



Consolidated Financial Statements

Year end: December 31, 2016

April 25, 2017

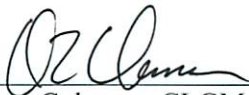
MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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.



Duane Coleman, CLGM
County Manager



Renee Klimosko, CPA, CGA
Director of Finance



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, 2016, 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, 2016, 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 25, 2017



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Leduc County
Consolidated Statement of Financial Position

As of December 31, 2016

	<u>2016</u>	<u>2015</u>
FINANCIAL ASSETS		
Cash	\$ 71,142,860	\$ 54,063,736
Taxes and grants-in-lieu receivable (Note 2)	1,579,832	1,470,009
Accounts receivable (Note 3)	2,445,261	10,892,043
Local improvement taxes receivable (Note 4)	8,950,506	9,651,696
Debt charges recoverable (Note 5)	2,601,554	2,747,232
Other assets	94,950	95,489
	<u>86,814,963</u>	<u>78,920,205</u>
LIABILITIES		
Accounts payable and accrued liabilities	10,148,178	11,459,844
Deposits	764,389	1,324,583
Contaminated Sites (Note 6)	710,000	-
Deferred revenue (Note 7)	6,777,516	4,979,998
Long-term debt (Note 8)	48,880,259	40,799,058
	<u>67,280,342</u>	<u>58,563,483</u>
NET FINANCIAL ASSETS	<u>19,534,621</u>	<u>20,356,722</u>
NON-FINANCIAL ASSETS		
Tangible capital assets (Schedule 1)	296,043,832	279,201,954
Consumable inventory	73,384	99,970
Prepaid expenses	236,206	452,704
	<u>296,353,422</u>	<u>279,754,628</u>
ACCUMULATED SURPLUS (Note 16)	<u>\$ 315,888,043</u>	<u>\$ 300,111,350</u>

See accompanying notes to financial statements

Leduc County
Consolidated Statement of Operations

Year ended December 31, 2016

	<u>2016</u> (Budget - Note 17)	<u>2016</u> (Actual)	<u>2015</u> (Actual)
REVENUES			
Taxation and grants-in-lieu Property, net municipal (Schedule 2)	46,588,045	\$ 46,700,798	\$ 45,098,772
Sales to other governments	415,785	458,344	310,583
Sales/user fees			
General administration	46,700	43,236	41,109
Fire	135,700	170,528	279,255
Public works	228,500	323,872	555,828
Transit	20,000	8,521	18,969
Water	2,237,352	1,902,157	2,192,409
Sewer	1,575,846	1,363,340	1,762,304
Waste	74,732	75,314	75,465
Family and community support services	12,860	29,344	27,497
Planning and development	164,000	126,634	213,311
Agriculture	21,000	7,590	15,995
Recreation and parks	670,335	626,063	615,875
Penalties and costs on taxes	373,000	337,852	341,853
Licenses and permits	1,337,800	1,550,813	1,271,300
Fines	522,700	463,935	563,342
Returns on investments	387,223	585,408	553,573
Rentals	126,949	163,070	151,716
Insurance proceeds	-	57,408	60,358
Government transfers for operating (Schedule 4)	3,953,575	3,469,943	3,425,174
Developers' agreements and levies	-	5,144,855	5,701,028
Other revenue	556,236	501,994	461,494
Carried forward	<u>\$ 59,448,338</u>	<u>\$ 64,111,019</u>	<u>\$ 63,737,210</u>

