



**Financial Statements**  
Year ended December 31, 2021

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## MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

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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  
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Renee Klimosko, CPA, CGA  
General Manager, Financial and Corporate Services

Nisku, Alberta  
April 12, 2022

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## INDEPENDENT AUDITORS' REPORT

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To the Mayor and Council of Leduc County

### *Opinion*

We have audited the financial statements of Leduc County (the "County"), which comprise the statement of financial position as at December 31, 2021, and the statements of operations, change in net financial assets (debt) and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the County as at December 31, 2021, and the results of its operations, change in its net financial assets (debt) and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

### *Basis for Opinion*

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the County in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our ethical responsibilities in accordance with these requirements. We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### *Responsibilities of Management and Those Charged with Governance for the Financial Statements*

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian public sector accounting standards, and for such control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the County's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the County or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the County's financial reporting process.



*Auditors' Responsibility for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but it is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control.
- Evaluate the appropriateness of accounting policies and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the County's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the County to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including significant deficiencies in internal control that we identify during our audit.

**METRIX GROUP LLP**

Chartered Professional Accountants

Edmonton, Alberta

April 12, 2022



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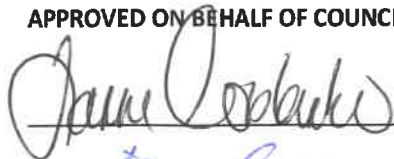

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**LEDUC COUNTY**  
**Statement of Financial Position**  
**As at December 31, 2021**

	2021	2020
<b>FINANCIAL ASSETS</b>		
Cash	\$ 41,082,210	\$ 45,774,693
Taxes and grants-in-lieu receivable (Note 2)	1,395,163	1,952,980
Accounts receivable (Note 3)	15,694,115	7,945,491
Local improvement taxes receivable (Note 4)	4,951,321	5,821,801
Annexation proceeds receivable (Note 5)	3,710,000	4,240,000
Investments (Note 6)	31,412,169	31,392,853
Debt charges recoverable (Note 7)	1,770,121	1,951,170
Other assets	76,367	94,814
	<b>100,091,466</b>	<b>99,173,802</b>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	10,911,238	13,040,823
Deposits	1,651,686	701,394
Contaminated sites (Note 8)	746,896	759,050
Deferred revenue (Note 9)	23,572,785	21,346,056
Long-term debt (Note 10)	40,598,205	43,601,429
	<b>77,480,810</b>	<b>79,448,752</b>
<b>NET FINANCIAL ASSETS (DEBT)</b>	<b>22,610,656</b>	<b>19,725,050</b>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (Schedule 1)	340,924,413	338,417,782
Consumable inventories	139,490	98,799
Prepaid expenses	551,837	453,969
	<b>341,615,740</b>	<b>338,970,550</b>
<b>ACCUMULATED SURPLUS (Note 12)</b>	<b>\$ 364,226,396</b>	<b>\$ 358,695,600</b>
Contingencies (Note 19)		

**APPROVED ON BEHALF OF COUNCIL:**

**LEDUC COUNTY**  
**Statement of Operations and Accumulated Surplus**  
Year ended December 31, 2021

	2021 (Budget) (Note 21)	2021 (Actual)	2020 (Actual)
<b>REVENUE</b>			
Net municipal taxes (Schedule 2)	\$ 45,855,842	\$ 45,249,796	\$ 47,497,077
Sales and user fees	5,806,503	6,762,609	5,610,525
Government transfers for operating (Schedule 4)	3,020,125	2,662,460	4,678,818
Developers' agreements levies	1,605,799	1,605,799	4,386,616
Licenses and permits	821,779	1,300,455	959,029
Other	133,399	976,505	328,610
Investment income	581,559	627,659	1,572,058
Penalties and costs on taxes	206,850	531,900	239,203
Sales to other governments	444,140	378,197	329,222
Rentals	164,857	195,651	193,152
Fines	279,260	141,144	159,099
Insurance proceeds	-	120,079	119,765
	58,920,113	60,552,254	66,073,174
<b>EXPENSES</b>			
Transportation services			
Public works	29,428,895	28,861,653	31,217,542
Transit	1,031,039	973,861	1,170,466
Drainage	18,015	5,943	11,563
General government services			
General administration	8,518,005	8,222,438	7,884,841
Legislative services	820,380	743,112	736,468
Protective services			
Fire	7,151,579	7,216,816	6,873,228
Enforcement	1,776,860	1,683,249	1,476,935
Disaster	95,637	141,317	153,516
Bylaw enforcement	33,550	26,122	57,330
Environmental treatment services			
Water supply and distribution	2,915,199	3,263,737	3,001,142
Wastewater treatment and disposal	2,587,946	2,628,699	2,597,760
Solid waste management	1,506,103	1,646,508	1,575,410
Recreation, parks and cultural services			
Recreation	3,166,662	3,034,235	2,828,667
Parks	982,873	962,988	814,070
Library board	254,980	229,309	204,019
Recreation board	3,350	3,115	2,023
Environmental development services			
Planning and development	4,566,717	4,131,369	4,192,542
Agricultural services	1,494,567	1,200,131	1,154,071
Family and community support services	1,687,285	1,597,828	1,836,373
Other - tax share agreement	3,475,235	3,472,368	3,810,812
	71,514,877	70,044,798	71,598,778
<b>ANNUAL SURPLUS (DEFICIT)</b>			
<b>BEFORE OTHER REVENUE (EXPENSES)</b>	(12,594,764)	(9,492,544)	(5,525,604)

