>(6,183,758)</u>	<u>2,153,620</u>
Change in inventories for consumption	-	68,957	(58,581)
Change in prepaid expenses	-	204,119	44,205
	<u>-</u>	<u>273,076</u>	<u>(14,376)</u>
INCREASE (DECREASE) IN NET FINANCIAL ASSETS	(46,726,774)	9,474,159	(2,092,031)
NET FINANCIAL ASSETS, BEGINNING OF YEAR	<u>25,353,481</u>	<u>25,353,481</u>	<u>27,445,512</u>
NET FINANCIAL ASSETS, END OF YEAR	<u>\$ (21,373,293)</u>	<u>\$ 34,827,640</u>	<u>\$ 25,353,481</u>

See accompanying notes to financial statements



**LEDUC COUNTY**  
**Consolidated Statement of Cash Flow**  
Year ended December 31, 2014

	<u>2014</u>	<u>2013</u>
<b>NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:</b>		
<b>OPERATING</b>		
Annual surplus (deficit)	\$ 15,384,841	\$ (4,231,275)
Changes in non-cash charges included in annual surplus (deficit):		
Amortization of tangible capital assets	18,205,764	23,088,077
Loss (gain) on disposal of tangible capital assets	(279,410)	53,931
Contributed tangible capital assets	(8,841,014)	(748,976)
	<u>24,470,181</u>	<u>18,161,757</u>
Changes in non-cash charges to operations:		
Taxes and grants in lieu receivable	(3,874)	(335,874)
Accounts receivable	2,519,134	3,641,445
Local improvement taxes receivable	643,082	615,860
Debt charges recoverable	133,547	127,866
Other assets	7,331	13,236
Prepaid expenses	204,119	44,205
Consumable inventory	68,957	(58,581)
Accounts payable and accrued liabilities	1,305,039	3,822,262
Deposits	61,964	(3,230,973)
Deferred revenue	1,556,524	(3,010,940)
	<u>30,966,004</u>	<u>19,790,263</u>
<b>CAPITAL</b>		
Acquisition of tangible capital assets	(16,482,157)	(20,540,510)
Proceeds on disposal of tangible capital assets	1,213,058	301,098
	<u>(15,269,099)</u>	<u>(20,239,412)</u>
<b>FINANCING</b>		
Acquisition of long-term debt	1,242,521	5,500,000
Repayment of long-term debt	(977,284)	(807,797)
Repayment of long-term operating debt recoverable	(133,547)	(127,866)
	<u>131,690</u>	<u>4,564,337</u>
<b>CASH PROVIDED BY FINANCING TRANSACTIONS</b>	<u>131,690</u>	<u>4,564,337</u>
<b>CHANGE IN CASH DURING THE YEAR</b>	<u>15,828,595</u>	<u>4,115,188</u>
<b>CASH BALANCE, BEGINNING OF YEAR</b>	<u>42,419,879</u>	<u>38,304,691</u>
<b>CASH BALANCE, END OF YEAR</b>	<u>\$ 58,248,474</u>	<u>\$ 42,419,879</u>

See accompanying notes to financial statements

# LEDUC COUNTY

## Notes to the Financial Statements

Year ended December 31, 2014

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### 1. DESCRIPTION OF BUSINESS

Leduc County (the “County”) is a local government authority providing municipal services. The County is empowered through bylaws and policies approved by County Council and pursuant to the provisions of the *Municipal Government Act*.

### 2. ACCOUNTING POLICIES

The financial statements have been prepared in accordance with Canadian public sector accounting standards. Significant aspects of these accounting policies are as follows:

#### a) Reporting Entity

The consolidated financial statements reflect the assets, liabilities, revenues and expenses of the County.

The schedule of taxes levied (Schedule 2) also includes operating requisitions for education and seniors foundation organizations that are not controlled by the County.

#### b) Basis of Accounting

The financial statements are prepared using the accrual basis of accounting. Revenues are recognized in the period in which the transactions or events occur and are measurable. Expenses are recognized in the period the goods and services are acquired and/or there is a legal obligation to pay.

#### c) Government Transfers

Government transfers are recognized in the financial statements as revenues in the period that the events giving rise to the transfer occurred provided the transfers are authorized and eligibility criteria have been met by the County and reasonable estimates of the amounts can be made.

#### d) Pension

The County participates in a multi-employer defined benefit pension plan. Contributions for current service pension benefits are recorded as expenses in the year in which they become due.

#### e) Inventory

Inventory of gravel is valued at the lower of cost or net realizable value, with cost determined by the first in, first out method.

#### f) Reserves

Reserves are established at the discretion of Council to set aside funds for future operating and capital expenditures for internal reporting purposes. These balances are included in accumulated surplus.

