

LEDUC COUNTY
CONSOLIDATED FINANCIAL STATEMENTS
Year Ended December 31, 2015

April 26, 2016

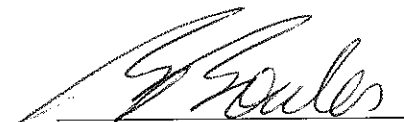
MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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, 2015, 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, 2015, 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 26, 2016

Hawkings Epp Dumont LLP
Chartered Accountants



TABLE OF CONTENTS

	<u>PAGE</u>
Consolidated Statement of Financial Position	1
Consolidated Statement of Operations	2-3
Consolidated Statement of Changes in Net Financial Assets	4
Consolidated Statement of Cash Flow	5
Notes to the Financial Statements	6-18
Schedule 1 - Schedule of Tangible Capital Assets	19
Schedule 2 - Schedule of Taxes Levied	20
Schedule 3 - Schedule of Expenses by Object	21
Schedule 4 - Schedule of Government Transfers	22
Schedule 5 - Schedule of Reserve Activity	23
Schedule 6 – Schedule of Segmented Disclosure	24

LEDUC COUNTY
Consolidated Statement of Financial Position
As at December 31, 2015

	<u>2015</u>	<u>2014</u>
FINANCIAL ASSETS		
Cash	\$ 54,063,736	\$ 58,248,474
Taxes and grants-in-lieu receivable (Note 3)	1,470,009	1,328,819
Accounts receivable (Note 4)	10,892,043	1,838,888
Local improvement taxes receivable (Note 5)	9,651,696	10,323,203
Debt charges recoverable (Note 6)	2,747,232	2,886,713
Other assets	95,489	96,046
	<u>78,920,205</u>	<u>74,722,143</u>
LIABILITIES		
Accounts payable and accrued liabilities	11,459,844	10,164,662
Deposits	1,324,583	2,020,089
Deferred revenue (Note 7)	4,979,998	4,917,285
Long-term debt (Note 8)	40,799,058	22,792,467
	<u>58,563,483</u>	<u>39,894,503</u>
NET FINANCIAL ASSETS	<u>20,356,722</u>	<u>34,827,640</u>
NON-FINANCIAL ASSETS		
Tangible capital assets (Schedule 1)	279,201,954	233,670,052
Consumable inventory	99,970	110,545
Prepaid expenses	452,704	65,419
	<u>279,754,628</u>	<u>233,846,016</u>
ACCUMULATED SURPLUS (Note 16)	<u>\$ 300,111,350</u>	<u>\$ 268,673,656</u>

See accompanying notes to financial statements

LEDUC COUNTY
Consolidated Statement of Operations

Year ended December 31, 2015

	<u>2015</u> (Budget - Note 17)		<u>2015</u> (Actual)		<u>2014</u> (Actual)
REVENUES					
Taxation and grants-in-lieu					
Property, net municipal (Schedule 2)	44,616,613	\$	44,654,683	\$	42,394,193
Local improvements	444,089		444,089		472,515
Sales to other governments	354,741		310,583		448,189
Sales/user fees					
General administration	46,700		41,109		50,279
Fire	71,500		279,255		201,891
Public works	273,700		555,828		267,926
Transit	40,000		18,969		59,917
Water	2,032,667		2,192,409		1,912,542
Sewer	1,658,637		1,762,304		1,477,538
Waste	76,952		75,465		38,671
Family and community support services	9,350		27,497		30,158
Planning and development	178,500		213,311		279,615
Agriculture	18,000		15,995		11,484
Recreation and parks	653,335		615,875		610,893
Penalties and costs on taxes	322,800		341,853		350,072
Licenses and permits	1,454,300		1,271,300		2,103,566
Fines	522,700		563,342		555,384
Franchise fees	-		-		-
Returns on investments	442,545		553,573		644,070
Rentals	145,883		151,716		142,758
Insurance proceeds	-		60,358		10,575
Government transfers for operating (Schedule 4)	4,156,324		3,425,174		3,797,333
Developers' agreements and levies	-		5,701,028		9,522,105
Other revenue	196,466		461,494		406,169
Carried forward	<u>\$ 57,715,802</u>	<u>\$</u>	<u>63,737,210</u>	<u>\$</u>	<u>65,787,843</u>