**LEDUC COUNTY****Statement of Operations and Accumulated Surplus**

Year ended December 31, 2021

	2021 (Budget) (Note 21)	2021 (Actual)	2020 (Actual)
<b>ANNUAL SURPLUS (DEFICIT)</b>			
<b>BEFORE OTHER REVENUE (EXPENSES)</b>	(12,594,764)	<b>(9,492,544)</b>	(5,525,604)
<b>OTHER REVENUE (EXPENSES)</b>			
Government transfers for capital (Schedule 4)	10,295,822	<b>12,625,419</b>	8,095,789
Contributed tangible capital assets	-	<b>2,412,247</b>	6,728,044
Gain (loss) on disposal of tangible capital assets	-	<b>(14,326)</b>	(31,431)
	10,295,822	<b>15,023,340</b>	14,792,402
<b>ANNUAL SURPLUS (Deficit)</b>	(2,298,942)	<b>5,530,796</b>	9,266,798
<b>ACCUMULATED SURPLUS, BEGINNING OF YEAR</b>	358,695,600	<b>358,695,600</b>	349,428,802
<b>ACCUMULATED SURPLUS, END OF YEAR</b>	\$ 356,396,658	<b>\$ 364,226,396</b>	\$ 358,695,600



**LEDUC COUNTY****Statement of Changes in Net Financial Assets (Debt)**

Year ended December 31, 2021

	2021 (Budget) (Note 21)	2021 (Actual)	2020 (Actual)
<b>ANNUAL SURPLUS</b>	\$ (2,298,942)	\$ 5,530,796	\$ 9,266,798
Acquisition of tangible capital assets	(14,706,888)	(16,835,705)	(12,896,385)
Contributed tangible capital assets	-	(2,412,247)	(6,728,044)
Proceeds on disposal of tangible capital assets	-	20,249	269,673
Amortization of tangible capital assets	16,546,714	16,706,746	16,655,920
Loss (gain) on disposal of tangible capital assets	-	14,326	31,431
	1,839,826	(2,506,631)	(2,667,405)
Use (acquisition) of supplies inventory	-	(40,691)	25,662
Use (acquisition) of prepaid expenses	-	(97,868)	(67,398)
	-	(138,559)	(41,736)
<b>INCREASE (DECREASE) IN NET FINANCIAL ASSETS</b>	(459,116)	2,885,606	6,557,657
<b>NET FINANCIAL ASSETS (DEBT), BEGINNING OF YEAR</b>	19,725,050	19,725,050	13,167,393
<b>NET FINANCIAL ASSETS (DEBT), END OF YEAR</b>	\$ 19,265,934	\$ 22,610,656	\$ 19,725,050

