

# CITY OF LEDUC

## CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2024



Draft - For Discussion Purposes Only

**City of Leduc**  
**Consolidated Financial Statements**  
*December 31, 2024*

To the Mayor and Council of the City of Leduc:

## Report on the Audit of the Consolidated Financial Statements

### Opinion

We have audited the consolidated financial statements of City of Leduc and its subsidiaries (the "City"), which comprise the consolidated statement of financial position as at December 31, 2024, and the consolidated statements of operations, remeasurement losses, change in net debt, cash flows and the related schedules for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the City as at December 31, 2024, and the results of its consolidated operations, its consolidated remeasurement losses, change in its consolidated net debt and its consolidated 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 Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the City in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Responsibilities of Administration and Those Charged with Governance for the Consolidated Financial Statements

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

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

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

## Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but 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 consolidated financial statements.

As part of an audit 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 consolidated 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 City's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by administration.
- Conclude on the appropriateness of administration'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 City's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated 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 auditor's report. However, future events or conditions may cause the City to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the City as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

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

## Report on Other Legal and Regulatory Requirements

- Debt Limit Regulation:  
In accordance with Alberta regulation 255/2000, we confirm that the City is in compliance with the Debt Limit Regulation. A detailed account of the City's debt limit can be found in Note 8.
- Supplementary Accounting Principles and Standards Regulation:  
In accordance with Alberta regulation 313/2000, we confirm that the City is in compliance with the Supplementary Accounting Principles and Standards Regulation and note the information required can be found in Note 13.

Leduc, Alberta

April 14, 2025

Chartered Professional Accountants

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**City of Leduc**  
**Consolidated Statement of Financial Position**  
*As at December 31, 2024*

	<b>2024</b>	<b>2023</b>
<b>Financial assets</b>		
Cash	20,702,744	10,965,649
Investments (Note 3)	44,567,252	40,976,830
Property taxes receivable (Note 4)	1,922,203	1,769,794
Trade and other accounts receivable	17,746,764	14,484,766
	<b>84,938,963</b>	<b>68,197,039</b>
<b>Liabilities</b>		
Accounts payable and accrued liabilities (Note 5)	26,008,673	21,222,692
Deposits and deferred revenue (Note 6)	9,862,149	4,077,500
Long-term debt (Note 7)	83,975,775	75,680,650
Asset retirement obligation (Note 9)	1,240,293	1,208,828
	<b>121,086,890</b>	<b>102,189,670</b>
<b>Net debt</b>	<b>(36,147,927)</b>	<b>(33,992,631)</b>
<b>Non-financial assets</b>		
Tangible capital assets (Note 10) (Schedule 2)	1,048,204,348	967,305,343
Inventory for consumption	898,512	986,729
Prepaid expenses	631,863	656,250
	<b>1,049,734,723</b>	<b>968,948,322</b>
<b>Accumulated surplus (Schedule 1)</b>	<b>1,013,586,796</b>	<b>934,955,691</b>
<b>Accumulated surplus is comprised of:</b>		
Accumulated operating surplus	1,015,703,514	939,184,208
Accumulated rereasurement losses	(2,116,718)	(4,228,517)
	<b>1,013,586,796</b>	<b>934,955,691</b>
<b>Contingencies (Note 16)</b>		
<b>Commitments (Note 17)</b>		

Approved on behalf of Council

\_\_\_\_\_

Mayor

\_\_\_\_\_

Councillor

**City of Leduc**  
**Consolidated Statement of Operations**  
*For the year ended December 31, 2024*

	2024 Budget (Note 19)	2024	2023
<b>Revenue</b>			
Net municipal property taxes (Schedule 3)	60,572,000	60,497,786	56,348,049
Utility services	32,130,100	33,218,480	29,853,105
Government transfers (Schedule 4)	11,135,596	10,980,635	10,744,667
Sales, user charges and costs recovered	9,123,713	11,192,238	9,656,900
Contributions and levies	4,145,700	6,919,940	3,071,385
Interest and penalties	1,880,900	3,076,092	2,668,476
Property revenue	2,862,224	2,813,843	2,641,002
Enforcement services	539,500	633,572	583,412
	<b>122,389,733</b>	<b>129,332,586</b>	<b>115,566,996</b>
<b>Expenses</b>			
Utility and public services	32,302,085	30,853,486	28,339,473
Administration	24,048,985	23,355,190	23,233,758
Protective services	22,426,536	21,802,096	19,744,880
Recreation and community development	11,150,577	10,516,519	9,968,205
Facility services	8,372,137	8,419,190	6,444,680
Engineering	7,609,437	7,582,061	6,574,287
Planning services	3,645,678	3,518,968	3,467,545
Family and community support services	1,875,033	1,708,980	1,656,025
Library	1,506,346	1,511,824	1,446,504
	<b>112,936,814</b>	<b>109,268,314</b>	<b>100,875,357</b>
<b>Excess of revenue before capital revenue and expense</b>	<b>9,452,919</b>	<b>20,064,272</b>	<b>14,691,639</b>
<b>Capital revenue and expense</b>			
Government transfers for capital (Schedule 4)	62,517,562	58,638,882	49,258,687
Contributed assets	-	25,866,089	18,073,352
Capital contributions	-	663,494	232,768
Gain (loss) on sale of tangible capital assets	-	105,944	(74,441)
Amortization of tangible capital assets	-	(28,819,375)	(27,652,336)
	<b>62,517,562</b>	<b>56,455,034</b>	<b>39,838,030</b>
<b>Excess of revenue over expenses</b>	<b>71,970,481</b>	<b>76,519,306</b>	<b>54,529,669</b>
<b>Accumulated operating surplus, beginning of year</b>	<b>939,184,208</b>	<b>939,184,208</b>	<b>884,654,539</b>
<b>Accumulated operating surplus, end of year</b>	<b>1,011,154,689</b>	<b>1,015,703,514</b>	<b>939,184,208</b>

The accompanying notes are an integral part of these consolidated financial statements

**City of Leduc**  
**Consolidated Statement of Remeasurement Losses**  
*For the year ended December 31, 2024*

	<b>2024</b>	<b>2023</b>
<b>Accumulated remeasurement losses, beginning of year</b>	<b>(4,228,517)</b>	-
<b>Unrealized losses attributable to:</b>		
Investments	<b>2,111,799</b>	(4,228,517)
<b>Accumulated remeasurement losses, end of year</b>	<b>(2,116,718)</b>	(4,228,517)

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**City of Leduc**  
**Consolidated Statement of Change in Net Debt**  
*For the year ended December 31, 2024*