LEDUC COUNTY
Consolidated Statement of Operations
Year ended December 31, 2015

	2015 <u>(Budget - Note 17)</u>	2015 <u>(Actual)</u>	2014 <u>(Actual)</u>
Brought forward	\$ 57,715,802	\$ 63,737,210	\$ 65,787,843
EXPENSES			
Legislative	745,069	705,711	691,520
General administration	9,363,960	8,512,160	8,153,110
Enforcement	1,230,621	1,136,874	946,414
Fire	5,738,253	5,603,726	5,075,475
Disaster services	71,150	33,036	49,355
By-law enforcement	130,947	127,779	124,571
Public works	17,637,263	12,144,610	12,015,549
Transit	451,397	339,474	534,920
Drainage	118,010	8,331	23,362
Water	2,139,639	2,243,189	1,919,655
Sewer	2,052,331	2,150,229	1,894,551
Waste management	1,243,417	1,508,196	1,222,467
Other environmental use	2,000	9,765	2,000
Family and community support services	2,066,515	1,994,098	1,695,150
Planning and development	4,822,753	4,433,288	4,107,285
Agriculture	1,593,298	1,542,972	1,395,723
Recreation board	6,650	2,465	3,755
Recreation and parks	4,092,616	3,942,337	4,754,960
Library board	366,097	344,130	333,961
Other	2,689,000	2,508,557	2,492,183
Amortization (Schedule 1)	-	13,046,262	18,205,764
	<u>56,560,986</u>	<u>62,337,189</u>	<u>65,641,730</u>
ANNUAL SURPLUS BEFORE OTHER REVENUE (EXPENSES)	1,154,816	1,400,021	146,113
OTHER REVENUE (EXPENSES)			
Gain (loss) on disposal of tangible capital assets	-	586,902	279,410
Contributed assets	-	12,289,885	8,841,014
Government transfer for capital (Schedule 4)	17,430,919	17,160,886	6,118,304
	<u>17,430,919</u>	<u>30,037,673</u>	<u>15,238,728</u>
ANNUAL SURPLUS	18,585,735	31,437,694	15,384,841
ACCUMULATED SURPLUS, BEGINNING OF YEAR	<u>268,673,656</u>	<u>268,673,656</u>	<u>253,288,815</u>
ACCUMULATED SURPLUS, END OF YEAR (Note 16)	\$ 287,259,391	\$ 300,111,350	\$ 268,673,656

LEDUC COUNTY
Consolidated Statement of Changes in Net Financial Assets

Year ended December 31, 2015

	<u>2015</u> (Budget - Note 17)	<u>2015</u> (Actual)	<u>2014</u> (Actual)
ANNUAL SURPLUS	\$ 18,585,735	\$ 31,437,694	\$ 15,384,841
Acquisition of tangible capital assets	(67,713,574)	(46,428,771)	(16,482,157)
Contributed tangible capital assets	-	(12,289,885)	(8,841,013)
Proceeds on disposal of tangible capital assets	534,727	727,395	1,213,058
Amortization of tangible capital assets	-	13,046,262	18,205,764
(Gain)/loss on disposal of tangible capital assets	-	(586,902)	(279,410)
	<u>(67,178,847)</u>	<u>(45,531,901)</u>	<u>(6,183,758)</u>
Change in inventories for consumption	-	10,575	68,957
Change in prepaid expenses	-	(387,286)	204,119
	<u>-</u>	<u>(376,711)</u>	<u>273,076</u>
INCREASE (DECREASE) IN NET FINANCIAL ASSETS	(48,593,112)	(14,470,918)	9,474,159
NET FINANCIAL ASSETS, BEGINNING OF YEAR	<u>34,827,640</u>	<u>34,827,640</u>	<u>25,353,481</u>
NET FINANCIAL ASSETS, END OF YEAR	<u>\$ (13,765,472)</u>	<u>\$ 20,356,722</u>	<u>\$ 34,827,640</u>