### 2. ACCOUNTING POLICIES (continued)

#### g) Requisition Over-levy and Under-levy

Over-levies and under-levies arise from the difference between the actual levy made to cover each requisition and the actual amount requisitioned.

**LEDUC COUNTY**  
**Notes to the Financial Statements**  
**Year ended December 31, 2014**

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If the actual levy exceeds the requisition, the over-levy is accrued as a liability and property tax revenue is reduced. Where the actual levy is less than the requisition amount, the under-levy is accrued as a receivable and as property tax revenue.

Requisition tax rates in the subsequent year are adjusted for any over-levies or under-levies of the prior year.

*h) Debt Charges Recoverable*

Debt charges recoverable consist of amounts that are recoverable from other local governments with respect to outstanding debentures incurred on their behalf for projects unrelated to the County. These recoveries are recorded at a value that equals the offsetting portion of the un-matured long-term debt.

*i) Non-Financial Assets*

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the normal course of operations. The change in non-financial assets during the year, together with the excess of revenues over expenses, provides the consolidated Change in Net Financial Assets for the year.

*i. Tangible Capital Assets*

Tangible capital assets are recorded at cost, which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. Government contributions for the acquisition of assets are reported as revenue and do not reduce the related physical asset costs. The cost, less residual value, of the tangible capital assets is amortized on a straight-line basis over the estimated useful life as follows:

	<b><u>YEARS</u></b>
Land Improvements	10 – 40
Buildings	10 – 50
Engineered Structures	
Roadway System	5 – 60
Water System	45 – 75
Wastewater System	45 – 75
Storm Water System	45 – 75
Other Engineered Structures	10 – 60
Machinery and Equipment	5 – 40
Vehicles	2 – 40

One-half of the annual amortization is charged in the year of acquisition and in the year of disposal. Assets under construction are not amortized until the asset is available for productive use.

**LEDUC COUNTY**  
**Notes to the Financial Statements**  
Year ended December 31, 2014

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**2. ACCOUNTING POLICIES (continued)**

ii. *Contributed Tangible Capital Assets*

Tangible capital assets received as contributions are recorded at fair market value at the date of receipt and also are recorded as revenue.

iii. *Cultural and Historical Tangible Capital Assets*

Cultural and historic tangible capital assets are not recorded as assets in these financial statements, but are disclosed. The County does not currently have any to disclose.

j) *Use of Estimates*

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the period. Where measurement uncertainty exists, the financial statements have been prepared within reasonable limits of materiality.

The County has used estimates to determine useful lives of tangible capital assets, historic costs of certain tangible capital assets, fair values of contributed tangible capital assets and provisions made for allowances for doubtful accounts.

Actual results could differ from those estimates.

k) *Tax Revenue*

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

Construction and borrowing costs associated with local improvement projects are recovered through annual special property tax assessments during the period of the related borrowing. These levies are collectible from property owners for work performed by the County and are recognized as revenue in the year they are levied.

**3. TAXES AND GRANTS-IN-LIEU RECEIVABLE**

	<u>2014</u>	<u>2013</u>
Current	\$ 880,794	\$ 936,967
Arrears	513,025	448,978
	<b>1,393,819</b>	1,385,945
Less allowance for doubtful accounts	(65,000)	(61,000)
	<b>\$ 1,328,819</b>	\$ 1,324,945

**LEDUC COUNTY**  
**Notes to the Financial Statements**  
Year ended December 31, 2014

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**4. ACCOUNTS RECEIVABLE**

	<u>2014</u>	<u>2013</u>
Federal government	\$ 297,048	\$ 571,432
Provincial government	169,177	2,695,418
Local government	313,985	96,441
Trade accounts	<b>1,128,678</b>	1,069,430
	<b>1,908,888</b>	4,432,721
Less allowance for doubtful accounts	<b>(70,000)</b>	(74,700)
	<b>\$ 1,838,888</b>	\$ 4,358,021

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**5. LOCAL IMPROVEMENT TAXES RECEIVABLE**

	<u>2014</u>	<u>2013</u>
Bylaw 19-06 (amended by Bylaw 28-06)	<b>10,209,643</b>	10,844,932
Bylaw 30-02 (amended by Bylaw 28-04)	<b>113,560</b>	121,353
	<b>10,323,203</b>	10,966,285

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The County passed Bylaw 19-06 (amended by Bylaw 28-06) authorizing Council to provide for a local improvement to install a wastewater line in the Nisku Industrial Park. The total cost of the local improvement was \$14,599,797 and is repayable in 40 bi-annual installments of \$551,174 including interest at a fixed rate of 4.37% per annum maturing December 2026.

The County passed Bylaw 30-02 (amended by Bylaw 28-04) authorizing Council to provide for a local improvement to install a wastewater line in the Hamlet of Looma. The total cost of the local improvement was \$172,500 and is repayable in 40 bi-annual installments of \$6,624.71 including interest at a fixed rate of 4.5690% per annum maturing December 2025.

