



Financial Statements
Year ended December 31, 2020

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying financial statements and other information contained in this financial report of Leduc County (the "county") are the responsibility of the county's management and have been approved by council.

These financial statements have been prepared by management using the accounting principles disclosed in the notes to these statements. Financial statements are not precise since they include certain amounts based on estimates and judgments. Management has determined such amounts on a reasonable basis in order to ensure that the statements are presented fairly, in all material aspects.

To assist in its responsibility, management maintains accounting, budget and other controls to provide reasonable assurance that transactions are appropriately authorized, that assets are properly accounted for and safeguarded and that financial records are reliable for preparation of the financial statements.

The financial statements have been audited by Metrix Group LLP, the external auditors, in accordance with Canadian generally accepted auditing standards on behalf of council, residents and ratepayers of the county.



Duane Coleman, CLGM
County Manager



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

Nisku, Alberta
April 13, 2021

INDEPENDENT AUDITORS' REPORT

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, 2020, 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, 2020, 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 13, 2021

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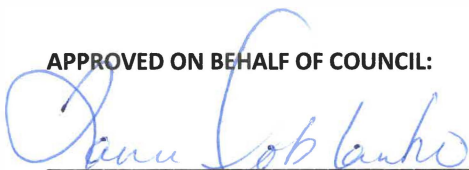

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LEDUC COUNTY
Statement of Financial Position
As at December 31, 2020

	2020	2019
FINANCIAL ASSETS		
Cash	\$ 45,774,693	\$ 47,762,725
Taxes and grants-in-lieu receivable (Note 2)	1,952,980	1,595,345
Accounts receivable (Note 3)	7,945,491	5,826,652
Local improvement taxes receivable (Note 4)	5,821,801	6,655,432
Annexation proceeds receivable (Note 5)	4,240,000	4,770,000
Investments (Note 6)	31,392,853	25,170,625
Debt charges recoverable (Note 7)	1,951,170	2,124,518
Other assets	94,814	95,734
	99,173,802	94,001,031
LIABILITIES		
Accounts payable and accrued liabilities	13,040,823	10,159,831
Deposits	701,394	722,056
Contaminated sites (Note 8)	759,050	751,422
Deferred revenue (Note 9)	21,346,056	24,471,221
Long-term debt (Note 10)	43,601,429	44,729,108
	79,448,752	80,833,638
NET FINANCIAL ASSETS (DEBT)	19,725,050	13,167,393
NON-FINANCIAL ASSETS		
Tangible capital assets (Schedule 1)	338,417,782	335,750,377
Consumable inventories	98,799	124,461
Prepaid expenses	453,969	386,571
	338,970,550	336,261,409
ACCUMULATED SURPLUS (Note 12)	\$ 358,695,600	\$ 349,428,802

Contingencies (Note 19)

APPROVED ON BEHALF OF COUNCIL:

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

Year ended December 31, 2020

	2020 (Budget) (Note 21)	2020 (Actual)	2019 (Actual)
REVENUE			
Net municipal taxes (Schedule 2)	\$ 47,564,441	\$ 47,497,077	\$ 49,349,133
Sales and user fees	5,963,342	5,610,525	6,692,657
Government transfers for operating (Schedule 4)	2,798,837	4,678,818	3,105,115
Developers' agreements levies	1,678,321	4,386,616	2,086,188
Investment income	950,761	1,572,058	1,234,619
Licenses and permits	897,052	959,029	2,194,460
Sales to other governments	1,034,733	329,222	680,273
Other	107,522	328,610	1,034,358
Penalties and costs on taxes	206,850	239,203	455,225
Rentals	159,781	193,152	205,151
Fines	279,760	159,099	207,567
Insurance proceeds	-	119,765	110,202
	61,641,400	66,073,174	67,354,948
EXPENSES			
Transportation services			
Public works	29,195,282	31,217,542	29,452,391
Transit	1,373,523	1,170,466	1,186,139
Drainage	33,010	11,563	1,012
General government services			
General administration	8,929,432	7,884,841	8,393,144
Legislative services	815,360	736,468	825,688
Protective services			
Fire	7,276,619	6,873,228	7,114,462
Enforcement	1,548,927	1,476,935	1,327,763
Bylaw enforcement	43,100	57,330	141,161
Disaster	81,026	153,516	111,481
Environmental treatment services			
Water supply and distribution	3,034,119	3,001,142	3,097,250
Wastewater treatment and disposal	2,688,234	2,597,760	2,708,046
Solid waste management	1,460,321	1,575,410	1,594,693
Recreation, parks and cultural services			
Recreation	3,348,671	2,828,667	3,615,709
Parks	887,241	814,070	1,018,783
Library Board	255,700	204,019	285,405
Recreation board	3,650	2,023	3,478
Environmental development services			
Planning and development	4,025,357	4,192,542	4,109,635
Agricultural services	1,349,655	1,154,071	1,603,819
Family and community support services	1,803,104	1,836,373	1,955,414
Other - tax share agreement	4,196,790	3,810,812	3,536,065
	72,349,121	71,598,778	72,081,538
ANNUAL SURPLUS (DEFICIT)			
BEFORE OTHER REVENUE (EXPENSES)	(10,707,721)	(5,525,604)	(4,726,590)

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

Year ended December 31, 2020

	2020 (Budget) (Note 21)	2020 (Actual)	2019 (Actual)
ANNUAL SURPLUS (DEFICIT)			
BEFORE OTHER REVENUE (EXPENSES)	(10,707,721)	(5,525,604)	(4,726,590)
OTHER REVENUE (EXPENSES)			
Government transfers for capital (Schedule 4)	8,512,625	8,095,789	3,888,233
Contributed tangible capital assets	-	6,728,044	4,167,083
Gain (loss) on disposal of tangible capital assets	-	(31,431)	(302,768)
Gain due to annexation (Note 5)	-	-	3,844,625
	8,512,625	14,792,402	11,597,173
ANNUAL SURPLUS	(2,195,096)	9,266,798	6,870,583
ACCUMULATED SURPLUS, BEGINNING OF YEAR	349,428,802	349,428,802	342,558,219
ACCUMULATED SURPLUS, END OF YEAR	\$ 347,233,706	\$ 358,695,600	\$ 349,428,802

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

Year ended December 31, 2020

	2020 (Budget) (Note 21)	2020 (Actual)	2019 (Actual)
ANNUAL SURPLUS	\$ (2,195,096)	\$ 9,266,798	\$ 6,870,583
Acquisition of tangible capital assets	(16,191,826)	(12,896,385)	(11,164,721)
Contributed tangible capital assets	-	(6,728,044)	(4,167,083)
Proceeds on disposal of tangible capital assets	317,372	269,673	8,920,785
Amortization of tangible capital assets	16,320,611	16,655,920	16,546,712
Loss (gain) on disposal of tangible capital assets	-	31,431	302,768
Gain due to annexation	-	-	(3,844,625)
	446,157	(2,667,405)	6,593,836
Use (acquisition) of supplies inventory	-	25,662	(63,145)
Use (acquisition) of prepaid expenses	-	(67,398)	(37,650)
	-	(41,736)	(100,795)
INCREASE (DECREASE) IN NET FINANCIAL ASSETS	(1,748,939)	6,557,657	13,363,624
NET FINANCIAL ASSETS (DEBT), BEGINNING OF YEAR	13,167,393	13,167,393	(196,231)
NET FINANCIAL ASSETS (DEBT), END OF YEAR	\$ 11,418,454	\$ 19,725,050	\$ 13,167,393