**LEDUC COUNTY**  
**Statement of Cash Flows**  
Year ended December 31, 2021

	2021	2020
<b>OPERATING ACTIVITIES</b>		
Annual surplus	\$ 5,530,796	\$ 9,266,798
Non-cash items included in annual surplus		
Amortization of tangible capital assets	16,706,746	16,655,920
Tangible capital assets received as contributions	(2,412,247)	(6,728,044)
(Gain) Loss on sales of investments	(94,206)	(1,105,536)
(Gain) Loss on disposal of tangible capital assets	14,326	31,431
	19,745,415	18,120,569
Change in non-cash working capital balances:		
Taxes and grants-in-lieu receivable	557,817	(357,635)
Accounts receivable	(7,748,624)	(2,118,839)
Local improvement taxes receivable	870,480	833,631
Annexation proceeds receivable	530,000	530,000
Debt charges recoverable	181,049	173,348
Other assets	18,447	920
Accounts payable and accrued liabilities	(2,129,585)	2,880,992
Deposits	950,292	(20,662)
Deferred revenue	2,226,729	(3,125,165)
Contaminated sites	(12,154)	7,628
Consumable inventory	(40,691)	25,662
Prepaid expenses	(97,868)	(67,398)
	15,051,307	16,883,051
<b>CAPITAL ACTIVITIES</b>		
Purchase of tangible capital assets	(16,835,705)	(12,896,385)
Proceeds on disposal of tangible capital assets	20,249	269,673
	(16,815,456)	(12,626,712)
<b>FINANCING ACTIVITIES</b>		
Long-term debt issued	-	1,700,000
Long-term debt principal repayments	(2,822,174)	(2,654,331)
Repayment of long-term operating debt recoverable	(181,050)	(173,348)
	(3,003,224)	(1,127,679)
<b>INVESTMENT ACTIVITIES</b>		
Change in investments	74,890	(5,116,692)
<b>INCREASE (DECREASE) IN CASH DURING THE YEAR</b>	<b>(4,692,483)</b>	<b>(1,988,032)</b>
<b>CASH BALANCE, BEGINNING OF YEAR</b>	<b>45,774,693</b>	<b>47,762,725</b>
<b>CASH BALANCE, END OF YEAR</b>	<b>\$ 41,082,210</b>	<b>\$ 45,774,693</b>

**LEDUC COUNTY**  
**Notes to Financial Statements**  
**Year ended December 31, 2021**

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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**

These financial statements have been prepared in accordance with Canadian public sector accounting standards. Significant aspects of the 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, seniors foundation and designated industrial properties 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) Investments

Investments are recorded at amortized cost. Investment premiums and discounts are amortized over the term of the respective investments. When there has been a loss in value that is other than a temporary decline, the respective investment is written down to recognize the loss. Gains on principal protected notes are recognized as income when sold.

(e) 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.

(f) 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.

(g) 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.

(h) 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.

(continued)

**1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

(i) 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.

(j) Debt charges recoverable

Debt charges recoverable consist of amounts that are recoverable from other local foundations 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.

(k) 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:

Land improvements	10 - 40 years
Buildings	10 - 50 years
Engineered structures	
Roadway system	5 - 60 years
Water system	45 - 75 years
Wastewater system	45 - 75 years
Storm water system	45 - 75 years
Other engineered structures	10 - 60 years
Machinery and equipment	5 - 40 years
Vehicles	2 - 40 years

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.

(continued)

**1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

- ii) Contributions of tangible capital assets  
Tangible capital assets received as contributions are recorded at fair 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.

(l) 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.

(m) 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.

(n) 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 notices 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.

(continued)

**LEDUC COUNTY**  
**Notes to Financial Statements**  
Year ended December 31, 2021

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

	2021	2020
Current	\$ 1,051,416	\$ 1,551,271
Arrears	956,412	1,003,489
	<b>2,007,828</b>	2,554,760
Less allowance for doubtful accounts	<b>(612,665)</b>	(601,780)
	<b>\$ 1,395,163</b>	\$ 1,952,980

**3. ACCOUNTS RECEIVABLE**

	2021	2020
Government grants	\$ 12,460,306	\$ 5,066,213
Trade accounts	2,520,113	2,349,828
Goods and Services Tax	563,281	433,503
Local government	303,695	236,729
	<b>15,847,395</b>	8,086,273
Less allowance for doubtful accounts	<b>(153,280)</b>	(140,782)
	<b>\$ 15,694,115</b>	\$ 7,945,491

**4. LOCAL IMPROVEMENT TAXES RECEIVABLE**

	2021	2020
Nisku Business Park wastewater line	\$ 4,903,382	\$ 5,763,170
Hamlet of Looma wastewater line	47,939	58,631
	<b>\$ 4,951,321</b>	\$ 5,821,801

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 Business 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 cent 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 cent per annum maturing December 2025.

(continued)



**LEDUC COUNTY**  
**Notes to Financial Statements**  
Year ended December 31, 2021

**5. ANNEXATION PROCEEDS RECEIVABLE**

	<b>2021</b>	2020
City of Edmonton annexation proceeds receivable	<b>\$ 3,710,000</b>	\$ 4,240,000

On January 1, 2019, the City of Edmonton annexed 8,250 hectares (20,387 acres) of land from Leduc County. Leduc County transferred tangible capital assets with a net book value of \$4,655,375 to the City of Edmonton. As per the Province of Alberta provincial order the total compensation amounted to \$8,500,000 of which \$3,200,000 was due upon execution of the agreement and the remaining \$5,300,000 is set to be paid in equal installments of \$530,000 per year until 2028.