**LEDUC COUNTY**  
**Notes to the Financial Statements**  
Year ended December 31, 2014

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**6. DEBT CHARGES RECOVERABLE (LEDUC FOUNDATION)**

	<u>2014</u>	<u>2013</u>
Current debt charges recoverable	\$ 139,481	\$ 133,547
Long-term debt charges recoverable	<b>2,747,232</b>	2,886,713
	<b>\$ 2,886,713</b>	\$ 3,020,260

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The County assumed a debenture on behalf of the Leduc Foundation. The County is not in a partnership with the Leduc Foundation on the capital project, but agreed to obtain the funding they required and is reimbursed 100% for both the principal and interest payments.

The debenture was borrowed in the amount of \$3,500,000 at an interest rate of 4.395% in 2009 and is repayable in bi-annual payments expiring December, 2029. Debenture principal and interest payments are due as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 139,481	\$ 125,355	\$ 264,836
2016	145,678	119,158	264,836
2017	152,151	112,685	264,836
2018	158,912	105,924	264,836
2019	165,973	98,863	264,836
Thereafter	2,124,518	523,843	2,648,361
	<b>\$ 2,886,713</b>	<b>\$ 1,085,828</b>	<b>\$ 3,972,541</b>

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These payments are not disclosed as revenues and expenses by Leduc County as this loan is 100% recoverable from Leduc Foundation.

**LEDUC COUNTY**  
**Notes to the Financial Statements**  
Year ended December 31, 2014

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**7. DEFERRED REVENUE**

Deferred revenue is comprised of the following amounts, which have been received from third parties for a specified purpose. Additions are comprised of both contributions and interest earned during the year. These amounts are recognized as revenue in the period in which the related costs are incurred.

	2013	Additions	Revenue Recognized	2014
FCSS	\$ 222,730	\$ 144,582	\$ (225,728)	\$ 141,584
BMTG	137,845	530,896	(490,575)	178,165
FGTF	81,859	1,021	(1,709)	81,171
FSEPP	53,090	47,597	(68,313)	32,374
LRBP	12,734	-	(12,734)	-
MSI Capital	2,581,732	8,441,045	(8,259,094)	2,763,683
MSI Operating	4,307	263,384	(246,392)	21,299
RCP	236,125	2,010,323	(591,391)	1,655,058
Other	30,339	51,105	(37,494)	43,950
	<b>\$ 3,360,761</b>	<b>\$ 11,489,954</b>	<b>\$ (9,933,430)</b>	<b>\$ 4,917,285</b>

FCSS Family Community Support Services  
BMTG Basic Municipal Transportation Grant  
FGTF Federal Gas Tax Fund  
FSEPP Fire Services Emergency Preparedness Program  
LRBP Local Road Bridge Program  
MSI Municipal Sustainability Initiative  
RCP Regional Collaboration Program

**LEDUC COUNTY**  
**Notes to the Financial Statements**  
Year ended December 31, 2014

**8. LONG-TERM DEBT**

	<u>2014</u>	<u>2013</u>
General tax levy supported	\$ 9,266,198	\$ 8,322,322
Special levy supported - Local Improvement (Note 5)	10,323,203	10,966,285
Utility rate supported	316,353	351,909
Other - Leduc Foundation borrowing/loan (Note 6)	2,886,713	3,020,260
	<u>22,792,467</u>	<u>22,660,776</u>

Debenture debt has been issued on the credit and security of the County at large. Debenture debt is repayable to the Alberta Capital Finance Authority and bears interest at rates ranging from 3.096 percent to 6.000 percent, before provincial subsidy, and matures in periods 2013 through 2039.

The County's cash payments for interest in 2014 were \$827,820 (2013 - \$649,701).

Debenture principal and interest payments are due as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	1,193,409	948,446	2,141,855
2016	1,245,664	896,191	2,141,855
2017	1,300,224	841,631	2,141,855
2018	1,357,194	784,661	2,141,855
2019	1,416,680	725,175	2,141,855
Thereafter	16,279,296	4,298,880	20,578,176
	<u>\$ 22,792,467</u>	<u>\$ 8,494,984</u>	<u>\$ 31,287,451</u>

**Long Term Debt Summary:**

	<u>2014</u>	<u>2013</u>
Long term debt for capital purposes	\$ 13,296,496	\$ 14,140,516
Long term debt for operating purposes (Note 16)	6,609,258	5,500,000
Recoverable long term debt (Note 6)	2,886,713	3,020,260
	<u>22,792,467</u>	<u>22,660,776</u>



