



Financial Statements

Year end: December 31, 2017

April 24, 2018

Management's Responsibility for the Financial Statements

The accompanying 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 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 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 financial statements.

The financial statements have been audited by Metrix Group 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
General Manager, Financial and Corporate Services



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Leduc County
Statement of Financial Position

As of December 31, 2017

	2017	2016
FINANCIAL ASSETS		
Cash	\$ 70,222,301	\$ 71,142,860
Taxes and grants-in-lieu receivable (note 2)	1,604,499	1,579,832
Accounts receivable (note 3)	3,679,041	2,445,261
Local improvement taxes receivable (note 4)	8,218,323	8,950,506
Debt charges recoverable (note 5)	2,449,403	2,601,554
Other assets	153,624	94,950
	86,327,191	86,814,963
LIABILITIES		
Accounts payable and accrued liabilities	7,623,512	10,148,178
Deposits	819,798	764,389
Contaminated Sites (note 6)	710,000	710,000
Deferred revenue (note 7)	3,928,353	6,777,516
Long-term debt (note 8)	46,462,902	48,880,259
	59,544,565	67,280,342
NET FINANCIAL ASSETS	26,782,626	19,534,621
NON-FINANCIAL ASSETS		
Tangible capital assets (schedule 1)	319,269,341	296,043,832
Consumable inventory	90,110	73,384
Prepaid expenses	333,924	236,206
	319,693,375	296,353,422
ACCUMULATED SURPLUS (note 16)	\$ 346,476,001	\$ 315,888,043

Contingencies (note 18)

Commitments (note 20)

See accompanying notes to financial statements

Leduc County Statement of Operations

Year ended December 31, 2017

	2017 (Budget - note 17)	2017 (Actual)	2016 (Actual)
REVENUES			
Taxation and grants-in-lieu (Schedule 2)	\$ 46,556,843	\$ 46,943,357	\$ 46,652,480
Sales to other governments	635,147	731,774	458,344
Sales/user fees	4,676,018	5,212,650	4,676,599
Penalties and costs on taxes	360,500	388,147	337,852
Licenses and permits	1,267,700	1,784,610	1,550,813
Fines	522,700	385,506	463,935
Return on investments	322,418	917,284	585,408
Rentals	142,518	166,089	163,070
Insurance proceeds	6,000	20,524	57,408
Government transfers for operating (Schedule 4)	3,972,113	3,747,137	3,469,943
Developers' agreements and levies	-	13,361,100	5,144,855
Other revenue	358,856	952,546	482,247
TOTAL REVENUES	\$ 58,820,813	\$ 74,610,724	\$ 64,042,954
EXPENSES			
General Government Services			
Legislative	752,695	721,337	706,685
General administration	9,436,543	8,337,894	7,758,818
Protective Services			
Enforcement	1,527,316	1,322,120	1,214,838
Fire	6,391,985	6,277,962	5,996,407
Disaster services	96,595	53,116	62,519
Bylaw enforcement	138,950	135,459	129,042
Transportation Services			
Public works	25,197,211	26,647,101	27,685,873
Transit	566,955	567,723	521,830
Drainage	192,395	177,039	328,129
Environment Treatment Services			
Water	2,560,233	2,421,652	2,681,364
Sewer	2,039,530	2,174,953	2,138,338
Waste management	2,177,772	1,372,349	1,649,216
Other environmental use	1,450	1,450	712,928
Carried forward	\$ 51,079,630	\$ 50,210,155	\$ 51,585,987