LEDUC COUNTY
Statement of Cash Flows
Year ended December 31, 2020

	2020	2019
OPERATING ACTIVITIES		
Annual surplus	\$ 9,266,798	\$ 6,870,583
Non-cash items included in annual surplus		
Amortization of tangible capital assets	16,655,920	16,546,712
Tangible capital assets received as contributions	(6,728,044)	(4,167,083)
(Gain) Loss on sales of investments	(1,105,536)	(223,171)
(Gain) Loss on disposal of tangible capital assets	31,431	302,768
Gain due to annexation	-	(3,844,625)
	18,120,569	15,485,184
Change in non-cash working capital balances:		
Taxes and grants-in-lieu receivable	(357,635)	(37,516)
Accounts receivable	(2,118,839)	(1,418,193)
Local improvement taxes receivable	833,631	798,343
Annexation proceeds receivable	530,000	(4,770,000)
Debt charges recoverable	173,348	165,973
Other assets	920	(127,059)
Accounts payable and accrued liabilities	2,880,992	650,276
Deposits	(20,662)	(3,307)
Deferred revenue	(3,125,165)	633,076
Contaminated sites	7,628	34,322
Consumable inventory	25,662	(63,145)
Prepaid expenses	(67,398)	(37,650)
	16,883,051	11,310,304
CAPITAL ACTIVITIES		
Purchase of tangible capital assets	(12,896,385)	(11,164,721)
Proceeds on disposal of tangible capital assets	269,673	8,920,785
	(12,626,712)	(2,243,936)
FINANCING ACTIVITIES		
Long-term debt issued	1,700,000	-
Long-term debt principal repayments	(2,654,331)	(2,560,789)
Repayment of long-term operating debt recoverable	(173,348)	(165,973)
	(1,127,679)	(2,726,762)
INVESTMENT ACTIVITIES		
Change in investments	(5,116,692)	(69,456)
INCREASE (DECREASE) IN CASH DURING THE YEAR	(1,988,032)	6,270,150
CASH BALANCE, BEGINNING OF YEAR	47,762,725	41,492,575
CASH BALANCE, END OF YEAR	\$ 45,774,693	\$ 47,762,725

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, 2020

2. TAXES AND GRANTS-IN-LIEU RECEIVABLE

	2020	2019
Current	\$ 1,551,271	\$ 1,203,095
Arrears	1,003,489	981,122
	2,554,760	2,184,217
Less allowance for doubtful accounts	(601,780)	(588,872)
	\$ 1,952,980	\$ 1,595,345

3. ACCOUNTS RECEIVABLE

	2020	2019
Government grants	\$ 5,066,213	\$ 1,998,336
Trade accounts	2,349,828	2,713,704
Goods and Services Tax	433,503	489,036
Local government	236,729	729,742
	8,086,273	5,930,818
Less allowance for doubtful accounts	(140,782)	(104,166)
	\$ 7,945,491	\$ 5,826,652

4. LOCAL IMPROVEMENT TAXES RECEIVABLE

	2020	2019
Bylaw 19-06 (amended by Bylaw 28-06)	\$ 5,763,170	\$ 6,586,582
Bylaw 30-02 (amended by Bylaw 28-04)	58,631	68,850
	\$ 5,821,801	\$ 6,655,432

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

	2020	2019
City of Edmonton annexation proceeds receivable	\$ 4,240,000	\$ 4,770,000

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 between 2019 and 2028.

6. INVESTMENTS

	2020		2019	
	Carrying Value	Market Value	Carrying Value	Market Value
Fixed income securities	\$ 21,068,053	\$ 21,477,924	\$ 20,170,625	\$ 20,542,733
Principal protected notes	10,324,800	10,257,349	5,000,000	5,053,700
	\$ 31,392,853	\$ 31,735,273	\$ 25,170,625	\$ 25,596,433

The fixed income securities have effective interest rates ranging from 1.61 per cent to 3.42 per cent with maturity dates from 2021-2035.

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.

7. DEBT CHARGES RECOVERABLE

	2020	2019
Current debt charges recoverable	\$ 181,050	\$ 173,348
Long-term debt charges recoverable	1,770,120	1,951,170
	\$ 1,951,170	\$ 2,124,518

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>
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
2025	215,437	49,399	264,836
Thereafter	961,821	97,523	1,059,344
	\$ 1,951,170	\$ 432,354	\$ 2,383,524

8. OTHER LIABILITIES-CONTAMINATED SITES

The county has ascertained liabilities for contaminated sites as follows:

	2020	2019
Site clean up, remediation and monitoring	\$ 759,050	\$ 751,422

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.