**6. INVESTMENTS**

	<b>2021</b>		2020	
	<b>Carrying Value</b>	<b>Market Value</b>	Carrying Value	Market Value
Fixed income securities	<b>\$ 21,036,469</b>	<b>\$ 20,727,875</b>	\$ 21,068,053	\$ 21,477,924
Principal protected notes	<b>10,375,700</b>	<b>10,231,503</b>	10,324,800	10,257,349
	<b>\$ 31,412,169</b>	<b>\$ 30,959,378</b>	\$ 31,392,853	\$ 31,735,273

The fixed income securities have effective interest rates ranging from 1.61 per cent to 3.06 per cent with maturity dates from 2026-2035.

The market value of the bonds and principal protected notes are based on quoted market values. The market value of the bonds and principal protected notes fluctuate with changes in market interest rates and indices. When there has been a loss in value that is other than a temporary decline, the respective investment is written down to recognize the loss. Market values are based on market conditions at a certain point in time and as such, may not be reflective of future fair values.

(continued)

**LEDUC COUNTY**  
**Notes to Financial Statements**  
Year ended December 31, 2021

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**7. DEBT CHARGES RECOVERABLE**

	<b>2021</b>	2020
Current debt charges recoverable	\$ <b>189,094</b>	\$ 181,050
Long-term debt charges recoverable	<b>1,581,027</b>	1,770,120
	<b>\$ 1,770,121</b>	\$ 1,951,170

The county assumed a debenture on behalf of the Leduc Regional Housing Foundation. The county is not in a partnership with the Leduc Regional Housing Foundation on the capital project, but agreed to obtain the funding they required and is reimbursed 100 per cent 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 per cent in 2009 and is repayable in bi-annual payments expiring December 2029. Debenture principal and interest payments are due as follows:

These payments are not disclosed as revenues and expenses by Leduc County, as this loan is 100 per cent recoverable from Leduc Regional Housing Foundation.

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 189,094	\$ 75,742	\$ 264,836
2023	197,496	67,340	264,836
2024	206,272	58,564	264,836
2025	215,437	49,399	264,836
2026	225,009	39,827	264,836
Thereafter	736,813	57,696	794,509
	<b>\$ 1,770,121</b>	<b>\$ 348,568</b>	<b>\$ 2,118,689</b>

**8. CONTAMINATED SITES**

The county has ascertained liabilities for contaminated sites as follows:

	<b>2021</b>	2020
Site clean up, remediation and monitoring	\$ <b>746,896</b>	\$ 759,050

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.

(continued)

**LEDUC COUNTY**  
**Notes to Financial Statements**  
Year ended December 31, 2021

**9. 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.

	2020	Additions	Revenue Recognized	2021
AMWWP	\$ -	\$ 131,836	\$ (30,416)	\$ <b>101,420</b>
BMTG	589	13	-	<b>602</b>
CARES	83,836	1,800	(4,652)	<b>80,984</b>
CCBF	804,350	1,613,482	(1,306,700)	<b>1,111,132</b>
FCSS	153,103	127,698	(128,081)	<b>152,720</b>
MSI Capital	954,679	7,579,968	(6,976,117)	<b>1,558,530</b>
MSI Operating	2,006	248,748	(248,704)	<b>2,050</b>
MSP	-	1,644,189	(1,444,029)	<b>200,160</b>
Offsite Levy - Roads	4,101,702	1,716,409	(1,455,850)	<b>4,362,261</b>
Offsite Levy - Water	14,475,957	692,929	(149,949)	<b>15,018,937</b>
Offsite Levy - Wastewater	6,480	143	-	<b>6,623</b>
Other	763,354	234,484	(20,472)	<b>977,366</b>
	\$ 21,346,056	\$ 13,991,699	\$(11,764,970)	\$ <b>23,572,785</b>

AMWWP	Alberta Municipal Water/Wastewater Partnership
BMTG	Basic Municipal Transportation Grant
CARES	Community and Regional Economic Support Program
CCBF	Canada Community-Building Fund
FCSS	Family and Community Support Services
MSI	Municipal Sustainability Initiative
MSP	Municipal Stimulus Program

(continued)

**LEDUC COUNTY**  
**Notes to Financial Statements**  
Year ended December 31, 2021

**10. LONG-TERM DEBT**

	2021	2020
General tax levy supported	\$ 15,262,848	\$ 16,114,167
Special levy supported - local improvement (Note 4)	4,951,321	5,821,801
Utility rate supported	-	53,462
Offsite levy supported	18,613,915	19,660,829
Other - Leduc Regional Housing Foundation borrowing/loan (Note 7)	1,770,121	1,951,170
	<b>\$ 40,598,205</b>	<b>\$ 43,601,429</b>

Debenture debt has been issued on the credit and security of the county-at-large. Debenture debt is repayable to the Government of Alberta and bears interest at rates ranging from 1.882 per cent to 4.569 per cent and matures in periods 2025 through 2040.