See accompanying notes to financial statements

Leduc County Statement of Operations

Year ended December 31, 2017

	2017 (Budget - note 17)	2017 (Actual)	2016 (Actual)
EXPENSES CONTINUED			
Brought forward	\$ 51,079,630	\$ 50,210,155	\$ 51,585,987
Family and Community Support Services			
Family and community support services	2,180,783	2,153,209	2,163,784
Environment Development Services			
Planning and development	4,289,544	3,991,379	4,730,469
Agriculture	1,845,353	1,745,005	1,638,481
Recreation, Parks and Cultural Services			
Recreation board	6,350	3,709	3,212
Recreation	3,507,870	3,366,973	4,045,269
Parks	902,845	991,787	955,532
Library board	539,155	357,303	352,884
Other			
Other	2,865,043	2,936,710	2,503,047
	<u>67,216,573</u>	<u>65,756,230</u>	<u>67,978,665</u>
ANNUAL SURPLUS (DEFICIT) BEFORE OTHER REVENUE (EXPENSES)	(8,395,760)	8,854,494	(3,935,711)
OTHER REVENUE (EXPENSES)			
Gain on disposal of tangible capital assets	-	296,572	(562,987)
Loss on disposal of tangible capital assets due to annexation (note 19)	-	(847,792)	-
Contributed assets	-	10,136,794	15,949,656
Government transfer for capital (Schedule 4)	10,440,430	12,147,890	4,325,735
	<u>10,440,430</u>	<u>21,733,464</u>	<u>19,712,404</u>
ANNUAL SURPLUS	2,044,670	30,587,958	15,776,693
ACCUMULATED SURPLUS, BEGINNING OF YEAR	<u>315,888,043</u>	<u>315,888,043</u>	<u>300,111,350</u>
ACCUMULATED SURPLUS, END OF YEAR (note 16)	\$ 317,932,713	\$ 346,476,001	\$ 315,888,043

See accompanying notes to financial statements

Leduc County
Statement of Changes in Net Financial Assets

Year ended December 31, 2017

	2017 (Budget - note 17)	2017 (Actual)	2016 (Actual)
ANNUAL SURPLUS	\$ 2,044,670	\$ 30,587,958	\$ 15,776,693
Acquisition of tangible capital assets	(33,176,804)	(29,837,878)	(17,335,717)
Contributed tangible capital assets	-	(10,136,794)	(15,949,656)
Proceeds on disposal of tangible capital assets	2,473,700	715,859	1,652,586
Amortization of tangible capital assets	13,037,200	15,482,084	14,227,922
Gain on disposal of tangible capital assets	-	(296,572)	-
Loss on disposal of tangible capital assets due to annexation	-	847,792	562,987
	<u>(17,665,904)</u>	<u>(23,225,509)</u>	<u>(16,841,878)</u>
Change in inventories for consumption	-	(16,726)	26,586
Change in prepaid expenses	-	(97,718)	216,498
		<u>(114,444)</u>	<u>243,084</u>
INCREASE (DECREASE) IN NET FINANCIAL ASSETS	(15,621,234)	7,248,005	(822,101)
NET FINANCIAL ASSETS, BEGINNING OF YEAR	19,534,621	19,534,621	20,356,722
NET FINANCIAL ASSETS, END OF YEAR	<u>\$ 3,913,387</u>	<u>\$ 26,782,626</u>	<u>\$ 19,534,621</u>