See accompanying notes to financial statements

Leduc County
Consolidated Statement of Operations

Year ended December 31, 2016

	2016 (Budget - Note 17)	2016 (Actual)	2015 (Actual)
Brought forward	\$ 59,448,338	\$ 64,111,019	\$ 63,737,210
EXPENSES			
Legislative	752,695	706,685	705,711
General administration	9,637,632	7,758,818	8,707,189
Enforcement	1,293,281	1,214,838	1,181,898
Fire	6,168,780	5,996,407	6,124,545
Disaster services	84,953	62,519	52,542
By-law enforcement	135,292	129,042	127,779
Public works	28,800,360	27,685,873	23,105,144
Transit	553,882	521,830	448,657
Drainage	518,010	328,129	8,331
Water	2,756,911	2,681,364	2,735,600
Sewer	2,209,381	2,138,338	2,482,718
Waste management	1,445,029	1,649,216	1,535,357
Other environmental use	2,000	712,928	9,765
Family and community support services	2,133,521	2,163,784	1,994,098
Planning and development	5,079,535	4,730,469	4,436,499
Agriculture	1,745,119	1,638,481	1,639,187
Recreation board	6,550	3,212	2,465
Recreation and parks	4,838,512	5,000,801	4,187,017
Library board	375,802	352,884	344,130
Other	2,704,000	2,571,112	2,508,557
	<u>71,241,245</u>	<u>68,046,730</u>	<u>62,337,189</u>
ANNUAL SURPLUS (DEFICIT) BEFORE OTHER REVENUE (EXPENSES)	(11,792,907)	(3,935,711)	1,400,021
OTHER REVENUE (EXPENSES)			
Gain (loss) on disposal of tangible capital assets	-	(562,987)	586,902
Contributed assets	-	15,949,656	12,289,885
Government transfer for capital (Schedule 4)	6,607,884	4,325,735	17,160,886
	<u>6,607,884</u>	<u>19,712,404</u>	<u>30,037,673</u>
ANNUAL SURPLUS (DEFICIT)	(5,185,023)	15,776,693	31,437,694
ACCUMULATED SURPLUS, BEGINNING OF YEAR	<u>300,111,350</u>	<u>300,111,350</u>	<u>268,673,656</u>
ACCUMULATED SURPLUS, END OF YEAR (Note 16)	\$ 294,926,327	\$ 315,888,043	\$ 300,111,350

See accompanying notes to financial statements

Leduc County
Consolidated Statement of Changes in Net Financial Assets

Year ended December 31, 2016

	<u>2016</u> (Budget - Note 17)	<u>2016</u> (Actual)	<u>2015</u> (Actual)
ANNUAL SURPLUS (DEFICIT)	\$ (5,185,023)	\$ 15,776,693	\$ 31,437,694
Acquisition of tangible capital assets	(36,912,701)	(17,335,717)	(46,428,771)
Contributed tangible capital assets	-	(15,949,656)	(12,289,885)
Proceeds on disposal of tangible capital assets	534,727	1,652,586	727,395
Amortization of tangible capital assets	13,046,263	14,227,922	13,046,262
(Gain)/loss on disposal of tangible capital assets	-	562,987	(586,902)
	<u>(23,331,711)</u>	<u>(16,841,878)</u>	<u>(45,531,901)</u>
Change in inventories for consumption	-	26,586	10,575
Change in prepaid expenses	-	216,498	(387,286)
	<u>-</u>	<u>243,084</u>	<u>(376,711)</u>
INCREASE (DECREASE) IN NET FINANCIAL ASSETS	(28,516,734)	(822,101)	(14,470,918)
NET FINANCIAL ASSETS, BEGINNING OF YEAR	<u>20,356,722</u>	<u>20,356,722</u>	<u>34,827,640</u>
NET FINANCIAL ASSETS, END OF YEAR	<u>\$ (8,160,012)</u>	<u>\$ 19,534,621</u>	<u>\$ 20,356,722</u>

