



**LEDUC  
COUNTY**

**Financial Statements**  
Year ended December 31, 2019

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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

Edmonton, Alberta  
April 14, 2020



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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, 2019, 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, 2019, 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 Board 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 14, 2020

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## Leduc County

### Statement of Financial Position As at DECEMBER 31, 2019

	2019	2018
<b>FINANCIAL ASSETS</b>		
Cash	\$ 47,762,725	\$ 41,492,575
Taxes and grants-in-lieu receivable (Note 2)	1,595,345	1,557,829
Accounts receivable (Note 3)	5,826,652	4,408,459
Local improvement taxes receivable (Note 4)	6,655,432	7,453,775
Annexation proceeds receivable (Note 5)	4,770,000	-
Investments (Note 6)	25,170,625	24,877,998
Debt charges recoverable (Note 7)	2,124,518	2,290,491
Other assets	95,734	125,353
	<b>94,001,031</b>	<b>82,206,480</b>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	10,159,831	9,666,233
Deposits	722,056	725,363
Contaminated sites (Note 8)	751,422	717,100
Deferred revenue (Note 9)	24,471,221	23,838,145
Long-term debt (Note 10)	44,729,108	47,455,870
	<b>80,833,638</b>	<b>82,402,711</b>
<b>NET FINANCIAL ASSETS (DEBT)</b>	<b>13,167,393</b>	<b>(196,231)</b>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (Schedule 1)	335,750,377	342,344,213
Consumable inventories	124,461	61,316
Prepaid expenses	386,571	348,921
	<b>336,261,409</b>	<b>342,754,450</b>
<b>ACCUMULATED SURPLUS (Note 12)</b>	<b>\$ 349,428,802</b>	<b>\$ 342,558,219</b>
Contingencies (Note 19)		



## Leduc County

### Statement of Operations and Accumulated Surplus Year ended December 31, 2019

	2019 (Budget) (Note 21)	2019 (Actual)	2018 (Actual)
<b>REVENUE</b>			
Net municipal taxes (Schedule 2)	\$ 49,569,509	\$ 49,349,133	\$ 48,108,394
Sales and user fees	5,847,304	6,692,657	5,869,247
Government transfers for operating (Schedule 4)	2,836,191	3,105,115	2,822,670
Licenses and permits	1,383,700	2,194,460	2,084,099
Developers' agreements levies	2,310,843	2,086,188	10,108,479
Investment income	447,500	1,234,619	861,229
Other	896,050	1,034,358	1,411,986
Sales to other governments	585,919	680,273	721,954
Penalties and costs on taxes	350,600	455,225	398,295
Fines	482,700	207,567	288,634
Rentals	144,141	205,151	192,516
Insurance proceeds	-	110,202	723,429
	64,854,457	67,354,948	73,590,932
<b>EXPENSES</b>			
Transportation services			
Public works	29,790,139	29,452,391	29,278,589
Transit	1,499,992	1,186,139	1,061,720
Drainage	33,010	1,012	3,605
General government services			
General administration	9,045,869	8,393,144	8,421,188
Legislative services	857,648	825,688	734,064
Protective services			
Fire	6,882,213	7,114,462	6,882,262
Enforcement	1,437,796	1,327,763	1,451,560
Bylaw enforcement	153,015	141,161	139,955
Disaster	87,800	111,481	125,840
Environmental treatment services			
Water supply and distribution	2,848,651	3,097,250	2,951,940
Wastewater treatment and disposal	2,422,719	2,708,046	2,402,327
Solid waste management	1,466,392	1,594,693	1,888,997
Recreation, parks and cultural services			
Recreation	4,162,251	3,615,709	4,614,038
Parks	1,093,915	1,018,783	1,028,681
Library Board	385,440	285,405	336,686
Recreation board	6,413	3,478	3,485
Environmental development services			
Planning and development	5,278,640	4,109,635	3,995,032
Agricultural services	1,895,978	1,603,819	1,697,746
Family and community support services	2,184,139	1,955,414	2,086,058
Other - tax share agreement	3,506,365	3,536,065	3,215,718
	75,038,385	72,081,538	72,319,491
<b>ANNUAL SURPLUS (DEFICIT)</b>			
<b>BEFORE OTHER REVENUE (EXPENSES)</b>	<b>(10,183,928)</b>	<b>(4,726,590)</b>	<b>1,271,441</b>