See accompanying notes to financial statements

Leduc County
Statement of Cash Flow

Year ended December 31, 2017

	2017	2016
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:		
OPERATING		
Annual surplus	\$ 30,587,958	\$ 15,776,693
Changes in non-cash charges included in the annual surplus:		
Amortization of tangible capital assets	15,482,084	14,227,922
Gain on disposal of tangible capital assets	(296,572)	562,987
Loss on disposal of tangible capital assets due to annexation	847,792	-
Contributed tangible capital assets	(10,136,794)	(15,949,656)
	<u>36,484,468</u>	<u>14,617,946</u>
Changes in non-cash charges to operations:		
Taxes and grants in lieu receivable	(24,667)	(109,823)
Accounts receivable	(1,233,780)	8,446,782
Local improvement taxes receivable	732,183	701,190
Debt charges recoverable	152,151	145,678
Other assets	(58,674)	539
Prepaid expenses	(97,718)	216,498
Consumable inventory	(16,726)	26,586
Accounts payable and accrued liabilities	(2,524,666)	(1,311,666)
Deposits	55,409	(560,194)
Contaminated sites	-	710,000
Deferred revenue	(2,849,163)	1,797,518
Cash provided by operating transactions	<u>30,618,817</u>	<u>24,681,054</u>
CAPITAL		
Acquisition of tangible capital assets	(29,837,878)	(17,335,717)
Proceeds on disposal of tangible capital assets	715,859	1,652,586
Cash applied to capital transactions	<u>(29,122,019)</u>	<u>(15,683,131)</u>
FINANCING		
Acquisition of long-term debt	-	10,052,300
Repayment of long-term debt	(2,265,206)	(1,825,421)
Repayment of long-term operating debt recoverable	(152,151)	(145,678)
Cash provided by financing transactions	<u>(2,417,357)</u>	<u>8,081,201</u>
CHANGE IN CASH DURING THE YEAR	(920,559)	17,079,124
CASH BALANCE, BEGINNING OF YEAR	71,142,860	54,063,736
CASH BALANCE, END OF YEAR	\$ 70,222,301	\$ 71,142,860

Leduc County

Notes to the Financial Statements

Year ended December 31, 2017

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 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, 2017

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 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, 2017

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, 2017

2. TAXES AND GRANTS-IN-LIEU RECEIVABLE

	2017	2016
Current	\$ 991,908	\$ 1,110,320
Arrears	705,591	558,512
	1,697,499	1,668,832
Less allowance for doubtful accounts	(93,000)	(89,000)
	\$ 1,604,499	\$ 1,579,832

3. ACCOUNTS RECEIVABLE

	2017	2016
Federal government	\$ 530,072	\$ 394,450
Provincial government	827,021	833,774
Local government	1,328,474	531,889
Trade accounts	1,095,154	768,148
	3,780,721	2,528,261
Less allowance for doubtful accounts	(101,680)	(83,000)
	\$ 3,679,041	\$ 2,445,261

4. LOCAL IMPROVEMENT TAXES RECEIVABLE

	2017	2016
Bylaw 19-06 (amended by Bylaw 28-06)	\$ 8,130,369	\$ 8,853,628
Bylaw 30-02 (amended by Bylaw 28-04)	87,954	96,878
	\$ 8,218,323	\$ 8,950,506

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, 2017

5. DEBT CHARGES RECOVERABLE (LEDUC FOUNDATION)

	<u>2017</u>	<u>2016</u>
Current debt charges recoverable	\$ 158,912	\$ 152,151
Long-term debt charges recoverable	2,290,491	2,449,403
	\$ 2,449,403	\$ 2,601,554

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>
2018	\$ 158,912	\$ 105,924	\$ 264,836
2019	165,973	98,963	264,836
2020	173,348	91,488	264,836
2021	181,050	83,786	264,836
2022	189,094	75,742	264,836
Thereafter	1,581,026	272,826	1,853,852
	\$ 2,449,403	\$ 728,629	\$ 3,178,033

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>2017</u>	<u>2016</u>
Site clean up, remediation and monitoring	\$ 710,000	\$ 710,000

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, 2017

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.

	2016	Additions	Revenue Recognized	2017
ACP	\$ 125,776	\$ 387	\$ (126,163)	\$ -
BMTG	116,082	548	(116,082)	548
CIP	973	11	-	984
FCSS	37,792	50,932	(28,022)	60,701
FGTF	662,956	735,068	(1,075,689)	322,335
FSEPP	475	-	(475)	-
MSI Capital	4,619,900	6,001,543	(8,400,367)	2,221,076
MSI Operating	11,655	234,942	(234,808)	11,790
RCP	73,127	692	(15,173)	58,646
STIP	-	975,691	(843,026)	132,665
Other	1,128,779	88,997	(98,169)	1,119,607
	\$ 6,777,516	\$ 8,088,812	\$ (10,937,975)	\$ 3,928,353

