



**LEDUC  
COUNTY**

## **Financial Statements**

**Year ended December 31, 2022**

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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.



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Duane Coleman, CLGM  
County Manager



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

Nisku, Alberta  
April 11, 2023



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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, 2022, 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, 2022, 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.

(continues)



*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 11, 2023

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**LEDUC COUNTY**  
**Statement of Financial Position**  
As at December 31, 2022

	2022	2021
<b>FINANCIAL ASSETS</b>		
Cash	\$ 33,120,058	\$ 41,082,210
Taxes and grants-in-lieu receivable (Note 2)	1,628,303	1,395,163
Accounts receivable (Note 3)	12,676,062	15,694,115
Local improvement taxes receivable (Note 4)	4,042,364	4,951,321
Annexation proceeds receivable (Note 5)	3,180,000	3,710,000
Investments (Note 6)	41,421,287	31,412,169
Debt charges recoverable (Note 7)	1,581,026	1,770,121
Other assets	81,193	76,367
	<b>97,730,293</b>	<b>100,091,466</b>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	8,861,557	10,911,238
Deposits	2,456,267	1,651,686
Contaminated sites (Note 8)	758,771	746,896
Deferred revenue (Note 9)	23,325,299	23,572,785
Long-term debt (Note 10)	37,541,446	40,598,205
	<b>72,943,340</b>	<b>77,480,810</b>
<b>NET FINANCIAL ASSETS (DEBT)</b>	<b>24,786,953</b>	<b>22,610,656</b>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (Schedule 1)	348,194,066	340,924,413
Consumable inventories	421,031	139,490
Prepaid expenses	571,181	551,837
	<b>349,186,278</b>	<b>341,615,740</b>
<b>ACCUMULATED SURPLUS (Note 12)</b>	<b>\$ 373,973,231</b>	<b>\$ 364,226,396</b>
Contingencies (Note 19)		

APPROVED ON BEHALF OF COUNCIL:



**LEDUC COUNTY****Statement of operations and accumulated surplus****Year ended December 31, 2022**

	2022 (Budget) (Note 21)	2022 (Actual)	2021 (Actual)
<b>REVENUE</b>			
Net municipal taxes (Schedule 2)	\$ 46,728,967	\$ 46,790,559	\$ 45,249,796
Sales and user fees	6,091,672	7,422,909	6,762,609
Government transfers for operating (Schedule 4)	2,459,652	3,089,549	2,662,460
Licenses and permits	1,194,680	1,987,251	1,300,455
Developers' agreements levies	1,605,799	1,605,799	1,605,799
Other	541,798	1,461,075	976,505
Investment income	191,542	1,238,572	627,659
Penalties and costs on taxes	456,500	543,067	531,900
Sales to other governments	521,951	440,138	378,197
Rentals	168,669	188,686	195,651
Fines	279,260	145,742	141,144
Insurance proceeds	-	117,933	120,079
	60,240,490	65,031,280	60,552,254
<b>EXPENSES</b>			
Transportation services			
Public works	29,519,062	30,492,572	28,861,653
Transit	1,150,277	1,522,693	973,861
Drainage	8,762	3,063	5,943
General government services			
General administration	9,153,813	8,677,208	8,222,438
Legislative services	843,307	762,824	743,112
Protective services			
Fire	8,007,390	7,904,355	7,216,816
Enforcement	2,098,668	1,932,669	1,683,249
Disaster	55,400	129,454	141,317
Bylaw enforcement	27,420	31,600	26,122
Environmental treatment services			
Water supply and distribution	3,189,903	3,878,882	3,263,737
Wastewater treatment and disposal	2,700,515	3,063,072	2,628,699
Solid waste management	1,491,930	1,402,833	1,646,508
Recreation, parks and cultural services			
Recreation	3,303,604	2,979,961	3,034,235
Parks	1,095,460	988,016	962,988
Library board	249,200	223,565	229,309
Recreation board	3,750	2,570	3,115
Environmental development services			
Planning and development	4,414,665	4,378,004	4,131,369
Agricultural services	1,543,718	1,400,666	1,200,131
Family and community support services	1,760,021	1,695,996	1,597,828
Other - tax share agreement	3,294,274	3,299,266	3,472,368
	73,911,139	74,769,269	70,044,798
<b>ANNUAL SURPLUS (DEFICIT)</b>			
<b>BEFORE OTHER REVENUE (EXPENSES)</b>	<b>(13,670,649)</b>	<b>(9,737,989)</b>	<b>(9,492,544)</b>