## Leduc County

### Statement of Operations and Accumulated Surplus Year ended December 31, 2019

	2019 (Budget) (Note 21)	2019 (Actual)	2018 (Actual)
<b>ANNUAL SURPLUS (DEFICIT) BEFORE OTHER REVENUE (EXPENSES)</b>	(10,183,928)	<b>(4,726,590)</b>	1,271,441
<b>OTHER REVENUE (EXPENSES)</b>			
Government transfers for capital (Schedule 4)	6,552,350	<b>3,888,233</b>	9,636,715
Gain due to annexation (Note 5)	3,730,000	<b>3,844,625</b>	-
Contributed tangible capital assets	275,284	<b>4,167,083</b>	11,196,596
Gain (loss) on disposal of tangible capital assets	-	<b>(302,768)</b>	1,710,705
	10,557,634	<b>11,597,173</b>	22,544,016
<b>ANNUAL SURPLUS</b>	373,706	<b>6,870,583</b>	23,815,457
<b>ACCUMULATED SURPLUS, BEGINNING OF YEAR</b>	342,558,219	<b>342,558,219</b>	318,742,762
<b>ACCUMULATED SURPLUS, END OF YEAR</b>	\$ 342,931,925	<b>\$ 349,428,802</b>	\$ 342,558,219



## Leduc County

### Statement of Changes in Net Financial Assets (Debt) Year ended December 31, 2019

	2019 (Budget) (Note 21)	2019 (Actual)	2018 (Actual)
<b>ANNUAL SURPLUS</b>	\$ 373,706	\$ 6,870,583	\$ 23,815,457
Acquisition of tangible capital assets	(16,434,265)	(11,164,721)	(28,997,866)
Contributed tangible capital assets	(275,284)	(4,167,083)	(11,196,596)
Proceeds on disposal of tangible capital assets	-	8,920,785	2,509,684
Amortization of tangible capital assets	15,482,300	16,546,712	16,320,611
Loss (gain) on disposal of tangible capital assets	-	302,768	(1,710,705)
Gain due to annexation	(3,730,000)	(3,844,625)	-
	(4,957,249)	6,593,836	(23,074,872)
Use (acquisition) of supplies inventory	-	(63,145)	28,794
Use (acquisition) of prepaid expenses	-	(37,650)	(14,997)
	-	(100,795)	13,797
<b>INCREASE (DECREASE) IN NET FINANCIAL ASSETS</b>	(4,583,543)	13,363,624	754,382
<b>NET FINANCIAL ASSETS (DEBT), BEGINNING OF YEAR</b>	(196,231)	(196,231)	(950,613)
<b>NET FINANCIAL ASSETS (DEBT), END OF YEAR</b>	\$ (4,779,774)	\$ 13,167,393	\$ (196,231)



## Leduc County

### Statement of Cash Flows Year ended December 31, 2019

	2019	2018
<b>OPERATING ACTIVITIES</b>		
Annual surplus	\$ 6,870,583	\$ 23,815,457
Non-cash items included in annual surplus		
Amortization of tangible capital assets	16,546,712	16,320,611
Tangible capital assets received as contributions	(4,167,083)	(11,196,596)
(Gain) Loss on sales of investments	(223,171)	-
(Gain) Loss on disposal of tangible capital assets	302,768	(1,710,705)
Gain due to annexation	(3,844,625)	-
	<b>15,485,184</b>	<b>27,228,767</b>
Change in non-cash working capital balances:		
Taxes and grants-in-lieu receivable	(37,516)	46,670
Accounts receivable	(1,418,193)	(729,418)
Local improvement taxes receivable	798,343	764,548
Annexation proceeds receivable	(4,770,000)	-
Debt charges recoverable	165,973	158,912
Other assets	29,619	28,271
Accounts payable and accrued liabilities	493,598	2,042,721
Deposits	(3,307)	(94,435)
Deferred revenue	633,076	(7,823,447)
Contaminated sites	34,322	7,100
Consumable inventory	(63,145)	28,794
Prepaid expenses	(37,650)	(14,997)
	<b>11,310,304</b>	<b>21,643,486</b>
<b>CAPITAL ACTIVITIES</b>		
Purchase of tangible capital assets	(11,164,721)	(28,997,866)
Proceeds on disposal of tangible capital assets	8,920,785	2,509,684
	<b>(2,243,936)</b>	<b>(26,488,182)</b>
<b>FINANCING ACTIVITIES</b>		
Long-term debt issued	-	3,500,000
Long-term debt principal repayments	(2,560,789)	(2,348,120)
Repayment of long-term operating debt recoverable	(165,973)	(158,912)
	<b>(2,726,762)</b>	<b>992,968</b>
<b>INVESTMENT ACTIVITIES</b>		
Change in investments	(69,456)	(24,877,998)
<b>INCREASE (DECREASE) IN CASH DURING THE YEAR</b>	<b>6,270,150</b>	<b>(28,729,726)</b>
<b>CASH BALANCE, BEGINNING OF YEAR</b>	<b>41,492,575</b>	<b>70,222,301</b>
<b>CASH BALANCE, END OF YEAR</b>	<b>\$ 47,762,725</b>	<b>\$ 41,492,575</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, 2019