	<b>2024 Budget (Note 19)</b>	<b>2024</b>	<b>2023</b>
<b>Excess of revenue over expenses</b>	<b>71,970,481</b>	<b>76,519,306</b>	54,529,669
Acquisition of tangible capital assets	<b>(105,697,967)</b>	<b>(84,093,365)</b>	(67,355,719)
Contributed tangible capital assets	-	<b>(25,866,089)</b>	(18,073,352)
Loss (gain) on disposal of tangible capital assets	-	<b>(105,944)</b>	74,441
Amortization of tangible capital assets	-	<b>28,819,375</b>	27,652,336
Proceeds on disposal of tangible capital assets	-	<b>347,027</b>	57,000
Asset retirement obligation	-	-	(1,178,280)
Use (acquisition) of inventory for consumption	-	<b>88,217</b>	(133,054)
Use (acquisition) of prepaid expenses	-	<b>24,378</b>	(261,038)
Change in remeasurement losses for the year	-	<b>2,111,799</b>	(4,228,517)
<b>Increase in net debt</b>	<b>(33,727,486)</b>	<b>(2,155,296)</b>	(8,916,514)
<b>Net debt, beginning of year</b>	<b>(33,992,631)</b>	<b>(33,992,631)</b>	(25,076,117)
<b>Net debt, end of year</b>	<b>(67,720,117)</b>	<b>(36,147,927)</b>	(33,992,631)

*The accompanying notes are an integral part of these consolidated financial statements*

**City of Leduc**  
**Consolidated Statement of Cash Flows**  
*For the year ended December 31, 2024*

	<b>2024</b>	<b>2023</b>
<b>Operating activities</b>		
Excess of revenue over expenses	<b>76,519,306</b>	54,529,669
Non-cash items		
Amortization of tangible capital assets	<b>28,819,375</b>	27,652,336
Accretion (Note 9)	<b>31,465</b>	30,548
(Gain) loss on disposal of capital assets	<b>(105,944)</b>	74,441
Tangible capital assets received as contributions	<b>(25,866,089)</b>	(18,073,352)
	<b>79,398,113</b>	64,213,642
Net change in non-cash operating working capital balances		
Increase in trade and other accounts receivable	<b>(3,261,998)</b>	(7,069,579)
(Increase) decrease in property taxes receivable	<b>(152,409)</b>	588,650
Decrease (increase) in prepaid expenses	<b>24,387</b>	(261,038)
(Use) acquisition of inventory for consumption	<b>88,217</b>	(133,054)
(Decrease) increase in accounts payable and accrued liabilities	<b>(3,448,189)</b>	8,545,466
Increase (decrease) in deposit and deferred revenue	<b>5,784,648</b>	(7,443,447)
	<b>78,432,769</b>	58,440,640
<b>Financing activities</b>		
Proceeds from long-term debt	<b>13,019,750</b>	625,000
Repayment of long-term debt	<b>(4,724,626)</b>	(4,503,612)
	<b>8,295,124</b>	(3,878,612)
<b>Capital activities</b>		
Proceeds on disposal of tangible capital assets	<b>347,027</b>	57,000
Acquisition of tangible capital assets (Schedule 2)	<b>(75,859,202)</b>	(66,816,038)
	<b>(75,512,175)</b>	(66,759,038)
<b>Investing activities</b>		
Increase in investments	<b>(1,478,623)</b>	(554,035)
<b>Increase (decrease) in cash and equivalents</b>	<b>9,737,095</b>	(12,751,045)
<b>Cash, beginning of year</b>	<b>10,965,649</b>	23,716,694
<b>Cash, end of year</b>	<b>20,702,744</b>	10,965,649

The accompanying notes are an integral part of these consolidated financial statements

**City of Leduc**  
**Schedule 1 - Consolidated Schedule of Changes in Accumulated Surplus**

*For the year ended December 31, 2024*

	<i>Unrestricted Surplus</i>	<i>Restricted Surplus (Note 11)</i>	<i>Equity in Tangible Capital Assets (Note 12)</i>	<i>Accumulated Remeasurement Losses</i>	<i>2024</i>	<i>2023</i>
<b>Balance, beginning of year</b>	<b>11,129,599</b>	<b>36,955,241</b>	<b>891,099,368</b>	<b>(4,228,517)</b>	<b>934,955,691</b>	<b>884,654,539</b>
Excess of revenue over expenses	76,519,306	-	-	-	76,519,306	54,529,669
Remeasurement gains (losses)	-	-	-	2,111,799	2,111,799	(4,228,517)
Unrestricted funds designated for future use	(32,319,898)	32,319,898	-	-	-	-
Restricted funds for operations	5,568,131	(5,568,131)	-	-	-	-
Restricted funds used for tangible capital assets	-	(18,907,342)	18,907,342	-	-	-
Current year funds used for tangible capital assets	(65,186,281)	-	65,186,281	-	-	-
Contributed tangible capital assets	(25,866,089)	-	25,866,089	-	-	-
Disposal of tangible capital assets	241,083	-	(241,083)	-	-	-
Amortization of tangible capital assets	28,819,375	-	(28,819,375)	-	-	-
Long-term debt used for tangible capital assets	12,336,000	-	(12,336,000)	-	-	-
Long-term debt repaid	(4,724,626)	-	4,724,626	-	-	-
Asset retirement obligation - liability	31,465	-	(31,465)	-	-	-
<b>Change in accumulated surplus</b>	<b>(4,581,534)</b>	<b>7,844,425</b>	<b>73,256,415</b>	<b>2,111,799</b>	<b>78,631,105</b>	<b>50,301,152</b>
<b>Balance, end of year</b>	<b>6,548,065</b>	<b>44,799,666</b>	<b>964,355,783</b>	<b>(2,116,718)</b>	<b>1,013,586,796</b>	<b>934,955,691</b>

**City of Leduc**  
**Schedule 2 - Consolidated Schedule of Tangible Capital Assets**  
*For the year ended December 31, 2024*