**LEDUC COUNTY****Statement of operations and accumulated surplus**

Year ended December 31, 2022

	2022 (Budget) (Note 21)	2022 (Actual)	2021 (Actual)
<b>ANNUAL SURPLUS (DEFICIT)</b>			
<b>BEFORE OTHER REVENUE (EXPENSES)</b>	(13,670,649)	<b>(9,737,989)</b>	(9,492,544)
<b>OTHER REVENUE (EXPENSES)</b>			
Government transfers for capital (Schedule 4)	17,137,921	<b>18,825,213</b>	12,625,419
Contributed tangible capital assets	-	<b>952,334</b>	2,412,247
Gain (loss) on disposal of tangible capital assets	-	<b>(292,723)</b>	(14,326)
	17,137,921	<b>19,484,824</b>	15,023,340
<b>ANNUAL SURPLUS (Deficit)</b>	3,467,272	<b>9,746,835</b>	5,530,796
<b>ACCUMULATED SURPLUS, BEGINNING OF YEAR</b>	364,226,396	<b>364,226,396</b>	358,695,600
<b>ACCUMULATED SURPLUS, END OF YEAR</b>	\$ 367,693,668	<b>\$ 373,973,231</b>	\$ 364,226,396



**LEDUC COUNTY****Statement of changes in net financial assets (debt)**

Year ended December 31, 2022

	2022 (Budget) (Note 21)	2022 (Actual)	2021 (Actual)
<b>ANNUAL SURPLUS</b>	\$ 3,467,272	\$ 9,746,835	\$ 5,530,796
Acquisition of tangible capital assets	(25,617,205)	(24,039,893)	(16,835,705)
Contributed tangible capital assets	-	(952,334)	(2,412,247)
Proceeds on disposal of tangible capital assets	(274,500)	172,401	20,249
Amortization of tangible capital assets	16,655,919	17,257,450	16,706,746
Loss (gain) on disposal of tangible capital assets	-	292,723	14,326
	(9,235,786)	(7,269,653)	(2,506,631)
Use (acquisition) of supplies inventory	-	(281,541)	(40,691)
Use (acquisition) of prepaid expenses	-	(19,344)	(97,868)
	-	(300,885)	(138,559)
<b>INCREASE (DECREASE) IN NET FINANCIAL ASSETS</b>	(5,768,514)	2,176,297	2,885,606
<b>NET FINANCIAL ASSETS (DEBT), BEGINNING OF YEAR</b>	22,610,656	22,610,656	19,725,050
<b>NET FINANCIAL ASSETS (DEBT), END OF YEAR</b>	\$ 16,842,142	\$ 24,786,953	\$ 22,610,656