See accompanying notes to financial statements

LEDUC COUNTY
Consolidated Statement of Cash Flow
Year ended December 31, 2015

	<u>2015</u>	<u>2014</u>
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:		
OPERATING		
Annual surplus	\$ 31,437,694	\$ 15,384,841
Changes in non-cash charges included in annual surplus:		
Amortization of tangible capital assets	13,046,262	18,205,764
Loss (gain) on disposal of tangible capital assets	(586,902)	(279,410)
Contributed tangible capital assets	(12,289,885)	(8,841,014)
	<u>31,607,169</u>	<u>24,470,181</u>
Changes in non-cash charges to operations:		
Taxes and grants in lieu receivable	(141,190)	(3,874)
Accounts receivable	(9,053,155)	2,519,134
Local improvement taxes receivable	671,507	643,082
Debt charges recoverable	139,481	133,547
Other assets	557	7,331
Prepaid expenses	(387,286)	204,119
Consumable inventory	10,575	68,957
Accounts payable and accrued liabilities	1,295,183	1,305,039
Deposits	(695,506)	61,964
Deferred revenue	62,713	1,556,524
	<u>23,510,048</u>	<u>30,966,004</u>
CASH PROVIDED BY OPERATING TRANSACTIONS		
CAPITAL		
Acquisition of tangible capital assets	(46,428,771)	(16,482,157)
Proceeds on disposal of tangible capital assets	727,395	1,213,058
	<u>(45,701,376)</u>	<u>(15,269,099)</u>
CASH APPLIED TO CAPITAL TRANSACTIONS		
FINANCING		
Acquisition of long-term debt	19,200,000	1,242,521
Repayment of long-term debt	(1,053,929)	(977,284)
Repayment of long-term operating debt recoverable	(139,481)	(133,547)
	<u>18,006,590</u>	<u>131,690</u>
CASH PROVIDED BY FINANCING TRANSACTIONS		
CHANGE IN CASH DURING THE YEAR	(4,184,738)	15,828,595
CASH BALANCE, BEGINNING OF YEAR	58,248,474	42,419,879
CASH BALANCE, END OF YEAR	\$ 54,063,736	\$ 58,248,474

See accompanying notes to financial statements

LEDUC COUNTY

Notes to the Financial Statements

Year ended December 31, 2015

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) *Cash*

Cash includes general, public reserves trust and cash on hand amounts that are readily converted into known amounts of cash and are subject to an insignificant change in value.

d) *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.

e) *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.

f) *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.

g) *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.

LEDUC COUNTY
Notes to the Financial Statements
Year ended December 31, 2015

2. ACCOUNTING POLICIES (continued)

h) 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.

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.

i) 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.

j) Non-Financial Assets

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

	YEARS
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, 2015

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.

k) *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, liability for contaminated sites, fair values of contributed tangible capital assets and provisions made for allowances for doubtful accounts.

Actual results could differ from those estimates.

l) *Contaminated Sites*

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 a site is not in productive use and is management's estimate of the cost of post-remediation including operation, maintenance and monitoring.

m) *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.

LEDUC COUNTY
Notes to the Financial Statements
Year ended December 31, 2015

3. TAXES AND GRANTS-IN-LIEU RECEIVABLE

	<u>2015</u>	<u>2014</u>
Current	\$ 1,050,651	\$ 880,794
Arrears	484,358	513,025
	<u>1,535,009</u>	<u>1,393,819</u>
Less allowance for doubtful accounts	(65,000)	(65,000)
	<u>\$ 1,470,009</u>	<u>\$ 1,328,819</u>

4. ACCOUNTS RECEIVABLE

	<u>2015</u>	<u>2014</u>
Federal government	\$ 8,070,399	\$ 297,048
Provincial government	867,611	169,177
Local government	521,829	313,985
Trade accounts	1,499,737	1,128,678
	<u>10,959,576</u>	<u>1,908,888</u>
Less allowance for doubtful accounts	(67,533)	(70,000)
	<u>\$ 10,892,043</u>	<u>\$ 1,838,888</u>

5. LOCAL IMPROVEMENT TAXES RECEIVABLE

	<u>2015</u>	<u>2014</u>
Bylaw 19-06 (amended by Bylaw 28-06)	9,546,289	10,209,643
Bylaw 30-02 (amended by Bylaw 28-04)	105,407	113,560
	<u>9,651,696</u>	<u>10,323,203</u>

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, 2015

6. DEBT CHARGES RECOVERABLE (LEDUC FOUNDATION)

	<u>2015</u>	<u>2014</u>
Current debt charges recoverable	\$ 145,678	\$ 139,481
Long-term debt charges recoverable	2,601,554	2,747,232
	\$ 2,747,232	\$ 2,886,713

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>
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
2020	173,348	91,488	264,836
Thereafter	1,951,170	432,354	2,383,524
	\$ 2,747,232	\$ 960,472	\$ 3,707,704

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, 2015

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.