	Construction in progress	Land	Land Improvements	Buildings	Engineered Structures	Machinery & Equipment	Vehicles	2024	2023
<b>Cost</b>									
Balance, beginning of year	48,374,344	141,592,243	38,828,496	166,237,181	976,475,452	28,826,234	15,804,814	1,416,138,764	1,332,561,894
Acquisition of tangible capital assets	-	4,029,150	1,105,215	642,326	39,375,085	1,132,759	2,407,590	48,692,125	37,813,748
Construction in progress	61,267,337	-	-	-	-	-	-	61,267,337	47,615,329
Disposal of tangible capital assets	-	-	(41,047)	-	-	(2,150,396)	(108,327)	(2,299,770)	(3,030,487)
Transfer from construction in progress	(7,602,011)	-	963,275	1,484,390	3,443,461	1,373,963	336,922	-	-
Asset retirement obligation	-	-	-	-	-	-	-	-	1,178,280
Balance, end of year	102,039,670	145,621,393	40,855,939	168,363,897	1,019,293,998	29,182,560	18,440,999	1,523,798,456	1,416,138,764
<b>Accumulated amortization</b>									
Balance, beginning of year	-	-	17,332,753	52,376,191	354,829,929	15,312,857	8,981,691	448,833,421	424,080,127
Accumulated amortization on disposals	-	-	(16,419)	-	-	(1,943,157)	(99,112)	(2,058,688)	(2,899,042)
Amortization of tangible capital assets	-	-	1,700,732	3,838,901	19,852,022	2,098,649	1,329,071	28,819,375	27,652,336
Balance, end of year	-	-	19,017,066	56,215,092	374,681,951	15,468,349	10,211,650	475,594,108	448,833,421
<b>Net book value of tangible capital assets</b>	<b>102,039,670</b>	<b>145,621,393</b>	<b>21,838,873</b>	<b>112,148,805</b>	<b>644,612,047</b>	<b>13,714,211</b>	<b>8,229,349</b>	<b>1,048,204,348</b>	<b>967,305,343</b>
2023 net book value of tangible capital assets	48,374,344	141,592,243	21,495,743	113,860,990	621,645,523	13,513,377	6,823,123	967,305,343	

During the year, tangible capital assets were acquired at an aggregate cost of \$109,959,462 (2023 - \$86,607,356), of which \$25,866,089 (2023 - \$18,073,352) was acquired as contributed assets on a non-cash basis, \$10,549,614 (2023 - \$2,315,442) remains in accounts payable at year-end, \$nil (2023 - \$1,178,280) in asset retirement obligations recognized during the year on a non-cash basis. The remaining \$75,859,202 (2023 - \$66,816,038) was acquired with cash. Total additions to tangible capital assets consists of acquisitions of \$48,692,126 (2023 - \$37,813,748) and the addition of \$61,267,337 (2023 - \$47,615,329) to construction in progress.

**City of Leduc**  
**Schedule 3 - Consolidated Schedule of Property Taxes Levied**  
*For the year ended December 31, 2024*

	<b>2024 Budget (Note 19)</b>	<b>2024</b>	<b>2023</b>
<b>Taxation</b>			
Property taxes	80,891,717	80,792,572	75,059,816
<b>Requisitions</b>			
Education	20,130,875	20,107,445	18,543,651
Leduc Foundation	188,842	187,341	168,116
	20,319,717	20,294,786	18,711,767
<b>Net municipal property taxes</b>	<b>60,572,000</b>	<b>60,497,786</b>	<b>56,348,049</b>

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**City of Leduc**  
**Schedule 4 - Consolidated Schedule of Government Transfers**  
*For the year ended December 31, 2024*

	<b>2024 Budget (Note 19)</b>	<b>2024</b>	<b>2023</b>
<b>Operating</b>			
Federal	801,313	545,138	342,145
Provincial	6,426,183	6,588,892	6,378,877
Local	3,908,100	3,846,605	4,023,645
<b>Total operating government transfers</b>	<b>11,135,596</b>	<b>10,980,635</b>	10,744,667
<b>Capital</b>			
Federal	2,616,000	2,485,420	3,337,745
Provincial	57,629,562	54,817,964	45,909,956
Local	2,272,000	1,335,499	10,987
<b>Total capital government transfers</b>	<b>62,517,562</b>	<b>58,638,883</b>	49,258,688
<b>Total government transfers</b>	<b>73,653,158</b>	<b>69,619,518</b>	60,003,355

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**City of Leduc**  
**Schedule 5 - Consolidated Schedule of Expenses by Object**

*For the year ended December 31, 2024*

	<b>2024 Budget (Note 19)</b>	<b>2024</b>	<b>2023</b>
<b>Consolidated expenses by object</b>			
Salaries and wages	<b>44,377,581</b>	<b>43,847,055</b>	41,210,892
Contract services	<b>26,950,035</b>	<b>25,412,339</b>	22,630,241
Cost of utilities sold	<b>10,909,000</b>	<b>11,317,647</b>	9,904,153
Employee benefits	<b>9,315,113</b>	<b>8,888,780</b>	8,348,667
Materials and supplies	<b>6,648,456</b>	<b>5,946,934</b>	5,580,198
Utilities	<b>3,961,690</b>	<b>4,074,900</b>	3,768,971
Interest on long-term debt	<b>3,342,653</b>	<b>2,854,354</b>	2,870,855
Repairs and maintenance	<b>2,002,160</b>	<b>1,998,336</b>	1,943,695
Grants to organizations	<b>1,917,886</b>	<b>1,881,008</b>	2,174,856
General services	<b>1,571,530</b>	<b>1,312,024</b>	885,630
Training and development	<b>1,273,020</b>	<b>915,205</b>	978,713
Bank charges and interest	<b>442,219</b>	<b>570,867</b>	288,021
Telephone and communications	<b>225,470</b>	<b>217,397</b>	259,918
Accretion	<b>-</b>	<b>31,465</b>	30,548
	<b>112,936,813</b>	<b>109,268,311</b>	100,875,358

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**City of Leduc**  
**Schedule 6 - Consolidated Schedule of Segmented Disclosure**  
*For the year ended December 31, 2024*