**LEDUC COUNTY**  
**Statement of cash flows**  
Year ended December 31, 2022

	2022	2021
<b>OPERATING ACTIVITIES</b>		
Annual surplus	\$ 9,746,835	\$ 5,530,796
Non-cash items included in annual surplus		
Amortization of tangible capital assets	17,257,450	16,706,746
Tangible capital assets received as contributions	(952,334)	(2,412,247)
(Gain) Loss on sales of investments	-	(94,206)
(Gain) Loss on disposal of tangible capital assets	292,723	14,326
	26,344,674	19,745,415
Change in non-cash working capital balances:		
Taxes and grants-in-lieu receivable	(233,140)	557,817
Accounts receivable	3,018,053	(7,748,624)
Local improvement taxes receivable	908,957	870,480
Annexation proceeds receivable	530,000	530,000
Debt charges recoverable	189,095	181,049
Other assets	(4,826)	18,447
Accounts payable and accrued liabilities	(2,049,681)	(2,129,585)
Deposits	804,581	950,292
Deferred revenue	(247,486)	2,226,729
Contaminated sites	11,875	(12,154)
Consumable inventory	(281,541)	(40,691)
Prepaid expenses	(19,344)	(97,868)
	28,971,217	15,051,307
<b>CAPITAL ACTIVITIES</b>		
Purchase of tangible capital assets	(24,039,893)	(16,835,705)
Proceeds on disposal of tangible capital assets	172,401	20,249
	(23,867,492)	(16,815,456)
<b>FINANCING ACTIVITIES</b>		
Long-term debt principal repayments	(2,867,664)	(2,822,175)
Repayment of long-term operating debt recoverable	(189,095)	(181,049)
	(3,056,759)	(3,003,224)
<b>INVESTMENT ACTIVITIES</b>		
Change in investments	(10,009,118)	74,890
<b>INCREASE (DECREASE) IN CASH DURING THE YEAR</b>	<b>(7,962,152)</b>	<b>(4,692,483)</b>
<b>CASH BALANCE, BEGINNING OF YEAR</b>	<b>41,082,210</b>	<b>45,774,693</b>
<b>CASH BALANCE, END OF YEAR</b>	<b>\$ 33,120,058</b>	<b>\$ 41,082,210</b>

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.



**LEDUC COUNTY**  
**Notes to financial statements**  
Year ended December 31, 2022

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

	2022	2021
Current	\$ 1,113,623	\$ 1,051,416
Arrears	960,494	956,412
	<b>2,074,117</b>	<b>2,007,828</b>
Less allowance for doubtful accounts	<b>(445,814)</b>	<b>(612,665)</b>
	<b>\$ 1,628,303</b>	<b>\$ 1,395,163</b>

**3. ACCOUNTS RECEIVABLE**

	2022	2021
Government grants	\$ 9,498,498	\$ 12,460,306
Trade accounts	2,071,435	2,520,113
Goods and services tax	983,699	563,281
Local government	240,727	303,695
	<b>12,794,359</b>	<b>15,847,395</b>
Less allowance for doubtful accounts	<b>(118,297)</b>	<b>(153,280)</b>
	<b>\$ 12,676,062</b>	<b>\$ 15,694,115</b>

**4. LOCAL IMPROVEMENT TAXES RECEIVABLE**

	2022	2021
Nisku Business Park wastewater line	\$ 4,005,610	\$ 4,903,382
Hamlet of Looma wastewater line	36,754	47,939
	<b>\$ 4,042,364</b>	<b>\$ 4,951,321</b>

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.

**5. ANNEXATION PROCEEDS RECEIVABLE**

	<b>2022</b>	2021
City of Edmonton annexation proceeds receivable	\$ <b>3,180,000</b>	\$ 3,710,000

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>2022</b>		2021	
	<b>Carrying Value</b>	<b>Market Value</b>	Carrying Value	Market Value
Fixed income securities	\$ <b>26,045,587</b>	\$ <b>23,007,491</b>	\$ 21,036,469	\$ 20,727,875
Principal protected notes	<b>15,375,700</b>	<b>14,497,071</b>	10,375,700	10,231,503
	<b>\$ 41,421,287</b>	<b>\$ 37,504,562</b>	\$ 31,412,169	\$ 30,959,378

The fixed income securities have effective interest rates ranging from 1.49 per cent to 5.01 per cent with maturity dates from 2023-2032.

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.

**7. DEBT CHARGES RECOVERABLE**

	<b>2022</b>	2021
Current debt charges recoverable	\$ 197,496	\$ 189,095
Long-term debt charges recoverable	<b>1,383,530</b>	1,581,026
	<b>\$ 1,581,026</b>	\$ 1,770,121

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>
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
2027	235,007	29,829	264,836
Thereafter	501,805	27,867	529,672
	<b>\$ 1,581,026</b>	<b>\$ 272,826</b>	<b>\$ 1,853,852</b>

**8. CONTAMINATED SITES**

The County has ascertained liabilities for contaminated sites as follows:

	<b>2022</b>	2021
Site clean up, remediation and monitoring	<b>\$ 758,771</b>	\$ 746,896

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.