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

	2019	2018
Current	\$ 1,203,095	\$ 1,090,558
Arrears	981,122	842,771
	<u>2,184,217</u>	<u>1,933,329</u>
Less allowance for doubtful accounts	(588,872)	(375,500)
	<u>\$ 1,595,345</u>	<u>\$ 1,557,829</u>

#### 3. ACCOUNTS RECEIVABLE

	2019	2018
Trade accounts	\$ 2,713,704	\$ 2,174,079
Government grants	1,998,336	1,114,242
Local government	729,742	725,404
Goods and Services Tax	489,036	477,569
	<u>5,930,818</u>	<u>4,491,294</u>
Less allowance for doubtful accounts	(104,166)	(82,835)
	<u>\$ 5,826,652</u>	<u>\$ 4,408,459</u>

#### 4. LOCAL IMPROVEMENT TAXES RECEIVABLE

	2019	2018
Bylaw 19-06 (amended by Bylaw 28-06)	\$ 6,586,582	\$ 7,375,157
Bylaw 30-02 (amended by Bylaw 28-04)	68,850	78,618
	<u>\$ 6,655,432</u>	<u>\$ 7,453,775</u>

The county passed Bylaw 19-06 (amended by Bylaw 28-06) authorizing council to provide for a local improvement to install a wastewater line in the Nisku 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>2019</b>	<b>2018</b>
City of Edmonton annexation proceeds receivable	\$ <b>4,770,000</b>	\$ -

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 between 2019 and 2028.

**6. INVESTMENTS**

	<b>2019</b>		<b>2018</b>	
	<b>Carrying Value</b>	<b>Market Value</b>	<b>Carrying Value</b>	<b>Market Value</b>
Fixed income securities	\$ <b>20,170,625</b>	\$ <b>20,542,733</b>	\$ 19,877,998	\$ 19,699,554
Principal protected notes	<b>5,000,000</b>	<b>5,053,700</b>	5,000,000	4,743,975
	<b>\$ 25,170,625</b>	<b>\$ 25,596,433</b>	<b>\$ 24,877,998</b>	<b>\$ 24,443,529</b>

The fixed income securities have effective interest rates ranging from 2.57 per cent to 3.42 per cent with maturity dates from 2021-2029.

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.



## Leduc County

### Notes to Financial Statements Year ended December 31, 2019

#### 7. DEBT CHARGES RECOVERABLE

	2019	2018
Current debt charges recoverable	\$ 173,348	\$ 165,973
Long-term debt charges recoverable	1,951,170	2,124,518
	<b>\$ 2,124,518</b>	<b>\$ 2,290,491</b>

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 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 Foundation.

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 173,348	\$ 91,488	\$ 264,836
2021	181,050	83,786	264,836
2022	189,094	75,742	264,836
2023	197,496	67,340	264,836
2024	206,272	58,564	264,836
Thereafter	1,177,258	146,922	1,324,180
	<b>\$ 2,124,518</b>	<b>\$ 523,842</b>	<b>\$ 2,648,360</b>

#### 8. OTHER LIABILITIES-CONTAMINATED SITES

The county has ascertained liabilities for contaminated sites as follows:

	2019	2018
Site clean up, remediation and monitoring	\$ 751,422	\$ 717,100

The county has accepted responsibility for remediation work on four 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.

