

A vibrant photograph of a field of sunflowers under a bright, hazy sky. The sunflowers are in various stages of bloom, with their golden-yellow petals and dark brown centers clearly visible. The image has a warm, sunlit quality.

# *People Power*

Cultivation | Enrichment | Resilience

**2018**  
Annual Report

Strathcona County  
Alberta, Canada  
For the Year Ended December 31, 2018

The logo for Strathcona County, featuring a stylized green and blue graphic that resembles a wave or a leaf.

**STRATHCONA**  
COUNTY

# *People Power*

Cultivation | Enrichment | Resilience

Prepared by Strathcona County Corporate Finance and  
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2018  
Annual Report

Strathcona County  
Alberta, Canada  
For the Year Ended December 31, 2018



STRATHCONA  
COUNTY



A vibrant photograph of a field of sunflowers under a clear blue sky. The sunflowers are in various stages of bloom, with bright yellow petals and dark brown centers. The image is used as a background for the top half of the page.

# Table of Contents

## Introduction

- 2 Message from your Mayor and Council
- 3 Strathcona County Council
- 4 Message from the Chief Commissioner
- 5 Organizational structure
- 6 Strathcona County — Our Vision
- 7 **Features**
- 8 People Plan
- 10 Communities in Bloom
- 12 Transitioning back home
- 14 Highlights of our accomplishments
- 21 By the numbers

## Financial Information

- 23 **Financial Statement Discussion and Analysis**
- 47 **Consolidated Financial Statements**
- 48 Index
- 49 Management Report
- 50 Independent Auditors' Report
- 53 Consolidated Statement of Financial Position
- 54 Consolidated Statement of Operations and Accumulated Surplus
- 55 Consolidated Statement of Change in Net Financial Assets
- 56 Consolidated Statement of Cash Flows
- 57 Notes to Consolidated Financial Statements
- 83 **Budget Highlights**

## Statistical Information

- 85 **Statistics**

## Message from your Mayor and Council

In 2018, our first full year as a Council, our first course of business was to renew Council's long-term strategic plan. Overall, community priorities remain a strong focus, with emphasis on people-centered goals to support and enrich the diverse needs of our residents.

Another priority was keeping municipal property taxes in check, and prudently managing our spending. We delivered a 2.18 per cent municipal tax *decrease* in 2018. Yes, a decrease. At the same time, the County maintained service levels and funded new initiatives, while keeping property taxes comparably low. This contributes to quality of life and affordability for residents.

The strong relationships we continue to build with industry help to buoy Strathcona County's economic strength. We will continue to work with heavy industry to actively pursue world-class investments.

As a proud stakeholder in Alberta's Industrial Heartland, we support the goal 30X30 — \$30 billion of new investment in the heartland by the year 2030. With mega projects such as Inter Pipeline Ltd.'s new \$3.5 billion Heartland Petrochemical Complex and Pembina's \$4 billion investment, we are well on our way.

Industrial investments fuel positive growth, and we will continue to support this direction, while balancing economic, social and environmental needs that benefit our community greatly.

Council members spent a good deal of time building relationships and alliances in 2018. This included being at the table of the newly reconstituted Edmonton Metropolitan

Region Board (EMRB), and Alberta's first regional economic development body, Edmonton Global.

Together, we are addressing solutions to common issues facing the region and exploring opportunities. One example, 13 EMRB member municipalities signed on to create a Regional Transit Services Commission.

Also in 2018, Strathcona County and the City of Fort Saskatchewan councils mutually agreed to proceed with a negotiated annexation — which is significantly less costly and time consuming than a contested annexation.

Both municipalities have also committed to an Alliance Exploration Agreement to identify innovative ways to preserve and grow the industrial tax base. We are also looking for WIN-WIN opportunities to integrate services to increase quality and find efficiencies, while both communities preserve their identity.

On the ground, Strathcona County continued to deliver quality programs and services. In this annual report you will see many examples. We also played host to the 2018 Communities in Bloom National Symposium, and the National and International Awards Ceremonies.

Finally, I must acknowledge the huge effort required as a result of the unprecedented Community Centre Parkade incident that occurred on November 6, 2018.

Throughout the recovery and restoration, the County and community came together to manage very difficult circumstances in united, caring and supportive ways.

On behalf of Council, thank you to all County staff involved for the professionalism, dedication and resiliency demonstrated during this challenging time. I also extend appreciation for our community's patience and support.

As we move forward, and face other challenges and opportunities, I am confident we will continue with the compassion, leadership and innovation that are trademarks of our community.

Mayor Rod Frank  
Strathcona County







## Strathcona County Council

*Back row, left to right:* Councillor Paul Smith, Councillor Katie Berghofer, Councillor Glen Lawrence, Mayor Rod Frank, Councillor Dave Anderson, Councillor Linton Delainey, Councillor Bill Tonita

*Sitting on bench, left to right:* Councillor Brian Botterill, Councillor Robert Parks

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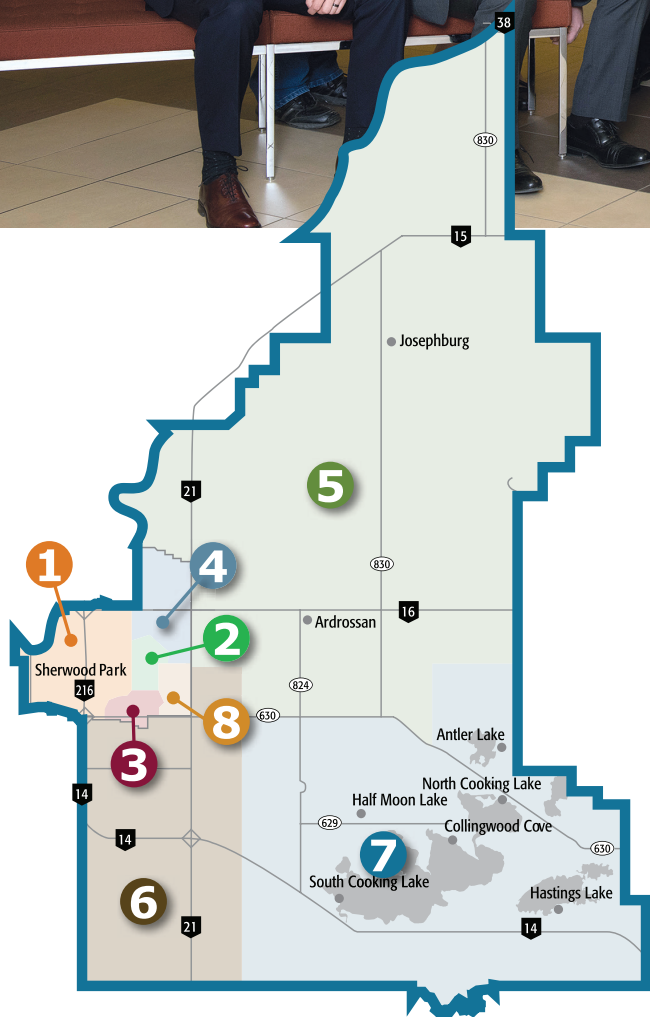
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Set in the centre of Alberta's energy and agricultural heartland, Strathcona County is a thriving, successful and vibrant community. It is made up of the urban area of Sherwood Park and a large rural area of farms, acreages and eight other hamlets.

## Message from the Chief Commissioner

There is no doubt 2018 will stand out in the memory of our community and our organization.

At the corporate level, the year was occupied with exciting changes that are proving to define us as an organization. The maturation of our processes is leading to innovation, imagination and modernization of the manner in which we deliver our programs and services. This could not be accomplished without an irrepressible team at the helm.

At Strathcona County, our leadership team has always said our people are our most important resource. Our new People Plan, completed in the spring of 2018, empowers our organization, and articulates what we want our workplace culture to be, and what our people can expect from the organization and from each other.

The strength of the People Plan is that it was designed by employees for employees. It identifies what makes our people and our organization thrive. Six areas of focus emerged: clear purpose, accountability, positivity, trust, leadership and team.

We know a healthy culture in an organization increases productivity and performance, and helps to retain people. More importantly, a strong workplace culture enables employees to contribute their best in the delivery of County programs and services.

The contributions from citizen and stakeholder input have also always been important in helping the County to plan and shape our programs and services.

To raise the bar in public engagement, and make it convenient for people to provide their views, we launched SCOOP—Strathcona County Online Opinion Panel in September 2018. This innovative platform provides a cost-effective and timely way of collecting feedback on a wide range of County topics that matter to our community. We encourage you to sign up.

Throughout our journey of organizational change, one facet that endures is the spirit of our community and its ability to impress. This is evident in the multitude of Communities in Bloom awards earned over the years - thanks to the efforts of Strathcona in Bloom volunteers, businesses and County staff. When it came to welcoming national and international visitors to the 2018 Communities in Bloom National Symposium and Awards Ceremonies, Strathcona County out-bloomed itself again.

It could be suggested that another type of flower municipalities across the Country had to prepare for was cannabis legalization, which came into effect October 17, 2018. From development and retail permitting, to public consumption and land use/zoning, to workplace education — many areas needed to be considered locally to manage the federal legalization of cannabis in the best interests of our community.

Our agility affords us the capability to commit to an activity or answer a challenge. The County has always focused on programs and services that matter most to our residents. In 2015, we implemented priority-based business planning and budgeting. Benefits for residents started showing quickly — two municipal tax dollar decreases of more than two per cent and one small increase of less than one per cent in the last three years.

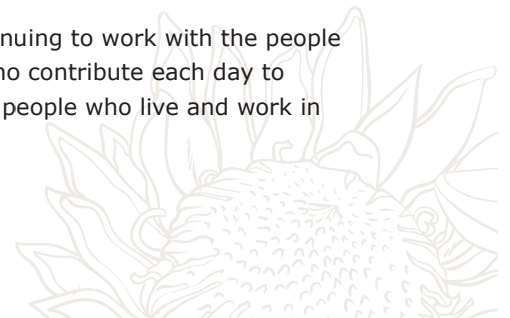
In 2018 we continued along the path, laying the groundwork for the County's first multi-year budget that would set the course for the corporation over the next four years: 2019 – 2022. There is still work to be done, and I continue to be proud of the leadership exhibited by our organization toward becoming Canada's most livable community.

Through these events and activities, we were also engaged in our largest corporate project – a replacement of our enterprise resource planning software. As an extension of that enormous undertaking, we are also transforming our processes to streamline our procedures and invite efficiencies in every corner of our lines of business. Working towards implementation in 2020, we are preparing the organization for the future with our people, our processes and our technology.

We are a safe and vibrant community. When faced with adversity, as we did in November 2018 following an explosion in the Community Centre Parkade, we showed resiliency and caring support throughout our recovery and restoration efforts.

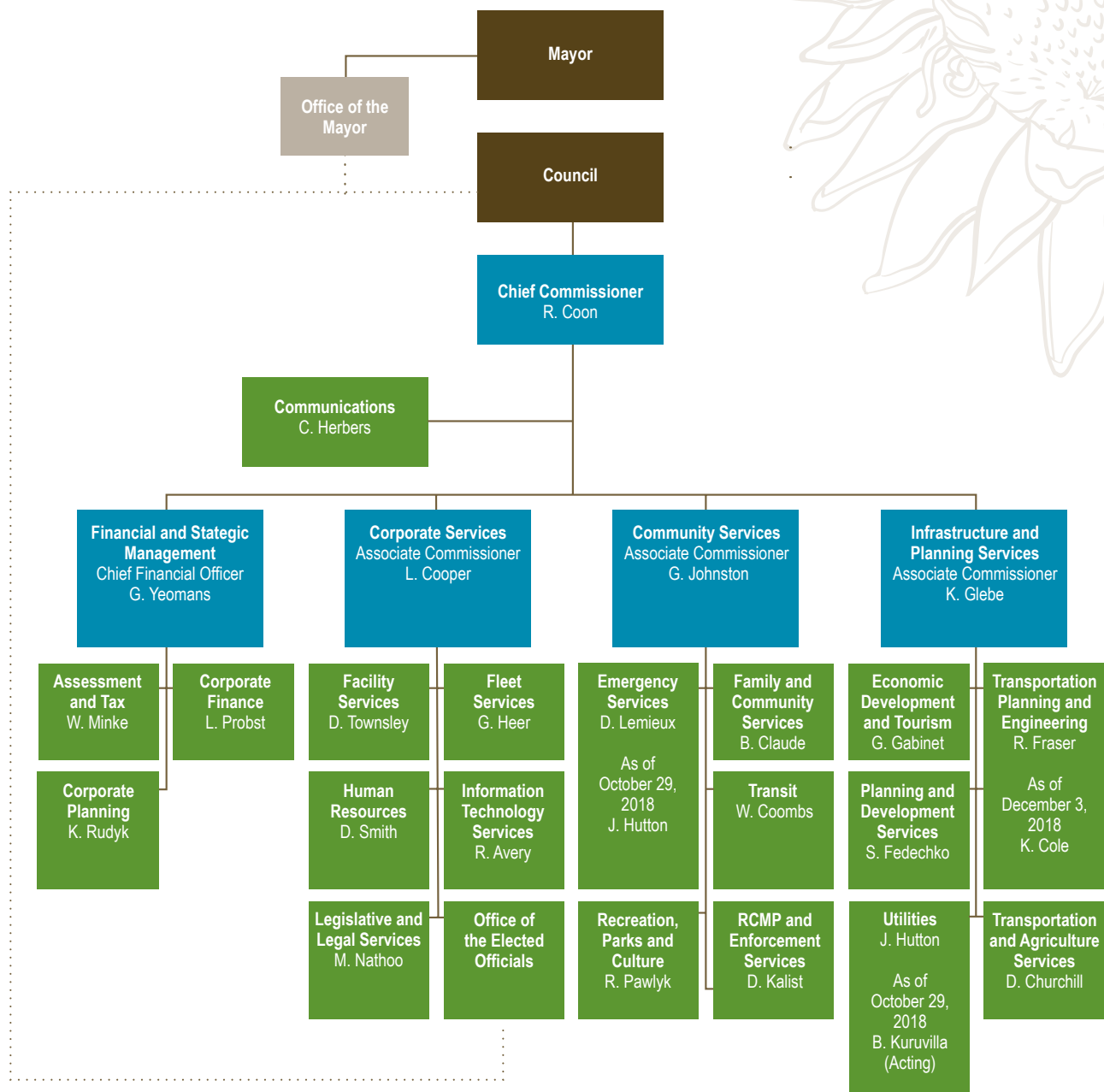
I look forward to continuing to work with the people of this organization who contribute each day to enrich the lives of the people who live and work in this great community.

Rob Coon  
Chief Commissioner,  
Strathcona County





## Our organizational structure



## Strathcona County Executive Team

Left to right: Kevin Glebe, Gord Johnston, Rob Coon, Greg Yeomans, Lori Cooper



## Our Vision

### Living in Strathcona County

Strathcona County, located in the heart of Alberta, is an energetic and thriving community. A leader in North America's petroleum industry and a champion for advancing diverse agricultural business, we use our energy to power our new tomorrow.