See accompanying notes to financial statements

Leduc County
Consolidated Statement of Cash Flow

Year ended December 31, 2016

NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:	2016	2015
OPERATING		
Annual surplus	\$ 15,776,693	\$ 31,437,694
Changes in non-cash charges included in annual surplus:		
Amortization of tangible capital assets	14,227,922	13,046,262
Loss (gain) on disposal of tangible capital assets	562,987	(586,902)
Contributed tangible capital assets	<u>(15,949,656)</u>	<u>(12,289,885)</u>
	14,617,946	31,607,169
Changes in non-cash charges to operations:		
Taxes and grants in lieu receivable	(109,823)	(141,190)
Accounts receivable	8,446,782	(9,053,155)
Local improvement taxes receivable	701,190	671,507
Debt charges recoverable	145,678	139,481
Other assets	539	557
Prepaid expenses	216,498	(387,286)
Consumable inventory	26,586	10,575
Accounts payable and accrued liabilities	(1,311,666)	1,295,183
Deposits	(560,194)	(695,506)
Contaminated Sites	710,000	-
Deferred revenue	<u>1,797,518</u>	<u>62,713</u>
Cash provided by operating transactions	<u>24,681,054</u>	<u>23,510,048</u>
CAPITAL		
Acquisition of tangible capital assets	(17,335,717)	(46,428,771)
Proceeds on disposal of tangible capital assets	<u>1,652,586</u>	<u>727,395</u>
Cash applied to capital transactions	<u>(15,683,131)</u>	<u>(45,701,376)</u>
FINANCING		
Acquisition of long-term debt	10,052,300	19,200,000
Repayment of long-term debt	(1,825,421)	(1,053,929)
Repayment of long-term operating debt recoverable	<u>(145,678)</u>	<u>(139,481)</u>
Cash provided by financing transactions	<u>8,081,201</u>	<u>18,006,590</u>
CHANGE IN CASH DURING THE YEAR	17,079,124	(4,184,738)
CASH BALANCE, BEGINNING OF YEAR	<u>54,063,736</u>	<u>58,248,474</u>
CASH BALANCE, END OF YEAR	<u>\$ 71,142,860</u>	<u>\$ 54,063,736</u>

See accompanying notes to financial statements

Leduc County

Notes to the Financial Statements

Year ended December 31, 2016

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*.

1. SIGNIFICANT 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, 2016

1. SIGNIFICANT 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. As sets under construction are not amortized until the asset is available for productive use.

Leduc County

Notes to the Financial Statements

Year ended December 31, 2016

1. SIGNIFICANT 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, 2016

2. TAXES AND GRANTS-IN-LIEU RECEIVABLE

	<u>2016</u>	<u>2015</u>
Current	\$ 1,110,320	\$ 1,050,651
Arrears	558,512	484,358
	<u>\$ 1,668,832</u>	<u>\$ 1,535,009</u>
Less allowance for doubtful accounts	(89,000)	(65,000)
	<u>\$ 1,579,832</u>	<u>\$ 1,470,009</u>

3. ACCOUNTS RECEIVABLE

	<u>2016</u>	<u>2015</u>
Federal government	\$ 394,450	\$ 8,070,399
Provincial government	833,774	867,611
Local government	531,889	521,829
Trade accounts	768,148	1,499,737
	<u>2,528,261</u>	<u>10,959,576</u>
Less allowance for doubtful accounts	(83,000)	(67,533)
	<u>\$ 2,445,261</u>	<u>\$ 10,892,043</u>

4. LOCAL IMPROVEMENT TAXES RECEIVABLE

	<u>2016</u>	<u>2015</u>
Bylaw 19-06 (amended by Bylaw 28-06)	8,853,628	9,546,289
Bylaw 30-02 (amended by Bylaw 28-04)	96,878	105,407
	<u>8,950,506</u>	<u>9,651,696</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 \$6,625 including interest at a fixed rate of 4.569% per annum maturing December 2025.

Leduc County
Notes to the Financial Statements

Year ended December 31, 2016

5. DEBT CHARGES RECOVERABLE (LEDUC FOUNDATION)

	<u>2016</u>	<u>2015</u>
Current debt charges recoverable	\$ 152,151	\$ 145,678
Long-term debt charges recoverable	2,449,403	2,601,554
	<u>\$ 2,601,554</u>	<u>\$ 2,747,232</u>

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>
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
2021	181,050	83,786	264,836
Thereafter	1,770,120	348,568	2,118,688
	<u>\$ 2,601,554</u>	<u>\$ 841,314</u>	<u>\$ 3,442,868</u>

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

6. OTHER LIABILITIES – CONTAMINATED SITES

The County has ascertained liabilities for contaminated sites as follows:

	<u>2016</u>	<u>2015</u>
Site clean-up, remediation and monitoring	\$ 710,000	\$ -
	<u>\$ 710,000</u>	<u>\$ -</u>

The County has accepted responsibility for remediation work on three individual sites within the County's boundaries for soil contamination. The estimated remediation activities include general site clean-up, additional site investigation, risk assessment and monitoring. This estimated liability is based on current contractor and engineering costs with no estimated recoveries.