The county's cash payments for interest in 2021 was \$1,419,964 (2020 - \$1,493,115).

Principal and interest payments are due as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 3,056,759	\$ 1,309,758	\$ 4,366,517
2023	3,167,807	1,198,710	4,366,517
2024	3,283,065	1,083,452	4,366,517
2025	3,402,697	963,820	4,366,517
2026	3,513,475	839,793	4,353,268
Thereafter	24,174,402	4,145,286	28,319,688
	<b>\$ 40,598,205</b>	<b>\$ 9,540,819</b>	<b>\$ 50,139,024</b>

**LONG-TERM DEBT SUMMARY**

	2021	2020
Long-term debt for capital purposes	30,755,486	33,216,895
Long-term debt for operating purposes	8,072,598	8,433,364
Recoverable long-term debt (Note 7)	1,770,121	1,951,170
	<b>\$ 40,598,205</b>	<b>\$ 43,601,429</b>

(continued)

**LEDUC COUNTY**  
**Notes to Financial Statements**  
Year ended December 31, 2021

**11. EQUITY IN TANGIBLE CAPITAL ASSETS**

	2021	2020
Tangible capital assets (Schedule 1)	\$ 1,194,736,877	\$ 1,180,812,138
Accumulated amortization (Schedule 1)	(853,812,464)	(842,394,356)
Long-term debt for capital purposes (Note 10)	(30,755,486)	(33,216,895)
Local improvements (Note 4)	4,951,321	5,821,801
	<b>\$ 315,120,248</b>	<b>\$ 311,022,688</b>

**12. ACCUMULATED SURPLUS**

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

	2021	2020
Unrestricted surplus (deficit)	\$ 1,265,394	\$ 1,862,705
Operating reserves (Note 13)	25,521,587	24,126,007
Capital reserves (Note 14)	22,319,167	21,684,200
Equity in tangible capital assets (Note 11)	315,120,248	311,022,688
	<b>\$ 364,226,396</b>	<b>\$ 358,695,600</b>

**13. OPERATING RESERVES**

	2020	Additions	Applied	2021
Stabilization and contingency	\$ 10,606,296	\$ 2,812,923	\$ (2,010,250)	\$ 11,408,969
Special purpose	6,787,748	6,036,338	(4,843,446)	7,980,640
Legacy fund	-	4,790,000	(500,000)	4,290,000
Utilities	1,570,259	592,043	(320,324)	1,841,978
External agreements	2,842,159	-	(2,842,159)	-
Regulatory	1,578,659	22,612	(1,601,271)	-
Facilities and equipment	740,886	-	(740,886)	-
	<b>\$ 24,126,007</b>	<b>\$ 14,253,916</b>	<b>\$ (12,858,336)</b>	<b>\$ 25,521,587</b>

The Financial Reserve policy was updated in 2021, which resulted in some transfer of funds to align with the new policy and its updated categories.

**14. CAPITAL RESERVES**

	2020	Additions	Applied	2021
Asset lifecycle management	\$ 10,476,511	\$ 8,391,627	\$ (2,402,727)	\$ 16,465,411
Statutory	3,053,510	482,221	(461,935)	3,073,796
Utilities	1,051,694	1,522,110	(198,406)	2,375,398
Special purpose	625,775	404,562	(625,775)	404,562
Stabilization and contingency	6,476,710	-	(6,476,710)	-
	<b>\$ 21,684,200</b>	<b>\$ 10,800,520</b>	<b>\$ (10,165,553)</b>	<b>\$ 22,319,167</b>

The Financial Reserve policy was updated in 2021, which resulted in some transfer of funds to align with the new policy and its updated categories.

(continued)

**LEDUC COUNTY**  
**Notes to Financial Statements**  
Year ended December 31, 2021

**15. SALARY AND BENEFITS DISCLOSURE**

Disclosure of salaries and benefits for elected municipal officials and the County Manager as required by Alberta Regulation 313/2000 is as follows:

	Fees	Benefits*	2021 Total	2020 Total
Mayor				
T. Doblanko (Division 5)	\$ 91,896	\$ 14,073	\$ 105,969	\$ 105,354
Councillors				
R. Smith (Division 1)	76,544	14,001	90,545	89,522
K. Lewis (Division 2)	76,163	11,474	87,637	89,528
K. Vandenberghe (Division 3)	76,163	8,231	84,394	86,483
L. Wanchuk (Division 4)	76,163	9,344	85,507	91,478
G. Belozer (Division 6)	82,146	5,788	87,934	88,589
R. Scobie (Division 7)	78,732	11,481	90,213	89,523
	\$ 557,807	\$ 74,392	\$ 632,199	\$ 640,477
County Manager	\$ 236,485	\$ 34,550	\$ 271,035	\$ 269,154

\*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 and employee assistance program coverage.