We are a specialized municipality, and work cooperatively with our urban and rural residents to govern as a single municipality. Proud of our distinct governance model, we promote and demonstrate our achievements.

We are a welcoming place to live and attract people of all ages, cultures and walks of life to join us. Families thrive in our dynamic, caring and safe community.

We strive to be a model of ecological integrity, protecting our environment and preserving our agricultural heritage.

Investment in infrastructure, quality services, cultural and recreational programs, and facilities is a priority and sets us apart.

*Becoming Canada's most livable community*

## Population

### 2018 Municipal Census

TOTAL	<b>98,381</b>
SHERWOOD PARK	<b>71,332</b>
RURAL*	<b>27,049</b>

\* acreages, farms, rural hamlets

Between 2013-2018,  
our population grew:

**5.5%**

Between 2008-2018,  
our population grew:

**15.0%**

Between 2013-2018,  
our annual growth  
rate was:

**1.4%**



A close-up photograph of several bright yellow sunflowers with dark brown centers, set against a soft, hazy background. The sunflowers are the primary visual element, filling the upper two-thirds of the page.

# *Features*

People Plan  
Communities in Bloom  
Transitioning back home  
Highlights of our accomplishments

A faint, light gray line-art illustration of sunflowers and leaves, serving as a background for the bottom third of the page.

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The logo for Strathcona County, featuring three stylized, overlapping green and blue wavy lines.

**STRATHCONA**  
COUNTY





## People Plan

### *Creating an ideal workplace culture, step by step*

**What does an ideal workplace look like? What do we stand for? What matters to us?**



These questions and more were considered when developing the Strathcona County People Plan – a framework to build a great workplace culture.

Where other plans (strategic or business plans) focus on the organization's business priorities, the People Plan specifies what we need to do to ensure our people are successful in their work. Studies show if people are supported and enjoy a healthy workplace culture, quality and efficiency in the delivery of services is boosted.

Starting in November 2017 through February 2018, employees came together through world cafes, had discussions and took part in a survey, to share what was important to them.

The result was a People Plan, designed by employees for employees, launched in May 2018 with six areas of focus – clear purpose, positivity, accountability, leadership, team and trust.





The People Plan outlined how employees take pride in the work they do for residents and businesses in the County, and how a great workplace environment can be inclusive, respectful and fun.

A Summer Series showcased what departments were doing to promote and integrate the six areas of focus in their daily work.



In October 2018, recruitment began for a Stewardship Committee. The committee's role focuses on gathering input from employees across the organization, linking organizational activities to the areas of focus and being champions of the plan.

A 15-member committee was established in November 2018, representing a cross-section of divisions, department positions and years of experience. The committee held its first meeting in December 2018, and it was clear the stewards shared an enthusiasm for the County, the People Plan and the desire to share the good work that takes place throughout the organization.

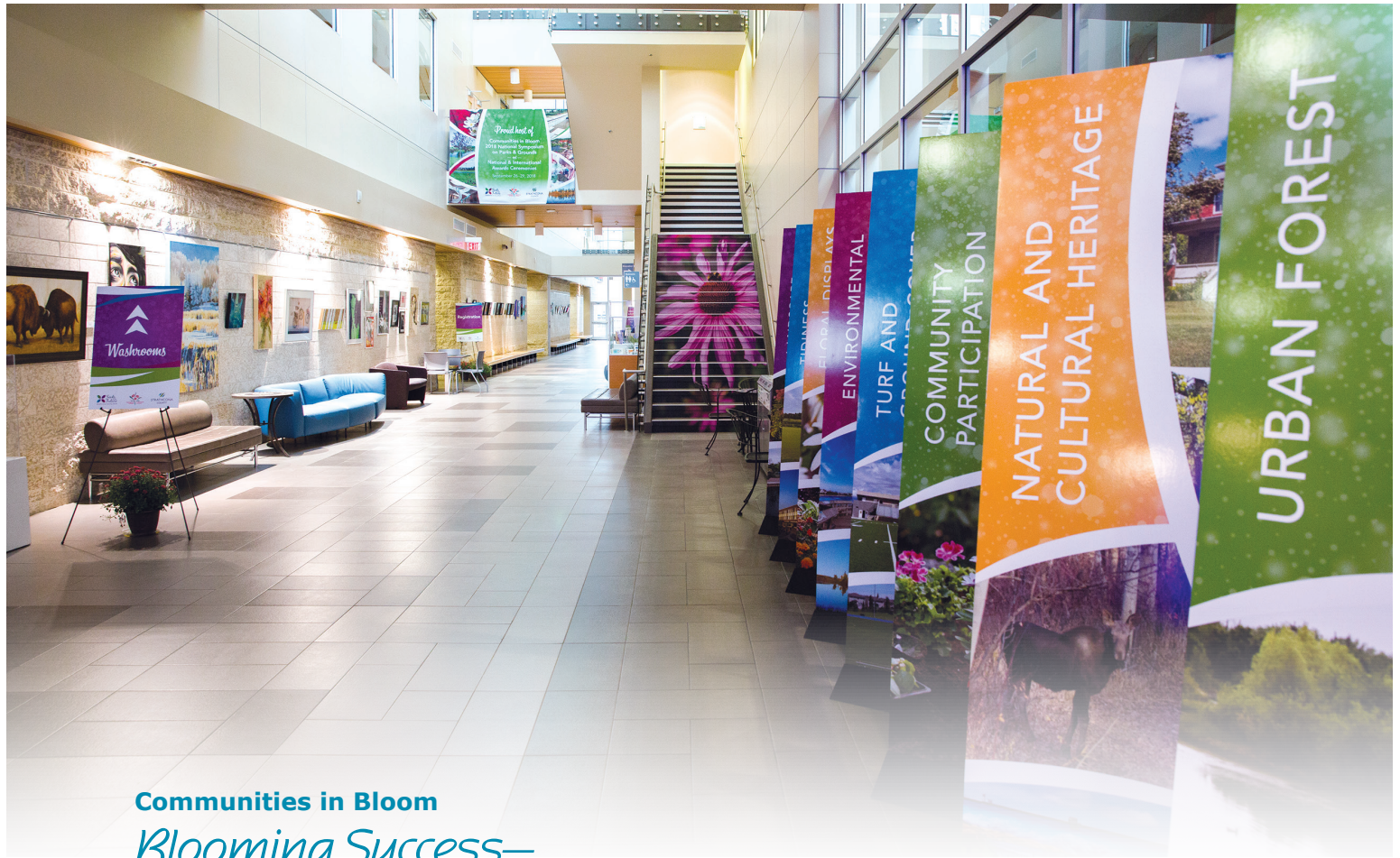
Stewardship Committee member Ryan Anders of Transportation Planning and Engineering pointed out there are a lot of positive activities happening throughout the County. Some unsung heroes need to be celebrated and our People Plan gives us the opportunity to build pride in our people and organization, and celebrate not just big wins, but small wins as well.



With the People Plan stewards in place, the County is moving step by step to celebrate our achievements and create our ideal workplace culture.







## Communities in Bloom

# *Blooming Success— Strathcona County hosts national symposium*

An early winter couldn't stop the blooming excitement from September 26 to 29 when Strathcona County hosted the 2018 Communities in Bloom National Symposium on Parks and Grounds, and the National and International Awards Ceremonies.

The County extended a warm welcome to more than 200 delegates from across Canada, and international delegates from Europe, the United Kingdom and the United States. They came together to learn and share ideas and best practices related to parks and grounds. It was also a time to celebrate each other's achievements at the awards ceremonies and banquet at Festival Place.

It was an opportunity for the County to showcase beautiful flower beds and planters, as well as unique environmental features. But what also shone throughout was a shared spirit of volunteerism and dedication to improving quality of life in a community.

Delegates heard expert speakers on topics related to growing, culture, volunteerism, and more. They even had a chance to engage in thoughtful discussion with well-known garden expert Mark Cullen.

Delegates were on the move as they toured the County to see initiatives that support Communities in Bloom: pillars of floral displays, environmental action, natural and cultural heritage, urban forest, landscape, turf and ground cover, and community participation.





A tour of Sherwood Park made stops at locations including Broadmoor Lake Park; Smeltzer House and its period-specific flower beds; Centennial Park's native stand of trees, edible shrubs and pollinator habitat; Ball Island with its many connecting pedestrian trails; and eco-friendly Broadview Enviroservice Centre.

A rural tour featured locations in the Beaver Hills Biosphere, one of only two UNESCO biosphere designations in Alberta. Delegates took in Elk Island National Park, Ukrainian Cultural Heritage Village and the Strathcona Wilderness Centre.

Visitors also discovered local green businesses and regional attractions such as the University of Alberta Botanic Garden, Muttart Conservatory and John Janzen Nature Centre.

To mark the event, Shell Canada and Tree Canada supported Strathcona County to create a lasting legacy with an edible fruit garden and public art feature in Broadmoor Lake Park to be enjoyed by residents for years to come.

This type of legacy directly supports Communities in Bloom, dedicated to providing real and meaningful environmental solutions that benefit everyone. For the past 20 years, Strathcona County has been fortunate to work in partnership with the Strathcona in Bloom Society to focus on environmental stewardship by enhancing green spaces.

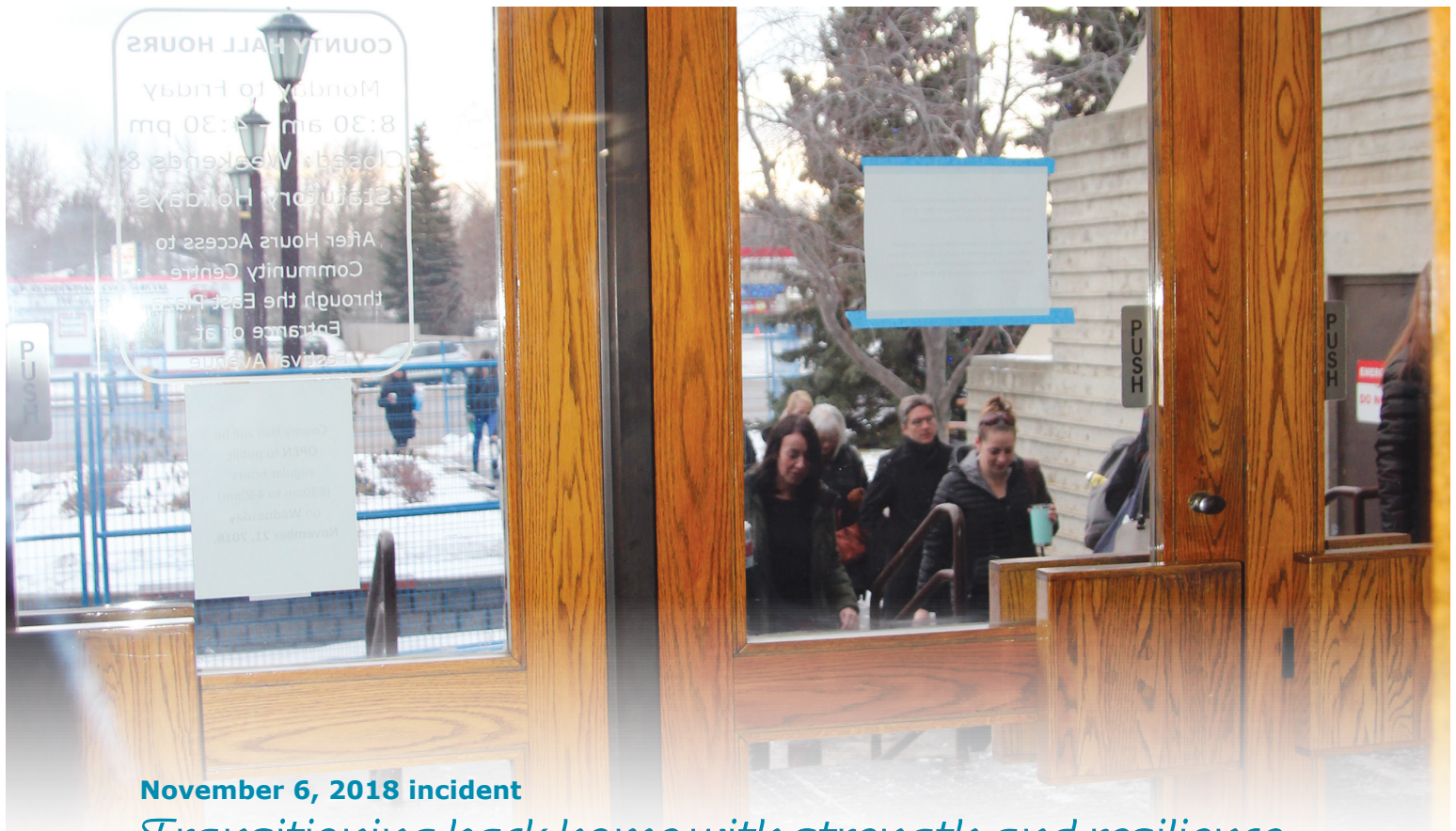
Through the efforts of many dedicated volunteers, businesses and private home owners, Strathcona in Bloom maintains flower beds and planters in 23 Sherwood Park locations as well as at 11 rural community halls.

For volunteers, the care and work they put into beautifying their community is a way to contribute and feel connected to friends and neighbours. Beautiful floral displays at the entrance to a neighbourhood or public facility, or even in a resident's front yard, can brighten someone's day and strengthen their sense of community.

Hosting the international Communities in Bloom event was a reminder of all the planning, planting, watering and care that goes into the growth and bloom of one flower. In a broader sense, Strathcona County applies care and cultivation to achieve its larger strategic goals, such as ensuring effective stewardship of water, land, air and energy resources; and fostering collaboration through community partnerships.







## November 6, 2018 incident

# *Transitioning back home with strength and resilience*

A simple card extending a warm “Welcome Home” meant a lot to more than 600 employees from County Hall and the Community Centre who had been displaced from their workplace, and returned back to their offices.



Unexpectedly on the evening of November 6, 2018, their ‘normal’ was uprooted to working at alternate locations or remotely after an explosion and fire in the Community Centre Parkade caused the evacuation of staff and patrons from the complex. About two hours later, there was a second explosion and the scene was turned over to the RCMP. Tragically, a lone man was found injured in a vehicle and later succumbed to his injuries in the hospital.

## Resilience

(n.) The ability to become strong, healthy, or successful again after something bad happens.

The impact to our organization was immediate. Nearly 19 per cent of Strathcona County services were considered non-operational, and another 60 per cent of services were degraded.

The safety systems within the building worked as designed, with smoke detectors and the alarm system initiating an emergency response within seconds of the explosion. However, intensive damage to the building was caused by the blast force, heat, smoke, fire and soot. The Community Centre, including the library, was the most seriously impacted due to its location directly above the parkade.