Leduc County
Notes to the Financial Statements

Year ended December 31, 2016

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.

	2015	Additions	Revenue Recognized	2016
ACP	-	451,392	(325,616)	125,776
BCF	94,173	83,407	(177,580)	-
BMTG	139,012	1,200	(24,130)	116,082
CIP	-	19,181	(18,208)	973
FCSS	\$ 73,530	\$ 32,270	\$ (68,008)	\$ 37,792
FGTF	585,136	733,306	(655,486)	662,956
FSEPP	6,292	5,509	(11,326)	475
MSI Capital	2,690,986	5,957,694	(4,028,780)	4,619,900
MSI Operating	14,859	232,216	(235,419)	11,656
RCP	136,404	877	(64,153)	73,128
Other	1,239,608	680,290	(791,118)	1,128,780
	\$ 4,979,998	\$ 8,197,342	\$ (6,399,824)	\$ 6,777,516

ACP	Alberta Community Partnership
BCF	Building Canada Fund
BMTG	Basic Municipal Transportation Grant
CIP	Western Economic Diversification
FCSS	Family Community Support Services
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, 2016

8. LONG-TERM DEBT

	<u>2016</u>	<u>2015</u>
General tax levy supported	\$ 13,527,618	\$ 8,921,465
Special levy supported - Local Improvement (Note 4)	8,950,506	9,651,696
Utility rate supported	238,715	278,665
Offsite levy reserve supported	23,561,866	19,200,000
Other - Leduc Foundation borrowing/loan (Note 5)	2,601,554	2,747,232
	<u>48,880,259</u>	<u>40,799,058</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 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 2016 was \$1,434,645 (2015 - \$948,446).

Debenture principal and interest payments are due as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	2,417,357	1,663,987	4,081,344
2018	2,507,032	1,574,312	4,081,344
2019	2,600,181	1,481,163	4,081,344
2020	2,696,946	1,384,399	4,081,345
2021	2,797,471	1,283,874	4,081,345
Thereafter	35,861,272	8,261,646	44,122,918
	<u>\$ 48,880,259</u>	<u>\$ 15,649,381</u>	<u>\$ 64,529,640</u>

Long Term Debt Summary:

	<u>2016</u>	<u>2015</u>
Long term debt for capital purposes	\$ 36,520,043	\$ 31,614,619
Long term debt for operating purposes	9,758,662	6,437,207
Recoverable long term debt (Note 5)	2,601,554	2,747,232
	<u>48,880,259</u>	<u>40,799,058</u>

Leduc County
Notes to the Financial Statements

Year ended December 31, 2016

9. RESERVES - OPERATING

	2015	Additions	Applied	2016
General administration	\$ 1,562,934	\$ 70,000	\$ 190,677	\$ 1,442,257
Enforcement services department	34,965	-	11,725	23,240
Fire department	170,510	29,024	-	199,534
Disaster services department	7,453	-	2,053	5,400
Ambulance services	22,321	-	-	22,321
Public works department	3,317,626	92,104	262,992	3,146,738
Drainage department	242,164	-	1,500	240,664
Water department	767,666	52,615	179,359	640,922
Sewer department	366,304	150,858	47,180	469,982
Waste management department	53,691	-	-	53,691
Other environmental use	3,450	-	2,000	1,450
FCSS department	105,937	-	-	105,937
Planning and development	2,299,545	72,609	560,555	1,811,599
Agricultural services department	56,784	-	1,942	54,842
Recreation department	452,990	200,000	223,987	429,003
Parks department	37,204	78,302	1,500	114,006
Library board	29,016	-	-	29,016
Special transit	91,547	-	70,000	21,547
Public transit	26,287	-	17,977	8,310
New Sarepta franchise fees	17,701	-	-	17,701
Inter-Municipal Stabilization	974,563	-	416,515	558,048
Mill rate stabilization	2,433,755	500,000	-	2,933,755
Contaminated Sites	1,506,000	-	847,099	658,901
Economic Development	370,000	-	370,000	-
	\$ 14,950,413	\$ 1,245,512	\$ 3,207,061	\$ 12,988,864