ACP	Alberta Community Partnership
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
STIP	Strategic Transportation Infrastructure Program

Leduc County
Notes to the Financial Statements

Year ended December 31, 2016

8. LONG-TERM DEBT

	2017	2016
General tax levy supported	\$ 12,970,826	\$ 13,527,618
Special levy supported - Local Improvement (note 4)	8,218,323	8,950,506
Utility rate supported	196,367	238,715
Offsite levy reserve supported	22,627,984	23,561,866
Other - Leduc Foundation borrowing/loan (note 5)	2,449,403	2,601,554
	\$ 46,462,902	\$ 48,880,259

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 per cent to 6.000 per cent, before provincial subsidy, and matures in periods 2021 through 2039.

The county's cash payments for interest in 2017 was \$1,663,987 (2016 - \$1,434,645).

Debenture principal and interest payments are due as follows:

	Principal	Interest	Total
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
2022	2,845,240	1,179,435	4,024,675
Thereafter	33,016,032	7,082,212	40,098,243
	\$ 46,462,902	\$ 13,985,394	\$ 60,448,296

LONG-TERM DEBT SUMMARY

	2017	2016
Long-term debt for capital purposes	\$ 34,569,303	\$ 36,520,043
Long-term debt for operating purposes	9,444,196	9,758,662
Recoverable long-term debt (note 5)	2,449,403	2,601,554
	\$ 46,462,902	\$ 48,880,259

Leduc County
Notes to the Financial Statements

Year ended December 31, 2017

9. RESERVES - OPERATING

	2016	Additions	Applied	2017
External Agreements	\$ -	\$ 3,425,763	\$ 219,028	\$ 3,206,736
Facilities & Equipment	-	999,003	205,281	793,721
Stabilization & Contingency	-	5,505,131	34,263	5,470,868
Special Purpose	-	3,839,745	143,070	3,696,675
Regulatory	-	1,206,941	52,200	1,154,741
Utilities	-	1,619,243	113,252	1,505,991
General administration	1,442,257	-	1,442,257	-
Enforcement Services department	23,240	-	23,240	-
Fire department	199,534	-	199,534	-
Disaster services department	5,400	-	5,400	-
Ambulance services	22,321	-	22,321	-
Public Works department	3,146,738	-	3,146,738	-
Drainage department	240,664	-	240,664	-
Water department	640,922	-	640,922	-
Sewer department	469,982	-	469,982	-
Waste management department	53,691	-	53,691	-
Other environmental use	1,450	-	1,450	-
FCSS department	105,937	-	105,937	-
Planning and Development	1,811,599	-	1,811,599	-
Agricultural Services department	54,842	-	54,482	-
Recreation department	429,003	-	429,003	-
Parks department	114,006	-	114,006	-
Library board	29,016	-	29,016	-
Special transit	21,547	-	21,547	-
Public transit	8,310	-	8,310	-
New Sarepta franchise fees	17,701	-	17,701	-
Inter-municipal Stabilization	558,048	-	558,048	-
Mill rate stabilization	2,933,755	-	2,933,755	-
Contaminated sites	658,901	-	658,901	-
	\$ 12,988,864	\$ 16,595,825	\$ 13,755,958	\$ 15,828,732

Leduc County
Notes to the Financial Statements

Year ended December 31, 2017

10. RESERVES - CAPITAL

	2016	Additions	Applied	2017
Asset Lifecycle Management	\$ -	\$ 5,883,043	\$ 773,562	\$ 5,109,482
Stabilization and Contingency	-	9,991,963	3,301,678	6,690,285
Special Purpose	-	366,774	141,447	225,327
Statutory	-	43,450,184	12,966,574	30,483,610
Utilities	-	137,878	-	137,878
General administration	333,653	-	333,653	-
Enforcement Services department	264	-	264	-
Fire department	62,142	-	62,142	-
Disaster department	150,000	-	150,000	-
Public Works department	16,727,702	-	16,727,702	-
Transit	254,250	-	254,250	-
Water department	12,195,831	-	12,195,831	-
Sewer department	140,954	-	140,954	-
Waste department	59,271	-	59,271	-
Agriculture Services department	3,011	-	3,011	-
Recreation and Parks department	3,471,705	-	3,471,705	-
Capital stabilization fund	6,314,399	-	6,314,399	-
	\$ 39,713,181	\$ 59,829,842	\$ 56,896,442	\$ 42,646,581