	2014	Additions	Revenue Recognized	2015
FCSS	\$ 136,195	\$ 74,215	\$ (136,880)	\$ 73,530
BCF	-	7,299,232	(7,205,059)	94,173
BMTG	137,572	1,440	-	139,012
FGTF	81,171	1,486,452	(982,487)	585,136
FSEPP	32,374	6,292	(32,374)	6,292
MSI Capital	2,804,277	6,274,336	(6,387,627)	2,690,986
MSI Operating	21,299	257,921	(264,361)	14,859
RCP	1,655,058	58,935	(1,577,589)	136,404
Other	49,340	1,338,073	(147,805)	1,239,608
	\$ 4,917,285	\$ 16,796,897	\$ (16,734,183)	\$ 4,979,998

FCSS Family Community Support Services
BCF Building Canada Fund
BMTG Basic Municipal Transportation Grant
FGTF Federal Gas Tax Fund
FSEPP Fire Services Emergency Preparedness Program
MSI Municipal Sustainability Initiative
RCP Regional Collaboration Program

LEDUC COUNTY
Notes to the Financial Statements
Year ended December 31, 2015

8. LONG-TERM DEBT

	<u>2015</u>	<u>2014</u>
General tax levy supported	\$ 8,921,465	\$ 9,266,198
Special levy supported - Local Improvement (Note 5)	9,651,696	10,323,203
Utility rate supported	278,665	316,353
Offsite levy reserve supported	19,200,000	-
Other - Leduc Foundation borrowing/loan (Note 6)	2,747,232	2,886,713
	40,799,058	22,792,467

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 2.831 percent to 6.000 percent, before provincial subsidy, and matures in periods 2021 through 2039.

The County's cash payments for interest in 2015 were \$948,446 (2014 - \$827,820).

Debenture principal and interest payments are due as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	1,971,098	1,434,645	3,405,743
2017	2,046,341	1,359,402	3,405,743
2018	2,124,583	1,281,160	3,405,743
2019	2,205,947	1,199,796	3,405,743
2020	2,290,564	1,115,180	3,405,744
Thereafter	30,160,525	7,234,116	37,394,641
	\$ 40,799,058	\$ 13,624,299	\$ 54,423,357

Long Term Debt Summary:

	<u>2015</u>	<u>2014</u>
Long term debt for capital purposes	\$ 31,614,619	\$ 13,296,496
Long term debt for operating purposes (Note 16)	6,437,207	6,609,258
Recoverable long term debt (Note 6)	2,747,232	2,886,713
	40,799,058	22,792,467

LEDUC COUNTY
Notes to the Financial Statements
Year ended December 31, 2015

9. RESERVES - OPERATING

	2014	Additions	Applied	2015
General administration	\$ 1,407,759	\$ 492,689	\$ 337,514	\$ 1,562,934
Enforcement services department	34,965	-	-	34,965
Fire department	186,901	-	16,391	170,510
Disaster services department	5,400	2,053	-	7,453
Ambulance services	22,321	-	-	22,321
Public works department	3,580,132	346,702	609,208	3,317,626
Drainage department	243,664	-	1,500	242,164
Water department	709,967	85,615	27,916	767,666
Sewer department	268,278	98,374	348	366,304
Waste management department	53,691	-	-	53,691
Other environmental use	3,450	-	-	3,450
FCSS department	105,937	-	-	105,937
Planning and development	2,329,552	284,686	314,694	2,299,544
Agricultural services department	77,648	-	20,864	56,784
Recreation department	352,142	100,848	-	452,990
Parks department	37,204	-	-	37,204
Library board	29,016	-	-	29,016
Special transit	131,547	-	40,000	91,547
Public transit	78,790	-	52,503	26,287
New Sarepta franchise fees	17,701	-	-	17,701
ROW Compensation	2,000,000	-	2,000,000	-
Inter-Municipal Stabilization	1,000,000	-	25,437	974,563
Mill rate stabilization	2,433,755	-	-	2,433,755
Contaminated Sites	1,000,000	1,256,000	750,000	1,506,000
Economic Development	-	370,000	-	370,000
	\$ 16,109,820	\$ 3,036,967	\$ 4,196,375	\$ 14,950,412

10. RESERVES - CAPITAL

	2014	Additions	Applied	2015
General administration	\$ 50,581	\$ 26,000	\$ -	\$ 76,581
Enforcement services department	264	-	-	264
Fire department	242,142	-	180,000	62,142
Disaster department	-	45,000	-	45,000
Public works department	11,352,845	4,040,540	675,148	14,718,237
Water department	7,258,916	1,259,889	201,783	8,317,022
Sewer department	155,712	-	2,434	153,278
Waste department	90,000	-	30,369	59,631
Agriculture services department	1,311	1,700	-	3,011
Recreation and parks department	2,249,546	1,812,797	98,147	3,964,196
Capital stabilization fund	2,929,435	15,490	250,000	2,694,925
	\$ 24,330,751	\$ 7,201,416	\$ 1,437,881	\$ 30,094,286