	2018	Additions	Revenue Recognized	2019
ACP	\$ 101,802	\$ 156,676	\$ (258,478)	\$ -
BMTG	559	16	-	575
CARES	60,875	-	-	60,875
CCTF	252,194	7,249	(100,000)	159,443
CIP	1,005	-	(1,005)	-
EDG	-	75,000	-	75,000
FCSS	87,141	87,861	(37,046)	137,956
FGTF	149,249	2,329,104	(1,411,784)	1,066,569
MSI Capital	3,264,890	3,183,842	(3,884,112)	2,564,620
MSI Operating	-	461,056	(459,098)	1,958
STIP	86,497	352,855	(439,352)	-
Offsite Levy - Roads	5,739,993	1,749,463	(1,936,239)	5,553,217
Offsite Levy - Water	13,329,712	890,875	(149,950)	14,070,637
Offsite Levy - Wastewater	6,149	177	-	6,326
Other	758,079	81,020	(65,054)	774,045
	\$ 23,838,145	\$ 9,375,194	\$ (8,742,118)	\$ 24,471,221

ACP	Alberta Community Partnership
BMTG	Basic Municipal Transportation Grant
CARES	Community and Regional Economic Support Program
CCTF	Coal Community Transition Fund
CIP	Community Infrastructure Program
EDG	Economic Development grant
FCSS	Family and Community Support Services
FGTF	Federal Gas Tax Fund
MSI	Municipal Sustainability Initiative
STIP	Strategic Transportation Infrastructure Program

**10. LONG-TERM DEBT**

	2019	2018
General tax levy supported	\$ 15,166,999	\$ 15,893,081
Special levy supported - local improvement (Note 4)	6,655,432	7,453,775
Utility rate supported	103,898	151,480
Offsite levy supported	20,678,261	21,667,043
Other - Leduc Foundation borrowing/loan (Note 7)	2,124,518	2,290,491
	<b>\$ 44,729,108</b>	<b>\$ 47,455,870</b>

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

The county's cash payments for interest in 2019 was \$1,594,032 (2018 - \$1,574,312).

Principal and interest payments are due as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 2,827,679	\$ 1,493,115	\$ 4,320,794
2021	2,932,493	1,388,301	4,320,794
2022	2,984,692	1,279,433	4,264,125
2023	3,094,377	1,169,747	4,264,124
2024	3,208,246	1,055,878	4,264,124
Thereafter	29,681,621	6,775,446	36,457,067
	<b>\$ 44,729,108</b>	<b>\$ 13,161,920</b>	<b>\$ 57,891,028</b>

**LONG-TERM DEBT SUMMARY**

	2019	2018
Long-term debt for capital purposes	<b>33,822,647</b>	36,046,626
Long-term debt for operating purposes	<b>8,781,943</b>	9,118,753
Recoverable long-term debt (Note 7)	<b>2,124,518</b>	2,290,491
	<b>\$ 44,729,108</b>	<b>\$ 47,455,870</b>

## Leduc County

### Notes to Financial Statements Year ended December 31, 2019

#### 11. EQUITY IN TANGIBLE CAPITAL ASSETS

	2019	2018
Tangible capital assets (Schedule 1)	\$ 1,162,607,528	\$ 1,179,965,731
Accumulated amortization (Schedule 1)	(826,857,151)	(837,621,518)
Long-term debt for capital purposes (Note 10)	(33,822,647)	(36,046,626)
Capitalized leases	(10,886)	-
Local improvements (Note 4)	6,655,432	7,453,775
	<b>\$ 308,572,276</b>	<b>\$ 313,751,362</b>

#### 12. ACCUMULATED SURPLUS

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

	2019	2018
Unrestricted surplus (deficit)	\$ 589,447	\$ (4,539,741)
Operating reserves (Note 13)	22,767,721	15,844,496
Capital reserves (Note 14)	17,499,358	17,502,102
Equity in tangible capital assets (Note 11)	308,572,276	313,751,362
	<b>\$ 349,428,802</b>	<b>\$ 342,558,219</b>

#### 13. OPERATING RESERVES

	2018	Additions	Applied	2019
External agreements	\$ 2,883,844	\$ 74,108	\$ (300,015)	\$ 2,657,937
Facilities and equipment	647,045	38,499	(153,079)	532,465
Regulatory	1,347,585	278,406	(184,376)	1,441,615
Special purpose	4,479,857	4,965,256	(552,532)	8,892,581
Stabilization and contingency	4,931,046	3,063,061	(306,162)	7,687,945
Utilities	1,555,119	72,030	(71,971)	1,555,178
	<b>\$ 15,844,496</b>	<b>\$ 8,491,360</b>	<b>\$ (1,568,135)</b>	<b>\$ 22,767,721</b>