**16. 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 surplus of \$4.96 billion at December 31, 2020 (2019 - \$7.91 billion).

Leduc County is required to make current service contributions to the Plan at 9.39 per cent of pensionable payroll below the year's maximum pensionable earnings (YMPE) and 13.84 per cent of pensionable payroll above YMPE.

Total current service contributions by Leduc County to the Local Authorities Pension Plan in 2021 were \$1,487,664 (2020 - \$1,588,258). Total current service contributions by the employees of Leduc County to the Local Authorities Pension Plan in 2021 were \$1,384,338 (2020 - \$1,468,561).

(continued)



**LEDUC COUNTY**  
**Notes to Financial Statements**  
Year ended December 31, 2021

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**17. FINANCIAL INSTRUMENTS**

Leduc County's financial instruments consist of cash, investments, 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.

**18. DEBT LIMITS**

Section 276(2) of the Municipal Government Act requires that debt and debt limits, as defined by Alberta Regulation 255/00, for the county be disclosed as follows:

	2021	2020
Total debt limit	\$ 90,828,381	\$ 99,109,761
Total debt	(40,598,205)	(43,601,429)
Amount of debt limit unused	\$ 50,230,176	\$ 55,508,332
Service on debt limit	\$ 15,138,064	\$ 16,518,294
Service on debt	(4,366,517)	(4,423,187)
Amount of debt servicing limit unused	\$ 10,771,547	\$ 12,095,107

The debt limit is calculated at 1.5 times revenue of the county (as defined in Alberta Regulation 255/00) and the debt service limit is calculated at 0.25 times such revenue. Incurring debt beyond these limits requires approval by the Minister of Municipal Affairs. These thresholds are guidelines used by Alberta Municipal Affairs to identify municipalities, which could be at financial risk if further debt is acquired. The calculation taken alone does not represent the financial stability of the county. Rather, the financial statements must be interpreted as a whole.

**19. CONTINGENCIES**

As at December 31, 2021, the county was involved in various legal disputes. While it is not possible to estimate the outcome of these disputes at year-end, it is believed that there will be no adverse effect on the financial position of the county.

**20. COMMITMENTS**

Under a service agreement with Edmonton International Airport dated December 31, 2018, the county has agreed to pay Edmonton International Airport a grant for mutual aid. The term of the agreement is three years: January 1, 2019 and expires on December 31, 2021. The county is currently in the process of negotiating a two year extension but this has not yet been finalized.

(continued)

**LEDUC COUNTY**  
**Notes to Financial Statements**  
Year ended December 31, 2021

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**21. BUDGET FIGURES**

The 2021 budget figures which appear in these statements were approved by council on April 27, 2021. 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.

	Budget 2021
<b>Annual surplus (deficit)</b>	\$ (2,298,942)
Deduct:	
Transfer to own municipal function - operating	(851,785)
Principal repayment of long-term debt	(1,951,695)
Transfer to capital reserves	(4,036,206)
Purchase of tangible capital assets	(14,706,888)
Add back:	
Amortization	16,546,714
Transfer from operating reserves	3,918,474
Transfer from capital reserves	556,936
Transfer to own municipal function - capital	2,784,892
Proceeds on sale of tangible capital assets	38,500
	\$ -

**22. SEGMENTED INFORMATION**

The county provides a range of services to its residents. For each reported segment, revenues and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. The accounting policies used in these segments are consistent with those followed in the preparation of the financial statements as disclosed in Note 1. For additional information see the Schedule of Segmented Information (Schedule 5).

**23. APPROVAL OF FINANCIAL STATEMENTS**

These financial statements were approved by Council.