## 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.

	2021	Additions	Revenue Recognized	2022
AMWWP	\$ 101,420	\$ 135,593	\$ (237,013)	\$ -
BMTG	602	15	-	617
CARES	80,984	1,996	-	82,980
CCBF	1,111,132	2,439,262	(3,126,001)	424,393
FCSS	152,720	4,433	(128,050)	29,103
MSI Capital	1,558,530	10,653,784	(10,616,122)	1,596,192
MSI Operating	2,050	248,764	(242,771)	8,043
MSP	200,160	-	(200,160)	-
Offsite Levy - Roads	4,362,261	2,154,139	(1,455,850)	5,060,550
Offsite Levy - Water	15,018,937	849,843	(719,437)	15,149,343
Offsite Levy - Wastewater	6,623	181,186	-	187,809
Other	977,366	12,345	(203,442)	786,269
	\$ 23,572,785	\$ 16,681,360	\$(16,928,846)	\$ 23,325,299

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

**LEDUC COUNTY**  
**Notes to financial statements**  
Year ended December 31, 2022

**10. LONG-TERM DEBT**

	2022	2021
General tax levy supported	\$ 14,381,391	\$ 15,262,848
Special levy supported - local improvement (Note 4)	4,042,364	4,951,321
Offsite levy supported	17,536,665	18,613,915
Other - Leduc Regional Housing Foundation borrowing/loan (Note 7)	1,581,026	1,770,121
	<b>\$ 37,541,446</b>	<b>\$ 40,598,205</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 2022 was \$1,309,758 (2021 - \$1,419,964).

Principal and interest payments are due as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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
2027	2,237,448	726,680	2,964,128
Thereafter	21,936,954	3,418,606	25,355,560
	<b>\$ 37,541,446</b>	<b>\$ 8,231,061</b>	<b>\$ 45,772,507</b>

**LONG-TERM DEBT SUMMARY**

	2022	2021
Long-term debt for capital purposes	28,261,206	30,755,486
Long-term debt for operating purposes	7,699,214	8,072,598
Recoverable long-term debt (Note 7)	1,581,026	1,770,121
	<b>\$ 37,541,446</b>	<b>\$ 40,598,205</b>



**LEDUC COUNTY**  
**Notes to financial statements**  
Year ended December 31, 2022

**11. EQUITY IN TANGIBLE CAPITAL ASSETS**

	2022	2021
Tangible capital assets (Schedule 1)	\$ 1,214,069,882	\$ 1,194,736,877
Accumulated amortization (Schedule 1)	(865,875,816)	(853,812,464)
Long-term debt for capital purposes (Note 10)	(28,261,206)	(30,755,486)
Local improvements (Note 4)	4,042,364	4,951,321
	<b>\$ 323,975,224</b>	<b>\$ 315,120,248</b>

**12. ACCUMULATED SURPLUS**

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

	2022	2021
Unrestricted surplus (deficit)	\$ 702,493	\$ 1,265,394
Operating reserves (Note 13)	26,935,892	25,521,587
Capital reserves (Note 14)	22,359,622	22,319,167
Equity in tangible capital assets (Note 11)	323,975,224	315,120,248
	<b>\$ 373,973,231</b>	<b>\$ 364,226,396</b>

**13. OPERATING RESERVES**

	2021	Additions	Applied	2022
Stabilization and contingency	\$ 11,408,969	\$ 1,279,815	\$ (538,948)	\$ 12,149,836
Special purpose	7,980,640	1,269,282	(822,580)	8,427,342
Legacy fund	4,290,000	530,000	(500,000)	4,320,000
Utilities	1,841,978	196,736	-	2,038,714
	<b>\$ 25,521,587</b>	<b>\$ 3,275,833</b>	<b>\$ (1,861,528)</b>	<b>\$ 26,935,892</b>

**14. CAPITAL RESERVES**

	2021	Additions	Applied	2022
Asset lifecycle management	\$ 16,465,411	\$ 1,071,952	\$ (2,828,603)	\$ 14,708,760
Utilities	2,375,398	1,745,265	(171,915)	3,948,748
Statutory	3,073,796	548,235	(601,894)	3,020,137
Special purpose	404,562	650,895	(373,480)	681,977
	<b>\$ 22,319,167</b>	<b>\$ 4,016,347</b>	<b>\$ (3,975,892)</b>	<b>\$ 22,359,622</b>