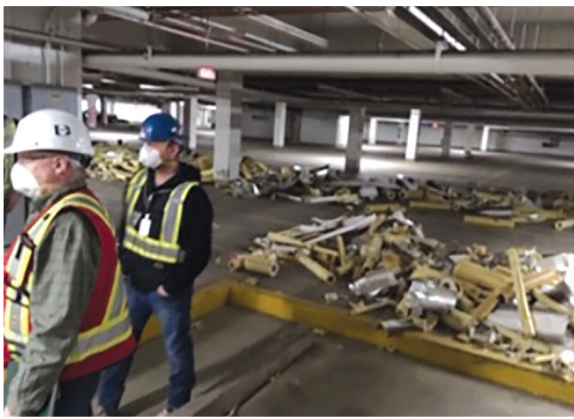
The County Hall / Community Centre complex was temporarily closed to accommodate the extensive restoration work required. Approximately \$14 million in restoration work would be required to return the complex back to its original state.





Covered as an insurable event, the extensive work included: deep cleaning of all hard surfaces, cleaning and repair of elevator shafts, air testing, parkade repairs, and audio visual equipment and other materials replacements. Every surface had to be cleaned, including the library's collection of more than 200,000 materials.

In the days and months that followed the explosions, employees showed great resiliency, and support and care for one another, as temporary workarounds were created for them to continue to provide service to the community. By November 27, all services were mostly operational.



Many employees put in extra effort to keep our municipality running as seamlessly as possible. This involved coordinating multiple employee relocations in a matter of days, followed by a staggered return to the workspace once restoration work was complete. Staff put in long days to manage the restoration work and to adapt operations on the way to getting back to normal.

From sessions to inform staff of the incident and its impacts, to progress updates, to re-entry sessions held to support employees moving back to their offices – leadership was strong, and staff determination to overcome the challenges was untiring and heartfelt.

The closure meant disruptions to library services, the art gallery, Family and Community Services' programming, and events and bookings in the Community Centre. The County showed great adaptability in relocating services as necessary. The New Year's Eve festivities, planned to take place in the Community Centre, moved to Festival Place and the Sherwood Park Arena and Sports Centre. Millennium Place temporarily housed Family and Community Services' counselling and support services. Broadmoor Public Golf Course Pro Shop became an interim library.



Through unprecedented circumstances, County employees across the organization worked as a team, and with a variety of community partners, to ensure the safety of all citizens and staff.

Re-entry into County Hall took place in late November 2018, and staggered re-entry into the Community Centre continued into early 2019, with the library re-opening at that location in May 2019.

The hustle and bustle of staff and visitors again at the Community Centre was a welcome sight in this vibrant community hub.

The resiliency and support shown by dedicated employees in a challenging time will not be forgotten.



# Facing an opioid crisis.

**Mothers, fathers, sons, daughters, grandparents, friends, neighbours and family members are all impacted.**

**Thousands of lives have been forever changed. No one is immune no matter our age, race, gender, education or income.**

Everyone has a story here.

In this exhibit, you are invited to follow a 10-20 minute journey through the fictionalized story of someone facing a personal opioid crisis. While the character's fictionalized story is fictional, their stories are based on real lived experiences and

## Why are opioids at the centre of this crisis?

Opioids are powerful, different from other drugs and often deadly.

The crisis is complex with many contributing factors. Opioids have been widely used for pain management. Many people who use prescription opioids to manage their pain become dependent through no fault of their own.

Once the addictive nature of opioids was understood, many people were left struggling with the lack of alternative services for chronic pain management, as well as a complete reliance on opioids.

### How do opioids work?

Opioids bind with receptors in the brain that control feelings, emotions and reactions. Opioids reduce pain signals to the brain and increase levels of the 'feel-good' chemical dopamine.

Dependence is part of our reward and motivation system, and is created when we experience intense emotional and physical pleasure from taking a substance. Seeking the next high to experience pain and increasing dopamine creates a strong physical and emotional dependence on high.

With repeated use, opioids make the brain's reward system more 'hungry' for more of the drug to keep the reward and pleasure system satisfied. The more the brain is rewarded, the more it craves the drug. This creates a powerful addiction. The more the brain is rewarded, the more it craves the drug. This creates a powerful addiction. The more the brain is rewarded, the more it craves the drug. This creates a powerful addiction.

## Highlights of our accomplishments

### GOAL 1

**Build strong communities to support the diverse needs of residents**

#### Walk-in counselling and navigation

Walk-in counselling and solutions navigation have evolved to become a proven and necessary support system for residents and families. The services are affordable and immediate, with minimal wait times. Individuals are empowered to make changes in their lives through action-planning, skill-building, outreach and access to resources.



#### Early childhood development

Several distinct program areas amalgamated into a comprehensive and cohesive model of support services for parents and caregivers of children under the age of six. This new model accentuates the critical role early childhood experiences have on enduring outcomes across the lifespan.

#### Drug strategy: From addiction to connection

A coalition of community partners released a Community Drug Strategy for Strathcona County as part of the Social Framework's shared approach. Moving forward, the Drug Strategy Committee will continue to work towards the overall prevention, treatment, harm-reduction, community inclusion and safety initiatives that lead to overall health and well-being for everyone.



#### Exhibit: Opioids Don't Discriminate

Opioids Don't Discriminate was a first of its kind interactive exhibit hosted by the Drug Strategy Committee in November 2018. It profiled local statistics and opioid information while immersing participants in an interactive journey through three different fictionalized character stories, based on the real-life experiences of those affected by opioid use. The exhibit aimed at reducing stigma, breaking down barriers and judgments about those challenged by addiction, and provided information about local supports.



**Community  
Drug Strategy  
for Strathcona County**



FROM ADDICTION TO CONNECTION



### New Social Framework grants policy

In June 2018, Strathcona County Council approved a revised policy for the Social Framework Community Grants. Based on extensive feedback and engagement, this new policy aligns the grants with the Social Framework desired outcomes, with a new Collaboration Grant stream that encourages organizations to come together in new ways.

### Mobility bus fare parity

On July 1, 2018, Transit reduced the Mobility Bus fares to be equal to conventional transit. The fare reduction has provided Mobility Bus clients with new fare options including monthly passes, and access to fare subsidy programs. Following this change, usage of accessible service in the first six months increased by 33 per cent, demonstrating the importance of this change.

### 2018 Transit Master Plan (TMP) Review and Update

Throughout 2018, Transit undertook a review and update of the 2012 TMP. Within the two engagement periods, more than 1,800 residents provided input through online surveys, multiple open houses, and a variety of stakeholder meetings. The new TMP provides direction for the next 10 years.



### Transit fleet now 100 per cent accessible

The final three double-decker buses to replace the non-accessible coach buses arrived in 2018. Coupled with the completed renovations at the Ordze Transit Centre, Transit now has a 100 per cent barrier-free fleet: 22 double-deckers, 54 low-floor buses, and 13 mobility buses.

### Improving on transit customer service

Throughout 2018, all customer-facing staff undertook a two-day Canadian Urban Transit Association (CUTA) training program designed to achieve consistent customer service skills. The training provided tools necessary to offer excellent service as well as tactics for coping with difficult situations.



### Growing urban agriculture

In continuing to expand programs under the Urban Agriculture Strategy, several urban agriculture initiatives were cultivated in 2018, including:

- Five new edible planters at Broadmoor Lake Park
- A new online edible plant map showcasing all the ways we are growing urban agriculture in Strathcona County
- Seven new community gardens
- Four new school gardens

### Census 2018

Strathcona County conducted a municipal census in May 2018. Online participation in the census was up slightly at 51.8 per cent. Census data supports grant allocations to our municipality and helps the County effectively plan and deliver programs and services. Business and community organizations also use census information for market planning and research.



## GOAL 2

### Manage, invest and plan for sustainable municipal infrastructure

#### Alberta One Call

Through partnership efforts, the County's traffic operations are now on the Alberta One Call system. This enables far more effective and efficient review to prevent damage to County-owned traffic signal and street light infrastructure due to third-party activities.

#### Centennial Community Housing Servicing project

The \$5 million Centennial Community Housing Servicing project provides the required infrastructure to support construction of the Heartland Housing development. Strathcona County constructed the water and sanitary servicing, storm system and storm pond, roadways and sidewalks, franchise utilities, and landscaping on the Centennial Lands. The project started in summer of 2017, and was substantially completed in 2018.



#### Township Road 560

In 2018, the Township Road 560 and Range Road 213 project, a 2.3 kilometre road improvement, was completed to upgrade the existing rural roadway to a Class 1, 10-metre wide roadway capable of supporting and sustaining the growth of heavy industrial traffic in Alberta's Industrial Heartland area. A major portion of this \$8.2 million project was funded through a Government of Alberta grant, with additional funding from developer contributions.

#### Inventory of vertical assets

As part of the County's corporate asset management program, an extensive inventory of vertical assets, such as process equipment within pumphouses and wastewater lift stations, was completed. This will form the basis for strategic management, investment and planning of future utility infrastructure.

## GOAL 3

### Cultivate economic diversification, within the petro-chemical industry and beyond, through a business-friendly environment

#### New polypropylene facility moves forward in a big way

Strathcona County is proud to be home to the Inter Pipeline Ltd. (IPL) new polypropylene facility, a \$3.5 billion investment and the first of its kind in Canada. The Heartland Petrochemical Complex is designed to convert locally sourced, low-cost propane into 525,000 tonnes per year of polypropylene, a high value, easy to transport plastic used in the manufacturing of a wide range of finished products. In 2018, IPL moved a massive polypropylene-propane splitter to the site. This megamove is a key milestone for Alberta's Industrial Heartland. Strathcona County has worked collaboratively with other municipalities and levels of government and industry in the region to make IPL's plans a reality in Alberta's Industrial Heartland.





## GOAL 4

### Ensure effective stewardship of water, land, air and energy resources



#### Community energy

In 2018, the Community Energy System tied in to the last of their planned connections at the Market Village and Savona in Centre in the Park. The community energy system delivers hot water from a central source to provide energy to multiple buildings, and is part of continued progress toward a sustainable community.

#### Weed removal technology

The County utilized a new weed removal technology within Heritage Wetlands. The new process allows the weeds to be removed by a boat instead of from the shore, which is more efficient and less intrusive to the natural habitat.



#### Biosecurity web resource

An online Biosecurity Guide for Light and Heavy Industrial Operations was created on the Strathcona County website. This is a landmark for municipalities and responds to both the Pest and Soils Acts.

## GOAL 5

### Foster collaboration through regional, community and governmental partnerships

#### Framework for Drinking Water Supply Emergencies

Strathcona County participated in mock exercises with other organizations including Alberta Health Services (AHS), Alberta Environment & Parks (AEP), Alberta Emergency Management Agenda (AEMA) and EPCOR to both test and strengthen the "Framework for Drinking Water Supply Emergencies" that the Regional Water Quality Advisory Committee (RWQAC) has been developing over the last couple of years.



#### 2044 Transportation Model

Strathcona County is collaborating with Alberta Transportation and the City of Edmonton to develop an amalgamated regional transportation model that promotes consistent data and information. Data elements such as land use, population demographics, employment opportunities, roadway network, transit and anticipated growth patterns as well as a variety of traffic engineering parameters are used to forecast future transportation impacts. The data also determines requirements to maintain acceptable movement of goods and the travelling public. The base year model, and the framework for an interim 2030 model to better support ongoing development and transportation needs was completed in 2018.

#### Invasive species prevention

Work continued in 2018 with Alberta Agriculture and Forestry and Alberta Environment and Parks to administer Early Detection Rapid Response for control of terrestrial invasive species found in Strathcona County.

## GOAL 6

### Provide facilities and services that are available and accessible to residents

#### Agriculture facility location announced

The location of the multi-purpose agricultural facility was announced for a 150-acre parcel of land surrounding the historic Bremner Heritage Site on Range Road 225 north of Township Road 534. The facility will help the County preserve its agricultural heritage and rural roots, and be a destination for residents from across the County to enjoy agricultural, community and social events.

#### River Valley Alliance trail

Strathcona completed 3.25 kilometres of the River Valley Alliance granular trail at a cost of \$1.3 million. This is part of the 22 kilometres of Strathcona County Regional Trail connecting the Strathcona Provincial Science Park to Fort Saskatchewan. The entire regional trail system is 88 kilometres, connecting Devon to Sturgeon County. Funding for this trail has been made possible through contributions by Strathcona County, Trans Canada Trail, River Valley Alliance, and Inter Pipeline.

#### Petroleum Way multi-use trail

Construction of 3.3 kilometres, 3-metre wide paved multi-use trail was completed that connects Streambank



Avenue to the Strathcona Science Park trails along Petroleum Way and 17 Street. This project was partly funded by Inter Pipeline and Strathcona County. The project included three rail crossing locations and is part of the Trans Canada Trail Network.



## GOAL 7

### Provide opportunities for public engagement and communication

#### SCOOP — ongoing community input

In September 2018, SCOOP – Strathcona County Online Opinion Panel – launched. Through this opt-in survey community, SCOOP members are regularly invited to provide feedback on a variety of County initiatives and issues through surveys and polls. These can be completed online anywhere, on any device. People (15 years of age and older) who live, work or own a business in Strathcona County may join. Members enjoy a convenient way to give their views and help shape and strengthen the County.



#### Exploring a

#### community hub

Council approved a feasibility study and invited public feedback on the possibility and look and feel of a community hub in Strathcona County. A community hub would provide urban and rural residents easy access to needed social services and programs while creating opportunities for community agencies and public services to work in new ways, together in a centralized location. In the fall of 2018, Council received a final report that summarized the design, functionality and feasibility of a potential model. Next steps include broader public engagement and potential partner exploration.





## GOAL 8

### Foster an environment for safe communities

#### Ambulance accreditation

Ambulance service provided by Strathcona County achieved an almost perfect score of 96 per cent from an independent third-party accreditation assessment. This reflects the County's commitment to providing the highest quality of emergency medical services for its residents. This was the first time Strathcona County had undergone the ambulance accreditation process, as this was a new requirement of Alberta Health Services.



#### New provincial 9-1-1 standards

New 9-1-1 Public Safety Answering Points (PSAPs) standards released last year by the province prompted Emergency Services to upgrade its telephone system to be IP-based. Servers were also upgraded to align with the capabilities that next generation of 9-1-1 will require. Strathcona County provides PSAP services to over 40 clients in Alberta and takes approximately 50,000 9-1-1 calls per year.

#### Medals, awards, recognition of services

In November 2018, Emergency Services celebrated the successful completion of its recruitment program with a convocation ceremony, along with a medal ceremony recognizing members who earned: Fire Services Exemplary Services Medal, Alberta Emergency Services Medal and Strathcona County Emergency Services Medal. These medals recognize the dedication of our emergency service personnel and honour them for their courage and compassion.



#### Introduction of Industrial Engagement Program

Last year, Strathcona County Emergency Services presented its Industrial Engagement Program at a regional meeting of the American Institute of Chemical Engineering – Centre for Chemical Process Safety (CCPS). The program builds on the County's relationship and work with industry to ensure they have maintained their fire protection equipment and educate them on ways to include Process Safety Management within their facilities.