Leduc County
Notes to the Financial Statements

Year ended December 31, 2016

10. RESERVES - CAPITAL

	2015	Additions	Applied	2016
General administration	\$ 76,581	\$ 257,072	\$ -	\$ 333,653
Enforcement services department	264	-	-	264
Fire department	62,142	-	-	62,142
Disaster department	45,000	105,000	-	150,000
Public works department	14,718,237	4,310,314	2,300,849	16,727,702
Transit	-	254,250	-	254,250
Water department	8,317,022	4,084,009	205,200	12,195,831
Sewer department	153,278	70,056	82,380	140,954
Waste department	59,631	-	360	59,271
Agriculture services department	3,011	-	-	3,011
Recreation and parks department	3,964,196	120,551	613,042	3,471,705
Capital stabilization fund	2,694,925	3,632,157	12,683	6,314,399
	\$ 30,094,286	\$ 12,833,409	\$ 3,214,514	\$ 39,713,181

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:

	2016	2015
Total debt limit	\$ 96,166,529	\$ 95,605,815
Total debt outstanding	(48,880,259)	(40,799,058)
Amount of total debt limit available	\$ 47,286,270	\$ 54,806,757
Total percentage of debt limit available	49.17%	57.33%
Service on debt limit	\$ 16,027,755	\$ 15,934,303
Actual service on debt amount	(4,081,344)	(3,405,743)
Amount of service on debt limit available	\$ 11,946,411	\$ 12,528,560
Total percentage of debt servicing available	74.54%	78.63%

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.

Leduc County
Notes to the Financial Statements

Year ended December 31, 2016

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.

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	2016 Total	2015 Total
1	Rick Smith	43,862	21,928	9,921	75,711	74,282
2	Clayton Stumph	43,862	21,928	9,881	75,671	74,276
	Deputy Mayor: Jan 1 - Feb 28	-	-	-	-	537
3	John Schonewille	43,862	21,928	9,876	75,666	74,384
	Deputy Mayor: Mar 1 - Oct 31	-	-	-	-	2,150
4	John Whaley	43,862	21,928	10,866	76,656	75,295
	Mayor: Jan 1 - Dec 31	8,772	4,386	-	13,158	12,899
5	Tanni Doblanko	43,862	21,928	10,042	75,832	74,333
	Deputy Mayor: Nov 1 - Dec 31	1,097	548	-	1,645	537
6	Glenn Belozer	43,862	21,928	10,104	75,894	74,362
	Deputy Mayor: Jul 1 - Dec 31	1,097	548	-	1,645	-
7	Audrey Kelto	43,862	21,928	9,988	75,778	74,346
		\$ 318,000	\$ 158,978	\$ 70,678	\$ 547,656	\$ 537,401

Title	# of persons	Salary	Benefits ¹	2016 Total	2015 Total
County Manager	2	216,910	183,772	400,682	297,940
		\$ 216,910	\$ 183,772	\$ 400,682	\$ 297,940

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.

Leduc County
Notes to the Financial Statements

Year ended December 31, 2016

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 \$923 million at December 31, 2015.

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 2016 were \$1,782,281 (2015 - \$1,727,568). Total current service contributions by the employees of Leduc County to the Local Authorities Pension Plan in 2016 were \$1,649,359 (2015 - \$1,617,645).

15. EQUITY IN TANGIBLE CAPITAL ASSETS

	<u>2016</u>	<u>2015</u>
Tangible capital assets (Schedule 1)	\$ 1,107,744,084	\$ 1,079,452,426
Accumulated amortization (Schedule 1)	(811,700,252)	(800,250,472)
Long-term debt for capital purposes (Note 8)	(36,520,043)	(31,614,619)
Local improvements (Note 5)	8,950,506	9,651,696
	<u>\$ 268,474,295</u>	<u>\$ 257,239,031</u>

16. ACCUMULATED SURPLUS

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

	<u>2016</u>	<u>2015</u>
Unrestricted deficit	\$ (5,288,297)	\$ (2,172,379)
Operating reserves (Note 9)	12,988,864	14,950,412
Capital reserves (Note 10)	39,713,181	30,094,286
Equity in tangible capital assets (Note 15)	268,474,295	257,239,031
	<u>\$ 315,888,043</u>	<u>\$ 300,111,350</u>