## 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*	2022 Total	2021 Total
Mayor				
T. Doblanko (Division 5)	\$ 98,626	\$ 9,798	\$ 108,424	\$ 105,969
Councillors				
R. Smith (Division 1)	79,939	12,198	92,137	90,545
K. Lewis (Division 2)	86,777	9,699	96,476	87,637
K. Vandenberghe (Division 3)	59,830	5,388	65,218	84,394
L. Wanchuk (Division 4)	77,605	8,699	86,304	85,507
G. Belozer (Division 6)	85,105	6,170	91,275	87,934
R. Scobie (Division 7)	77,605	12,198	89,803	90,213
	\$ 565,487	\$ 64,150	\$ 629,637	\$ 632,199
County Manager	\$ 241,215	\$ 34,881	\$ 276,096	\$ 271,035

\*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 \$11.92 billion at December 31, 2021 (2020 - \$4.96 billion).

Leduc County is required to make current service contributions to the Plan at 8.45 per cent of pensionable payroll below the year's maximum pensionable earnings (YMPE) and 12.80 per cent of pensionable payroll above YMPE.

Total current service contributions by Leduc County to the Local Authorities Pension Plan in 2022 were \$1,356,243 (2021 - \$1,487,664). Total current service contributions by the employees of Leduc County to the Local Authorities Pension Plan in 2022 were \$1,229,525 (2021 - \$1,384,338).

## 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:

	2022	2021
Total debt limit	\$ 97,546,920	\$ 90,828,381
Total debt	(37,541,446)	(40,598,205)
Amount of debt limit unused	\$ 60,005,474	\$ 50,230,176
Service on debt limit	\$ 16,257,820	\$ 15,138,064
Service on debt	(4,366,517)	(4,366,517)
Amount of debt servicing limit unused	\$ 11,891,303	\$ 10,771,547

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, 2022, 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 January 1, 2022, the County has agreed to pay Edmonton International Airport a grant for mutual aid. The term of the agreement is two years: January 1, 2022 and expires on December 31, 2023.

## 21. BUDGET FIGURES

The 2022 budget figures which appear in these statements were approved by Council on April 26, 2022. 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 2022
<b>Annual surplus (deficit)</b>	\$ 3,467,272
Deduct:	
Transfer to own municipal function - operating	(1,076,378)
Principal repayment of long-term debt	(1,958,708)
Transfer to capital reserves	(5,293,613)
Purchase of tangible capital assets	(25,617,205)
Add back:	
Amortization	16,655,919
Transfer from operating reserves	5,993,556
Transfer from capital reserves	845,536
Transfer to own municipal function - capital	4,709,121
Long-term debt proceeds	2,000,000
Proceeds on sale of tangible capital assets	274,500
	\$ -

## 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.

**LEDUC COUNTY**  
**Schedule of tangible capital assets**  
Year ended December 31, 2022

**Schedule 1**

	<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>2022</u>	<u>2021</u>
<b>COST:</b>									
Balance, Beginning 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
Acquisition of tangible capital assets	554,322	-	-	22,513,879	549,437	303,760	1,070,829	<b>24,992,227</b>	19,247,952
Disposal of tangible capital assets	(17,695)	-	-	(4,195,230)	(974,048)	(472,249)	-	<b>(5,659,222)</b>	(5,323,213)
Transfers in/(out)	-	-	-	6,112,695	-	-	(6,112,695)	-	-
Balance, End of Year	104,732,878	7,358,028	27,778,245	1,037,495,561	16,072,357	17,475,086	3,157,727	<b>1,214,069,882</b>	1,194,736,877
<b>ACCUMULATED AMORTIZATION:</b>									
Balance, Beginning 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
Annual amortization	-	300,718	617,686	14,580,244	817,464	941,338	-	<b>17,257,450</b>	16,706,746
Accumulated amortization of disposals	-	-	-	(3,958,645)	(851,595)	(383,858)	-	<b>(5,194,098)</b>	(5,288,638)
Balance, End of Year	-	3,782,372	9,382,951	833,723,214	10,595,174	8,392,105	-	<b>865,875,816</b>	853,812,464
<b>NET BOOK VALUE, END OF YEAR</b>									
	<b>\$104,732,878</b>	<b>\$ 3,575,656</b>	<b>\$ 18,395,294</b>	<b>\$ 203,772,347</b>	<b>\$ 5,477,183</b>	<b>\$ 9,082,981</b>	<b>\$ 3,157,727</b>	<b>\$ 348,194,066</b>	<b>\$ 340,924,413</b>