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:

	2017	2016
Total debt limit	\$ 111,916,086	\$ 96,064,431
Total debt outstanding	(46,462,902)	(48,880,259)
Amount of total debt limit available	\$ 65,453,184	\$ 47,184,172
Total percentage of debt limit available	58.48%	49.12%
Service on debt limit	\$ 18,652,681	\$ 16,010,739
Actual service on debt amount	(4,081,344)	(4,081,344)
Amount of service on debt limit available	\$ 14,571,337	\$ 11,929,395
Total percentage of debt servicing available	78.12%	74.51%

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 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, 2017

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	2017 total	2016 total
1	Rick Smith	\$ 44,301	\$ 22,147	\$ 10,346	\$ 76,794	\$ 75,711
	Deputy Mayor Oct. 24 to Dec. 31	417	208	-	625	-
2	Clayton Stumph	35,965	17,980	8,447	62,392	75,671
2	Kelly-Lynn Lewis	8,336	4,167	1,792	14,295	-
3	John Schonewille	35,965	17,980	8,445	62,390	75,666
3	Kelly Vandenberghe	8,336	4,167	1,242	13,745	-
4	John Whaley	35,965	17,980	9,124	63,069	76,656
	Mayor Jan. 1 to Oct. 23	7,193	3,596	-	10,789	13,158
4	Larry Wanchuk	8,336	4,167	1,791	14,294	-
5	Tanni Doblanko	44,301	22,147	10,462	76,910	75,832
	Mayor Oct. 24 to Dec. 31	1,667	834	-	2,501	1,645
6	Glenn Belozer	44,301	22,147	10,392	76,840	75,894
	Deputy Mayor Jan. 1 to Feb. 28	369	185	-	554	1,645
7	Audrey Kelto	35,965	17,979	8,668	62,612	75,778
	Deputy Mayor Mar. 1 to Oct. 23	1,429	715	-	2,144	-
7	Ray Scobie	8,337	4,167	1,812	14,316	-
		\$ 321,183	\$ 160,566	\$ 72,521	\$ 554,270	\$ 547,656

Title	# of persons	Salary	Benefits ¹	2017 total	2016 total
County Manager	1	\$ 212,016	\$ 35,169	\$ 247,185	\$ 400,682

¹Employer’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 and employee assistance program coverage.

Leduc County
Notes to the Financial Statements

Year ended December 31, 2017

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 \$637 million at December 31, 2016.

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

Total current service contributions by Leduc County to the Local Authorities Pension Plan in 2017 were \$1,794,860 (2016 - \$1,782,281). Total current service contributions by the employees of Leduc County to the Local Authorities Pension Plan in 2017 were \$1,763,002 (2016 - \$1,649,359).

15. EQUITY IN TANGIBLE CAPITAL ASSETS

	2017	2016
Tangible capital assets (Schedule 1)	\$ 1,141,373,076	\$ 1,107,744,084
Accumulated amortization (Schedule 1)	(822,103,734)	(811,700,252)
Long-term debt for capital purposes (note 8)	(34,569,303)	(36,520,043)
Local improvements (note 4)	8,218,323	8,950,506
	\$ 292,918,362	\$ 268,474,295

16. ACCUMULATED SURPLUS

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

	2017	2016
Unrestricted deficit	\$ (4,917,674)	\$ (5,288,297)
Operating reserves (note 9)	15,828,732	12,988,864
Capital reserves (note 10)	42,646,581	39,713,181
Equity in tangible capital assets (note 15)	292,918,362	268,474,295
	\$ 346,476,001	\$ 315,888,043

Leduc County
Notes to the Financial Statements

Year ended December 31, 2017

17. BUDGET FIGURES

The 2017 budget figures which appear in these statements were approved by council on May 9, 2017. Leduc County budgets on a cash, not an accrual basis. The below table reconciles the annual surplus to the county's operating surplus based on the methods used in preparing its annual budget.