#### Fire protection system qualification

In November 2018, County fire prevention staff hosted a well-received information session for fire protection contractors who work in our jurisdiction. The session covered reporting and compliance expectations and standards, and fire protection systems inspection (fire alarms, sprinklers, special suppression systems). This program ensures contractors are qualified to work on a system, and creates a safer community through mutual understanding.



#### RCMP focus on rural crime

RCMP members have taken a proactive approach on rural crime with town hall meetings in rural areas of Strathcona County. RCMP members conducted six presentations at separate rural locations to provide rural residents crime prevention tips and crime statistics.

#### School Traffic Safety Partnership

The County's traffic operations have taken a larger role in the School Traffic Safety Partnership program with Elk Island Public Schools and Elk Island Catholic Schools. Together they are working to improve traffic and pedestrian safety at existing school sites, including the new sites in Davidson Creek and Heritage Hills. They also worked together to educate on the amended school and playground zone times, with the recent change (7:30 – 16:30).

## Awards

Planning and Development Services saw the **Strathcona County Municipal Development Plan (MDP)** recognized with:

- an **Award of Planning Merit in the City and Regional Planning category** from the Canadian Institute of Planners (CIP). The CIP jury members commended the County for the project's emphasis on a user-friendly, accessible and contextually sensitive Municipal Development Plan.
- a **2018 Award of Merit in the Comprehensive and Policy Plan category** from the Alberta Professional Planners Institute.



**Broadview Enviroservice Station** was awarded a **2018 Collection Site Award of Excellence** by the Alberta Recycling Management Authority.



Strathcona County, with Al-Terra Engineering Ltd., was given the **Award of Merit for "Small Firm – Big Impact" for the Snow Melt Facility** in 2018.

Strathcona County earned another **ChooseWell Healthy Community Award**, in the **category of Developing Healthy Policies in a Community** from the Alberta Recreation and Parks Association. It recognized several planning initiatives that support a healthy community, including community garden partnerships, new walking trails and active promotion of community cycling trails.



Strathcona County received a **Gold Excellence in Economic Development Award** for its **Strathcona County Economic Development and Tourism, YOU CAN Print Promotion, in the category of General Purpose Print Promotion** from the International Economic Development Council (IEDC).

**Strathcona Wilderness Centre** was presented the **2017 to 2018 Outstanding Ski Area Operations of the Year** award at Cross Country Alberta's Annual General Meeting.

Communications and Legislative and Legal Services earned an International Association of Business Communicators (IABC) **Silver Leaf Award of Merit** for Strathcona County's **Election 2017 - Why Vote? video in the Audio Visual category**.

The County's FireFit Team had another very successful performance at the **2018 FireFit Nationals**. Strathcona County Emergency Services managed to edge past Edmonton and once again reclaimed the **National Title and Gold** for the second time in three years.

Strathcona County earned a **Canadian Award for Financial Reporting Achievement** for the fourth consecutive year, this time for its **2017 Annual Report**, from the Government Finance Officers Association of the United States and Canada (GFOA).







## Strathcona County

### *By the numbers* (Unaudited)

#### Economic development (2018)

Business establishments	10,956
- With employees	3,527
- Home-based businesses, holding companies, and other	7,429
(Statistics Canada June 2018 – Business Patterns Data)	

#### Highlighted business categories:

Construction	1,725
Retail & wholesale trade	876
Accommodation and food services	244
Professional, scientific, technical services	1,848

Market area (Edmonton CMA)	1,392,600 people
(Source: Statistics Canada and Government of Alberta)	
2018 market share of regional single housing starts	4.7%
2018 market share of regional multi-housing starts	3.3%
2018 market share of regional overall housing starts	3.9%
(Canada Mortgage and Housing Corporation, Residential Construction Digest - Edmonton, December 2018)	

#### Non-residential development in Strathcona County

Value of major projects announced, under construction or recently completed	\$7.4 billion
(Strathcona County EDT)	

#### Transportation (2018)

Rural roads, County maintained	1,323 km
Urban roads, County maintained	415 km
Highways, province maintained	232 km
Road permits issued	5,826
Roadside cleanup	222 km
Transit buses	89
(Including 22 double-decker buses, 54 low-floor buses, 13 mobility buses)	
Transit ridership	1.67 million
Mobility bus ridership	23,272
Warren Thomas (Josephburg)	
Aerodrome flights, annually	2,700
Number of units in County fleet	820

#### Planning and development services (2018)

Subdivision and rezoning applications	20
Development permits	918
Permits for new residential units	1,076
Permits for multi-family units	36
Value of commercial, industrial, institutional, and residential construction	\$365 million
Customers served by Planning and Development Services	40,005
(In-person, by telephone, email and applications)	

#### Protective services (2018)

Police officers (RCMP)	96
Peace officers	28
RCMP Victim Services Unit volunteers	32
RCMP Victim Services Unit volunteer hours	7,159
RCMP calls responded to	33,617
Enforcement Services calls responded to	16,467
Fire fighters	154 full-time
	37 part-time
Fire stations	6
(Sherwood Park (3), Heartland Hall (Josephburg), South Cooking Lake, Ardrossan)	
Emergency calls responded to	8,632
Residents engaged in community safety education	23,414
(Through presentations, events, inspections, etc.)	

#### Agricultural services (2018)

Roadside mowing	3,369 km
Residents hosted through workshops/information sessions	1,179
Properties inspected for noxious weeds	32,820
Wildlife and pest inquiries	541
Dams breached for water mitigation	293



### Community services (2018)

Counselling participants	1,125
Counselling volunteer hours	1,130
Navigation supports	2,252
Home support visit	89,505
Early childhood participants	2,998
Municipal subsidies to qualified individuals	2,544

### Indoor recreation and culture (2018)

Major facilities	12
Cultural facilities (Festival Place, Smeltzer House, Gallery@501)	3
Community halls	14
Senior centres	4

### Participation:

Everybody Gets to Play (EGTP)	2,133
Paid visits to recreational facilities	1,282,670
Visits to cultural facilities	98,574
Booked hours (soccer, ice, schools, etc.)	166,314
Program registration (Swimming lessons, fitness, performing and visual arts, outdoor activities)	39,975
Average number of active pass holders (Millennium Card, 10-visit, Try-it, Ski, etc.)	26,458
Festival attendees (approximately) (Canada Day, Celebration of Lights, New Year's Eve)	50,000

### Information and technology (2018)

Open data sets	255
WIFI access points	325



### Outdoor recreation services (2018)

Sports fields	105
Ball diamonds	89
Athletic tracks	3
Trails	308 km
Playgrounds	138
Spray decks	6
Golf courses (municipal)	1
Tennis courts	11
Outdoor rinks	28
Pickleball courts (indoor, outdoor)	16
Other outdoor courts (Basketball, volleyball, one-wall handball)	31
New artificial turf	1

### Library (2018)

Library, Bookmobile, online visits	1,141,146
Library resources used	1,444,756
Questions asked	135,244

Visit [sclibrary.ab.ca](http://sclibrary.ab.ca)



### Utility operations (2018)

Water distributed	33.3 million litres/day
Water mains maintained	607 km
Fire hydrants	2,389
Water storage capacity	119.84 million litres
Wastewater treated	21 million litres/day
Wastewater mains maintained	434 km
Stormwater mains maintained	372 km
Recycling stations	3
Residential waste to landfill	13,763 tonnes
Waste diversion from landfill through Green Routine efforts	59%
Organics sent for composting	12,218 tonnes
Materials collected for recycling	5,341 tonnes
Enviroservice diversion from landfill, including tires	632 tonnes
Scrap metal collected for recycling	367 tonnes



The background of the entire page is a close-up photograph of several bright yellow sunflowers with dark brown centers, set against a soft, hazy sky. The sunflowers are in sharp focus, with their petals clearly visible. A dark horizontal band is positioned across the middle of the image, containing the title text.

# *Financial Statement Discussion and Analysis*

**2018**  
Annual Report

Strathcona County  
Alberta, Canada  
For the Year Ended December 31, 2018

The logo for Strathcona County, featuring a stylized green and blue wave or leaf design.

**STRATHCONA  
COUNTY**

## FINANCIAL STATEMENT DISCUSSION AND ANALYSIS

Strathcona County's (the County's) 2018 Annual Report provides an opportunity to share our financial performance results with community stakeholders—residents, businesses and industry. This Financial Statement Discussion and Analysis (FSDA) supplements the 2018 Strathcona County Consolidated Financial Statements that are contained in this report.

The FSDA is provided to enhance understanding of the County's financial position and enable more informed assessments regarding changes in financial position. The FSDA is also provided in support of transparency and accountability of the County with respect to the management of financial resources used to provide municipal infrastructure, programs and services.

The FSDA should be read in conjunction with the Consolidated Financial Statements and accompanying notes. The Consolidated Financial Statements are prepared in accordance with Canadian Public Sector Accounting Standards (PSAS) and consist of the Statements of Financial Position, Operations and Accumulated Surplus, Change in Net Financial Assets, and Cash Flows. Strathcona County management is responsible for the preparation and presentation of these statements.

KPMG LLP has audited the 2018 Strathcona County Consolidated Financial Statements and provided an unqualified opinion. Council approved the audited 2018 Strathcona County Consolidated Financial Statements on April 30, 2019.

Gregory J. Yeomans CPA, CGA, MBA  
Chief Financial Officer





## CONSOLIDATED STATEMENT OF FINANCIAL POSITION HIGHLIGHTS

...Canada's most  
livable community.

The Consolidated Statement of Financial Position highlights five key figures for the County:

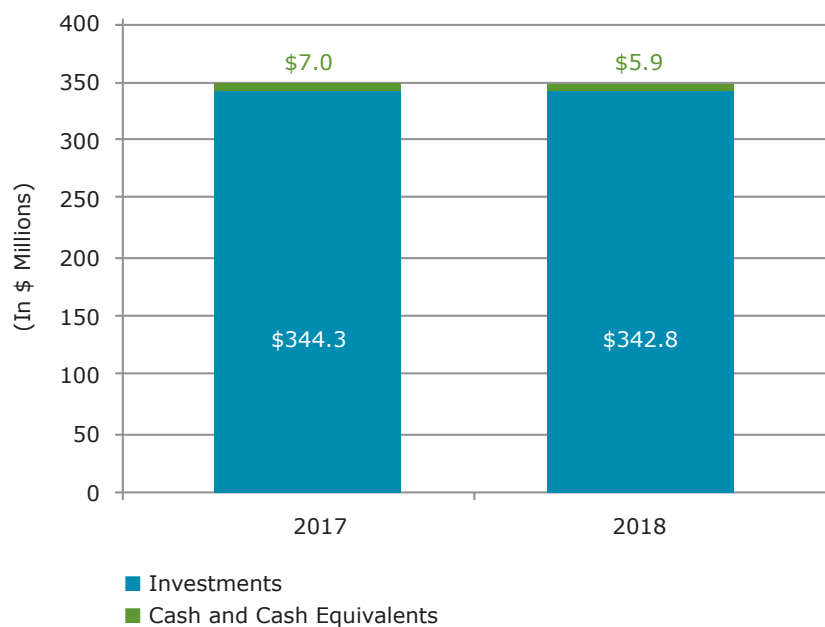
- (i) financial assets,
- (ii) liabilities,
- (iii) net financial assets or net debt calculated as the difference between the financial assets and liabilities,
- (iv) non-financial assets, such as tangible capital assets held for the provision of services, and
- (v) the resulting accumulated surplus.

The most significant element of the County's financial position is tangible capital assets (municipal infrastructure). The County continues to invest in municipal infrastructure, which supports the goal outlined in the Strategic Plan: to manage, invest and plan for sustainable municipal infrastructure. This allows the County to achieve the goals set out in the strategic plan and to be Canada's most livable community.

### Financial Assets

Financial assets are held for specific use and are restricted by the condition of the receipt or agreement, or as designated by Council. These assets will be used to fund capital projects and operating programs, as well as to discharge liabilities (including long-term debt). During 2018, financial assets decreased by \$2.9 million to a balance of \$394.7 million (2017: \$397.6 million).

### Cash and Investments



The County held \$342.8 million in investments as at December 31, 2018 (2017: \$344.3 million). The funds invested are primarily composed of reserves, deferred revenue and deposit liabilities. Investments at the County are managed according to the Investments policy (FIN-001-007) and are held in different types of portfolios. Operating portfolios are used for temporary and short term investments (less than one year), mid-term portfolios are used for one to ten year long investments and long term portfolios are used for investments lasting longer than ten years. The length of time the funds are invested for is dependent on the anticipated cash flow needs of the organization. Each portfolio has a schedule of approved investment options that fall in line with the County's requirements for the quality of investments. Further, the Investments policy outlines specific objectives for investments at the County: capital preservation, maintenance of liquidity, rate of return and compliance with the Municipal Government Act (MGA).

Accounts receivable totals \$46.0 million (2017: \$46.3 million) and is composed of property taxes, government transfers, trade and other receivables, development levies and charges, and investment interest.

The largest source of revenue for the County is property taxes. At the end of 2018, the County's property taxes receivable totals \$7.1 million (2017: \$5.3 million). The majority of this receivable consists of tax arrears of less than one year, which historically have a very high collection rate.

Government transfers receivable reflects the outstanding balances authorized by other levels of government. This receivable balance decreased by \$8.2 million and fluctuates based on the type of grant programs, eligible approved projects and the timing of capital activity completed in the year.

Trade and other receivables, which decreased by \$0.1 million, relate to general day-to-day activities covering a broad spectrum of services.

Investment interest receivable of \$14.9 million (2017: \$10.6 million) increased compared to the prior year, resulting from interest earned on fixed income investments that has not been collected as of December 31, 2018, due to the dates the investments mature and the scheduled payment dates. An analysis of the investment activity is provided on page 37.





## Liabilities

The County's total liabilities at the end of 2018 are \$326.8 million (2017: \$318.5 million), an increase of \$8.3 million over the prior year.

Accounts payable and accrued liabilities relate to general day-to-day activities and can fluctuate significantly depending on the timing of invoices received and associated payment processing. In the current year, accounts payable increased by \$7.5 million (2017: increased by \$12.0 million) due in large part to the accrued expenses for the Community Centre parkade restoration costs.

The use of deferred revenue of \$77.6 million (2017: \$82.7 million) and deposit liabilities of \$16.9 million (2017: \$17.3 million) remains restricted until the conditions associated with the balances have been satisfied. Deferred revenue includes amounts received in advance of the County delivering a good or service, or in advance of the County using funds for their intended purposes. Deferred revenue decreased by \$5.1 million (2017: increase of \$17.0 million); the decrease was mainly due to use of funds towards capital projects, which exceeded the amounts added to deferred revenue in the year.