	<i>Utility and public services</i>	<i>Administration</i>	<i>Engineering</i>	<i>Facility services</i>	<i>Protective services</i>
<b>Revenue</b>					
Net municipal property taxes	-	60,497,786	-	-	-
Government transfers - capital	182,305	981,670	57,167,404	281,922	-
Utility services	20,412,097	9,473,730	3,332,654	-	-
Contributed assets	10,655,521	2,619,000	12,591,568	-	-
Sales, user charges and costs recovered	1,575,559	516,589	622,070	-	1,252,241
Government transfers - operating	299,958	3,832,242	17,274	184,328	4,650,511
Contributions and levies	-	-	-	-	-
Interest and penalties	211,953	2,850,272	-	13,867	-
Property revenue	4,692	-	-	785,996	-
Capital contributions	-	-	663,494	-	-
Enforcement services	-	-	-	-	633,572
Gain on disposal of tangible capital assets	273,310	-	-	2,137	-
	<b>33,615,395</b>	<b>80,771,289</b>	<b>74,394,464</b>	<b>1,268,250</b>	<b>6,536,324</b>
<b>Expenses</b>					
Salaries and wages	6,551,628	11,339,797	1,502,165	1,635,211	12,050,991
Amortization of tangible capital assets	11,376,920	728,241	12,344,673	3,853,599	295,372
Contract services	5,344,817	4,367,464	4,596,827	2,217,314	6,786,623
Cost of utilities sold	11,191,518	-	126,129	-	-
Employee benefits	1,240,702	3,155,609	318,667	284,525	1,878,073
Materials and supplies	2,781,730	546,391	141,158	363,702	567,007
Utilities	2,180,986	-	-	1,868,529	-
Interest on long-term debt	279,490	78,219	861,887	1,603,817	-
Repairs and maintenance	1,234,222	71,143	-	429,041	38,464
Grants to organizations	-	1,704,115	-	-	-
General services	31,354	1,098,486	-	-	-
Training and development	22,782	472,311	35,226	16,186	193,236
Bank charges and interest	(6,016)	299,659	-	-	264,802
Telephone and communications	273	190,531	-	865	22,900
Loss on disposal of tangible capital assets	146,850	24,630	-	-	-
Accretion	-	31,465	-	-	-
	<b>42,377,256</b>	<b>24,108,061</b>	<b>19,926,732</b>	<b>12,272,789</b>	<b>22,097,468</b>
<b>Excess (deficiency) of revenue over expense</b>	<b>(8,761,861)</b>	<b>56,663,228</b>	<b>54,467,732</b>	<b>(11,004,539)</b>	<b>(15,561,144)</b>

**City of Leduc**  
**Schedule 6 - Consolidated Schedule of Segmented Disclosure**  
*For the year ended December 31, 2024*

	<i>Family and community support services</i>	<i>Recreation and community development</i>	<i>Planning services</i>	<i>Library</i>	<b>2024</b>
<b>Revenue</b>					
Net municipal property taxes	-	-	-	-	60,497,786
Government transfers - capital	-	25,581	-	-	58,638,882
Utility services	-	-	-	-	33,218,481
Contributed assets	-	-	-	-	25,866,089
Sales, user charges and costs recovered	19,303	3,084,903	2,960,919	1,160,655	11,192,239
Government transfers - operating	1,194,911	436,406	37,500	327,504	10,980,634
Contributions and levies	-	435,488	6,484,452	-	6,919,940
Interest and penalties	-	-	-	-	3,076,092
Property revenue	-	2,021,360	-	1,795	2,813,843
Capital contributions	-	-	-	-	663,494
Enforcement services	-	-	-	-	633,572
Gain on disposal of tangible capital assets	-	-	1,974	-	277,421
	<b>1,214,214</b>	<b>6,003,738</b>	<b>9,484,845</b>	<b>1,489,954</b>	<b>214,778,473</b>
<b>Expenses</b>					
Salaries and wages	1,021,352	6,669,758	2,223,335	852,817	43,847,054
Amortization of tangible capital assets	-	202,357	2,847	15,366	28,819,375
Contract services	122,047	1,016,762	647,306	313,179	25,412,339
Cost of utilities sold	-	-	-	-	11,317,647
Employee benefits	201,754	1,211,751	443,619	154,080	8,888,780
Materials and supplies	246,590	1,000,129	121,001	179,227	5,946,935
Utilities	-	25,385	-	-	4,074,900
Interest on long-term debt	-	-	30,941	-	2,854,354
Repairs and maintenance	-	225,466	-	-	1,998,336
Grants to organizations	95,000	81,893	-	-	1,881,008
General services	-	177,151	616	4,417	1,312,024
Training and development	21,099	95,447	52,150	6,769	915,206
Bank charges and interest	58	12,363	-	-	570,866
Telephone and communications	1,080	414	-	1,335	217,398
Loss on disposal of tangible capital assets	-	-	-	-	171,480
Accretion	-	-	-	-	31,465
	<b>1,708,980</b>	<b>10,718,876</b>	<b>3,521,815</b>	<b>1,527,190</b>	<b>138,259,167</b>
<b>Excess (deficiency) of revenue over expense</b>	<b>(494,766)</b>	<b>(4,715,138)</b>	<b>5,963,030</b>	<b>(37,236)</b>	<b>76,519,306</b>

**1. Significant accounting policies**

These consolidated financial statements of the City of Leduc (the "City") are the representations of administration, prepared in accordance with Canadian public sector accounting standards and including the following significant accounting policies:

***Reporting entity***

The consolidated financial statements reflect the assets, liabilities, revenue, expenses, remeasurement losses, and change in net debt and accumulated surplus of the reporting entity. This entity is comprised of the municipal operations plus all of the organizations that are owned or controlled by the municipality and are, therefore, accountable to City Council for the administration of their financial affairs and resources, including the Maclab Centre for the Performing Arts, the Leduc Public Library and Family and Community Support Services.

The schedule of property taxes levied also includes requisitions for education, health, social and other external organizations that are not part of the municipal reporting entity. Interdepartmental and organizational transactions and balances are eliminated.

The consolidated financial statements exclude trust assets that are administered for the benefit of external parties.

***Basis of accounting***

These consolidated financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting records revenue as it is earned and measurable. Expenses are recognized as they are incurred and measurable based upon receipt of goods or services and/or the legal obligation to pay.

***Measurement uncertainty (use of estimates)***

The preparation of consolidated financial statements in conformity with Canadian public sector accounting standards requires administration to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenue and expenses during the reporting period.

Accounts receivable and property taxes receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary. Provisions are made for slow moving and obsolete inventory. Amortization is based on the estimated useful lives of tangible capital assets. Accrued sick time for employees is based on historical utilization applied to the total sick bank with a maximum limit of 700 to 1008 hours per employee.

***Liability for contaminated site***

Expenditures that relate to on-going environmental and remediation programs are charged against excess of revenue over expenses as incurred. A liability for a contaminated site reflects administration's best estimate of the amount required to remediate the contaminated site. The best estimate of the liability is based upon assumptions and estimates related to the amount and timing of costs for future site remediation.

Changes to the underlying assumptions and estimates or legislative changes in the near term could have a material impact on the provision recognized.

By their nature, these judgments are subject to measurement uncertainty, and the effect on the consolidated financial statements of changes in such estimates and assumptions in future years could be significant. These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in revenue over expenses in the years in which they become known.