Leduc County
Notes to the Financial Statements

Year ended December 31, 2016

17. BUDGET FIGURES

The 2016 budget figures which appear in these statements were approved by Council on May 17, 2016. 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>2016</u> (Budget)	<u>2016</u> (Actual)	<u>2015</u> (Actual)
Consolidated annual surplus (deficit)	\$ (5,185,023)	\$ 15,776,693	\$ 31,437,694
<i>Deduct:</i>			
Contributed Assets	-	(15,949,656)	(12,289,885)
Gain on disposal of tangible capital assets	-	-	(586,902)
Transfer to own municipal function - operating	(10,271,982)	(12,165,631)	(12,465,015)
Principal repayment of long-term debt	(1,135,057)	(1,124,230)	(1,053,929)
Transfer to capital reserves	(3,403,514)	(14,800,126)	(7,458,317)
Purchase of fixed assets	(36,912,701)	(17,335,717)	(46,428,770)
<i>Add Back:</i>			
Amortization	13,046,263	14,227,922	13,046,261
Local Improvement Receivable	-	-	671,508
Loss on disposal of tangible capital assets	-	562,987	-
Draws from operating reserves	4,834,896	3,207,061	4,196,375
Internal transfers from capital fund	1,824,734	1,966,717	259,335
Transfer to own municipal function - capital	12,130,461	14,134,633	10,863,495
Long-term debt additions	23,327,370	10,052,300	19,200,000
Proceeds on tangible capital assets	1,850,500	1,652,586	727,395
	\$ 105,947	\$ 205,539	\$ 119,245

18. CONTINGENCIES

a) Legal Claims

As at December 31, 2016, 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.

19. COMPARATIVE FIGURES

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

Leduc County
Schedule of Tangible Capital Assets
Year ended December 31, 2016

Schedule 1

	Land	Land Improvements	Buildings	Engineered Structures	Machinery and Equipment	Vehicles	Construction in Progress	2016	2015
COST:									
BALANCE, BEGINNING OF YEAR	79,691,250	5,101,401	15,405,187	916,197,358	17,069,116	13,179,527	32,808,587	1,079,452,426	\$ 1,021,978,265
Acquisition of tangible capital assets	3,211,264	297,938	4,757,990	21,821,430	1,703,809	646,056	846,886	33,285,373	58,718,656
Disposal of tangible capital assets	(12,706)	-	-	-	(3,834,027)	(868,907)	(278,075)	(4,993,715)	(1,244,495)
Transfers in/(out)	10,120,344	76,974	173,871	19,421,657	11,012	521,136	(30,324,994)	-	-
BALANCE, END OF YEAR	93,010,152	5,476,313	20,337,048	957,440,445	14,949,910	13,477,812	3,052,404	1,107,744,084	1,079,452,426
ACCUMULATED AMORTIZATION:									
BALANCE, BEGINNING OF YEAR	-	1,885,945	5,613,734	778,932,938	9,106,112	4,711,743	-	800,250,472	788,308,212
Annual amortization	-	215,965	463,393	11,856,173	932,105	760,286	-	14,227,922	13,046,262
Accumulated amortization on disposals	-	-	-	-	(2,342,237)	(435,905)	-	(2,778,142)	(1,104,002)
Transfers in/(out)	-	-	-	-	-	-	-	-	-
BALANCE, END OF YEAR	-	2,101,910	6,077,127	790,789,111	7,695,980	5,036,124	-	811,700,252	800,250,472
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	\$ 93,010,152	\$ 3,374,403	\$ 14,259,921	\$ 166,651,334	\$ 7,253,930	\$ 8,441,688	\$ 3,052,404	\$ 296,043,832	\$ 279,201,954
2015 NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	\$ 79,691,250	\$ 3,215,456	\$ 9,791,453	\$ 137,264,420	\$ 7,963,004	\$ 8,467,784	\$ 32,808,587	\$ 279,201,954	