	2019	Additions	Revenue Recognized	2020
BMTG	575	14	-	589
CARES	135,875	2,613	(54,652)	83,836
CCTF	159,443	2,122	(161,565)	-
FCSS	137,956	133,061	(117,914)	153,103
FGTF	1,066,569	810,080	(1,072,299)	804,350
MSI Capital	2,564,620	6,045,244	(7,655,185)	954,679
MSI Operating	1,958	244,465	(244,417)	2,006
Offsite Levy - Roads	5,553,217	604,336	(2,055,851)	4,101,702
Offsite Levy - Water	14,070,637	555,269	(149,949)	14,475,957
Offsite Levy - Wastewater	6,326	154	-	6,480
Other	774,045	45,085	(55,776)	763,354
	\$ 24,471,221	\$ 8,442,443	\$ (11,567,608)	\$ 21,346,056

BMTG	Basic Municipal Transportation Grant
CARES	Community and Regional Economic Support Program
CCTF	Coal Community Transition Fund
FCSS	Family and Community Support Services
FGTF	Federal Gas Tax Fund
MSI	Municipal Sustainability Initiative

10. LONG-TERM DEBT

	2020	2019
General tax levy supported	\$ 16,114,167	\$ 15,166,999
Special levy supported - local improvement (Note 4)	5,821,801	6,655,432
Utility rate supported	53,462	103,898
Offsite levy supported	19,660,829	20,678,261
Other - Leduc Foundation borrowing/loan (Note 7)	1,951,170	2,124,518
	\$ 43,601,429	\$ 44,729,108

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 6 per cent, before provincial subsidy, and matures in periods 2021 through 2040.

The county's cash payments for interest in 2020 was \$1,493,115 (2019 - \$1,594,032).

Principal and interest payments are due as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 3,003,223	\$ 1,419,964	\$ 4,423,187
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
Thereafter	27,687,878	4,985,079	32,672,957
	\$ 43,601,429	\$ 10,960,783	\$ 54,562,212

LONG-TERM DEBT SUMMARY

	2020	2019
Long-term debt for capital purposes	33,216,895	33,822,647
Long-term debt for operating purposes	8,433,364	8,781,943
Recoverable long-term debt (Note 7)	1,951,170	2,124,518
	\$ 43,601,429	\$ 44,729,108

LEDUC COUNTY
Notes to Financial Statements
Year ended December 31, 2020

11. EQUITY IN TANGIBLE CAPITAL ASSETS

	2020	2019
Tangible capital assets (Schedule 1)	\$ 1,180,812,138	\$ 1,162,607,528
Accumulated amortization (Schedule 1)	(842,394,356)	(826,857,151)
Long-term debt for capital purposes (Note 10)	(33,216,895)	(33,822,647)
Capitalized leases	-	(10,886)
Local improvements (Note 4)	5,821,801	6,655,432
	\$ 311,022,688	\$ 308,572,276

12. ACCUMULATED SURPLUS

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

	2020	2019
Unrestricted surplus (deficit)	\$ 1,862,705	\$ 589,447
Operating reserves (Note 13)	24,126,007	22,767,721
Capital reserves (Note 14)	21,684,200	17,499,358
Equity in tangible capital assets (Note 11)	311,022,688	308,572,276
	\$ 358,695,600	\$ 349,428,802

13. OPERATING RESERVES

	2019	Additions	Applied	2020
External agreements	\$ 2,657,937	\$ 202,332	\$ (18,110)	\$ 2,842,159
Facilities and equipment	532,465	224,911	(16,490)	740,886
Regulatory	1,441,615	187,044	(50,000)	1,578,659
Special purpose	8,892,581	1,044,345	(3,149,178)	6,787,748
Stabilization and contingency	7,687,945	2,918,351	-	10,606,296
Utilities	1,555,178	163,442	(148,361)	1,570,259
	\$ 22,767,721	\$ 4,740,425	\$ (3,382,139)	\$ 24,126,007