**LEDUC COUNTY**  
**Schedule of taxes levied**  
Year ended December 31, 2022

**Schedule 2**

	2022 (Budget) (Note 21)	2022 (Actual)	2021 (Actual)
<b>TAXATION</b>			
Land and improvements	\$ 62,831,221	\$ <b>62,928,322</b>	\$ 59,804,726
Electrical, power and pipeline	11,542,735	<b>11,503,773</b>	11,417,237
Local improvements	206,640	<b>206,640</b>	245,117
Federal and provincial grants in lieu	124,210	<b>123,891</b>	117,348
	74,704,806	<b>74,762,626</b>	71,584,428
<b>REQUISITIONS</b>			
Alberta School Foundation Fund	25,127,638	<b>25,127,637</b>	24,446,735
Separate School	2,110,828	<b>2,110,829</b>	1,952,748
(Over)/Under levy	385,049	<b>381,277</b>	(416,390)
Leduc Regional Housing Foundation	229,035	<b>229,035</b>	226,015
Designated Industrial Property requisition	123,289	<b>123,289</b>	125,524
	27,975,839	<b>27,972,067</b>	26,334,632
<b>NET MUNICIPAL TAXES</b>	\$ 46,728,967	\$ <b>46,790,559</b>	\$ 45,249,796

**LEDUC COUNTY**  
**Schedule of expenses by object**  
Year ended December 31, 2022

**Schedule 3**

	2022 (Budget) (Note 21)	2022 (Actual)	2021 (Actual)
Salaries, wages and benefits	\$ 22,206,370	\$ <b>21,446,844</b>	\$ 20,169,616
Amortization on tangible capital assets	16,655,919	<b>17,257,450</b>	16,706,746
Contracted and general services	11,491,603	<b>11,583,337</b>	9,731,175
Materials, goods, supplies and utilities	7,204,516	<b>7,550,361</b>	6,860,834
Purchases from other governments	5,259,277	<b>6,312,524</b>	5,378,988
Other expenditures	3,294,274	<b>3,299,266</b>	3,472,368
Transfers to individuals and organizations	3,314,764	<b>3,241,211</b>	3,214,961
Transfers to other governments	3,214,566	<b>2,924,392</b>	3,110,501
Interest on long-term debt	1,234,017	<b>1,228,735</b>	1,331,649
Bank charges and short-term interest	35,833	<b>45,410</b>	41,772
Provision for allowances	-	<b>(120,261)</b>	26,188
	\$ 73,911,139	\$ <b>74,769,269</b>	\$ 70,044,798

**LEDUC COUNTY**  
**Schedule of government transfers**  
Year ended December 31, 2022

**Schedule 4**

	2022 (Budget) (Note 21)	2022 (Actual)	2021 (Actual)
<b>TRANSFERS FOR OPERATING</b>			
Provincial government conditional	\$ 2,262,618	\$ 2,413,497	\$ 2,525,193
Provincial government unconditional	45,760	44,380	12,811
Federal government conditional	108,274	589,692	72,012
Other local governments	43,000	41,980	52,444
	2,459,652	3,089,549	2,662,460
<b>TRANSFERS FOR CAPITAL</b>			
Provincial government	5,407,921	4,476,992	9,490,700
Federal government	11,730,000	14,348,221	3,134,719
	17,137,921	18,825,213	12,625,419
<b>TOTAL GOVERNMENT TRANSFERS</b>	\$ 19,597,573	\$ 21,914,762	\$ 15,287,879