See accompanying notes to financial statements

Leduc County
Schedule of Taxes Levied

Year ended December 31, 2016

Schedule 2

	<u>2016</u> (Budget - Note 17)	<u>2016</u> (Actual)	<u>2015</u> (Actual)
SUMMARY OF PROPERTY TAXES			
Land and improvements	\$ 58,165,560	\$ 58,278,196	\$ 54,542,927
Electric, power and pipeline	10,411,854	10,411,492	10,766,926
Federal and provincial grants in lieu	106,126	106,607	113,914
Local improvements	414,408	414,407	444,089
	<u>69,097,948</u>	<u>69,210,702</u>	<u>65,867,856</u>
REQUISITIONS			
Alberta School Foundation Fund	20,822,801	20,822,802	19,214,917
Separate School	1,546,704	1,546,704	1,416,164
Leduc Senior Foundation	140,398	140,398	138,003
	<u>22,509,903</u>	<u>22,509,904</u>	<u>20,769,084</u>
NET TAXES AVAILABLE FOR MUNICIPAL PURPOSES			
	<u>\$ 46,588,045</u>	<u>\$ 46,700,798</u>	<u>\$ 45,098,772</u>

See accompanying notes to financial statements

Leduc County
Schedule of Expenses by Object

Year ended December 31, 2016

Schedule 3

	2016 (Budget - Note 17)	2016 (Actual)	2015 (Actual)
Salaries, wages and benefits	\$ 21,698,159	\$ 21,179,432	\$ 20,932,658
Contracted and general service	11,866,752	9,598,167	10,005,647
Purchases from other governments	4,173,457	4,114,538	3,844,529
Materials, goods, supplies and utilities	6,558,076	6,095,918	6,215,526
Provision for allowances	-	107,525	75,937
Transfers to other governments	7,030,467	5,981,414	1,943,746
Transfers to individuals and organizations	2,816,471	2,811,288	2,829,099
Bank charges and short-term interest	32,110	33,674	30,990
Interest on long-term debt	1,315,490	1,325,740	844,947
Amortization of tangible capital assets	13,046,263	14,227,922	13,046,262
Other expenditures	2,704,000	2,571,112	2,567,848
	\$ 71,241,245	\$ 68,046,730	\$ 62,337,189

See accompanying notes to financial statements

Leduc County
Schedule of Government Transfers

Year ended December 31, 2016

Schedule 4

	2016 (Budget - Note 17)	2016 (Actual)	2015 (Actual)
TRANSFERS FOR OPERATING			
Provincial Government Unconditional	\$ 69,243	\$ 75,094	\$ 69,243
Provincial Government Conditional	3,616,748	3,111,860	3,056,216
Federal Government Conditional	-	-	11,040
Other Local Governments	267,584	282,989	288,675
	3,953,575	3,469,943	3,425,174
TRANSFER FOR CAPITAL			
Provincial Government	5,435,263	3,974,682	6,951,407
Federal Government	1,040,431	219,309	8,176,506
Other Local Governments	132,190	131,744	2,032,973
	6,607,884	4,325,735	17,160,886
TOTAL GOVERNMENT TRANSFERS	\$ 10,561,459	\$ 7,795,678	\$ 20,586,060

See accompanying notes to financial statements

Leduc County
Schedule of Reserve Activity

Year ended December 31, 2016

Schedule 5

	<u>2016</u> (Budget - Note 17)	<u>2016</u> (Actual)	<u>2015</u> (Actual)
ADDITIONS TO RESERVES			
Addition from operations (Note 9)	1,129,643	\$ 1,245,512	\$ 3,036,967
Addition from capital (Note 10)	1,578,780	12,833,409	7,201,416
	<u>2,708,423</u>	<u>14,078,921</u>	<u>10,238,383</u>
DRAWN FROM RESERVES			
Transfer to operations (Note 9)	(4,834,896)	(3,207,061)	(4,196,375)
Transfer to capital (Note 10)	(2,988,122)	(3,214,514)	(1,437,881)
	<u>(7,823,018)</u>	<u>(6,421,575)</u>	<u>(5,634,256)</u>
CHANGE IN RESERVE BALANCE	(5,114,595)	7,657,346	4,604,127
RESERVE BALANCE AT BEGINNING OF YEAR	45,044,699	45,044,699	40,440,572
RESERVE BALANCE AT END OF YEAR	\$ 39,930,104	\$ 52,702,045	\$ 45,044,699