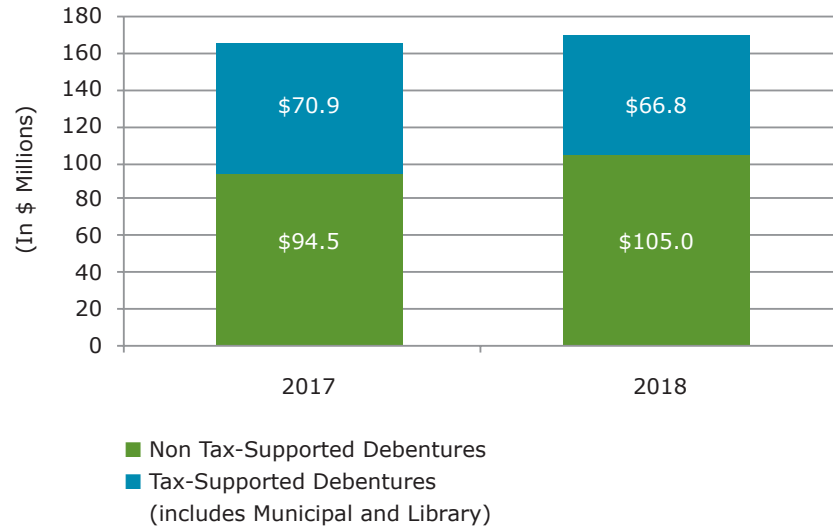
Long-term debt is incurred to finance the capital maintenance of existing facility, roadway and underground infrastructure. Debt is also incurred to finance the addition of new capital infrastructure resulting from growth and/or changes in service levels. In 2018, the County incurred new borrowings of \$17.6 million (2017: \$9.9 million) and made debt repayments of \$11.2 million (2017: \$10.6 million). New borrowings were incurred to finance:

- construction of the Ardrossan Water Reservoir \$6.5 million
- the Silver Birch Haven expansion \$5.0 million
- land purchased for the snowmelt facility \$3.0 million
- construction of the Ardrossan wastewater collection system \$1.0 million
- and various other infrastructure projects

The Government of Alberta limits the external debt allowed by a municipality to approximately 1.5 times revenue as defined by the Municipal Government Act. All of the County's total debt outstanding of \$171.8 million (2017: \$165.4 million) is debenture debt. All debenture borrowing is obtained from the Alberta Capital Finance Authority which allows the County to leverage the Province's strong debt rating. Interest rates are established at the time of borrowing and are fixed throughout the term of the debenture, mitigating the risk associated with rate fluctuations. Debenture debt bears interest at rates ranging from 2.13 to 7.63 per cent (2017: 2.13 to 9.13 per cent and the weighted average borrowing rate for the year is 3.85 per cent (2017: 3.94 per cent). The County's debt management activities are also governed by the Debt Management policy, guiding the County to incur debt only if it is clearly demonstrated that it supports current and future infrastructure requirements, is affordable, and supports the sustainability of the County. The policy also considers fairness and equity, so that those who benefit from the underlying assets pay for the debt. At December 31, 2018, the County was well within the internal policy requirements and provincial debt guidelines.

**...the County was well within the internal policy requirements and provincial debt guidelines.**

## Total Debt Outstanding



Non tax-supported debt is issued to fund capital expenditures by activities or programs which are self-funded, including but not limited to local improvement supported debt and developer levy-supported debt.

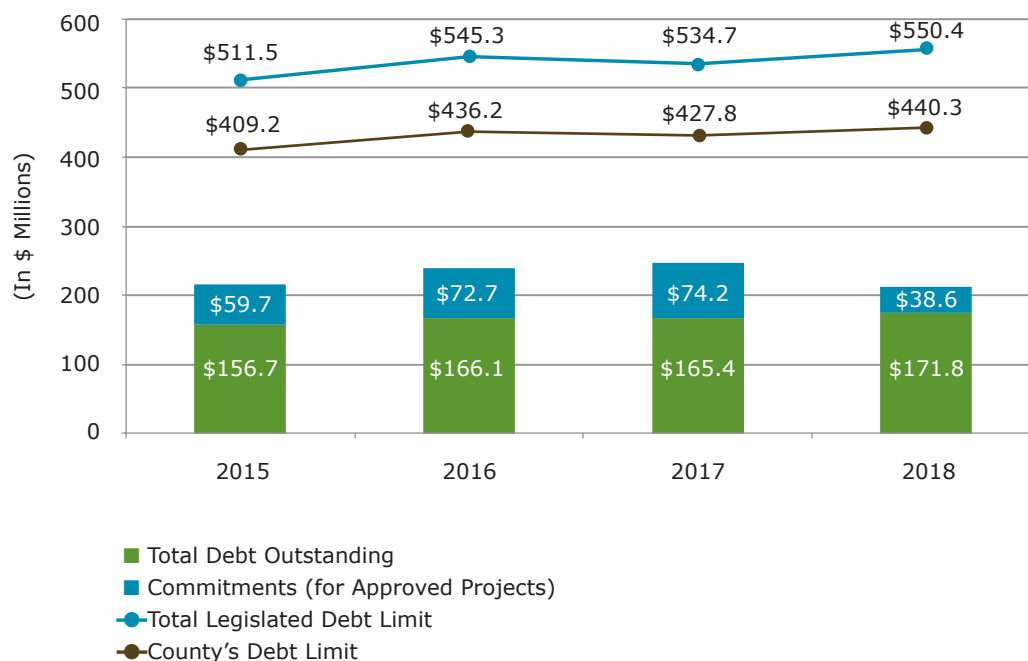
Local improvement supported debt is issued for capital improvements that benefit specific properties pursuant to an approved local improvement plan. This debt, including interest, will be repaid from local improvement tax levies on the benefiting properties.

Developer levy supported debt is issued for capital expenditures that are related to new development such as arterial roadways or utility infrastructure. This debt, including interest, will be repaid from current and future developer levies.

Tax-supported debt is issued for capital expenditures related to tax-supported operations. This debt, including interest, will be repaid using tax-supported revenue such as property and business taxes, non-utility user fees, fines, permits and investment income.



## Total Debt Outstanding Versus Debt Limits



The County has set an internal restriction limiting the maximum amount of debt to 80 per cent of the total legislated debt limit (per the Debt Management Policy).

As of December 31, 2018, the County used 39.0 per cent (2017: 38.7 per cent) of the internal debt limit of \$440.3 million (2017: \$427.8 million), and has capacity to borrow an additional \$268.5 million (2017: \$262.4 million). The County has committed an additional \$38.6 million (2017: \$74.2 million) of debt capacity, through approved capital projects as at December 31, 2018.

## Net Financial Assets

The net financial assets (net debt) figure is the difference between financial assets and liabilities. It is a key indicator of the County's ability to meet its financial commitments and liabilities, as well as to provide funding for future planned and emergent needs. At the end of 2018, the consolidated net financial assets balance is \$67.9 million (2017: \$79.2 million), a decrease of \$11.3 million from the prior year. This decrease in net financial assets resulted mainly from the use of reserve funding and long-term debt to finance the acquisition of tangible capital assets.

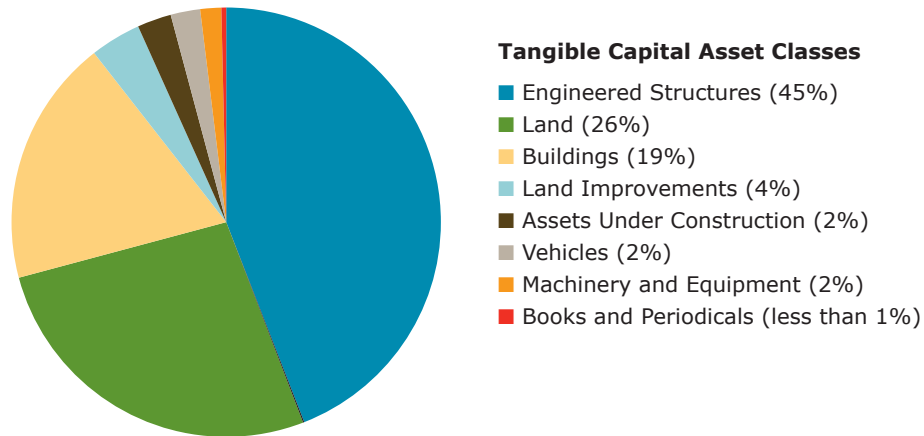
Due to the significance of the County's capital activity, the timing of capital spending is a key contributor to changes in the net financial assets. When funds are invested in tangible capital assets, or acquisitions are financed through debt, net financial assets will decrease (net debt will increase). Conversely, if planned acquisitions are delayed then net financial assets, capital reserves and debt capacity will increase until the investment in tangible capital assets is made.

**...the consolidated  
net financial  
assets balance  
is \$67.9 million...**

## Non-Financial Assets

Non-financial assets total \$1,939.0 million at the end of 2018 (2017: \$1,890.0 million). Non-financial assets consist of tangible capital assets of \$1,935.4 million (2017: \$1,886.0 million), prepaid expenses of \$2.6 million (2017: \$2.9 million), and inventories of materials and supplies of \$1.0 million (2017: \$1.0 million). The increase in non-financial assets of \$49.0 million over the prior year resulted mainly from contributed tangible capital assets and tangible capital assets that were purchased or constructed for the provision of service delivery, net of asset transfers, disposals and amortization expense.

## Tangible Capital Assets Summary



...the County  
constructed or  
purchased tangible  
capital assets  
at a total cost of  
\$90.3 million...

Tangible capital asset classes are summary level groupings of tangible capital assets used for financial statement purposes. Engineered structures are permanent structural works such as roads, bridges, canals, dams, water and sewer systems, utility distribution and transmission systems including plants and substations, etc. Land improvements are all improvements of a permanent nature to land such as surface parking lots, landscaping, lighting, pathways and fences.

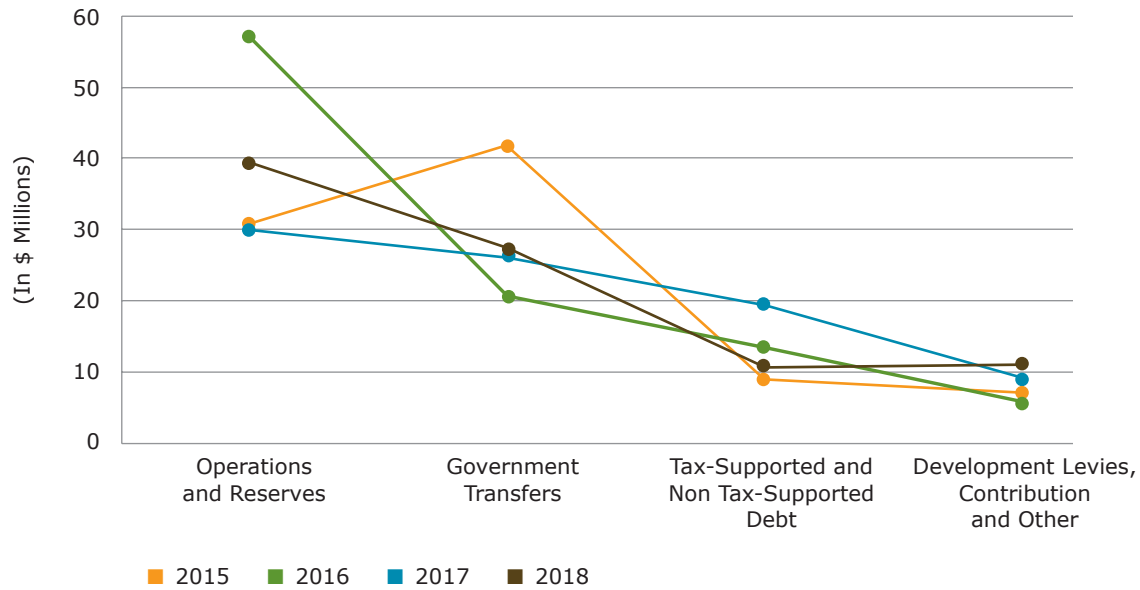
During 2018, the County constructed or purchased assets at a total cost of \$90.3 million (2017: \$84.5 million). Contributed tangible capital assets, including developer contributed land, roads and utility infrastructure were recognized at a value of \$19.6 million (2017: \$18.2 million). The County began amortizing \$117.0 million (2017: \$83.9 million) of tangible capital assets (excluding land), that were put into service during the year. At the end of 2018, tangible capital assets with a value of \$45.8 million (2017: \$60.4 million) remain under construction.

Of the total amount spent on capital projects in 2018:

- 44 per cent or \$39.7 million (2017: 35 per cent or \$30.0 million) were funded by operations and reserve funding (i.e. property taxes)
- 31 per cent or \$28.1 million (2017: 31 per cent or \$26.0 million) were funded by government transfers (i.e. grants)
- 12 per cent or \$11.2 million (2017: 23 per cent or \$19.4 million) were financed with tax-supported and non tax-supported debt
- 13 per cent or \$11.3 million (2017: 11 per cent or \$9.1 million) were funded by development levies, contributions and other sources



## Capital Spending by Funding and Financing Sources



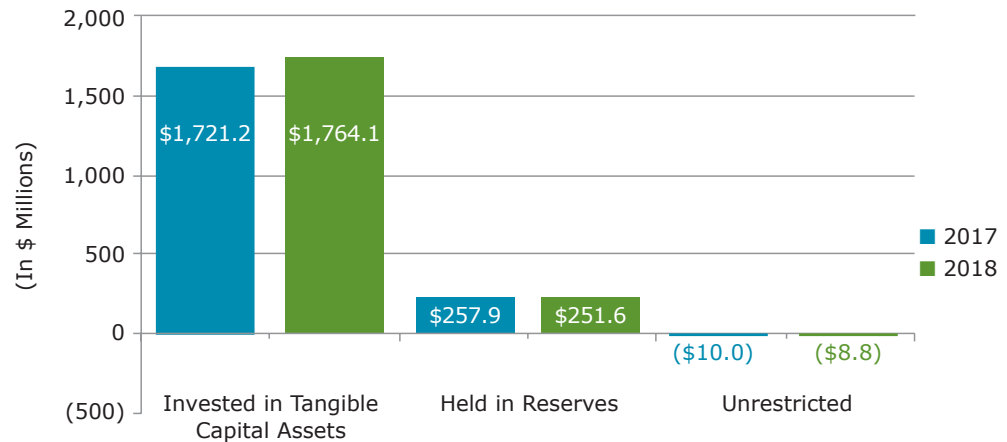
The County's 2018 investment in tangible capital assets to maintain or improve community services included, among others:

- Multi-Use Agriculture Facility
- Centre in the Park underground parkade
- Community House land servicing
- Ardrossan spray park
- Three double decker buses
- Utility infrastructure
- Road infrastructure

## Accumulated Surplus

The County's accumulated surplus at December 31, 2018 is \$2,006.9 million (2017: \$1,969.1 million), an increase of \$37.8 million.