(continued)

**LEDUC COUNTY**  
**Schedule 1 - Tangible Capital Assets**  
Year ended December 31, 2021

	<u>Land</u>	<u>Land Improvements</u>	<u>Buildings</u>	<u>Engineered Structures</u>	<u>Machinery &amp; Equipment</u>	<u>Vehicles</u>	<u>Construction in Progress</u>	<u>2021</u>	<u>2020</u>
<b>COST:</b>									
Balance, Beginning of Year	\$ 103,646,248	\$ 7,008,731	\$ 23,906,407	\$ 1,007,499,514	\$ 15,717,730	\$ 17,635,278	\$ 5,398,230	<b>\$ 1,180,812,138</b>	\$ 1,162,607,528
Acquisition of tangible capital assets	-	349,297	-	9,780,581	531,244	41,602	8,545,228	<b>19,247,952</b>	19,624,429
Disposal of tangible capital assets	-	-	-	(5,211,592)	(20,316)	(91,305)	-	<b>(5,323,213)</b>	(1,419,819)
Transfers in/(out)	550,003	-	3,871,838	995,714	268,310	58,000	(5,743,865)	-	-
Balance, End of Year	104,196,251	7,358,028	27,778,245	1,013,064,217	16,496,968	17,643,575	8,199,593	<b>1,194,736,877</b>	1,180,812,138
<b>ACCUMULATED AMORTIZATION:</b>									
Balance, Beginning of Year	-	3,187,966	8,184,564	814,326,161	9,735,309	6,960,356	-	<b>842,394,356</b>	826,857,151
Annual amortization	-	293,688	580,701	13,952,768	914,015	965,574	-	<b>16,706,746</b>	16,655,920
Accumulated amortization of disposals	-	-	-	(5,177,314)	(20,019)	(91,305)	-	<b>(5,288,638)</b>	(1,118,715)
Balance, End of Year	-	3,481,654	8,765,265	823,101,615	10,629,305	7,834,625	-	<b>853,812,464</b>	842,394,356
<b>NET BOOK VALUE, END OF YEAR</b>									
\$									
<b>104,196,251</b>		<b>\$ 3,876,374</b>	<b>\$ 19,012,980</b>	<b>\$ 189,962,602</b>	<b>\$ 5,867,663</b>	<b>\$ 9,808,950</b>	<b>\$ 8,199,593</b>	<b>\$ 340,924,413</b>	<b>\$ 338,417,782</b>

**LEDUC COUNTY**  
**Schedule 2 - Taxes levied**  
Year ended December 31, 2021

	2021 (Budget) (Note 21)	2021 (Actual)	2020 (Actual)
<b>TAXATION</b>			
Land and improvements	\$ 60,794,601	\$ <b>59,804,726</b>	\$ 61,406,675
Electrical, power and pipeline	11,417,237	<b>11,417,237</b>	11,348,470
Local improvements	245,117	<b>245,117</b>	281,965
Federal and provincial grants in lieu	118,868	<b>117,348</b>	117,249
	72,575,823	<b>71,584,428</b>	73,154,359
<b>REQUISITIONS</b>			
Alberta School Foundation Fund	24,446,735	<b>24,446,735</b>	23,629,186
Separate School	1,952,747	<b>1,952,748</b>	1,776,642
Leduc Regional Housing Foundation	226,015	<b>226,015</b>	222,530
(Over)/Under levy	(31,040)	<b>(416,390)</b>	(95,633)
Designated Industrial Property requisition	125,524	<b>125,524</b>	124,557
	26,719,981	<b>26,334,632</b>	25,657,282
<b>NET MUNICIPAL TAXES</b>	\$ 45,855,842	\$ <b>45,249,796</b>	\$ 47,497,077

**LEDUC COUNTY**  
**Schedule 3 - Expenses by object**  
Year ended December 31, 2021

	2021 (Budget) (Note 21)	2021 (Actual)	2020 (Actual)
Salaries, wages and benefits	\$ 20,865,831	\$ 20,169,616	\$ 20,644,089
Amortization on tangible capital assets	16,546,714	16,706,746	16,655,920
Contracted and general services	11,718,592	9,731,175	10,862,190
Materials, goods, supplies and utilities	6,606,839	6,860,834	6,668,888
Purchases from other governments	5,065,615	5,378,988	4,760,721
Other expenditures	3,475,235	3,472,368	3,810,812
Transfers to individuals and organizations	3,172,022	3,214,961	3,145,078
Transfers to other governments	2,692,607	3,110,501	3,336,746
Interest on long-term debt	1,336,177	1,331,649	1,406,915
Bank charges and short-term interest	35,245	41,772	32,416
Provision for allowances	-	26,188	275,003
	\$ 71,514,877	\$ 70,044,798	\$ 71,598,778