**LEDUC COUNTY**  
**Notes to the Financial Statements**  
Year ended December 31, 2014

**9. RESERVES - OPERATING**

	2013	Additions	Applied	2014
General administration	\$ 1,434,394	\$ 82,266	\$ 108,901	\$ 1,407,759
Enforcement services department	41,550	5,000	11,585	34,965
Fire department	186,901	-	-	186,901
Disaster services department	5,400	-	-	5,400
Ambulance services	22,321	-	-	22,321
Public works department	2,902,142	780,429	102,439	3,580,132
Drainage department	261,556	-	17,892	243,664
Water department	450,330	259,637	-	709,967
Sewer department	-	2,732	-	2,732
Sewer department - NEPL	21,482	5,625	-	27,107
Sewer department - Nisku	97,622	140,817	-	238,439
Waste management department	60,000	-	6,309	53,691
Other environmental use	3,450	-	-	3,450
FCSS department	105,937	-	-	105,937
Planning and development	2,582,048	36,461	288,957	2,329,552
Agricultural services department	78,168	-	520	77,648
Recreation department	208,637	143,505	-	352,142
Parks department	37,204	-	-	37,204
Library board	29,016	-	-	29,016
Special transit	171,547	-	40,000	131,547
Public transit	240,000	-	161,210	78,790
New Sarepta franchise fees	25,351	-	7,650	17,701
Broadband/Communication	494,226	-	494,226	-
ROW Compensation	1,000,000	1,000,000	-	2,000,000
Inter-Municipal Stabilization	1,000,000	-	-	1,000,000
Mill rate stabilization	2,107,872	325,883	-	2,433,755
Contaminated Sites	-	1,000,000	-	1,000,000
	<b>\$ 13,567,154</b>	<b>\$ 3,782,355</b>	<b>\$ 1,239,689</b>	<b>\$ 16,109,820</b>

**10. RESERVES - CAPITAL**

	2013	Additions	Applied	2014
General administration	\$ 63,081	\$ -	\$ 12,500	\$ 50,581
Enforcement services department	22,764	-	22,500	264
Fire department	11,500	230,642	-	242,142
Public works department	6,438,582	7,229,612	2,315,349	11,352,845
Water department	5,436,575	2,795,860	973,519	7,258,916
Sewer department	322,920	3,467	170,675	155,712
Waste department	-	90,000	-	90,000
Agriculture services department	35,809	-	34,498	1,311
Recreation and parks department	2,285,791	62,460	98,705	2,249,546
Capital stabilization fund	2,022,059	907,376	-	2,929,435
	<b>\$ 16,639,080</b>	<b>\$ 11,319,417</b>	<b>\$ 3,627,746</b>	<b>\$ 24,330,751</b>

**LEDUC COUNTY**  
**Notes to the Financial Statements**  
Year ended December 31, 2014

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**11. DEBT LIMITS**

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

	<u>2014</u>	<u>2013</u>
Total debt limit	\$ 98,681,765	\$ 86,685,386
Total debt outstanding	(22,792,467)	(22,660,776)
<b>Amount of total debt limit available</b>	<b>\$ 75,889,298</b>	<b>\$ 64,024,610</b>
Total percentage of debt limit available	<b>76.90%</b>	73.86%
Service on debt limit	\$ 16,446,961	\$ 14,447,564
Actual service on debt amount	(2,141,855)	(2,070,098)
<b>Amount of service on debt limit available</b>	<b>\$ 14,305,106</b>	<b>\$ 12,377,466</b>
Total percentage of debt servicing available	<b>86.98%</b>	85.67%

The debt limit is calculated at 1.5 times revenue of the municipality (as defined in Alberta Regulation 255/2000) 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 a conservative guideline 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.

**12. FINANCIAL INSTRUMENTS**

Leduc County's financial instruments consist of cash, receivables, accounts payable, accrued liabilities and long-term debt. It is management's opinion that the County is not exposed to significant interest, currency or credit risk arising from these financial instruments. Unless otherwise noted, the fair value of these financial instruments approximates their carrying values.

**LEDUC COUNTY**  
**Notes to the Financial Statements**  
Year ended December 31, 2014

**13. SALARY AND BENEFITS DISCLOSURE**

Disclosure of salaries and benefits for Elected Municipal Officials and the County Manager as required by Provincial Regulations are as follows:

Electoral Division	Name	Fees	Subsistance	Benefits <sup>1</sup>	2014 Total
1	Rick Smith	41,948	20,980	9,736	72,664
	Deputy Mayor: Jan 1 - Jun 30	1,048	525	-	1,573
2	Clayton Stumph	41,948	20,980	9,696	72,624
	Deputy Mayor: Jul 1 - Dec 31	1,048	525	-	1,573
3	John Schonewille	41,948	20,980	9,577	72,505
4	John Whaley	41,948	20,980	10,508	73,436
	Mayor: Jan 1 - Dec 31	8,389	4,196	-	12,585
5	Tanni Doblanko	41,948	20,980	9,669	72,597
6	Glenn Belozer	41,948	20,980	9,712	72,640
7	Audrey Kelto	41,948	20,980	9,699	72,627
		\$ 304,121	\$ 152,106	\$ 68,597	\$ 524,824