LEDUC COUNTY
Notes to the Financial Statements
Year ended December 31, 2015

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>2015</u>	<u>2014</u>
Total debt limit	\$ 95,605,815	\$ 98,681,765
Total debt outstanding	(40,799,058)	(22,792,467)
Amount of total debt limit available	\$ 54,806,757	\$ 75,889,298
Total percentage of debt limit available	57.33%	76.90%
Service on debt limit	\$ 15,934,303	\$ 16,446,961
Actual service on debt amount	(3,405,743)	(2,141,855)
Amount of service on debt limit available	\$ 12,528,560	\$ 14,305,106
Total percentage of debt servicing available	78.63%	86.98%

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, deposits and long-term debt. It is management's opinion that the County is not exposed to significant interest rate, liquidity, currency, credit, market or other price 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, 2015

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	Subsistence	Benefits ¹	2015 Total	2014 Total
1	Rick Smith	42,996	21,504	9,782	74,282	72,664
	Deputy Mayor: Jan 1 - June 30	-	-	-	-	1,573
2	Clayton Stumph	42,996	21,504	9,776	74,276	72,624
	Deputy Mayor: Jan 1 - Feb 28	358	179	-	537	1,573
3	John Schonewille	42,996	21,504	9,884	74,384	72,505
	Deputy Mayor: Mar 1 - Oct 31	1,433	717	-	2,150	-
4	John Whaley	42,996	21,504	10,795	75,295	73,436
	Mayor: Jan 1 - Dec 31	8,599	4,300	-	12,899	12,585
5	Tammi Doblanko	42,996	21,504	9,833	74,333	72,597
	Deputy Mayor: Nov 1 - Dec 31	358	179	-	537	-
6	Glenn Belozar	42,996	21,504	9,862	74,362	72,640
7	Audrey Kelto	42,996	21,504	9,846	74,346	72,627
		\$ 311,720	\$ 155,903	\$ 69,778	\$ 537,401	\$ 524,824

Title	# of persons	Salary	Benefits ¹	2015 Total	2014 Total
County Manager	1	286,056	11,884	297,940	225,069
		\$ 286,056	\$ 11,884	\$ 297,940	\$ 225,069

¹ 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 \$2.45 billion at December 31, 2014.

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 2015 were \$1,727,568 (2014 - \$1,447,755). Total current service contributions by the employees of Leduc County to the Local Authorities Pension Plan in 2015 were \$1,617,645 (2014 - \$1,367,060).

LEDUC COUNTY
Notes to the Financial Statements
Year ended December 31, 2015

15. EQUITY IN TANGIBLE CAPITAL ASSETS

	<u>2015</u>	<u>2014</u>
Tangible capital assets (Schedule 1)	\$ 1,079,452,426	\$ 1,021,978,265
Accumulated amortization (Schedule 1)	(800,250,472)	(788,308,213)
Long-term debt for capital purposes (Note 8)	(31,614,619)	(13,296,496)
Local improvements (Note 5)	9,651,696	10,323,203
	<u>\$ 257,239,031</u>	<u>\$ 230,696,759</u>

16. ACCUMULATED SURPLUS

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

	<u>2015</u>	<u>2014</u>
Unrestricted surplus	\$ 4,264,828	\$ 4,145,584
Unrestricted deficit - New Sarepta Agriplex (Note 8)	(6,437,207)	(6,609,258)
Operating reserves (Note 9)	14,950,412	16,109,820
Capital reserves (Note 10)	30,094,286	24,330,751
Equity in tangible capital assets (Note 15)	257,239,031	230,696,759
	<u>\$ 300,111,350</u>	<u>\$ 268,673,656</u>