#### 14. CAPITAL RESERVES

	2018	Additions	Applied	2019
Asset lifecycle management	\$ 5,707,208	\$ 2,354,286	\$ (722,114)	\$ 7,339,380
Special purpose	464,057	760,000	(309,027)	915,030
Stabilization and contingency	9,159,893	400,000	(2,952,465)	6,607,428
Statutory	2,030,203	70,429	(373,608)	1,727,024
Utilities	140,741	769,755	-	910,496
	<b>\$ 17,502,102</b>	<b>\$ 4,354,470</b>	<b>\$ (4,357,214)</b>	<b>\$ 17,499,358</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*	2019 Total	2018 Total
Mayor				
T. Doblanko (Division 5)	\$ 94,396	\$ 10,983	\$ 105,379	\$ 92,845
Councillors				
R. Smith (Division 1)	78,663	10,885	89,548	80,213
K. Lewis (Division 2)	79,319	10,870	90,189	80,198
K. Vandenberghe (Division 3)	81,285	7,747	89,032	75,158
L. Wanchuk (Division 4)	79,319	10,905	90,224	78,337
G. Belozer (Division 6)	78,663	8,463	87,126	78,490
R. Scobie (Division 7)	78,663	10,880	89,543	78,445
	\$ 570,308	\$ 70,733	\$ 641,041	\$ 563,686
County Manager	\$ 236,485	\$ 32,205	\$ 268,690	\$ 267,255

\*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 \$3.47 billion at December 31, 2018 (2017 - \$4.84 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 2019 were \$1,594,074 (2018 - \$1,729,016). Total current service contributions by the employees of Leduc County to the Local Authorities Pension Plan in 2019 were \$1,487,122 (2018 - \$1,569,988).

### 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:

	2019	2018
Total debt limit	\$ 101,032,422	\$ 110,386,398
Total debt	(44,729,108)	(47,455,870)
Amount of debt limit unused	\$ 56,303,314	\$ 62,930,528
Service on debt limit	\$ 16,838,737	\$ 18,397,733
Service on debt	(4,320,794)	(4,320,794)
Amount of debt servicing limit unused	\$ 12,517,943	\$ 14,076,939

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

#### (a) Legal Claims

As at December 31, 2019, 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.

**21. BUDGET FIGURES**

The 2019 budget figures which appear in these statements were approved by council on April 23, 2019. 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 2019
<b>Annual surplus (deficit)</b>	\$ 373,706
Deduct:	
Transfer to own municipal function - operating	(5,095,800)
Principal repayment of long-term debt	(1,759,835)
Transfer to capital reserves	(4,607,659)
Purchase of tangible capital assets	(16,434,265)
Add back:	
Amortization	15,482,300
Transfer from operating reserves	2,870,460
Transfer from capital reserves	969,455
Transfer to own municipal function - capital	7,917,638
Proceeds on sale of tangible capital assets	284,000
	\$ -

**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 Segment Disclosure (Schedule 5).

**23. COMPARATIVE FIGURES**

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

**24. SUBSEQUENT EVENT**

On March 11, 2020, the COVID-19 outbreak was declared a global pandemic by the World Health Organization and on March 17, 2020 the Province of Alberta declared a public health emergency. Many businesses and individuals in a variety of sectors may experience an economic loss due to COVID-19 which may have a financial impact on the County. An estimate of the potential financial impact cannot be made at this time.

**25. APPROVAL OF FINANCIAL STATEMENTS**

These financial statements were approved by Council.