14. CAPITAL RESERVES

	2019	Additions	Applied	2020
Asset lifecycle management	\$ 7,339,380	\$ 3,731,824	\$ (594,693)	\$ 10,476,511
Special purpose	915,030	395,904	(685,159)	625,775
Stabilization and contingency	6,607,428	140,402	(271,120)	6,476,710
Statutory	1,727,024	1,349,172	(22,686)	3,053,510
Utilities	910,496	442,394	(301,196)	1,051,694
	\$ 17,499,358	\$ 6,059,696	\$ (1,874,854)	\$ 21,684,200

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*	2020 Total	2019 Total
Mayor				
T. Doblanko (Division 5)	\$ 94,396	\$ 10,958	\$ 105,354	\$ 105,379
Councillors				
R. Smith (Division 1)	78,663	10,859	89,522	89,548
K. Lewis (Division 2)	78,663	10,865	89,528	90,189
K. Vandenberghe (Division 3)	78,663	7,820	86,483	89,032
L. Wanchuk (Division 4)	80,630	10,848	91,478	90,224
G. Belozer (Division 6)	80,630	7,959	88,589	78,663
R. Scobie (Division 7)	78,663	10,860	89,523	89,543
	\$ 570,308	\$ 70,169	\$ 640,477	\$ 632,578
County Manager	\$ 236,485	\$ 32,669	\$ 269,154	\$ 268,690

*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 \$7.91 billion at December 31, 2019 (2018 - \$3.47 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 2020 were \$1,588,258 (2019 - \$1,594,074). Total current service contributions by the employees of Leduc County to the Local Authorities Pension Plan in 2019 were \$1,468,561 (2019 - \$1,487,122).

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:

	2020	2019
Total debt limit	\$ 99,109,761	\$ 101,032,422
Total debt	(43,601,429)	(44,729,108)
Amount of debt limit unused	\$ 55,508,332	\$ 56,303,314
Service on debt limit	\$ 16,518,294	\$ 16,838,737
Service on debt	(4,423,187)	(4,320,794)
Amount of debt servicing limit unused	\$ 12,095,107	\$ 12,517,943

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, 2020, 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 2020 budget figures which appear in these statements were approved by council on May 26, 2020. 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 2020
Annual surplus (deficit)	\$ (2,195,096)
Deduct:	
Transfer to own municipal function - operating	(1,147,789)
Principal repayment of long-term debt	(1,831,585)
Transfer to capital reserves	(3,641,824)
Purchase of tangible capital assets	(16,191,826)
Add back:	
Amortization	16,320,611
Transfer from operating reserves	1,013,354
Transfer from capital reserves	67,476
Transfer to own municipal function - capital	5,589,307
Long-term debt proceeds	1,700,000
Proceeds on sale of tangible capital assets	317,372
	\$ -

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 Information (Schedule 5).

23. UNCERTAINTY DUE TO COVID-19

On March 17, 2020, the Government of Alberta declared a public health emergency in response to the COVID-19 pandemic. The measures implemented to combat the spread of the virus have had an impact on the County; however, an estimate of the financial impact cannot be made at this time.

The County is closely monitoring the recommendations from public health agencies and government authorities while implementing its operational plan to reduce any adverse financial impact and continue operations.

24. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved by Council.

LEDUC COUNTY**Schedule of Tangible Capital Assets****Year ended December 31, 2020****Schedule 1**