1. **Significant accounting policies** (Continued from previous page)

**Asset retirement obligation**

A liability for an asset retirement obligation is recognized at the best estimate of the amount required to retire a tangible capital asset (or a component thereof) at the financial statement date when there is a legal obligation for the City to incur retirement costs in relation to a tangible capital asset (or component thereof), the past transaction or event giving rise to the liability has occurred, it is expected that future economic benefits will be given up, and a reasonable estimate of the amount can be made. The best estimate of the liability includes all costs directly attributable to asset retirement activities, based on information available at December 31, 2024. The best estimate of an asset retirement obligation incorporates a present value technique, when the cash flows required to settle or otherwise extinguish an asset retirement obligation are expected to occur over extended future periods.

When a liability for an asset retirement obligation is initially recognized, a corresponding asset retirement cost is capitalized to the carrying amount of the related tangible capital asset (or component thereof). The asset retirement cost is amortized over the useful life of the related asset.

At each financial reporting date, the City reviews the carrying amount of the liability. The City recognizes period-to-period changes to the liability due to the passage of time as accretion expense. Changes to the liability arising from revisions to either the timing, the amount of the original estimate of undiscounted cash flows or the discount rate are recognized as an increase or decrease to the carrying amount of the related tangible capital asset.

The City continues to recognize the liability until it is settled or otherwise extinguished. Disbursements made to settle the liability are deducted from the reported liability when they are made.

**Revenue recognition**

**Government transfers**

Government transfers are the transfer of assets from senior other levels of government that are not the result of an exchange transaction, are not expected to be repaid in the future, or the result of a direct financial return.

The City recognizes a government transfer as revenue when the transfer is authorized and all eligibility criteria, if any, have been met. A government transfer with stipulations giving rise to an obligation that meets the definition of a liability is recognized as a liability. In such circumstances, the City recognizes revenue as the liability is settled.

**Tax revenue**

The City recognizes taxes as assets and revenue when they meet the definition of an asset; are authorized by a legislature, council, or legislative convention; and the taxable event has occurred.

Tax revenue is initially measured at administration's best estimate of the amount resulting from the original taxable event in accordance with tax legislation. The related tax receivable is initially recognized at its realizable value at the date of acquisition. At each financial statement date, the City evaluates the tax receivable for collectability and records a valuation allowance to reflect the tax receivable at its net recoverable amount, if necessary.

**Fines and penalties**

Traffic fine revenue is recorded as cash is received, which is not materially different than recording revenue on an accrual basis.

**Utility services**

The City recognizes the provision of utility services as assets and revenue when they meet the definition of an asset and in the period the utility services are provided to the consumer.

**Other revenue**

The City accounts for all other revenue in the period the transactions or events giving rise to the revenue occurred.

**1. Significant accounting policies** *(Continued from previous page)*

**Non-financial assets**

Assets are classified as either financial or non-financial. Financial assets are assets that could be used to discharge existing liabilities or finance future operations. Non-financial assets are acquired, constructed or developed assets that do not normally provide resources to discharge existing liabilities but are employed to deliver government services, may be consumed in normal operations and are not for resale in the normal course of operations.

**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.

Contributed tangible assets are recorded at their fair value at the date of contribution and also are recorded as revenue.

**Leases**

A lease that transfers substantially all of the benefits and risks of ownership is classified as a capital lease. At the inception of a capital lease, an asset and a payment obligation is recorded at the present value of the minimum lease payments. Assets under capital leases are amortized on the straight-line basis, over their estimated useful lives. All other leases are accounted for as operating leases and rental payments are expensed as incurred.

**Amortization**

One-half of the annual amortization is charged in the year of acquisition. No amortization is taken in the year of disposal. Assets under construction are not amortized until the asset is available for productive use.

The cost, less residual value, of the tangible capital assets is amortized on a straight-line basis over the estimated useful life as follows:

	Years
Land improvements	10-45
Buildings	5-50
Water systems	25-75
Wastewater systems	25-75
Other engineering structures	10-75
Machinery and equipment	4-30
Vehicles	5-17

**Inventory for consumption**

Inventories held for consumption are recorded at the lower of cost and replacement cost.

**Prepaid expenses**

Prepaid expenses include pre-payments on goods and services which will be utilized in the following fiscal year.

**Investments**

Investments with prices quoted in an active market are measured at fair value while those that are not quoted in an active market are measured at amortized cost.

**Property tax 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.

1. **Significant accounting policies** *(Continued from previous page)*

**Segments**

The City conducts its business through a number of reportable segments. These operating segments are established by senior administration to facilitate the achievement of the City's long-term objectives to aid in resource allocation decisions, and to assess operational performance.

**Pensions**

The City participates in a multi-employer defined benefit pension plan. The plan is accounted for as a defined contribution plan.

**Financial instruments**

The City recognizes its financial instruments when the City becomes party to the contractual provisions of the financial instrument. All financial instruments are initially recorded at their fair value.

At initial recognition, the City may irrevocably elect to subsequently measure any financial instrument at fair value. The City has not made such an election during the year.

The City subsequently measures investments in equity instruments quoted in an active market at fair value. Fair value is determined by published price quotations. Transactions to purchase or sell these items are recorded on the trade date. Net gains and losses arising from changes in fair value are recognized in the statement of remeasurement gains and losses. Investments in equity instruments not quoted in an active market and derivatives that are linked to, and must be settled by delivery of, unquoted equity instruments of another entity, are subsequently measured at cost. With the exception of those instruments designated at fair value, all other financial assets and liabilities are subsequently measured at amortized cost using the effective interest rate method.

Transaction costs directly attributable to the origination, acquisition, issuance or assumption of financial instruments subsequently measured at fair value are immediately recognized in operating excess of revenue over expenses. Conversely, transaction costs are added to the carrying amount for those financial instruments subsequently measured at cost or amortized cost.

All financial assets except derivatives are tested annually for impairment. Administration considers whether the investee has experienced continued losses for a period of years, recent collection experience for the loan, such as a default or delinquency in interest or principal payments in determining whether objective evidence of impairment exists. Any impairment, which is not considered temporary, is recorded in the statement of operations. Write-downs of financial assets measured at cost and/or amortized cost to reflect losses in value are not reversed for subsequent increases in value. Reversals of any net remeasurement of financial assets measured at fair value are reported in the statement of remeasurement gains and losses.