## Leduc County

### Schedule of Tangible Capital Assets Year ended December 31, 2019

### 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>2019</u>	<u>2018</u>
<b>COST:</b>									
Balance, Beginning of Year	\$ 105,114,104	\$ 6,666,650	\$ 23,906,408	\$ 1,009,003,131	\$ 15,649,507	\$ 15,885,609	\$ 3,740,322	<b>\$ 1,179,965,731</b>	\$ 1,141,373,076
Acquisition of tangible capital assets	1,382,200	243,989	-	9,840,718	145,908	692,015	3,026,974	<b>15,331,804</b>	40,194,462
Disposal of tangible capital assets	(3,074,710)	-	-	(28,237,524)	(444,634)	(933,139)	-	<b>(32,690,007)</b>	(1,601,807)
Transfers in/(out)	-	79,229	-	745,275	57,925	322,497	(1,204,926)	-	-
Balance, End of Year	103,421,594	6,989,868	23,906,408	991,351,600	15,408,706	15,966,982	5,562,370	<b>1,162,607,528</b>	1,179,965,731
<b>ACCUMULATED AMORTIZATION:</b>									
Balance, Beginning of Year	-	2,616,247	7,097,018	812,879,912	8,796,986	6,231,355	-	<b>837,621,518</b>	822,103,734
Annual amortization	-	286,396	544,321	13,918,947	919,805	877,243	-	<b>16,546,712</b>	16,320,611
Accumulated amortization of disposals	-	-	-	(26,502,497)	(317,886)	(490,696)	-	<b>(27,311,079)</b>	(802,827)
Balance, End of Year	-	2,902,643	7,641,339	800,296,362	9,398,905	6,617,902	-	<b>826,857,151</b>	837,621,518
<b>NET BOOK VALUE, END OF YEAR</b>	<b>\$103,421,594</b>	<b>\$ 4,087,225</b>	<b>\$ 16,265,069</b>	<b>\$ 191,055,238</b>	<b>\$ 6,009,801</b>	<b>\$ 9,349,080</b>	<b>\$ 5,562,370</b>	<b>\$ 335,750,377</b>	<b>\$ 342,344,213</b>

## Leduc County

### Schedule of Taxes Levied Year ended December 31, 2019

### Schedule 2

	2019 (Budget) (Note 21)	2019 (Actual)	2018 (Actual)
<b>TAXATION</b>			
Land and improvements	\$ 62,511,730	\$ <b>62,360,396</b>	\$ 61,171,449
Electrical, power and pipeline	12,209,101	<b>12,235,808</b>	11,626,570
Local improvements	317,254	<b>317,254</b>	351,049
Federal and provincial grants in lieu	102,762	<b>102,847</b>	103,701
	75,140,847	<b>75,016,305</b>	73,252,769
<b>REQUISITIONS</b>			
Alberta School Foundation Fund	23,434,690	<b>23,407,199</b>	23,174,374
Separate School	1,750,423	<b>1,747,881</b>	1,728,266
Leduc Senior Foundation	225,215	<b>224,110</b>	157,650
(Over)/Under levy	29,705	<b>156,677</b>	28,162
Designated industrial property requisition	131,305	<b>131,305</b>	55,923
	25,571,338	<b>25,667,172</b>	25,144,375
<b>NET MUNICIPAL TAXES</b>	<b>\$ 49,569,509</b>	<b>\$ 49,349,133</b>	<b>\$ 48,108,394</b>

**Schedule of Expenses by Object**  
Year ended December 31, 2019

**Schedule 3**

	2019 (Budget) (Note 21)	2019 (Actual)	2018 (Actual)
Salaries, wages and benefits	\$ 22,387,929	\$ <b>21,690,648</b>	\$ 21,838,102
Amortization on tangible capital assets	15,482,300	<b>16,546,712</b>	16,320,611
Contracted and general services	12,901,170	<b>10,684,761</b>	10,578,470
Materials, goods, supplies and utilities	7,147,916	<b>7,230,826</b>	7,221,292
Purchases from other governments	4,731,699	<b>4,879,398</b>	4,634,540
Other expenditures	3,506,365	<b>3,536,065</b>	3,215,718
Transfers to individuals and organizations	3,006,470	<b>3,032,756</b>	2,997,562
Transfers to other governments	4,334,632	<b>2,704,166</b>	3,686,029
Interest on long-term debt	1,502,129	<b>1,491,538</b>	1,469,048
Provision for allowances	-	<b>244,569</b>	316,204
Bank charges and short-term interest	37,775	<b>40,099</b>	41,915
	<b>\$ 75,038,385</b>	<b>\$ 72,081,538</b>	<b>\$ 72,319,491</b>

**Schedule of Government Transfers**  
Year ended December 31, 2019

**Schedule 4**

	2019 (Budget) (Note 21)	2019 (Actual)	2018 (Actual)
<b>TRANSFERS FOR OPERATING</b>			
Provincial government conditional	\$ 2,663,616	\$ 2,971,837	\$ 2,549,454
Provincial government unconditional	48,960	48,660	105,745
Other local governments	123,615	84,618	167,471
	2,836,191	3,105,115	2,822,670
<b>TRANSFERS FOR CAPITAL</b>			
Provincial government	6,552,350	3,888,233	9,096,548
Other local governments	-	-	540,167
	6,552,350	3,888,233	9,636,715
<b>TOTAL GOVERNMENT TRANSFERS</b>	\$ 9,388,541	\$ 6,993,348	\$ 12,459,385