LEDUC COUNTY
Notes to the Financial Statements
Year ended December 31, 2015

17. BUDGET FIGURES

The 2015 budget figures which appear in these statements were approved by Council on May 19, 2015. 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>2015</u> (Budget)	<u>2015</u> (Actual)	<u>2014</u> (Actual)
Consolidated annual surplus (deficit)	\$ 18,585,735	\$ 31,437,694	\$ 15,384,841
<i>Deduct:</i>			
Contributed Assets	-	(12,289,885)	(8,841,014)
Gain on disposal of tangible capital assets	-	(586,902)	(279,410)
Transfer to own municipal function - operating	(10,602,794)	(12,465,015)	(11,231,124)
Principal repayment of long-term debt	(1,020,382)	(1,053,929)	(977,284)
Transfer to capital reserves	(306,589)	(7,458,317)	(11,551,221)
Purchase of fixed assets	(67,713,574)	(46,428,770)	(16,482,157)
<i>Add Back:</i>			
Amortization	-	13,046,261	18,205,764
Local Improvement Receivable	671,508	671,508	643,082
Revenue provided by Accumulated Surplus	-	-	132,023
Draws from operating reserves	6,237,907	4,196,375	1,233,806
Internal transfers from capital fund	219,589	259,335	231,804
Transfer to own municipal function - capital	11,065,587	10,863,495	11,082,400
Long-term debt additions	42,446,930	19,200,000	1,242,521
Proceeds on tangible capital assets	534,727	727,395	1,213,058
	\$ 118,644	\$ 119,245	\$ 7,089

LEDUC COUNTY
Notes to the Financial Statements
Year ended December 31, 2015

18. CONTINGENCIES

a) Legal Claims

As at December 31, 2015 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.

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>

c) Contaminated Sites

During the year, the County discovered that soil contaminate does exist, on County owned land. The County has since contracted third party consultants to assess the potential cost to the County for remediation of these sites. At this time, it is not possible to estimate the potential outcome of these contaminated sites and therefore no provision has been made in the financial statements.

19. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the current year's presentation.

20. ADOPTION OF ACCOUNTING POLICY

In June 2010, the Public Sector Accounting Board issued *PS-3260 Liability for Contaminated Sites* for fiscal years starting on or after April 1, 2014. Contaminated sites are a result of contamination being introduced into the air, soil, water, or sediment of a chemical, organic, or radioactive material, or live organism that exceeds an environmental standard. The County adopted this accounting standard retroactively as of April 1, 2014. There was no impact to the County's financial statements due to this standard.

LEDUC COUNTY

Schedule of Tangible Capital Assets

Year ended December 31, 2015

	Land	Land Improvements	Buildings	Engineered Structures	Machinery and Equipment	Vehicles	Construction in Progress	2015	2014
COST:									
BALANCE, BEGINNING OF YEAR	73,061,630	4,777,618	15,386,095	894,659,815	16,574,295	12,112,917	5,405,895	1,021,978,265	\$ 1,001,329,091
Acquisition of tangible capital assets	6,107,580	323,783	19,092	18,720,786	1,326,865	1,472,401	30,748,149	58,718,656	25,323,171
Disposal of tangible capital assets	(6,660)	-	-	-	(832,044)	(405,791)	-	(1,244,495)	(4,673,997)
Transfers in/(out)	528,700	-	-	2,816,757	-	-	(3,345,457)	-	-
BALANCE, END OF YEAR	<u>79,691,250</u>	<u>5,101,401</u>	<u>15,405,187</u>	<u>916,197,358</u>	<u>17,069,116</u>	<u>13,179,527</u>	<u>32,808,587</u>	<u>1,079,452,426</u>	<u>1,021,978,265</u>
ACCUMULATED AMORTIZATION:									
BALANCE, BEGINNING OF YEAR	-	1,683,735	5,204,480	768,302,339	8,804,933	4,312,725	-	788,308,212	773,842,797
Annual amortization	-	202,210	409,254	10,630,599	1,073,454	730,745	-	13,046,262	18,205,764
Accumulated amortization on disposals	-	-	-	-	(772,275)	(331,727)	-	(1,104,002)	(3,740,348)
Transfers in/(out)	-	-	-	-	-	-	-	-	-
BALANCE, END OF YEAR	<u>-</u>	<u>1,885,945</u>	<u>5,613,734</u>	<u>778,932,938</u>	<u>9,106,112</u>	<u>4,711,743</u>	<u>-</u>	<u>800,250,472</u>	<u>788,308,213</u>
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	<u>\$ 79,691,250</u>	<u>\$ 3,215,456</u>	<u>\$ 9,791,453</u>	<u>\$ 137,264,420</u>	<u>\$ 7,963,004</u>	<u>\$ 8,467,784</u>	<u>\$ 32,808,587</u>	<u>\$ 279,201,954</u>	<u>\$ 233,670,052</u>
 2014 NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	<u>\$ 73,061,630</u>	<u>\$ 3,093,883</u>	<u>\$ 10,181,615</u>	<u>\$ 126,357,475</u>	<u>\$ 7,769,362</u>	<u>\$ 7,800,191</u>	<u>\$ 5,405,896</u>	<u>\$ 233,670,052</u>	