	2017 (Budget)	2017 (Actual)	2016 (Actual)
Annual surplus (deficit)	\$ 2,044,670	\$ 30,587,963	\$ 15,776,693
<i>Deduct:</i>			
Contributed Assets	-	(10,136,794)	(15,949,656)
Gain on disposal of tangible capital assets	-	-	-
Transfer to own municipal function - operating	(7,408,208)	(14,602,694)	(12,165,631)
Principal repayment of long-term debt	(1,354,016)	(1,533,023)	(1,124,230)
Transfer to capital reserves	(4,554,827)	(23,216,453)	(14,800,126)
Purchase of fixed assets	(33,176,804)	(29,837,879)	(17,335,717)
<i>Add back:</i>			
Amortization	13,037,200	15,482,084	14,227,922
Local Improvement Receivable	-	-	-
Loss on disposal of tangible capital assets	-	551,220	562,987
Draws from operating reserves	2,505,957	3,392,918	3,207,061
Internal transfers from capital fund	1,614,827	2,468,791	1,966,717
Transfer to own municipal function - capital	21,317,501	26,184,170	14,134,633
Long-term debt additions	3,500,000	-	10,052,300
Proceeds on tangible capital assets	2,473,700	715,859	1,652,586
	\$ -	\$ 56,162	\$ 205,539

18. CONTINGENCIES

a.) Legal Claims

As of December 31, 2017, 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. ANNEXATION - TOWN OF BEAUMONT

In 2017, the Town of Beaumont annexed 1,330 hectares (3,289 acres) of land from Leduc County. Leduc County transferred tangible capital assets with a net book value of \$847,792 to the Town of Beaumont. The County will maintain ownership of the water lines until such time that an interconnect between the east end of the water line and the Town of Beaumont is in place. Additionally, the county realized a reduction of \$14,116,250 in property assessment and eight utility accounts averaging 2,448m³ consumption per year. Leduc County did not receive any compensation from the Town of Beaumont.

Leduc County
Notes to the Financial Statements

Year ended December 31, 2017

20. COMMITMENTS

Under a service agreement with Edmonton International Airport dated December 31, 2015, the county has agreed to pay Edmonton International Airport a grant for mutual aid. The term of the agreement is three years: January 1, 2015 and expires on December 31, 2018.

21. COMPARITIVE 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, 2017

Schedule 1

	Land	Land Improvements	Buildings	Engineered Structures	Machinery and Equipment	Vehicles	Construction in Progress	2017	2016
COST:									
BALANCE, BEGINNING 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
Acquisition of tangible capital assets	266,300	1,074,350	179,188	20,973,723	594,489	1,589,214	15,297,408	39,974,672	33,285,373
Disposal of tangible capital assets	(524,732)	-	(122,940)	(4,790,086)	(518,673)	(389,249)	-	(6,345,680)	(4,993,715)
Transfers in/(out)	1,076	18,883	23,599	51,649	-	35,133	(130,340)	-	-
BALANCE, END OF YEAR	92,752,796	6,569,546	20,416,895	973,675,731	15,025,726	14,712,910	18,219,472	1,141,373,076	1,107,744,084
ACCUMULATED AMORTIZATION:									
BALANCE, BEGINNING OF YEAR	-	2,101,910	6,077,127	790,789,111	7,695,980	5,036,124	-	811,700,252	800,250,472
Annual amortization	-	244,973	509,129	12,915,819	990,979	821,184	-	15,482,084	14,227,922
Accumulated amortization on disposals	-	-	(37,078)	(4,461,312)	(411,409)	(168,803)	-	(5,078,602)	(2,778,142)
Transfers in/(out)	-	-	-	-	-	-	-	-	-
BALANCE, END OF YEAR	-	2,346,883	6,549,178	799,243,618	8,275,550	5,688,505	-	822,103,734	811,700,252
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	\$ 92,752,796	\$ 4,222,663	\$ 13,867,717	\$ 174,432,113	\$ 6,750,176	\$ 9,024,405	\$ 18,219,472	\$ 319,269,342	\$ 296,043,832
2016 NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	\$ 93,010,152	\$ 3,374,403	\$ 14,259,921	\$ 166,651,534	\$ 7,253,930	\$ 8,441,688	\$ 3,052,404	\$ 296,043,832	