Title	# of persons	Salary	Benefits <sup>1</sup>	2014 Total
County Manager	1	198,608	26,461	225,069
		\$ 198,608	\$ 26,461	\$ 225,069

<sup>1</sup> Employer's share of all employee benefits and contributions made on behalf of employees including retirement pension, Canada Pension Plan, Employment Insurance, dental coverage, group life insurance, accidental death and dismemberment insurance, long and short-term disability plans and extended health care, vision care & employee assistance program coverage.

**14. PENSION PLAN**

Employees of Leduc County participate in the Local Authorities Pension Plan (LAPP), 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 disclosed an actuarial deficit of \$4.86 billion at December 31, 2013.

Leduc County is required to make current service contributions to the Plan of 11.39 percent of pensionable payroll below the year's maximum pensionable earnings (YMPE) and 15.84 percent of pensionable payroll above the YMPE.

Total current service contributions by Leduc County to the Local Authorities Pension Plan in 2014 were \$1,432,765 (2013 - \$1,298,525). Total current service contributions by the employees of Leduc County to the Local Authorities Pension Plan in 2014 were \$1,320,606 (2013 - \$1,187,700).

**LEDUC COUNTY**  
**Notes to the Financial Statements**  
Year ended December 31, 2014

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**15. EQUITY IN TANGIBLE CAPITAL ASSETS**

	<u>2014</u>	<u>2013</u>
Tangible capital assets (Schedule 1)	\$ 1,021,978,265	\$ 1,001,329,091
Accumulated amortization (Schedule 1)	(788,308,213)	(773,842,797)
Long-term debt for capital purposes (Note 8)	(13,296,496)	(14,140,516)
Local improvements (Note 5)	10,323,203	10,966,285
	<u>\$ 230,696,759</u>	<u>\$ 224,312,063</u>

**16. ACCUMULATED SURPLUS**

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

	<u>2014</u>	<u>2013</u>
Unrestricted surplus	\$ 4,145,584	\$ 4,270,517
Unrestricted deficit - New Sarepta Agriplex (Note 8)	(6,609,258)	(5,500,000)
Operating reserves (Note 9)	16,109,820	13,567,154
Capital reserves (Note 10)	24,330,751	16,639,081
Equity in tangible capital assets (Note 15)	230,696,759	224,312,063
	<u>\$ 268,673,656</u>	<u>\$ 253,288,815</u>

**LEDUC COUNTY**  
**Notes to the Financial Statements**  
Year ended December 31, 2014

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**17. BUDGET FIGURES**

The 2014 budget figures which appear in these statements were approved by Council on May 16, 2014. Leduc County budgets on a cash, not an accrual basis. The below table reconciles the consolidated annual surplus to the County's operating surplus based on the methods used in preparing its annual budget.

	<u>2014</u> (Budget)	<u>2014</u> (Actual)	<u>2013</u> (Actual)
<b>Consolidated annual surplus (deficit)</b>	\$ 15,205,733	\$ <b>15,384,841</b>	\$ (4,231,275)
<i>Deduct:</i>			
Contributed Assets	(2,145,000)	<b>(8,841,014)</b>	(748,976)
Gain on disposal of tangible capital assets	-	<b>(279,410)</b>	-
Transfer to own municipal function - operating	(8,880,476)	<b>(11,231,124)</b>	(11,641,022)
Principal repayment of long-term debt	(992,618)	<b>(977,284)</b>	(807,797)
Transfer to capital reserves	(2,687,368)	<b>(11,551,221)</b>	(6,458,040)
Purchase of fixed assets	(60,226,573)	<b>(16,482,157)</b>	(20,540,510)
<i>Add Back:</i>			
Amortization	-	<b>18,205,764</b>	23,088,077
Local Improvement Receivable	-	<b>643,082</b>	615,860
Revenue provided by Accumulated Surplus	79,011	<b>132,023</b>	-
Loss on disposal of tangible capital assets	-	-	53,931
Draws from operating reserves	4,732,808	<b>1,233,806</b>	3,449,149
Internal transfers from capital fund	71,797	<b>231,804</b>	83,944
Transfer to own municipal function - capital	12,164,189	<b>11,082,400</b>	11,370,233
Long-term debt additions	42,575,032	<b>1,242,521</b>	5,500,000
Proceeds on tangible capital assets	429,766	<b>1,213,058</b>	301,098
	<b>\$ 326,301</b>	<b>\$ 7,089</b>	<b>\$ 34,673</b>

**LEDUC COUNTY**  
**Notes to the Financial Statements**  
**Year ended December 31, 2014**

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**18. CONTINGENCIES**

a) Legal Claims

As at December 31, 2014 the County was involved in various legal disputes. While it is not possible to estimate the outcome of these disputes, it is believed that there will be no adverse effect on the financial position of the County.