LEDUC COUNTY
Schedule of Taxes Levied
Year ended December 31, 2015

Schedule 2

	<u>2015</u> (Budget - Note 17)	<u>2015</u> (Actual)	<u>2014</u> (Actual)
SUMMARY OF PROPERTY TAXES			
Land and improvements	\$ 54,507,142	\$ 54,542,927	\$ 50,316,907
Electric, power and pipeline	10,765,256	10,766,926	10,953,531
Federal and provincial grants in lieu	113,914	113,914	17,545
Local improvements	444,089	444,089	472,515
	<u>65,830,401</u>	<u>65,867,856</u>	<u>61,760,498</u>
REQUISITIONS			
Alberta School Foundation Fund	19,214,917	19,214,917	17,481,740
Separate School	1,416,164	1,416,164	1,273,432
Leduc Senior Foundation	138,618	138,003	138,618
	<u>20,769,699</u>	<u>20,769,084</u>	<u>18,893,790</u>
SPECIAL LEVIES AND LOCAL IMPROVEMENTS			
Local improvements	444,089	444,089	472,515
NET TAXES AVAILABLE FOR MUNICIPAL PURPOSES			
	\$ 44,616,613	\$ 44,654,683	\$ 42,394,193

See accompanying notes to financial statements

LEDUC COUNTY
Schedule of Expenses by Object
Year ended December 31, 2015

Schedule 3

	<u>2015</u> (Budget - Note 17)	<u>2015</u> (Actual)	<u>2014</u> (Actual)
Salaries, wages and benefits	\$ 21,096,757	\$ 20,932,658	\$ 18,829,262
Contracted and general service	12,522,447	10,005,647	9,625,571
Purchases from other governments	3,625,435	3,844,529	3,430,306
Materials, goods, supplies and utilities	6,580,932	6,215,526	6,090,602
Provision for allowances	-	75,937	(419)
Transfers to other governments	6,387,370	1,943,746	3,040,724
Transfers to individuals and organizations	2,836,139	2,829,099	3,055,872
Bank charges and short-term interest	38,025	30,990	38,765
Interest on long-term debt	784,881	844,947	827,820
Amortization of tangible capital assets	-	13,046,262	18,205,764
Other expenditures	2,689,000	2,567,848	2,497,463
	\$ 56,560,986	\$ 62,337,189	\$ 65,641,730

See accompanying notes to financial statements

LEDUC COUNTY
Schedule of Government Transfers
Year ended December 31, 2015

Schedule 4

	2015 (Budget - Note 17)	2015 (Actual)	2014 (Actual)
TRANSFERS FOR OPERATING			
Provincial Government Unconditional	\$ 69,243	\$ 69,243	\$ 286,974
Provincial Government Conditional	3,734,225	3,056,216	3,230,342
Federal Government Conditional	40,000	11,040	1,709
Other Local Governments	312,856	288,675	278,308
	4,156,324	3,425,174	3,797,333
TRANSFER FOR CAPITAL			
Provincial Government	8,416,970	6,951,407	5,705,416
Federal Government	8,979,656	8,176,506	3,145
Other Local Governments	34,293	2,032,973	409,743
	17,430,919	17,160,886	6,118,304
TOTAL GOVERNMENT TRANSFERS	\$ 21,587,243	\$ 20,586,060	\$ 9,915,637

See accompanying notes to financial statements

LEDUC COUNTY
Schedule of Reserve Activity
Year ended December 31, 2015

Schedule 5

	2015 (Budget - Note 17)	2015 (Actual)	2014 (Actual)
ADDITIONS TO RESERVES			
Addition from operations (Note 9)	270,796	\$ 3,036,967	\$ 3,782,355
Addition from capital (Note 10)	87,000	7,201,416	11,319,417
	357,796	10,238,383	15,101,772
DRAWN FROM RESERVES			
Transfer to operations (Note 9)	(6,237,907)	(4,196,375)	(1,239,689)
Transfer to capital (Note 10)	(733,589)	(1,437,881)	(3,627,746)
	(6,971,496)	(5,634,256)	(4,867,435)
CHANGE IN RESERVE BALANCE	(6,613,700)	4,604,127	10,234,337
RESERVE BALANCE AT BEGINNING OF YEAR	40,440,572	40,440,572	30,206,235
RESERVE BALANCE AT END OF YEAR	\$ 33,826,872	\$ 45,044,699	\$ 40,440,572