**Schedule of Segmented Information**  
Year ended December 31, 2019

**Schedule 5**

	General Government Services	Protective Services	Transportation Services	Family & Community Support Services	Environmental Development Services	Recreation Parks & Cultural Services	Environmental Treatment Services	Other	2019 Total	2018 Total
<b>REVENUE</b>										
Net municipal taxes	\$ 49,349,133	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 49,349,133	\$ 48,108,394
User fees and sales of goods	42,238	325,661	337,227	20,085	107,506	726,028	5,133,912	-	6,692,657	5,869,247
Contributed assets	-	-	439,807	-	-	-	3,727,276	-	4,167,083	11,196,596
Government transfers for capital	-	1,221,550	1,781,292	-	-	-	885,391	-	3,888,233	9,636,715
Government transfers for operating	133,279	-	806,630	1,533,770	389,222	9,405	232,809	-	3,105,115	2,822,670
Licenses and permits	416,356	149,502	-	-	1,628,602	-	-	-	2,194,460	2,084,099
Developers' agreements and levies	-	-	1,936,240	-	-	-	149,948	-	2,086,188	10,108,479
Other revenues	588,754	327,159	540,106	-	32,578	22,637	85,033	3,518	1,599,785	2,533,710
Investment income	915,881	-	-	-	-	46,866	271,872	-	1,234,619	861,229
Sales to other governments	87,210	285,767	213,636	-	89,661	-	3,999	-	680,273	721,954
Fines	-	206,252	-	-	-	1,315	-	-	207,567	288,634
Rental revenue	73,061	71,725	-	-	1,114	23,562	35,689	-	205,151	192,516
	51,605,912	2,587,616	6,054,938	1,553,855	2,248,683	829,813	10,525,929	3,518	75,410,264	94,424,243
<b>EXPENSES</b>										
Salaries, wages and benefits	5,826,302	2,758,045	4,810,725	1,577,670	4,550,058	1,123,835	1,044,013	-	21,690,648	21,838,102
Amortization of tangible capital assets	268,382	949,687	13,764,333	-	89,366	268,817	1,206,127	-	16,546,712	16,320,611
Contracted and general services	2,121,652	711,205	5,433,842	274,522	608,153	410,243	1,125,144	-	10,684,761	10,578,470
Materials, goods, supplies and utilities	450,917	768,620	5,192,588	28,187	241,289	257,787	291,438	-	7,230,826	7,221,292
Purchases from other governments	7,517	564,940	847,745	-	189,105	-	3,270,091	-	4,879,398	4,634,540
Other - tax share agreement	-	-	-	-	-	-	-	3,536,065	3,536,065	3,215,718
Transfers to individuals & organization	150,588	2,829,659	30,852	2,158	19,499	-	-	-	3,032,756	2,997,562
Transfers to other governments	-	-	-	72,877	-	2,631,289	-	-	2,704,166	3,686,029
Interest on long-term debt	139,055	112,711	559,366	-	-	218,104	462,302	-	1,491,538	1,469,048
Provision for allowances	244,569	-	-	-	-	-	-	-	244,569	311,104
Bank charges and short-term interest	9,850	-	92	-	15,984	13,299	874	-	40,099	47,015
	9,218,832	8,694,867	30,639,543	1,955,414	5,713,454	4,923,374	7,399,989	3,536,065	72,081,538	72,319,491
<b>OTHER</b>										
Gain (loss) on sale of fixed assets	-	(292,503)	(12,055)	-	-	1,790	-	-	(302,768)	1,710,705
Gain due to annexation	3,844,625	-	-	-	-	-	-	-	3,844,625	-
<b>NET REVENUE (DEFICIT)</b>	<b>\$ 38,542,455</b>	<b>\$ (5,814,748)</b>	<b>\$ (24,572,550)</b>	<b>\$ (401,559)</b>	<b>\$ (3,464,771)</b>	<b>\$ (4,095,351)</b>	<b>\$ 3,125,940</b>	<b>\$ (3,532,547)</b>	<b>\$ 6,870,583</b>	<b>\$ 23,815,457</b>



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