- i. Leduc County was served an Environmental Protection Order No. EP-2015/01-UAR on February 23, 2015. This order pertains to the Kavanagh nuisance ground/modified landfill, located within NE36-48-25-W4. The landfill was officially closed in 1973 and reclaimed in the year of 1976.

b) Commitments

On August 26, 2008 Leduc County and The City of Leduc entered into a Capital Contribution Agreement as per the inter-municipal Cost Sharing Agreement for Recreation, Library and Cultural Services.

The County provided \$3,500,000 in funding towards the construction of enhanced facility components at the Leduc Recreation Center. Additionally, the County provided \$1,000,000 in sponsorship funding towards the project and received sponsorship/naming benefits. The following payment for cost sharing and sponsorship funding outstanding are as follows:

<u>Date</u>	<u>Payment Amount</u>
<u>15-Dec-2016</u>	<u>\$ 500,000</u>

**LEDUC COUNTY**

**Schedule of Tangible Capital Assets**

Year ended December 31, 2014

	Land	Land Improvements	Buildings	Engineered Structures	Machinery and Equipment	Vehicles	Construction in Progress	2014	2013
<b>COST:</b>									
BALANCE, BEGINNING OF YEAR	65,647,606	4,703,958	15,092,213	885,843,520	16,917,704	10,600,425	2,523,665	<b>1,001,329,091</b>	\$ 981,317,643
Acquisition of tangible capital assets	7,431,111	44,452	85,572	11,608,098	1,220,807	1,583,462	3,349,669	<b>25,323,171</b>	21,289,486
Disposal of tangible capital assets	(17,087)	-	-	(2,813,130)	(1,564,216)	(279,564)	-	<b>(4,673,997)</b>	(1,278,038)
Transfers in/(out)	-	29,208	208,310	21,327	-	208,593	(467,438)	-	-
BALANCE, END OF YEAR	<u>73,061,630</u>	<u>4,777,618</u>	<u>15,386,095</u>	<u>894,659,815</u>	<u>16,574,295</u>	<u>12,112,916</u>	<u>5,405,896</u>	<b><u>1,021,978,265</u></b>	<u>1,001,329,091</u>
<b>ACCUMULATED AMORTIZATION:</b>									
BALANCE, BEGINNING OF YEAR	-	1,489,860	4,803,439	755,215,510	8,459,456	3,874,532	-	<b>773,842,797</b>	751,677,729
Annual amortization	-	193,875	401,041	15,899,960	1,052,320	658,568	-	<b>18,205,764</b>	23,088,077
Accumulated amortization on disposals	-	-	-	(2,813,130)	(706,843)	(220,375)	-	<b>(3,740,348)</b>	(923,009)
Transfers in/(out)	-	-	-	-	-	-	-	-	-
BALANCE, END OF YEAR	<u>-</u>	<u>1,683,735</u>	<u>5,204,480</u>	<u>768,302,340</u>	<u>8,804,933</u>	<u>4,312,725</u>	<u>-</u>	<b><u>788,308,213</u></b>	<u>773,842,797</u>
<b>NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS</b>	<b>\$ 73,061,630</b>	<b>\$ 3,093,883</b>	<b>\$ 10,181,615</b>	<b>\$ 126,357,475</b>	<b>\$ 7,769,362</b>	<b>\$ 7,800,191</b>	<b>\$ 5,405,896</b>	<b>\$ 233,670,052</b>	<b>\$ 227,486,294</b>
2013 NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	<u>\$ 65,647,606</u>	<u>\$ 3,214,098</u>	<u>\$ 10,288,774</u>	<u>\$ 130,628,010</u>	<u>\$ 8,458,248</u>	<u>\$ 6,725,893</u>	<u>\$ 2,523,665</u>	<b><u>\$ 227,486,294</u></b>	