See accompanying notes to financial statements

Leduc County
Schedule of Taxes Levied

Year ended December 31, 2017

Schedule 2

	2017 (Budget-note 17)	2017 (Actual)	2016 (Actual)
SUMMARY OF PROPERTY TAXES			
Land and improvements	\$ 58,357,841	\$ 58,631,373	\$ 58,278,196
Electric, power and pipeline	11,825,151	11,881,250	10,411,492
Federal and provincial grants in lieu	103,309	103,218	106,607
Local improvements	383,413	383,413	414,407
	70,669,714	70,999,254	69,210,702
REQUISITIONS			
Alberta School Foundation Fund	22,364,963	22,366,260	20,822,802
Separate School	1,675,763	1,675,763	1,546,704
Leduc Senior Foundation	140,210	139,806	140,398
(Over)/Under levy (note 1)	(68,065)	(125,932)	48,318
	24,112,871	24,055,897	22,558,222
NET TAXES AVAILABLE FOR MUNICIPAL PURPOSES			
	\$ 46,556,843	\$ 46,943,357	\$ 46,652,480

See accompanying notes to financial statements

Leduc County
Schedule of Expenses by Object

Year ended December 31, 2017

Schedule 3

	2017 (Budget-note 17)		2017 (Actual)		2016 (Actual)
Salaries, wages and benefits	\$ 21,926,471	\$	21,587,896	\$	21,179,432
Contracted and general service	11,107,170		8,233,901		9,598,167
Purchases from other governments	4,042,586		3,688,012		4,114,538
Materials, goods, supplies and utilities	6,623,191		6,491,877		6,095,918
Provision for allowances	-		187,889		107,525
Transfers to other governments	3,173,016		2,689,757		5,981,414
Transfers to individuals and organizations	3,034,902		2,948,866		2,811,288
Bank charges and short-term interest	32,230		32,909		33,674
Interest on long-term debt	1,374,764		1,547,995		1,325,740
Amortization of tangible capital assets	13,037,200		15,482,084		14,227,922
Other expenditures	2,865,043		2,865,043		2,503,047
	\$ 67,216,573	\$	65,756,230	\$	67,978,665

See accompanying notes to financial statements

Leduc County
Schedule of Government Transfers

Year ended December 31, 2017

Schedule 4

	2017 (Budget-note 17)		2017 (Actual)		2016 (Actual)
TRANSFERS FOR OPERATING					
Provincial Government Unconditional	\$ 69,243	\$	35,472	\$	75,094
Provincial Government Conditional	3,665,286		3,496,997		3,111,860
Other Local Governments	237,584		214,668		282,989
	3,972,113		3,747,137		3,469,943
TRANSFER FOR CAPITAL					
Provincial Government	10,440,430		9,032,077		3,974,682
Federal Government	-		-		219,309
Other Local Governments	-		3,115,813		131,744
	10,440,430		12,147,890		4,325,735
TOTAL GOVERNMENT TRANSFERS	\$ 14,412,543	\$	15,895,027	\$	7,795,678