## Composition of Accumulated Surplus



The unrestricted balance of (\$8.8 million) (2017: (\$10.0 million)) is mainly attributed to the timing of financing for capital activities. At December 31, 2018 a number of capital projects incurred expenses that were approved to be funded by debt; however, the amounts had not yet been borrowed.

...enhance the  
County's financial  
strength, flexibility,  
cash flow  
management...

## Reserves

The Financial Reserves Policy provides direction and guidance to Council and administration to enhance the County's financial strength, flexibility, cash flow management and ability to achieve the Council vision and Strategic Plan priorities.

Reserves are separately reported in the notes to the Consolidated Financial Statements, as they are a key area in the financial management and operations of the County.

Council establishes reserves by setting aside financial assets to:

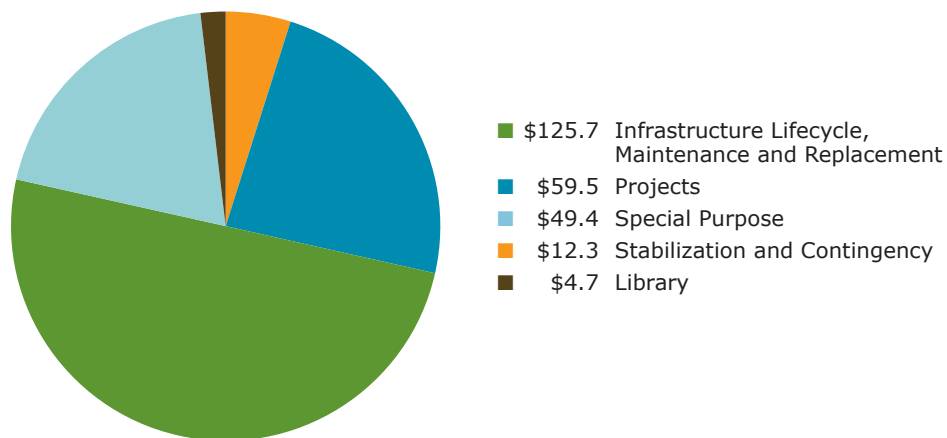
- maintain and improve Strathcona County's working capital requirements
- provide for future funding requirements
- provide stabilization for fluctuations in operating and capital activities

These reserves are used to fund operating and capital expenditures as approved by Council.



## Composition of Reserves

(In \$ Millions)



Total reserves at  
December 31, 2018  
amounted to  
\$251.6 million.

As described in the Financial Reserves Policy, reserves have been grouped into the following categories and are to be used for the following purpose:

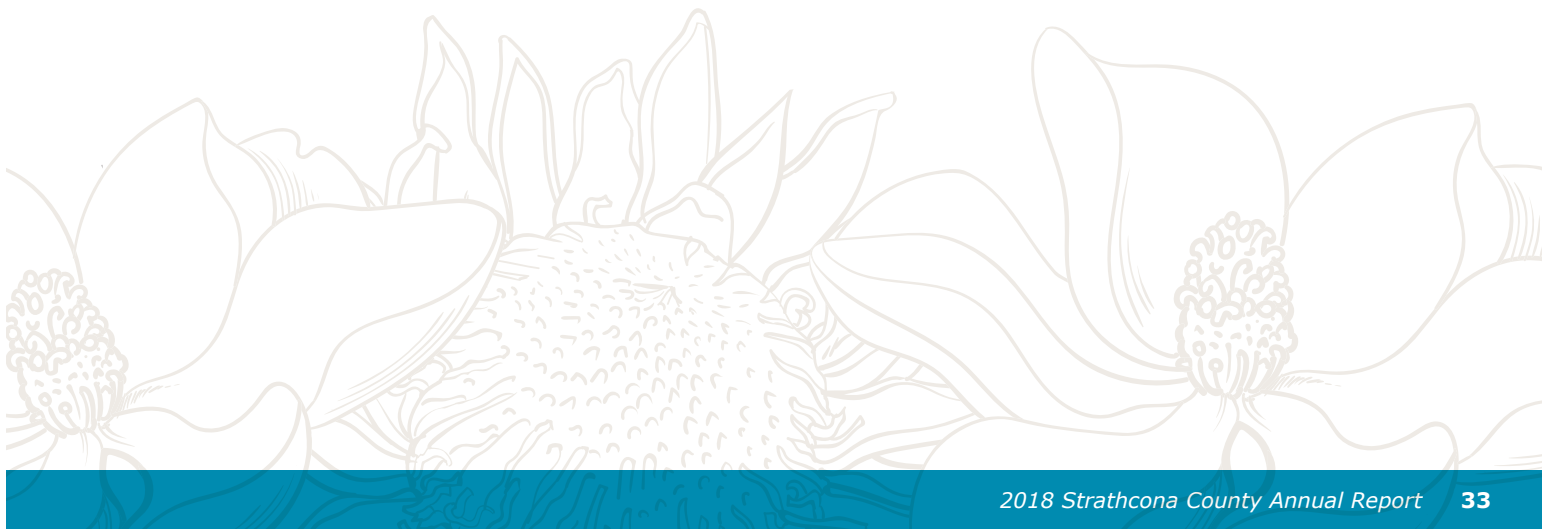
**Infrastructure Lifecycle, Maintenance and Replacement Reserves** – provide funding for infrastructure lifecycle, maintenance and replacement of Strathcona County tangible capital assets.

**Projects** – provide funding for non-cyclical needs of departments including operating and capital projects.

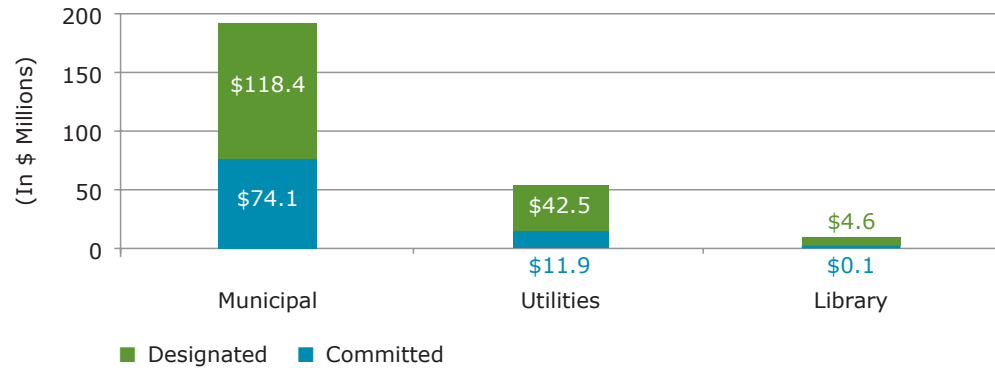
**Special Purpose Reserves** – provide funding for unique purposes that have a one to one relationship with the reserve description.

**Stabilization and Contingency Reserves** – aid in stabilizing and smoothing the temporary impact of unforeseen events, or planned fluctuations in activity.

**Library Reserves** – are maintained by the Library administration and approved by the Strathcona County Library Board in accordance with the Library Reserve Policy.



## 2018 Reserve Balances



**Designated Balances** – funding designated to reserves for a specific purpose, which has not yet been approved by Council to be applied towards specific expenditures.

**Committed Balances** – funding approved per the Financial Reserves Policy to be applied towards specific expenditures.

Total reserves at December 31, 2018 amounts to \$251.6 million (2017: \$257.9 million). Of this amount, \$86.1 million or 34 per cent (2017: \$94.1 million or 36 per cent) is committed to be applied towards specific expenditures as approved by Council. The remaining designated balance is \$165.5 million or 66 per cent (2017: \$163.8 million or 64 per cent).

Consolidated  
revenue  
for 2018 is  
\$410.3 million...

## CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS HIGHLIGHTS

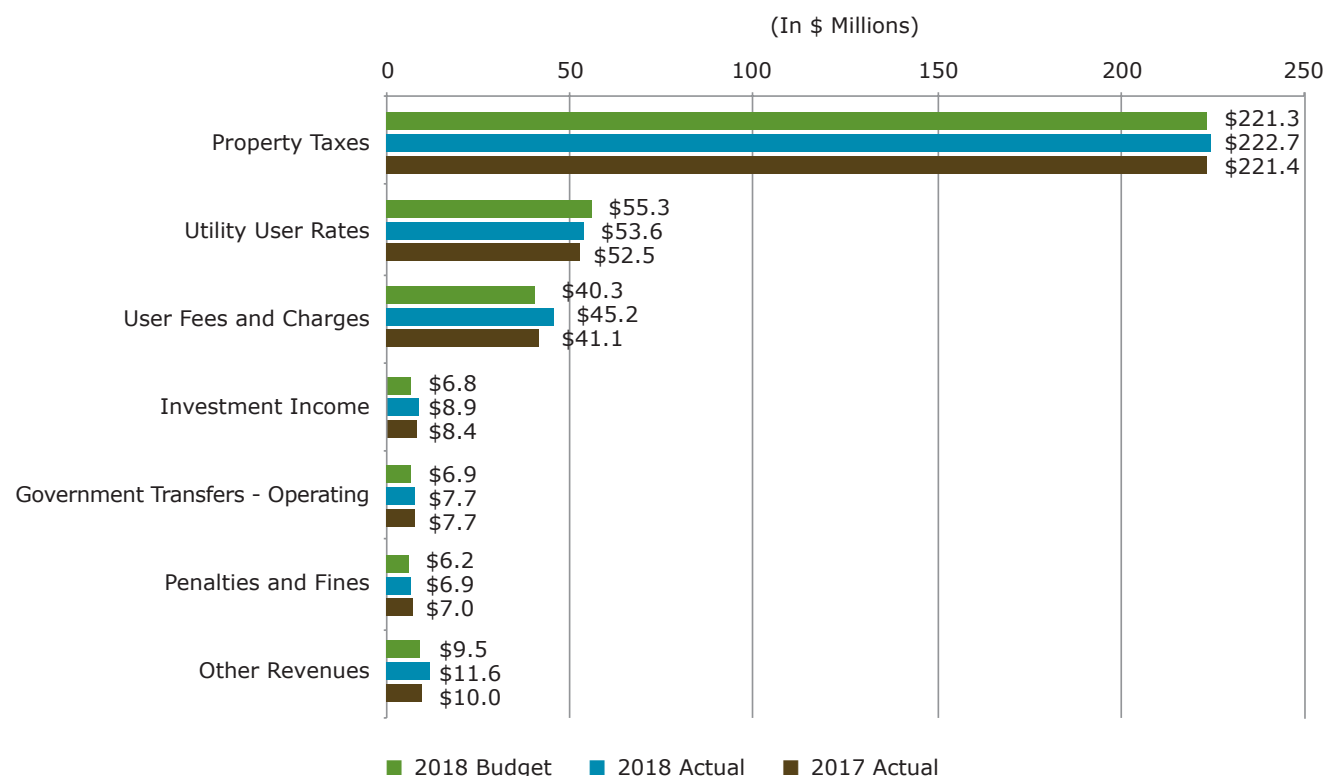
The Consolidated Statement of Operations and Accumulated Surplus reports the change in accumulated surplus during the year. The statement details the revenue earned less the cost of services provided to County residents.

### Revenue

Consolidated revenue for 2018 is \$410.3 million (2017: \$401.3 million), an increase of \$9.0 million or 2.2 per cent from the prior year. Consolidated revenue includes both operating and capital revenue.



## Consolidated Operating Revenue by Source



The 2018 consolidated actual operating revenue of \$356.6 million (2017: \$348.1 million) was higher than the current year consolidated budgeted operating revenue of \$346.3 million. Consolidated operating revenue for 2018 of \$356.6 million (2017: \$348.1 million) increased \$8.5 million or 2.4 per cent from the prior year.

Property tax revenue has increased by \$1.3 million to \$222.7 million (2017: \$221.4 million) primarily due to higher than anticipated machinery and equipment assessment class taxes, net of regular and supplemental municipal taxes. Property tax revenue represents the primary revenue source for municipal and library operations.

Investment income exceeded the budget by \$2.1 million in 2018 solely due to higher rates and volumes than anticipated, whereas in 2017 investment income exceeded the budget by \$2.7 million due to both higher rates and volumes than anticipated (\$1.8 million) and realized gains from the sales of investments prior to maturity (\$0.9 million). Gains on the disposal of investments, if any, are transferred to reserve in accordance with the Financial Reserves Policy.

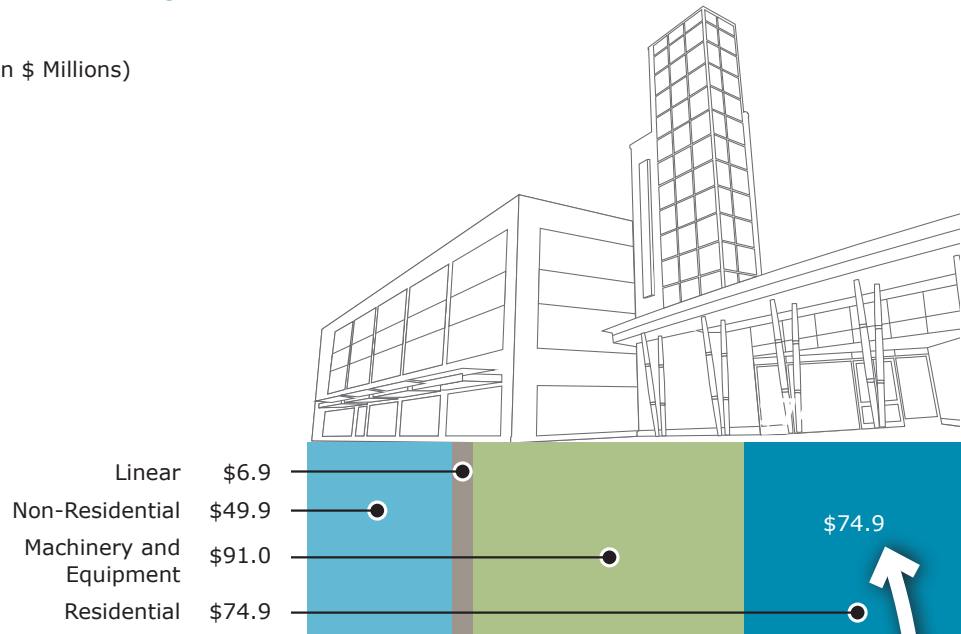
Prior to the allocation of interest to liabilities, the County earned \$10.3 million (2017: \$8.6 million) in investment income, which was \$2.5 million or 32.22 per cent higher than budgeted. This favourable variance was due to the 2.68 per cent year-to-date weighted average return on investments (2017: 2.45 per cent) (Note 1) exceeding the 2.38 per cent budgeted return (2017: 2.18 per cent), and a 17 per cent higher than anticipated volume of investments (2017: 14 per cent).

Note 1 - The weighted average return on investment excludes unrealized gains or losses from market values. The carrying amount of the County's investments exceeded the market value by \$1.9 million at December 31, 2018 (\$1.3 million at December 31, 2017). Certain investments have a market value below cost at year end. The County considers these declines in value to be temporary in nature.