**LEDUC COUNTY**  
**Schedule of Taxes Levied**  
Year ended December 31, 2014

Schedule 2

	<u>2014</u> (Budget - Note 17)	<u>2014</u> (Actual)	<u>2013</u> (Actual)
<b>SUMMARY OF PROPERTY TAXES</b>			
Land and improvements	\$ 50,209,867	\$ <b>50,316,907</b>	\$ 46,756,391
Electric, power and pipeline	10,953,486	<b>10,953,531</b>	11,085,783
Mobile home licence fees	-	-	-
Federal and provincial grants in lieu	17,545	<b>17,545</b>	17,964
Local improvements	1,115,597	<b>472,515</b>	499,737
	<b>62,296,495</b>	<b>61,760,498</b>	58,359,875
<b>REQUISITIONS</b>			
Alberta School Foundation Fund	17,481,740	<b>17,481,740</b>	16,802,107
Separate School	1,273,432	<b>1,273,432</b>	1,217,963
Leduc Senior Foundation	138,618	<b>138,618</b>	139,809
	<b>18,893,790</b>	<b>18,893,790</b>	18,159,879
<b>SPECIAL LEVIES AND LOCAL IMPROVEMENTS</b>			
Local improvements	1,115,597	<b>472,515</b>	499,737
<b>NET TAXES AVAILABLE FOR MUNICIPAL PURPOSES</b>			
	\$ 42,287,108	\$ <b>42,394,193</b>	\$ 39,700,259

See accompanying notes to financial statements



**LEDUC COUNTY**  
**Schedule of Expenses by Object**  
Year ended December 31, 2014

Schedule 3

	<u>2014</u> (Budget - Note 17)	<u>2014</u> (Actual)	<u>2013</u> (Actual)
Salaries, wages and benefits	\$ 19,004,267	\$ <b>18,829,262</b>	\$ 18,017,169
Contracted and general service	12,251,269	<b>9,625,571</b>	7,840,035
Purchases from other governments	3,183,712	<b>3,430,306</b>	3,245,242
Materials, goods, supplies and utilities	6,416,186	<b>6,090,602</b>	5,760,789
Provision for allowances	-	<b>(419)</b>	23,242
Transfers to other governments	3,817,999	<b>3,040,724</b>	8,310,893
Transfers to individuals and organizations	3,065,046	<b>3,055,872</b>	2,835,996
Bank charges and short-term interest	37,400	<b>38,765</b>	43,456
Interest on long-term debt	851,236	<b>827,820</b>	649,701
Amortization of tangible capital assets	-	<b>18,205,764</b>	23,088,077
Other expenditures	2,433,613	<b>2,497,463</b>	2,257,499
	<b>\$ 51,060,728</b>	<b>\$ 65,641,730</b>	<b>\$ 72,072,099</b>

See accompanying notes to financial statements

**LEDUC COUNTY**  
**Schedule of Government Transfers**  
Year ended December 31, 2014

Schedule 4

	2014 (Budget - Note 17)	<b>2014 (Actual)</b>	2013 (Actual)
<b>TRANSFERS FOR OPERATING</b>			
Provincial Government Unconditional	\$ 15,000	\$ <b>286,974</b>	\$ 36,676
Provincial Government Conditional	3,478,973	<b>3,230,342</b>	2,959,319
Federal Government Conditional	83,859	<b>1,709</b>	12,673
Other Local Governments	367,287	<b>278,308</b>	282,954
	3,945,119	<b>3,797,333</b>	3,291,622
<b>TRANSFER FOR CAPITAL</b>			
Provincial Government	8,556,815	<b>5,705,416</b>	8,183,381
Federal Government	3,145	<b>3,145</b>	1,172,141
Other Local Governments	423,694	<b>409,743</b>	-
	8,983,654	<b>6,118,304</b>	9,355,522
<b>TOTAL GOVERNMENT TRANSFERS</b>	<b>\$ 12,928,773</b>	<b>\$ 9,915,637</b>	<b>\$ 12,647,144</b>

See accompanying notes to financial statements

**LEDUC COUNTY**  
**Schedule of Reserve Activity**  
Year ended December 31, 2014

Schedule 5

	2014 (Budget - Note 17)	<b>2014</b> (Actual)	2013 (Actual)
<b>ADDITIONS TO RESERVES</b>			
Addition from operations (Note 9)	507,255	<b>\$ 3,782,355</b>	\$ 1,856,038
Addition from capital (Note 10)	2,615,571	<b>11,319,417</b>	6,374,096
	3,122,826	<b>15,101,772</b>	8,230,134
<b>DRAWN FROM RESERVES</b>			
Transfer to operations (Note 9)	(4,732,808)	<b>(1,239,689)</b>	(3,449,149)
Transfer to capital (Note 10)	(3,790,968)	<b>(3,627,746)</b>	(1,585,249)
	(8,523,776)	<b>(4,867,435)</b>	(5,034,398)
<b>CHANGE IN RESERVE BALANCE</b>	<b>(5,400,950)</b>	<b>10,234,337</b>	3,195,736
<b>RESERVE BALANCE AT BEGINNING OF YEAR</b>	<b>30,206,235</b>	<b>30,206,235</b>	27,010,499
<b>RESERVE BALANCE AT END OF YEAR</b>	<b>\$ 24,805,285</b>	<b>\$ 40,440,572</b>	\$ 30,206,235