See accompanying notes to financial statements

Leduc County
Schedule of Segmented Disclosure
Year ended December 31, 2017

Schedule 5

	2017						2016			
	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	\$ 46,943,357	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 46,943,357	\$ 46,652,480
Net municipal taxes	34,292	337,866	278,776	-	57,947	-	22,893	-	731,774	458,344
Sales to other governments	43,287	238,334	414,457	57,162	195,369	613,807	3,650,235	-	5,212,651	4,676,599
User fees and sales of goods	314,233	138,577	-	-	1,331,800	-	-	-	1,784,610	1,550,813
Licenses and permits	-	384,081	-	-	-	1,425	-	-	385,506	463,935
Fines	528,724	-	190,050	-	-	35,187	163,323	-	917,284	585,408
Investment income	44,121	64,165	-	-	1,500	20,615	35,688	-	166,089	163,070
Rental revenue	140,487	58,620	1,435,007	1,692,364	176,736	9,115	234,808	-	3,747,137	3,469,943
Government transfers	-	-	12,063,412	-	-	65,264	1,232,424	-	13,361,100	5,144,855
Developers' agreements and levies	-	-	6,810,726	-	-	-	3,326,068	-	10,136,794	15,949,656
Contributed assets	28,750	1,496,025	10,607,942	-	-	-	15,173	-	12,147,890	4,325,735
Government transfers capital	539,244	58,704	593,688	-	1,700	19,535	44,017	104,328	1,361,216	877,507
Other revenue	48,616,495	2,776,372	32,394,058	1,749,526	1,765,052	764,948	8,724,629	104,328	96,895,408	84,318,345
EXPENSES	5,553,276	2,628,675	4,981,606	1,733,603	4,447,428	1,285,627	957,681	-	21,587,896	21,179,432
Salaries, wages and benefits	2,392,286	709,083	3,265,911	267,208	530,246	354,339	714,828	-	8,233,901	9,598,167
Contracted and general service	9,017	399,949	451,990	-	336,799	-	2,490,257	-	3,688,012	4,114,538
Purchases from other governments	411,169	615,980	4,591,784	44,536	306,583	316,362	205,463	-	6,491,877	6,095,918
Materials, goods, supplies and utilities	100,161	-	-	-	-	-	16,062	71,666	187,889	107,525
Provision for allowances	-	-	407,834	98,492	-	2,183,431	-	-	2,689,757	5,981,414
Transfers to other governments	139,297	2,711,849	-	9,370	6,900	80,000	1,450	-	2,948,866	2,811,288
Transfers to individuals and organizations	7,609	-	46	-	11,963	12,314	977	-	32,909	33,674
Bank charges and short-term interest	150,212	-	609,283	-	-	232,413	536,087	-	1,547,995	1,325,740
Interest on long-term debt	296,204	723,121	13,083,409	-	96,465	255,286	1,027,599	-	15,482,084	14,227,922
Amortization expense	-	-	-	-	-	-	-	-	2,865,043	2,503,047
Other expenditures	9,059,231	7,788,657	27,591,863	2,153,209	5,736,384	4,719,772	5,970,404	2,936,710	65,756,230	67,978,665
NET REVENUE/(DEFICIT), BEFORE GAINS/(LOSSES)	39,557,264	(5,012,285)	5,002,195	(403,683)	(3,971,332)	(3,954,824)	2,754,225	(2,832,382)	31,139,178	16,339,680
Gain/(loss) on sale of fixed assets	21,735	(85,569)	(261,333)	-	3,078	(39,108)	(190,023)	-	(551,220)	(562,987)
NET REVENUE/(DEFICIT)	\$ 39,578,999	\$ (5,097,854)	\$ 4,740,862	\$ (403,683)	\$ (3,968,254)	\$ (3,993,932)	\$ 2,564,202	\$ (2,832,382)	\$ 30,587,958	\$ 15,776,693

See accompanying notes to financial statements