See accompanying notes to financial statements

Leduc County
Schedule of Segmented Disclosure
Year ended December 31, 2016

Schedule 6

	2016					2015				
	General Government Services	Protective Services	Transportation Services	Family Community Support Services	Environment Development Services	Recreation, Parks & Cultural Services	Environment Treatment Services	Other	Total	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
REVENUE										
Net municipal taxes	46,700,798	-	-	-	-	-	-	-	46,700,798	45,098,772
Sales to other governments	74,126	117,456	193,086	-	68,076	-	5,600	-	458,344	310,583
User fees and sales of goods	43,236	170,528	332,393	29,345	134,224	626,062	3,340,811	-	4,676,599	5,798,017
Licenses and permits	-	147,135	-	-	1,254,455	-	-	-	1,550,813	1,271,300
Fines	-	463,335	-	-	-	600	-	-	463,935	563,342
Investment income	585,408	-	-	-	-	-	-	-	585,408	553,573
Rental revenue	57,035	53,981	-	-	2,226	20,890	28,938	-	163,070	151,716
Government transfers	242,235	184,694	911,829	1,727,407	168,359	-	235,419	-	3,469,943	3,425,174
Developers' agreements and levies	-	-	1,235,720	-	-	31,942	3,877,193	-	5,144,855	5,701,028
Contributed assets	-	-	9,499,303	-	-	-	6,450,353	-	15,949,656	12,289,885
Government transfers capital	352,136	242,298	3,917,463	-	-	61,719	25,867	-	4,325,735	17,160,886
Other revenue	48,204,197	1,700,113	16,240,912	1,756,752	580	103,412	47,710	-	897,254	863,705
									84,386,410	93,187,981
EXPENSES										
Salaries, wages and benefits	5,323,880	2,344,889	5,136,113	1,762,132	4,273,791	1,320,152	1,018,475	-	21,179,432	20,932,658
Contracted and general service	2,133,534	719,313	3,124,226	247,100	957,860	475,564	1,940,570	-	9,598,167	10,005,647
Purchases from other governments	58,201	478,083	403,140	-	705,869	-	2,469,245	-	4,114,538	3,844,529
Materials, goods, supplies and utilities	425,855	581,066	4,221,901	46,228	308,651	290,329	221,888	-	6,095,918	6,215,526
Provision for allowances	124,058	-	-	-	-	-	(16,533)	-	107,525	75,937
Transfers to other governments	-	-	3,110,988	98,492	-	2,771,934	-	-	5,981,414	1,943,746
Transfers to individuals and organizations	144,412	2,648,645	-	9,832	6,399	-	2,000	-	2,811,288	2,829,099
Bank charges and short-term interest	8,370	-	102	-	12,777	11,578	847	-	33,674	30,990
Interest on long-term debt	6,637	-	482,603	-	-	239,112	597,388	-	1,325,740	844,947
Amortization expense	240,556	630,810	12,056,759	-	103,603	248,228	947,966	-	14,227,922	13,046,262
Other expenditures	-	-	-	-	-	-	-	2,571,112	2,571,112	2,567,848
	8,465,503	7,402,806	28,535,832	2,163,784	6,368,950	5,356,897	7,181,846	2,571,112	68,046,730	62,337,189
NET REVENUE/(DEFICIT), BEFORE GAINS/(LOSSES)	39,738,694	(5,702,693)	(12,294,920)	(407,032)	(4,741,030)	(4,512,272)	6,830,045	(2,571,112)	16,339,680	30,850,792
Gain/(loss) on sale of fixed assets	-	(184,602)	(418,145)	-	(17,534)	-	57,294	-	(562,987)	586,902
NET REVENUE/(DEFICIT)	\$ 39,738,694	\$ (5,887,295)	\$ (12,713,065)	\$ (407,032)	\$ (4,758,564)	\$ (4,512,272)	\$ 6,887,339	\$ (2,571,112)	\$ 15,776,693	\$ 31,437,694

See accompanying notes to financial statements