See accompanying notes to financial statements

**LEDUC COUNTY**

**Schedule of Segmented Disclosure**

Year ended December 31, 2014

								<u>2014</u>	<u>2013</u>	
	General Government	Protective Services	Transportation Services	Family Community Support Services	Environmental Development	Recreation & Culture	Environmental Services	Other	Total \$	Total \$
<b>REVENUE</b>										
Net municipal taxes	\$ 42,866,708	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 42,866,708	\$ 40,199,996
Sales to other governments	266,802	96,704	23,810	-	56,773	-	4,100	-	448,189	144,811
User fees and sales of goods	50,279	201,891	327,842	30,158	291,099	610,893	3,428,751	-	4,940,913	4,510,484
Licenses and permits	249,045	101,220	-	-	1,753,301	-	-	-	2,103,566	1,457,384
Fines	-	553,884	-	-	-	1,500	-	-	555,384	581,590
Investment income	644,070	-	-	-	-	-	-	-	644,070	567,715
Rental revenue	46,969	45,282	-	-	2,193	19,376	28,938	-	142,758	144,899
Government transfers	566,210	330,045	536,364	1,531,511	366,327	220,400	246,476	-	3,797,333	3,291,622
Developers' agreements and levies	-	-	6,964,966	-	-	-	2,557,139	-	9,522,105	5,904,630
Contributed assets	-	18,800	3,185,733	-	-	765,440	4,871,041	-	8,841,014	748,976
Government transfers capital	-	293,362	5,717,059	-	-	3,145	104,738	-	6,118,304	9,355,522
Other revenue	356,223	60,693	299,932	-	248	20,334	29,387	-	766,817	987,125
	<u>45,046,306</u>	<u>1,701,881</u>	<u>17,055,706</u>	<u>1,561,669</u>	<u>2,469,941</u>	<u>1,641,088</u>	<u>11,270,570</u>	<u>-</u>	<u>80,747,161</u>	<u>67,894,754</u>
<b>EXPENSES</b>										
Salaries, wages and benefits	4,927,989	2,028,614	4,689,934	1,322,777	3,817,309	1,174,841	867,798	-	18,829,262	18,017,169
Contracted and general service	2,803,328	746,828	3,191,383	285,010	1,070,791	361,823	1,166,408	-	9,625,571	7,840,035
Purchases from other governments	68,476	331,293	534,628	-	311,795	-	2,184,114	-	3,430,306	3,245,242
Materials, goods, supplies and utilities	443,358	649,075	4,157,720	53,969	268,279	312,866	205,335	-	6,090,602	5,760,789
Provision for allowances	(30)	-	-	-	-	-	(389)	-	-419	23,242
Transfers to other governments	-	-	-	21,920	-	3,018,804	-	-	3,040,724	8,310,893
Transfers to individuals and organizations	598,494	2,440,005	-	11,474	3,899	-	2,000	-	3,055,872	2,835,996
Bank charges and short-term interest	3,015	-	166	-	25,655	9,929	-	-	38,765	43,456
Interest on long-term debt	-	-	-	-	-	214,413	613,407	-	827,820	649,701
Other expenditures	-	-	-	-	5,280	-	-	2,492,183	2,497,463	2,257,499
	<u>8,844,630</u>	<u>6,195,815</u>	<u>12,573,831</u>	<u>1,695,150</u>	<u>5,503,008</u>	<u>5,092,676</u>	<u>5,038,673</u>	<u>2,492,183</u>	<u>47,435,966</u>	<u>48,984,022</u>
NET REVENUE/(DEFICIT), BEFORE AMORTIZATION & GAINS/(LOSSES)	<u>36,201,676</u>	<u>(4,493,934)</u>	<u>4,481,875</u>	<u>(133,481)</u>	<u>(3,033,067)</u>	<u>(3,451,588)</u>	<u>6,231,897</u>	<u>(2,492,183)</u>	<u>33,311,195</u>	<u>18,910,732</u>
Gain/(loss) on sale of fixed assets	-	3,466	196,460	-	76,906	2,578	-	-	279,410	(53,930)
Amortization expense	(195,339)	(537,660)	(16,352,333)	-	(90,724)	(230,112)	(799,596)	-	(18,205,764)	(23,088,077)
<b>NET REVENUE/(DEFICIT)</b>	<b>\$ 36,006,337</b>	<b>\$ (5,028,128)</b>	<b>\$ (11,673,998)</b>	<b>\$ (133,481)</b>	<b>\$ (3,046,885)</b>	<b>\$ (3,679,122)</b>	<b>\$ 5,432,301</b>	<b>\$ (2,492,183)</b>	<b>\$ 15,384,841</b>	<b>\$ (4,231,275)</b>