**Statement of remeasurement losses**

By presenting remeasurement losses separately, changes in the carrying value of financial instruments arising from fair value measurement, unrealized foreign exchange gains (losses) and other comprehensive income arising from investments in government business entities are distinguished from revenues and expenses reported in the consolidated statement of operations. The consolidated statement of operations reports the extent to which revenues raised in the period were sufficient to meet the expenses incurred. Remeasurement losses do not affect this assessment as they are recognized in the consolidated statement of remeasurement losses. Taken together, the two statements account for changes in a City's net assets (liabilities) in the period.

Upon settlement, the cumulative gain (loss) is reclassified from the statement of remeasurement losses and recognized in the statement of operations. Interest and dividends attributable to all financial instruments are reported in the statement of operations.

**City of Leduc**  
**Notes to the Consolidated Financial Statements**  
*For the year ended December 31, 2024*

**2. Change in accounting policies**

Effective January 1, 2024, the City adopted the recommendations relating to the following new accounting standards, as set out in the Canadian public sector accounting standards:

**Revenue**

Effective January 1, 2024, the City adopted the Public Sector Accounting Board's (PSAB) new standard for the recognition, measurement and disclosure of revenue under PS 3400 *Revenue*. The new standard establishes when to recognize and how to measure revenue, and provides the related financial statement presentation and disclosure requirements. Pursuant to these recommendations, the change was applied prospectively, and prior periods have not been restated.

Under the new standard, revenue is differentiated between revenue arising from transactions that include performance obligations, referred to as "exchange transactions", and transactions that do not have performance obligations, referred to as "non-exchange transactions".

There was no material impact on the consolidated financial statements from the prospective application of the new accounting recommendations.

**3. Investments**

	2024	2023
Investments - Fair value	44,567,252	40,976,830

The investments have yields from 1.47% to 8.00% (2023 - 1.47% to 9.30%) and mature in periods 2025 through 2034. In 2024 the amortized cost of investments is \$46,502,975 (2023 - \$45,062,922).

**4. Property taxes receivable**

	2024	2023
Current taxes	1,596,824	1,416,249
Non-current taxes	325,378	353,545
	1,922,202	1,769,794

**5. Employee benefit obligations**

Employee benefit obligations are comprised of vacation, overtime and sick time that can be carried forward to future years. Employees have earned the vacation and overtime benefits and are entitled to these benefits within the next budgetary year. The sick time liability is accrued based on historical utilization of sick time. The balances included in accounts payable and accrued liabilities for 2024 total \$1,983,684 (2023 - \$1,909,141).

**City of Leduc**  
**Notes to the Consolidated Financial Statements**  
*For the year ended December 31, 2024*

**6. Deposits and deferred revenue**

The following table represents changes in the deferred revenue balance attributable to each major category of external restrictions:

	2023	Funding received	Recognized as revenue	2024
Deferred government transfers - LGFF	-	4,649,656	1,351,820	3,297,836
Deferred government transfers - MSI Capital	-	3,682,188	3,682,188	-
Deferred government transfers - CEIP	117,145	329,682	184,324	262,503
Deferred government transfers - other	181,876	992,909	682,045	492,740
Deferred government transfers - CCBF	-	2,167,930	1,615,347	552,583
Deposits	3,032,412	3,165,031	1,817,066	4,380,377
Deferred revenue	746,067	3,160,647	3,030,604	876,110
	<b>4,077,500</b>	<b>18,148,043</b>	<b>12,363,394</b>	<b>9,862,149</b>

**Deferred government transfers**

The City's deferred government transfers include amounts received from various government funding programs which are restricted to eligible capital projects, as approved under the funding agreements.

**Deposits**

Deposits include security deposits, utility deposits and other.

**Deferred revenue**

The City's deferred revenue includes amounts received in advance for bus passes, business licenses, sponsorship, rent, Leduc Recreation Centre memberships, Maclab Centre tickets and other.

**City of Leduc**  
**Notes to the Consolidated Financial Statements**  
*For the year ended December 31, 2024*

**7. Long-term debt**

	<b>2024</b>	2023
Tax-supported debentures	<b>60,204,901</b>	51,687,922
Offsite levy supported debentures	<b>22,020,353</b>	22,865,529
Clean Energy Improvement Plan	<b>1,367,500</b>	683,750
Capital leases	<b>383,021</b>	443,449
	<b>83,975,775</b>	75,680,650

Principal repayments on long-term debt in each of the next five years, assuming long-term debt subject to refinancing is renewed, are estimated as follows:

	Principal	Interest	Total
2025	5,274,779	3,170,248	8,445,027
2026	5,308,844	2,964,286	8,273,130
2027	5,519,044	2,753,828	8,272,872
2028	5,738,176	2,534,437	8,272,613
2029	5,966,635	2,305,723	8,272,358
	<b>27,807,478</b>	<b>13,728,522</b>	<b>41,536,000</b>
To maturity	<b>56,168,297</b>	<b>15,329,335</b>	<b>71,497,632</b>

Debenture debt is repayable to the Province of Alberta and bears interest at rates ranging from 2.163% to 5.170% (2023 - 2.163% to 5.170%) per annum, and mature in periods 2025 through 2051. The average annual interest rate is 3.476% (2023 - 3.198%). Debenture debt is issued on the credit and security of the City at large.

Included in long-term debt is \$82,608,275 (2023 - \$74,997,147) utilized for the purchase of tangible capital assets.

**City of Leduc**  
**Notes to the Consolidated Financial Statements**  
*For the year ended December 31, 2024*

**8. Debt limits**

Section 276(2) of the *Municipal Government Act* requires that debt and debt limits defined by Alberta Regulation 255/2000 for the City be disclosed as follows:

	2024	2023
Total debt limit	195,153,039	173,699,644
Total debt	82,608,275	74,996,900
<hr/>		
Amount of debt limit unused	112,544,764	98,702,744
<hr/>		
Service on debt limit	32,525,506	28,949,941
Service on debt	8,445,027	7,489,322
<hr/>		
Amount of debt servicing limit unused	24,080,479	21,460,619

The debt limit is calculated at 1.5 times revenue of the municipality (as defined in Alberta Regulation 255/2000) and the debt service limit is calculated at 0.25 times such revenue. Incurring debt beyond these limitations requires approval by the Minister of Municipal Affairs. These thresholds are guidelines used by Alberta Municipal Affairs to identify municipalities which could be a financial risk if further debt is acquired. The calculation taken alone does not represent the financial stability of the City. Rather, the consolidated financial statements must be interpreted as a whole.

**9. Asset retirement obligations**

The City recognized a liability for the asset retirement obligation and a corresponding amount has been capitalized as an asset retirement cost and added to the carrying value of \$nil (2023 - \$1,178,280). The asset retirement cost is amortized on a straight-line basis over the useful life of the related tangible capital asset.