	<u>Land</u>	<u>Land Improvements</u>	<u>Buildings</u>	<u>Engineered Structures</u>	<u>Machinery & Equipment</u>	<u>Vehicles</u>	<u>Construction in Progress</u>	<u>2020</u>	<u>2019</u>
COST:									
Balance, Beginning of Year	\$ 103,421,594	\$ 6,989,869	\$ 23,906,407	\$ 991,351,600	\$ 15,408,706	\$ 15,966,982	\$ 5,562,370	\$ 1,162,607,528	\$ 1,179,965,731
Acquisition of tangible capital assets	60,543	600	-	14,263,600	556,873	1,296,881	3,445,932	19,624,429	15,331,804
Disposal of tangible capital assets	-	-	-	-	(755,721)	(664,098)	-	(1,419,819)	(32,690,007)
Transfers in/(out)	164,111	18,262	-	1,884,314	507,872	1,035,513	(3,610,072)	-	-
Balance, End of Year	103,646,248	7,008,731	23,906,407	1,007,499,514	15,717,730	17,635,278	5,398,230	1,180,812,138	1,162,607,528
ACCUMULATED AMORTIZATION:									
Balance, Beginning of Year	-	2,902,643	7,641,339	800,296,362	9,398,905	6,617,902	-	826,857,151	837,621,518
Annual amortization	-	285,323	543,225	14,029,799	877,025	920,548	-	16,655,920	16,546,712
Accumulated amortization of disposals	-	-	-	-	(540,621)	(578,094)	-	(1,118,715)	(27,311,079)
Balance, End of Year	-	3,187,966	8,184,564	814,326,161	9,735,309	6,960,356	-	842,394,356	826,857,151
NET BOOK VALUE, END OF YEAR	\$ 103,646,248	\$ 3,820,765	\$ 15,721,843	\$ 193,173,353	\$ 5,982,421	\$ 10,674,922	\$ 5,398,230	\$ 338,417,782	\$ 335,750,377

	2020 (Budget) (Note 21)	2020 (Actual)	2019 (Actual)
TAXATION			
Land and improvements	\$ 61,466,849	\$ 61,406,675	\$ 62,360,396
Electrical, power and pipeline	11,346,311	11,348,470	12,235,808
Local improvements	281,966	281,965	317,254
Federal and provincial grants in lieu	95,601	117,249	102,847
	73,190,727	73,154,359	75,016,305
REQUISITIONS			
Alberta School Foundation Fund	23,629,533	23,629,186	23,407,199
Separate School	1,776,637	1,776,642	1,747,881
Leduc Senior Foundation	222,530	222,530	224,110
(Over)/Under levy	(126,972)	(95,633)	156,677
Designated industrial property requisition	124,558	124,557	131,305
	25,626,286	25,657,282	25,667,172
NET MUNICIPAL TAXES	\$ 47,564,441	\$ 47,497,077	\$ 49,349,133

	2020 (Budget) (Note 21)	2020 (Actual)	2019 (Actual)
Salaries, wages and benefits	\$ 21,024,146	\$ 20,644,089	\$ 21,690,648
Amortization on tangible capital assets	16,320,611	16,655,920	16,546,712
Contracted and general services	11,848,650	10,862,190	10,684,761
Materials, goods, supplies and utilities	6,167,229	6,668,888	7,230,826
Purchases from other governments	5,118,682	4,760,721	4,879,398
Other expenditures	4,196,790	3,810,812	3,536,065
Transfers to other governments	2,788,327	3,336,746	2,704,166
Transfers to individuals and organizations	3,173,171	3,145,078	3,032,756
Interest on long-term debt	1,401,879	1,406,915	1,491,538
Provision for allowances	276,048	275,003	244,569
Bank charges and short-term interest	33,588	32,416	40,099
	\$ 72,349,121	\$ 71,598,778	\$ 72,081,538

LEDUC COUNTY**Schedule of Government Transfers**

Year ended December 31, 2020

Schedule 4

	2020 (Budget) (Note 21)	2020 (Actual)	2019 (Actual)
TRANSFERS FOR OPERATING			
Provincial government conditional	\$ 2,705,277	\$ 4,287,887	\$ 2,959,879
Provincial government unconditional	13,560	13,409	48,660
Federal government conditional	-	291,179	11,958
Other local governments	80,000	86,343	84,618
	2,798,837	4,678,818	3,105,115
TRANSFERS FOR CAPITAL			
Provincial government	8,512,625	8,095,789	3,888,233
	8,512,625	8,095,789	3,888,233
TOTAL GOVERNMENT TRANSFERS	\$ 11,311,462	\$ 12,774,607	\$ 6,993,348