See accompanying notes to financial statements

LEDUC COUNTY

Schedule of Segmented Disclosure

Year ended December 31, 2015

									2015	2014
	General Government	Protective Services	Transportation Services	Family Community Support Services	Environmental Development	Recreation & Culture	Environmental Services	Other	Total \$	Total \$
REVENUE										
Net municipal taxes	\$ 45,098,772	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 45,098,772	\$ 42,866,708
Sales to other governments	28,218	111,455	97,551	-	70,569	-	2,790	-	310,583	448,189
User fees and sales of goods	41,109	279,255	574,797	27,497	229,306	615,875	4,030,178	-	5,798,017	4,940,913
Licenses and permits	125,898	177,159	-	-	968,243	-	-	-	1,271,300	2,103,566
Fines	-	562,419	-	-	-	923	-	-	563,342	555,384
Investment income	553,573	-	-	-	-	-	-	-	553,573	644,070
Rental revenue	45,766	52,508	-	-	2,114	22,390	28,938	-	151,716	142,758
Government transfers	327,096	432,379	528,753	1,668,752	181,866	950	285,378	-	3,425,174	3,797,333
Developers' agreements and levies	-	-	3,210,531	-	-	1,340,162	1,150,335	-	5,701,028	9,522,105
Contributed assets	-	-	2,535,884	-	-	-	9,754,001	-	12,289,885	8,841,014
Government transfers capital	-	1,638,679	13,969,940	-	-	-	1,552,267	-	17,160,886	6,118,304
Other revenue	372,584	62,019	319,972	-	10,041	11,913	87,176	-	863,705	766,817
	<u>46,593,016</u>	<u>3,315,873</u>	<u>21,237,428</u>	<u>1,696,249</u>	<u>1,462,139</u>	<u>1,992,213</u>	<u>16,891,063</u>	<u>-</u>	<u>93,187,981</u>	<u>80,747,161</u>
EXPENSES										
Salaries, wages and benefits	5,394,147	2,419,328	5,073,428	1,629,793	4,211,762	1,237,135	967,065	-	20,932,658	18,829,262
Contracted and general service	3,006,474	902,375	2,830,885	303,365	994,234	492,912	1,475,402	-	10,005,647	9,625,571
Purchases from other governments	58,771	373,763	339,496	-	451,131	-	2,621,368	-	3,844,529	3,430,306
Materials, goods, supplies and utilities	444,657	648,137	4,227,371	35,624	296,057	375,964	187,716	-	6,215,526	6,090,602
Provision for allowances	55,608	-	-	-	-	-	20,329	-	75,937	(419)
Transfers to other governments	-	-	-	16,000	-	1,927,746	-	-	1,943,746	3,040,724
Transfers to individuals and organizations	255,072	2,557,812	-	9,316	4,899	-	2,000	-	2,829,099	3,055,872
Bank charges and short-term interest	3,142	-	138	-	18,177	9,533	-	-	30,990	38,765
Interest on long-term debt	-	-	21,097	-	-	245,642	578,208	-	844,947	827,820
Other expenditures	-	-	-	-	-	-	59,291	2,508,557	2,567,848	2,497,463
	<u>9,217,871</u>	<u>6,901,415</u>	<u>12,492,415</u>	<u>1,994,098</u>	<u>5,976,260</u>	<u>4,288,932</u>	<u>5,911,379</u>	<u>2,508,557</u>	<u>49,290,927</u>	<u>47,435,966</u>
NET REVENUE/(DEFICIT), BEFORE AMORTIZATION & GAINS/(LOSSES)	<u>37,375,145</u>	<u>(3,585,542)</u>	<u>8,745,013</u>	<u>(297,849)</u>	<u>(4,514,121)</u>	<u>(2,296,719)</u>	<u>10,979,684</u>	<u>(2,508,557)</u>	<u>43,897,054</u>	<u>33,311,195</u>
Gain/(loss) on sale of fixed assets	-	(42,061)	203,701	-	(5,872)	431,134	-	-	586,902	279,410
Amortization expense	(195,029)	(585,349)	(11,069,717)	-	(99,426)	(244,680)	(852,061)	-	(13,046,262)	(18,205,764)
NET REVENUE/(DEFICIT)	<u>\$ 37,180,116</u>	<u>\$ (4,212,952)</u>	<u>\$ (2,121,003)</u>	<u>\$ (297,849)</u>	<u>\$ (4,619,419)</u>	<u>\$ (2,110,265)</u>	<u>\$ 10,127,623</u>	<u>\$ (2,508,557)</u>	<u>\$ 31,437,694</u>	<u>\$ 15,384,841</u>