The City estimated the amount of the liability using a discounted cash flow method. The significant assumptions used to determine the best estimate of the liability included an estimate of the estimated useful life of the asset, inflation rate of 3.0% and the City's credit-adjusted risk-free rate of 4.527%.

	2024	2023
Balance, beginning of year	1,208,828	-
Liabilities incurred	-	1,178,280
Accretion	31,465	30,548
<hr/>		
Balance, end of year	1,240,293	1,208,828

**City of Leduc**  
**Notes to the Consolidated Financial Statements**  
*For the year ended December 31, 2024*

**10. Leduc transit joint venture agreement**

In 2014, the City of Leduc entered into the "Leduc Transit Joint Venture Agreement" with Leduc County in order to secure grant funding to develop and operate an inter-municipal transit service (the "Project") between the County, the City of Leduc and the City of Edmonton operated under the name "Leduc Transit". The "Venture Property" under this agreement includes: (i) the buses for the Project; (ii) the website for the Project; and (iii) the brand "Leduc Transit".

The "proportionate interest" in the Venture Property is set forth in the agreement as follows:

<u>Party</u>	<u>Proportionate Interest</u>
City of Leduc	65%
Leduc County	35%

Each party's "proportionate share" in revenue earned by the Project, and each party's share of costs, expenses and liabilities are in the same proportion as each party's "proportionate interest". The administration of the joint venture is managed by the City of Leduc.

The grant funding was received by the City and was used to secure the Venture Property and the City holds the Venture Property as bare trustee for the joint venture.

Based on each party's proportionate interest in the Project the City of Leduc has recorded 65% of the total cost of the transit buses as a tangible capital asset and 65% of the annual amortization of the buses in the City's consolidated financial statements. A financial summary of 100% of the financial position and operations of the Joint Venture is as follows:

	<b>2024</b>	<b>2023</b>
<b>Statement of Financial Position</b>		
Buses - costs	3,105,186	2,666,079
Buses - accumulated amortization	(2,688,310)	(2,532,775)
	416,876	133,304
<b>Statement of Operations</b>		
Sales and user charges	393,051	333,905
Government grant LITP	-	1,980
Transfer from City of Leduc	1,699,529	1,173,672
Transfer from Leduc County	949,236	651,023
	3,041,816	2,160,580
Operating expense	(2,602,709)	(2,165,579)
Amortization of tangible capital assets	(155,535)	(266,608)
Loss on disposal of tangible capital assets	-	(21,677)
	(2,758,244)	(2,453,864)
Excess of revenue of expenses	283,572	(293,285)
Accumulated surplus, beginning of year	133,304	426,589
Accumulated surplus, end of year	416,876	133,304
<b>Statement of Net Debt</b>		
Excess of revenue of expenses	283,572	(293,285)
Amortization of tangible capital assets	(439,107)	266,608
Acquisition of tangible capital assets	155,535	-
Proceeds on disposal of tangible capital assets	-	5,000
Loss on disposal of tangible capital assets	-	21,677
Net debt, end of year	-	-

**City of Leduc**  
**Notes to the Consolidated Financial Statements**  
*For the year ended December 31, 2024*

**11. Restricted surplus**

Surplus restricted for operating and capital activities changed as follows:

	2023	Increases	Decreases	2024
<b>Restricted operating surplus</b>				
Operations	8,063,971	7,923,702	(5,568,133)	10,419,540
<b>Restricted capital surplus</b>				
Operations	21,982,686	15,000,133	(11,213,083)	25,769,736
Community services	213,914	442,043	(335,907)	320,050
General government	1,742,643	196,982	(970,244)	969,381
Library	990,336	107,328	(36,867)	1,060,797
Downtown business association	78,032	7,275	-	85,307
	25,007,611	15,753,761	(12,556,101)	28,205,271
<b>Restricted offsite levy reserves</b>				
Transportation offsite levy	1,709,642	4,539,042	(2,837,440)	3,411,244
Water offsite levy	2,149,826	716,874	(251,433)	2,615,266
Sanitary offsite levy	-	3,262,367	(3,262,367)	-
Fire offsite levy	24,191	124,154	-	148,345
	3,883,659	8,642,437	(6,351,240)	6,174,855
	36,955,241	32,319,900	(24,475,474)	44,799,666

The City has restricted certain amounts of the accumulated surplus in order to fund future operations. This restricted surplus is not fully funded in cash as this would tie up too much of the operational cash needed to run the day to day operations of the City. At this time the City is up fronting the sanitary offsite levy reserve in the amount of \$2,106,458 (2023 - \$2,728,087). The reserves have been supported by the contingency reserve, which is included in restricted operating surplus above.

**12. Equity in tangible capital assets**

	2024	2023
Tangible capital assets (Schedule 2)	1,523,798,456	1,416,138,764
Accumulated amortization (Schedule 2)	(475,594,108)	(448,833,421)
Long-term debt (Note 7)	(82,608,275)	(74,997,147)
Asset retirement obligations (Note 9)	(1,240,293)	(1,208,828)
	964,355,780	891,099,368

**City of Leduc**  
**Notes to the Consolidated Financial Statements**  
*For the year ended December 31, 2024*

**13. Salary and benefits disclosure**

Disclosure of salaries and benefits for elected municipal officials, the city manager and designated officers as required by Alberta Regulation 313/2000 is as follows:

	<i>Salary</i>	<i>Benefits &amp; allowances</i>	<i>2024</i>	<i>2023</i>
R. Young - Mayor	100,762	9,652	110,414	108,605
L. Tillack - Councillor	46,304	10,733	57,037	56,717
W. Hamilton - Councillor	46,304	10,733	57,037	56,170
R. Pollard - Councillor	46,304	10,733	57,037	56,170
G. Finstad - Councillor	46,304	8,192	54,496	53,496
L. Hansen - Councillor	46,304	6,887	53,191	52,418
B. Beckett - Councillor	46,304	4,317	50,621	49,716
D. Prohar - City Manager	277,755	42,394	320,149	315,898

Salary includes regular base pay, bonuses, overtime, lump sum payments, gross honoraria and any other direct cash remuneration.

Benefits and allowances includes employer's share of all employee benefits and contributions or payments made on behalf of employees including pension, health care, dental coverage, vision coverage, group life insurance, accidental disability and dismemberment insurance, long-term disability plans.