**LEDUC COUNTY**  
**Schedule 4 - Government Transfers**  
Year ended December 31, 2021

	2021 (Budget) (Note 21)	2021 (Actual)	2020 (Actual)
<b>TRANSFERS FOR OPERATING</b>			
Provincial government conditional	\$ 2,304,967	\$ 2,525,193	\$ 4,287,887
Provincial government unconditional	13,500	12,811	13,409
Federal government conditional	618,908	72,012	291,179
Other local governments	82,750	52,444	86,343
	3,020,125	2,662,460	4,678,818
<b>TRANSFERS FOR CAPITAL</b>			
Provincial government	10,295,822	9,490,700	8,095,789
Federal government	-	3,134,719	-
	10,295,822	12,625,419	8,095,789
<b>TOTAL GOVERNMENT TRANSFERS</b>	\$ 13,315,947	\$ 15,287,879	\$ 12,774,607



**LEDUC COUNTY**  
**Schedule 5 - Segmented Information**  
Year ended December 31, 2021

	General Government Services	Protective Services	Transportation Services	Family and Community Support Services	Environmental Development Services	Recreation, Parks and Cultural Services	Environmental Treatment Services	Other	2021 Total	2020 Total
<b>REVENUE</b>										
Net municipal taxes	\$ 45,249,796	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 45,249,796	\$ 47,497,077
Government transfers for capital	-	2,124,208	9,026,766	-	-	-	1,474,445	-	12,625,419	8,095,789
User fees and sales of goods	55,084	240,273	381,634	5,787	102,091	426,392	5,551,348	-	6,762,609	5,610,525
Government transfers for operating	104,118	35,242	670,786	1,397,942	202,563	3,105	248,704	-	2,662,460	4,678,818
Contributed assets	-	-	2,130,007	-	-	-	282,240	-	2,412,247	6,728,044
Other revenues	716,026	39,746	364,364	-	-	32,739	475,608	-	1,628,483	687,578
Developers' agreements and levies	-	-	1,455,850	-	-	-	149,949	-	1,605,799	4,386,616
Licenses and permits	37,391	128,755	-	-	1,134,309	-	-	-	1,300,455	959,029
Investment income	454,217	-	-	-	-	21,288	152,155	-	627,660	1,572,058
Sales to other governments	21,071	232,812	107,741	-	5,973	-	10,600	-	378,197	329,222
Rental revenue	64,484	70,988	-	-	867	23,045	36,267	-	195,651	193,152
Fines	-	138,844	-	-	-	2,300	-	-	141,144	159,099
	46,702,187	3,010,868	14,137,148	1,403,729	1,445,803	508,869	8,381,316	-	75,589,920	80,897,007
<b>EXPENSES</b>										
Salaries, wages and benefits	5,828,930	2,680,857	4,529,380	1,434,367	3,895,701	751,633	1,048,748	-	20,169,616	20,644,089
Amortization of tangible capital assets	265,187	1,120,855	13,693,482	-	70,665	265,871	1,290,686	-	16,706,746	16,655,920
Contracted and general services	1,905,939	525,380	5,413,065	94,556	497,880	308,217	986,138	-	9,731,175	10,862,190
Materials, goods, supplies and utilities	492,688	772,547	4,910,167	19,767	190,433	130,830	344,402	-	6,860,834	6,668,888
Purchases from other governments	7,358	938,775	788,653	-	148,764	-	3,495,438	-	5,378,988	4,760,721
Other - tax share agreement	-	-	-	-	-	-	-	3,472,368	3,472,368	3,810,812
Transfers to individuals & organizations	312,940	2,893,522	-	-	8,499	-	-	-	3,214,961	3,145,078
Transfers to other governments	-	-	-	49,138	500,000	2,561,363	-	-	3,110,501	3,336,746
Interest on long-term debt	126,525	135,568	506,647	-	-	202,737	360,172	-	1,331,649	1,406,915
Bank charges and short-term interest	11,377	-	63	-	19,558	8,996	1,778	-	41,772	32,416
Provision for allowances	14,606	-	-	-	-	-	11,582	-	26,188	275,003
	8,965,550	9,067,504	29,841,457	1,597,828	5,331,500	4,229,647	7,538,944	3,472,368	70,044,798	71,598,778
<b>OTHER</b>										
Gain (loss) on sale of fixed assets	-	-	(14,326)	-	-	-	-	-	(14,326)	(31,431)
<b>NET REVENUE (DEFICIT)</b>	<b>\$ 37,736,637</b>	<b>\$ (6,056,636)</b>	<b>\$ (15,689,983)</b>	<b>\$ (194,099)</b>	<b>\$ (3,885,697)</b>	<b>\$ (3,720,778)</b>	<b>\$ 842,372</b>	<b>\$ (3,472,368)</b>	<b>\$ 5,530,796</b>	<b>\$ 9,266,798</b>