User fees and charges revenue exceeded budget by \$4.9 million and was higher than the prior year actual amount by \$4.1 million. Utility Operations incurred increased revenue (offset by increased expenditures) due to unplanned repair work required to meet the County's obligations under the operation and maintenance contract with the Alberta Capital Region Wastewater Commission.

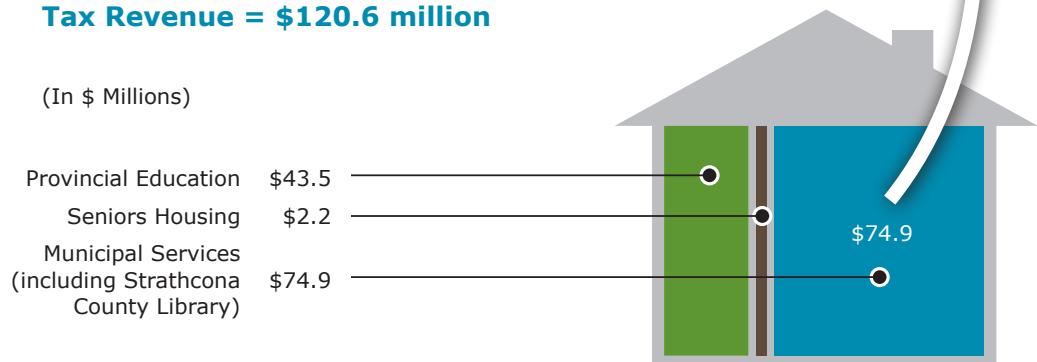
## 2018 Municipal Property Tax Revenue \$222.7 million

(In \$ Millions)



## Residential Property Tax Distribution 2018 Residential Property Tax Revenue = \$120.6 million

(In \$ Millions)

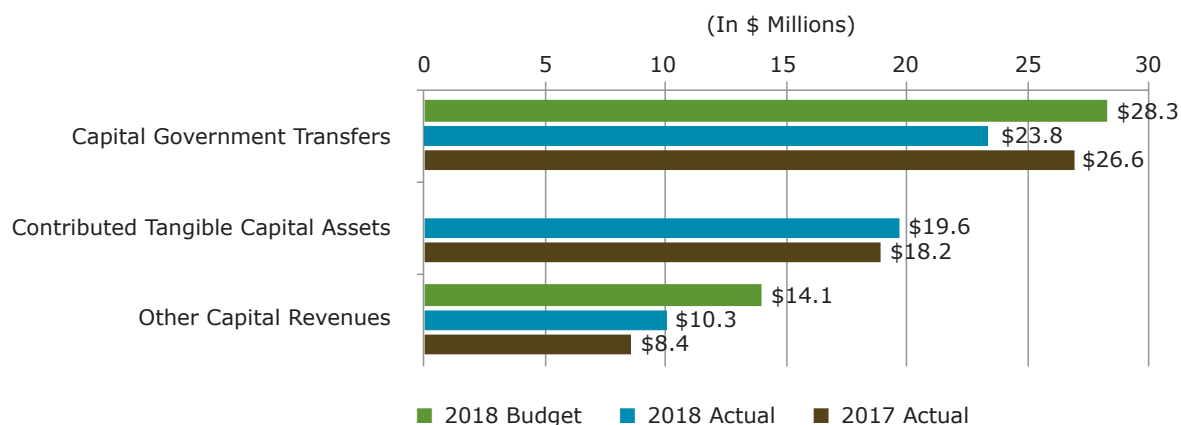


In 2018, the County had total municipal property tax revenue of \$222.7 million (2017: \$221.4 million). Property tax revenue is collected from various different assessment classes.

Of the total municipal property tax revenue, \$74.9 million (2017: \$75.5 million) was from the residential assessment class, \$49.9 million (2017: \$49.3 million) was from the non-residential assessment class, \$6.9 million (2017: \$6.7 million) was from the linear assessment class and \$91.0 million (2017: \$89.8 million) was from the machinery and equipment assessment class.



## Consolidated Capital Revenue by Source



Consolidated capital revenue, which is composed of government transfers, contributed tangible capital assets and other capital revenue, for 2018 is \$53.7 million (2017: \$53.2 million), which is consistent with the prior year. The sources of the revenue fluctuated in 2018, which is anticipated as consolidated capital revenue varies based on the type and volume of capital activity. The increase in contributed tangible capital assets from prior year was due to higher development activity and the timing of project completion, and was partially offset by decreased capital government transfer (grant) revenue for major capital expenditures.

Government transfers for capital are usually non-discretionary and have imposed eligibility criteria and stipulations, which result in these amounts being recorded as deferred revenue. These funds are recognized as revenue as the related expenses are incurred. Government transfers applied to capital were \$23.8 million (2017: \$26.6 million), a decrease of \$2.8 million or 10.5 per cent from the prior year.

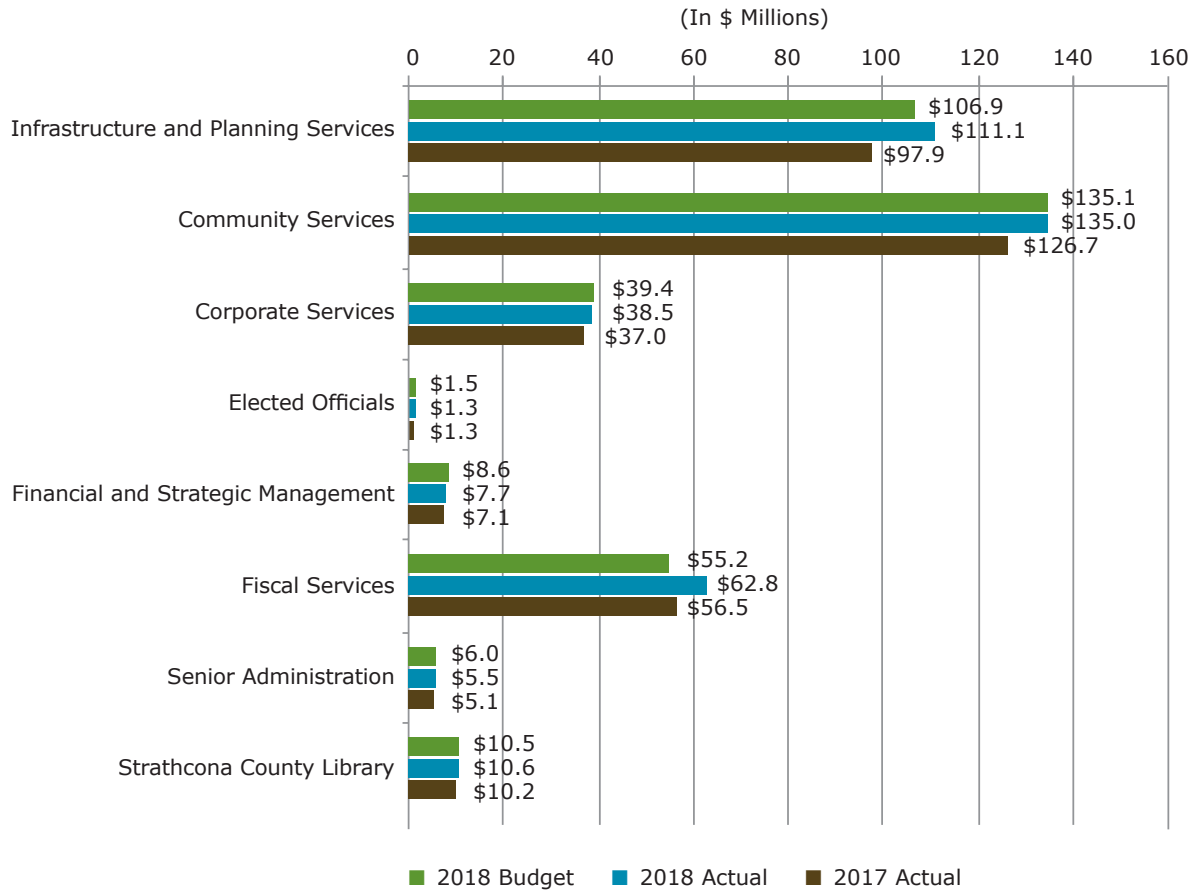
Contributed tangible capital assets are received as contributions from developers and external parties. Examples include road and utility infrastructure. It is difficult to budget for contributed tangible capital assets for a number of reasons, including the complexities of multi-stage developments and the unpredictability of the construction season in Alberta. Rather than include an unreliable budget figure, the County has chosen not to budget for this externally funded amount.

Other capital revenue includes developer levies and contributions from third parties (excluding other levels of governments).

## Expenses

Consolidated expenses for 2018 were \$372.5 million (2017: \$341.9 million), an increase of \$30.6 million or 8.9 per cent from the prior year.

### Consolidated Expenses by Function



Infrastructure and Planning Services includes the following departments or service lines – Economic Development and Tourism; Planning and Development Services; Transportation and Agriculture Services; Transportation Planning and Engineering; and Utility Operations.

Community Services includes the following departments or service lines – Emergency Services; Family and Community Services; RCMP and Enforcement Services; Recreation, Parks and Culture; and Strathcona Transit.

Corporate Services includes the following departments or service lines – Facility Services; Fleet Services; Information Technology Services; Human Resources; and Legislative and Legal Services.

Elected Officials includes the Mayor and Council.



Financial and Strategic Management includes the following departments or service lines – Assessment and Tax; Corporate Finance; Corporate Planning; and Procurement Services.

Fiscal Services is a separate department that includes corporate expenses that are not specific to an individual department including: grants, requisitions, amortization and debt servicing costs. It also includes expenses relating to Pioneer Housing Foundation which is a not-for-profit organization controlled by the County which holds land and buildings for the purpose of providing affordable housing. The administration and service delivery of affordable housing are provided by Heartland Housing Foundation through a management service agreement.

Senior Administration includes the Chief Commissioner's Office; Communications; and Intergovernmental Affairs.

Strathcona County Library is a separate legal entity incorporated under the Alberta Libraries Act, which states that public library service in Alberta is a municipal service that must be provided at arms-length from the municipality. Strathcona County Council appoints members to the library board and approves the budget requisition. Under the Act, the library board is charged with providing comprehensive and efficient library services that meet the needs of the community.

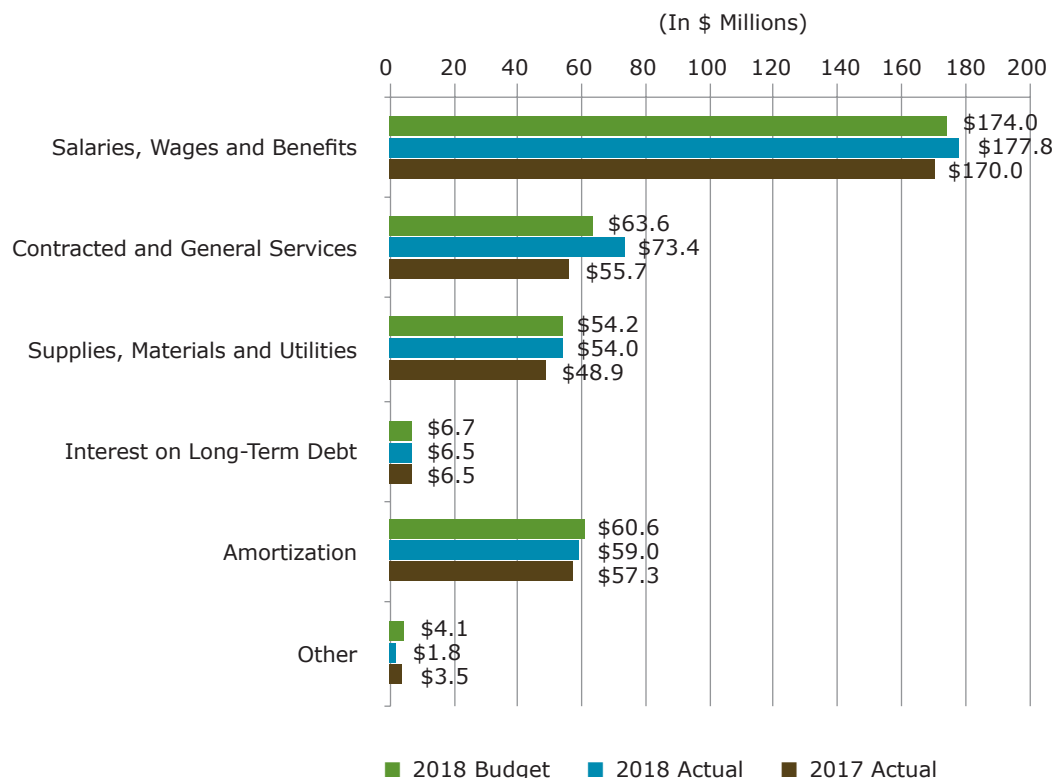
The following are notable highlights of the significant expense changes:

- **Infrastructure and Planning Services** – Infrastructure and Planning Services was over budget mainly due to two Priority 4 (P4) snow removals throughout the year. P4 snow removals are required for residential, country residential and hamlet roads. The first P4 snow removal exceeded the budget by \$1.0 million, and an additional unbudgeted P4 was required later in the year at a cost of \$0.9 million.

Additionally, Utility Operations (a department within Infrastructure and Planning Services) incurred increased expenditures (offset by increased revenue) due to unplanned repair work required to meet the County's obligations under the operation and maintenance contract with the Alberta Capital Region Wastewater Commission.

- **Community Services** – while this division overall was very close to budget, there were some significant offsetting items. The Northern Strathcona County fire resulted in approximately \$1.0 million of unbudgeted costs. This was offset by \$0.6 million higher than budgeted traffic fine revenue due to continued focus on traffic enforcement and \$0.5 million in savings realized in RCMP contract costs due to lower staffing levels than anticipated, which was partially offset by increased overtime.
- **Fiscal Services** – expenses were over budget mainly due to unplanned restoration costs of \$6.2 million for the Community Centre parkade. The Strathcona County Business Transformation project costs of \$1.5 million (2017: \$1.6 million) also contributed to the variance as the majority were originally budgeted for as capital but were determined to be operating costs. The remaining difference is due to an adjustment to the budget at the corporate level to offset projected surpluses based on historical trends. This is accounted for at the corporate level, rather than the department level, since these surpluses are inconsistent in where they may occur from year to year.

## Consolidated Expenses by Object



Growth in the County's labour force is required to provide quality services to the increasing number of community stakeholders. In 2018, salaries, wages and benefits totalled \$177.8 million (2017: \$170.0 million), an increase of \$7.8 million. A total of 1,300 full-time equivalent (FTE) regular employee positions (2017: 1,285 FTE's); plus employees who work irregular, non-standard hours equivalent to 333 FTE's (2017: 319 FTE's); and temporary, seasonal and casual staff, provided service delivery on a daily basis to residents, business and industry in Strathcona County.