**14. Local authorities pension plan**

Employees of the City of Leduc participate in the Local Authorities Pension Plan ("LAPP"), which is one of the plans covered by the *Alberta Public Sector Pension Plans Act*. The LAPP serves approximately 304,451 people and 444 employers. The LAPP is financed by employer and employee contributions and by investment earnings of the LAPP Fund.

Contributions for current service are recorded as expenses in the year in which they become due.

The City of Leduc is required to make current service contributions to the LAPP of 8.45% of pensionable earnings up to the year's maximum pensionable earnings under the Canada Pension Plan and 11.65% on pensionable earnings above this amount. Employees of the City of Leduc are required to make current service contributions of 7.45% of pensionable salary up to the year's maximum pensionable salary and 10.65% on pensionable salary above this amount.

The current service contributions by the City of Leduc to the LAPP in 2024 were \$3,205,382 (2023 - \$2,949,637). Total current service contributions by the employees of the City of Leduc to the Local Authorities Pension Plan in 2024 were \$2,881,454 (2023 - \$2,628,244).

At December 31, 2023, the date of the most recent actuarial valuation, the LAPP disclosed an actuarial surplus of \$15,057,000,000 (2022 - \$12,671,000,000).

**15. Supplementary retirement plans**

**APEX**

The APEX supplementary pension plan, an Alberta Urban Municipality Association ("AUMA") sponsored defined benefit pension plan covered under the provisions of the *Alberta Employment Pension Plans Act*, commenced in 2005 and provides supplementary pension plan benefits to a prescribed class of employees. The plan supplements the Local Authorities Pension Plan.

The City of Leduc is required to make current service contributions to APEX of 2.96% of the employment income. Employees of the City of Leduc are required to make current service contributions of 2.42% of employment income.

The current service contributions by the City of Leduc to APEX in 2024 were \$68,309 (2023 - \$66,607). Total current service contributions by the employee of the City of Leduc to APEX for 2024 were \$55,848 (2023 - \$54,456).

The cost of post retirement benefits earned by employees is actuarially determined using the projected benefit method prorated on service and administration's best estimate of salary and benefit escalation and retirement ages of employees. The costs of post retirement benefits are fully funded.

**MuniSERP**

In 2004, the City of Leduc joined the MuniSERP (formally APEX Plus) supplemental employee retirement plan, a plan sponsored by AUMA. MuniSERP is a voluntary, non-contributory plan that provides benefits to a prescribed class of employees (8 beneficiaries in 2024 and 7 in 2023). Included in accounts payable and accrued liabilities is \$132,666 (2023 - \$128,266) held by the City on behalf of the beneficiaries. The actuarial valuation of the plan for service accrued to December 31, 2024 is estimated to be \$195,567 (2023 - \$259,379).

**16. Contingencies**

The City of Leduc is a member of the Alberta Municipal Insurance Exchange ("MUNIX"). Under the terms of the membership, the City of Leduc could become liable for its proportionate share of any claim losses in excess of the funds held by the exchange. Any liability incurred would be accounted for as a current transaction in the year the losses are determined.

In the normal course of business there may be pending claims by and against the City. Litigation is subject to many uncertainties, and the outcome of individual matters is not predictable with assurance. In the opinion of administration, based on the advice and information provided by its legal counsel, final determination of these litigations will not materially affect the City's financial position or results of operations.

**17. Commitments**

The City has entered into commitments to provide the community with policing services and to obtain new enterprise resource planning systems. The commitments over the next five years are as follows:

2025	\$8,136,721
2026	\$8,800,197
2027	\$8,799,075
2028	\$9,212,000
2029	\$9,756,000

Capital commitments are not reflected in the consolidated financial statements. These capital commitments were included in the City's capital budget and will be funded from government transfers for capital, reserves and debt in future years.

**18. Financial Instruments**

The City as part of its operations carries a number of financial instruments. It is the administration's opinion that the City is not exposed to significant interest, currency or credit risks arising from these financial instruments except as otherwise disclosed.

**Liquidity Risk**

Liquidity risk is the risk that the City will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivery of cash or another financial asset. The City enters into transactions to purchase goods and services on credit; borrow funds from financial institutions or other creditors; lease office equipment from various creditors, for which repayment is required at various maturity dates. Liquidity risk is measured by reviewing the City's future net cash flows for the possibility of negative net cash flow.

Contractual maturities of long-term debt and capital leases are disclosed in Note 7.

The City manages the liquidity risk resulting from its accounts payable, long-term debt, and capital leases by investing in liquid assets.

**Credit Risk**

Credit risk is the risk of financial loss because a counter party to a financial instrument fails to discharge its contractual obligations.

**Risk management**

The City manages its credit risk by performing regular assessments of its ratepayers and provides allowances for potentially uncollectible accounts receivable. The City does not have a significant exposure to any individual customer.

**Interest rate risk**

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. Changes in market interest rates may have an effect on the cash flows associated with some financial assets and liabilities, known as cash flow risk, and on the fair value of other financial assets or liabilities, known as price risk.

The City is exposed to interest rate risk with respect to long term debt and investments quoted in active markets.

**Interest rate risk sensitivity analysis**

A 1% change in interest rates relating to investments could change interest income by approximately \$445,673.

A 1% change in interest rates relating to long-term debt could change interest expense by approximately \$839,758.

**Other price risk**

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or foreign currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The City's investments in publicly-traded fixed income instruments exposes the City to price risk as these investments are subject to price changes in an open market due to a variety of reasons including changes in market rates of interest, general economic indicators and restrictions on credit markets.

**19. Budget information**

The disclosed budget information has been approved by Council. The City does not budget for amortization. Included in the actual expenses on the consolidated statement of operations is amortization of \$28,819,375 (2023 - 27,652,336).

Included in the disclosed budget on the consolidated statement of operations is \$6,606,897 (2023 - \$4,782,691) in non-capital expenses that were approved by Council as part of the capital budget. These expense have been reclassified from the budget for the acquisition of tangible capital assets on the consolidated statement of change in net debt, resulting in a corresponding reduction in the budget presented.

**20. Guarantees**

As part of the land transfer and lease agreement between the City of Leduc and the Leduc Golf and Country Club, the City has guaranteed credit facilities held by the Leduc Golf and Country Club for not more than \$550,000. The guarantee has no set termination date.

**21. Segments**

The City of Leduc provides a range of services to its ratepayers. For each reported segment, the revenue 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 consolidated financial statements as disclosed in Note 1.

Refer to Schedule 6 - Schedule of Consolidated Segmented Disclosure.

**22. Comparative figures**

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

Draft - For Discussion Purposes Only