**LEDUC COUNTY**  
**Schedule of segmented information**  
Year ended December 31, 2022

**Schedule 5**

	General Government Services	Protective Services	Transportation Services	Family and Community Support Services	Environmental Development Services	Recreation, Parks and Cultural Services	Environmental Treatment Services	Other	2022 Total	2021 Total
<b>REVENUE</b>										
Net municipal taxes	\$ 46,790,559	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 46,790,559	\$ 45,249,796
Government transfers for capital	-	-	17,965,732	-	-	-	859,481	-	18,825,213	12,625,419
User fees and sales of goods	50,338	308,446	371,219	-	183,155	325,748	6,184,003	-	7,422,909	6,762,609
Government transfers for operating	133,960	-	647,674	1,411,741	653,403	-	242,771	-	3,089,549	2,662,460
Other revenues	643,475	92,024	212,501	-	3,000	48,769	1,122,306	-	2,122,075	1,628,483
Licenses and permits	-	156,357	-	-	1,830,894	-	-	-	1,987,251	1,300,455
Developers' agreements and levies	-	-	1,455,850	-	-	-	149,949	-	1,605,799	1,605,799
Investment income	1,054,928	-	-	-	-	77,151	106,493	-	1,238,572	627,660
Contributed assets	-	-	428,744	-	-	48,970	474,620	-	952,334	2,412,247
Sales to other governments	21,071	254,494	150,293	-	5,280	-	9,000	-	440,138	378,197
Rental revenue	65,286	71,292	-	-	1,285	14,556	36,267	-	188,686	195,651
Fines	-	144,371	-	-	-	1,371	-	-	145,742	141,144
	48,759,617	1,026,984	21,232,013	1,411,741	2,677,017	467,595	9,184,890	-	84,808,827	75,589,920
<b>EXPENSES</b>										
Salaries, wages and benefits	6,069,523	3,215,335	4,697,788	1,461,316	3,929,611	855,090	1,218,181	-	21,446,844	20,169,616
Amortization of tangible capital assets	254,569	1,114,615	14,255,506	-	66,892	266,254	1,299,614	-	17,257,450	16,706,746
Contracted and general services	2,311,582	637,666	5,934,708	142,569	785,446	392,582	1,378,784	-	11,583,337	9,731,175
Materials, goods, supplies and utilities	520,305	769,539	5,405,322	19,234	303,031	127,139	405,791	-	7,550,361	6,860,834
Purchases from other governments	6,177	1,173,288	1,245,780	-	162,891	-	3,724,388	-	6,312,524	5,378,988
Other - tax share agreement	-	-	-	-	-	-	-	3,299,266	3,299,266	3,472,368
Transfers to individuals & organizations	273,300	2,958,412	-	-	9,499	-	-	-	3,241,211	3,214,961
Transfers to other governments	-	-	-	72,877	500,000	2,351,515	-	-	2,924,392	3,110,501
Interest on long-term debt	120,126	129,223	479,040	-	-	194,577	305,769	-	1,228,735	1,331,649
Bank charges and short-term interest	15,436	-	184	-	21,300	6,955	1,535	-	45,410	41,772
Provision for allowances	(130,986)	-	-	-	-	-	10,725	-	(120,261)	26,188
	9,440,032	9,998,078	32,018,328	1,695,996	5,778,670	4,194,112	8,344,787	3,299,266	74,769,269	70,044,798
<b>OTHER</b>										
Gain (loss) on sale of fixed assets	-	(118,479)	(183,004)	-	7,815	945	-	-	(292,723)	(14,326)
<b>NET REVENUE (DEFICIT)</b>	<b>\$ 39,319,585</b>	<b>\$ (8,852,615)</b>	<b>\$ (10,603,311)</b>	<b>\$ (284,255)</b>	<b>\$ (3,109,468)</b>	<b>\$ (3,727,462)</b>	<b>\$ 840,103</b>	<b>\$ (3,299,266)</b>	<b>\$ 9,746,835</b>	<b>\$ 5,530,796</b>