LEDUC COUNTY
Schedule of Segmented Information
Year ended December 31, 2020
Schedule 5

	General Government Services	Protective Services	Transportation Services	Family & Community Support Services	Environmental Development Services	Recreation Parks & Cultural Services	Environmental Treatment Services	Other	2020 Total	2019 Total
REVENUE										
Net municipal taxes	\$ 47,497,077	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 47,497,077	\$ 49,349,133
Government transfers for capital	-	1,301,857	6,793,932	-	-	-	-	-	8,095,789	3,888,233
Contributed assets	-	-	6,369,934	-	-	-	358,110	-	6,728,044	4,167,083
User fees and sales of goods	44,711	239,818	279,009	42,603	95,835	253,138	4,655,411	-	5,610,525	6,692,657
Government transfers for operating	1,500,101	7,430	828,012	1,459,329	635,829	3,700	244,417	-	4,678,818	3,105,115
Developers' agreements and levies	-	-	2,055,851	-	-	2,180,816	149,949	-	4,386,616	2,086,188
Investment income	950,074	-	-	-	-	20,578	601,406	-	1,572,058	1,234,619
Licenses and permits	96,970	113,169	-	-	748,890	-	-	-	959,029	2,194,460
Other revenues	233,759	12,783	388,941	-	-	14,709	37,386	-	687,578	1,599,785
Sales to other governments	21,071	176,582	107,155	-	6,814	-	17,600	-	329,222	680,273
Rental revenue	58,005	74,517	-	-	1,386	23,556	35,688	-	193,152	205,151
Fines	-	157,857	-	-	-	1,242	-	-	159,099	207,567
	50,401,768	2,084,013	16,822,834	1,501,932	1,488,754	2,497,739	6,099,967	-	80,897,007	75,410,264
EXPENSES										
Salaries, wages and benefits	5,663,014	2,623,568	4,734,018	1,576,258	4,263,339	712,882	1,071,010	-	20,644,089	21,690,648
Amortization of tangible capital assets	265,835	1,014,554	13,784,338	-	77,456	264,863	1,248,874	-	16,655,920	16,546,712
Contracted and general services	1,651,439	624,277	6,298,480	125,594	708,660	277,425	1,176,315	-	10,862,190	10,684,761
Materials, goods, supplies and utilities	422,808	601,948	5,173,233	22,546	131,310	95,679	221,364	-	6,668,888	7,230,826
Purchases from other governments	7,211	685,444	932,818	-	130,594	-	3,004,654	-	4,760,721	4,879,398
Other - tax share agreement	-	-	-	-	-	-	-	3,810,812	3,810,812	3,536,065
Transfers to other governments	-	-	943,323	111,974	-	2,281,449	-	-	3,336,746	2,704,166
Transfers to individuals & organization	230,258	2,893,321	-	-	21,499	-	-	-	3,145,078	3,032,756
Interest on long-term debt	132,940	117,895	533,292	-	-	210,530	412,258	-	1,406,915	1,491,538
Provision for allowances	236,324	-	-	-	-	-	38,679	-	275,003	244,569
Bank charges and short-term interest	11,480	-	70	-	13,755	5,953	1,158	-	32,416	40,099
	8,621,309	8,561,007	32,399,572	1,836,372	5,346,613	3,848,781	7,174,312	3,810,812	71,598,778	72,081,538
OTHER										
Gain (loss) on sale of fixed assets	-	(29,871)	(10,545)	-	-	-	8,985	-	(31,431)	(302,768)
Gain due to annexation	-	-	-	-	-	-	-	-	-	3,844,625
NET REVENUE (DEFICIT)	\$ 41,780,459	\$ (6,447,123)	\$ (15,566,193)	\$ (334,440)	\$ (3,857,859)	\$ (1,351,042)	\$ (1,083,330)	\$ (3,810,812)	\$ 9,266,798	\$ 6,870,583