Amortization of tangible capital assets in 2018 was \$59.0 million (2017: \$57.3 million), an increase of \$1.7 million from the prior year. Most tangible capital assets, with the exception of land, have limited useful lives. This is recognized by amortizing the cost of tangible capital assets in a rational and systematic manner over their estimated useful lives, ranging from four to 90 years. Amortization expense is an important part of the cost associated with providing government services, and can be used as a high level indicator of current and future rehabilitation and replacement requirements. To support the strategic plan goal to manage, invest and plan for sustainable municipal infrastructure, it is important that the County continually reinvest in its municipal infrastructure. To address this need, the County's annual capital budget includes amounts for the rehabilitation and replacement of tangible capital assets.



## Annual Operating and Capital Budget

The 2018 Consolidated Operating Budget, approved by Council on December 4, 2017, uses funding sources such as property tax revenue, user fees, reserve transfers and government transfers to fund operating programs and services. It is prepared in accordance with MGA requirements and for that reason, certain key items are accounted for on a cash flow basis, such as debt repayment expenditures, and reserve activity (equity transactions) is included. Amortization expense is excluded from the operating budget due to the fact that it is a non-cash item. The capital budget is prepared and approved separately.

PSAS reporting, which is the basis used to prepare the financial statements, is done on an accrual basis, including both operating and capital transactions. The budgets are the same in both cases, but there are two different presentations – one to align with the MGA and one to align with PSAS. The associated surplus (deficit) is determined on a basis consistent with the presented budgets.

A comparison of the Council approved operating budget and the consolidated budget reported in the financial statements in accordance with PSAS has been provided, as follows:

(In \$ Millions)	<b>2018 Budget (as approved by Council, December 4, 2017)</b>	<b>2018 PSAS Budget (as reported in the Financial Statements)</b>
Operating Revenue	\$ 346.3	\$ 346.3
Expenses (including amortization)	(363.2)	(363.2)
Subtotal	(16.9)	(16.9)
Amortization Expense (non-cash item)	60.6	
Net Reserve Activity (excluding capital)	(32.4)	
Debt Repayment (principal portion only)	(11.3)	
<b>2018 Breakeven Budgeted</b>		
<b>Operating Surplus</b>	<b>\$ (0.0)</b>	
Capital Revenue		\$ 42.4
<b>2018 PSAS Budgeted Annual Surplus</b>		<b>\$ 25.5</b>

The 2018 Consolidated Capital Budget provided the authority to fund and finance \$69.2 million of capital spending in 2018 and future years. The consolidated capital budget reported in the financial statements only includes budgeted capital spending which is planned to be incurred in 2018. Amounts planned to be incurred in future years (future planned spending) are excluded, and planned spending from prior years is included. As reported on the Consolidated Statement of Net Financial Assets, the planned capital spending for 2018 totalled \$115.1 million. The composition of this amount is detailed on page 71 in note 14 of the Consolidated Financial Statements.

...the County  
ended 2018 with a  
consolidated PSAS  
surplus of  
\$37.8 million...

## Annual Surplus

The County realized a consolidated PSAS (deficit) before capital revenue of (\$15.9 million) (2017: surplus of \$6.2 million). With additional capital revenue of \$53.7 million (2017: \$53.2 million) the County ended 2018 with a consolidated PSAS surplus of \$37.8 million (2017: \$59.4 million). Of the consolidated 2018 PSAS surplus: (\$6.3 million) was drawn from (2017: \$25.6 million was designated to) reserves; \$43.0 million (2017: \$44.8 million) was invested in tangible capital assets; and \$1.1 million was contributed to (2017: \$11.0 million) was drawn from) unrestricted surplus.

The consolidated operating budget is prepared on a breakeven basis; therefore, any resulting surplus or deficit on a cash flow basis would include the full variance compared to the annual operating budget. This variance is referred to as the annual operating surplus for tax purposes.

(In \$ Millions)	2018 PSAS	
	2018	2018 PSAS
	Annual Surplus	Annual Surplus
		(as reported in the
		Financial Statements)
Operating Revenue	\$ 356.6	\$ 356.6
Expenses (including amortization)	(372.5)	(372.5)
Subtotal	(15.9)	(15.9)
Amortization Expense (non-cash item)	59.0	
(Gain) on Asset Transfers and Disposals	(3.5)	
Net Reserve Activity (excluding capital)	(27.4)	
Debt Repayment (principle portion only)	(11.2)	
<b>2018 Annual Operating Surplus</b>		
<b>for Tax Purposes</b>	<b>\$ 1.0</b>	
Capital Revenue		\$ 53.7
<b>2018 PSAS Annual Surplus</b>		<b>\$ 37.8</b>

The 2018 annual operating surplus for tax purposes is allocated in accordance with the Allocation of Year-End Operating Surplus for Tax Purposes policy. The County's final result was very close to budget in 2018. Budgeted funds were drawn from reserves to the extent required to increase the final annual operating surplus for tax purposes (Municipal) to \$nil (2017: \$10.2 million surplus was allocated to fund one-time items in the 2018 budget and to replenish and contribute to reserves). The lower 2018 operating results were anticipated and were the result of greater strategic use of reserves, improved alignment with historic trends (budget to actuals), being less conservative by accepting more risk and budgeting contingencies more modestly. The 2018 surplus from self-sustaining operations was retained by those operational areas.

## FINANCIAL CONTROL AND ACCOUNTABILITY

### Financial Governance

The County's Financial Reporting policy requires a review of quarterly financial results and a review of key financial indicators to assess the operational performance and management of the County's financial resources.

Council's key oversight responsibilities in the area of financial resource management include: approval of the annual operating and capital budget as well as subsequent amendments, quarterly review of financial results compared to budget, approval of financial policies, appointment of the external auditors, and approval of the annual audited consolidated financial statements.

### Budgeting and Financial Reporting

The strategic plan provides the overall direction for the corporate business plan and the annual operating and capital budgets that are prepared and approved by Council. The strategic plan identifies long-term direction, while the business plan identifies goals and objectives over a four-year period that contributes to the achievement and success of the priorities identified in the strategic plan. In 2018, the County continued with the implementation of the business plan and budget process, with an enhanced focus on community priorities and the continued use of Priority-Based Budgeting. The corporate business plan focuses on Council's priorities and is used to establish annual budgets. The annual budget allocates the resources necessary to deliver services to the community and undertake the initiatives identified in the corporate business plan. Departments use the strategic plan and corporate business plan to guide their individual business plans and provide direction.

The annual capital budget is prepared based on the long-term projects identified in the County's five-year capital plan. The annual capital budget is funded through a variety of sources such as government transfers, property tax revenue, user fees, other capital revenue (including developer contributions and levies) and reserve transfers.

**...with an enhanced  
focus on community  
priorities and the  
development of  
Priority-Based  
Budgeting.**



...maintains a system of controls designed to provide assurances for the safeguarding of all County assets and the reliability of financial records.

## Controls and Accounting Process

The County maintains a system of controls designed to provide assurances for the safeguarding of all County assets and the reliability of financial records. While management recognizes the limits that are inherent in all systems of control, it believes that the County has an effective and responsive system of accounting controls. These controls are subject to routine review and revision.

Each department within the County is responsible and accountable for managing the delivery of services and programs in accordance with their operating and capital budgets. All departments share a common accounting and reporting system to report their financial results. Oversight and review of departmental financial results is provided by the Corporate Finance department in partnership with the operating departments.

## Auditing Process

External auditors are appointed annually by Council, as legislated by the Municipal Government Act, and are responsible to report directly to Council with the results of the consolidated financial statement audit.

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## SUMMARY

Strathcona County's sound financial practices afford community stakeholders the assurance that the County's financial assets are conserved, its fixed liabilities are minimized, and the need for longer term financial stability, strength and flexibility is recognized and accommodated. Council's strategic plan and vision provide guidance, direction and focus to the County's financial activities. Managing financial resources is a key contributor to future financial sustainability and the achievement of Council's vision.

This Financial Statement Discussion and Analysis and the following Consolidated Financial Statements are the result of the cooperation and assistance received from departments, the Strathcona County Library and Pioneer Housing Foundation. Management greatly appreciates the efforts of all staff involved in the completion of these financial statements.

Respectfully submitted,



Gregory J. Yeomans, CPA, CGA, MBA  
Chief Financial Officer

April 30, 2019

## RECOGNITION OF ACHIEVEMENT

Government Finance Officers Association of the United States and Canada (GFOA) awarded a **Canadian Award for Financial Reporting** to Strathcona County for its annual financial report for the fiscal year ended December 31, 2017. The Canadian Award for Financial Reporting program was established to encourage municipal governments throughout Canada to publish high quality financial reports and to provide peer recognition and technical guidance for officials preparing these reports.

In order to be awarded a Canadian Award for Financial Reporting, a government unit must publish an easily readable and efficiently organized annual financial report, whose contents conform to program standards. Such reports should go beyond the minimum requirements of generally accepted accounting principles and demonstrate an effort to clearly communicate the municipal government's financial picture, enhance an understanding of financial reporting by municipal governments, and address user needs.

A Canadian Award for Financial Reporting is valid for a period of one year only. We believe our current report continues to conform to the Canadian Award for Financial Reporting program requirements, and we will be submitting it to GFOA to determine its eligibility for another award.



Government Finance Officers Association

### **Canadian Award for Financial Reporting**

Presented to

**Strathcona County  
Alberta**

For its Annual  
Financial Report  
for the Year Ended

**December 31, 2017**

*Christopher P. Morill*

Executive Director/CEO







A vibrant photograph of a field of sunflowers under a bright sky, with the sun low on the horizon, creating a warm, golden glow. The sunflowers are in various stages of bloom, with their large, dark brown heads and bright yellow petals clearly visible.

# *Consolidated Financial Statements*

**2018**  
Annual Report

Strathcona County  
Alberta, Canada  
For the Year Ended December 31, 2018

The logo for Strathcona County, featuring a stylized green and blue wave or leaf design.

**STRATHCONA  
COUNTY**

**STRATHCONA COUNTY**  
**Consolidated Financial Statements**  
Year ended December 31, 2018

**INDEX**

Management Report	49
Independent Auditors' Report	50
Consolidated Statement of Financial Position	53
Consolidated Statement of Operations and Accumulated Surplus	54
Consolidated Statement of Change in Net Financial Assets	55
Consolidated Statement of Cash Flows	56
Notes to Consolidated Financial Statements	57

## **MANAGEMENT REPORT**

The accompanying consolidated financial statements are the responsibility of the management of Strathcona County (the County).

These consolidated financial statements have been prepared by management. Financial statements are not precise in nature as they include certain amounts based on estimates and judgements. Management has determined such amounts within the reasonable limits of materiality.

The County maintains systems of internal accounting and administrative controls that are designed to provide reasonable assurance that the financial information is authorized, reliable, accurate, and that the County's assets are properly accounted for and adequately safeguarded.

The elected Council of Strathcona County is ultimately responsible to oversee management's fulfillment of the financial reporting obligations, and for reviewing and approving the financial statements. Council generally meets twice a year with management and the external auditors to discuss internal controls, auditing matters and financial reporting matters, and to satisfy that each party is properly discharging its responsibilities. Council approves the appointment of the external auditors. In addition to the above, quarterly financial reports are presented to Council.

The consolidated financial statements have been audited by KPMG LLP, the external auditors, in accordance with Canadian Generally Accepted Auditing Standards on behalf of Council, residents and ratepayers of the County. KPMG LLP has full and free access to Council.



Gregory J. Yeomans, CPA, CGA, MBA  
Chief Financial Officer

April 30, 2019





**KPMG LLP**

2200, 10175 – 101 Street  
Edmonton, AB T5J 0H3  
Telephone (780) 429-7300  
Fax (780) 429-7379  
www.kpmg.ca

## **INDEPENDENT AUDITORS' REPORT**

To the Mayor and Members of Council of the Strathcona County

### *Opinion*

We have audited the consolidated financial statements of Strathcona County (the "Entity"), which comprise:

- the consolidated statement of financial position as at December 31, 2018
- the consolidated statement of operations and accumulated surplus for the year then ended
- the consolidated statement of changes in net financial assets for the year then ended
- the consolidated statement of cash flows for the year then ended
- and notes to the consolidated financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Entity as at December 31, 2018, and its consolidated results of operations, its consolidated changes in net financial assets 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 "Auditors' Responsibilities for the Audit of the Consolidated Financial Statements" section of our auditors' report.

We are independent of the Entity 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.

### *Other Information*

Management is responsible for the other information. Other information comprises the information, other than the consolidated financial statements and the auditors' report thereon, included in a document likely to be entitled "Annual Report".

KPMG LLP is a Canadian limited liability partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity. KPMG Canada provides services to KPMG LLP.



Our opinion on the consolidated financial statements does not cover the other information and will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated.

The information, other than the consolidated financial statements and the auditors' report thereon, included in a document likely to be entitled "Annual Report" is expected to be made available to us after the date of this auditors' report. If, based on the work we will perform on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact to those charged with governance.

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

Management 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 management 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, management is responsible for assessing the Entity'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 management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

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

#### *Auditors' 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 auditors' 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 the 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 County's internal control.
- Evaluate the appropriateness of accounting policies used 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 Entity'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 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 auditors' report. However, future events or conditions may cause the Entity 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.
- 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the County to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

Chartered Professional Accountants

Edmonton, Canada

April 30, 2019

KPMG LLP is a Canadian limited liability partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity. KPMG Canada provides services to KPMG LLP.



**STRATHCONA COUNTY**  
**Consolidated Statement of Financial Position**  
As at December 31, 2018 (in thousands of dollars)

	2018	2017
<b>FINANCIAL ASSETS</b>		
Cash and Cash Equivalents	\$ 5,875	\$ 7,042
Accounts Receivable		
Property Taxes	7,057	5,262
Government Transfers	3,919	12,117
Trade and Other	15,058	15,191
Development Levies and Charges	5,095	3,190
Investments (Note 2)	342,804	344,256
Investment Interest Receivable	14,883	10,589
	<b>394,691</b>	<b>397,647</b>
<b>LIABILITIES</b>		
Accounts Payable and Accrued Liabilities (Note 3)	60,499	53,023
Deposit Liabilities	16,899	17,325
Deferred Revenue (Note 4)	77,590	82,712
Long-Term Debt (Note 5)	171,805	165,423
	<b>326,793</b>	<b>318,483</b>
<b>NET FINANCIAL ASSETS</b>	<b>67,898</b>	<b>79,164</b>
<b>NON-FINANCIAL ASSETS</b>		
Tangible Capital Assets (Note 7)	1,935,418	1,886,035
Inventories of Materials and Supplies	954	1,028
Prepaid Expenses	2,640	2,903
	<b>1,939,012</b>	<b>1,889,966</b>
<b>ACCUMULATED SURPLUS (Note 9)</b>	<b>\$ 2,006,910</b>	<b>\$ 1,969,130</b>

Operating and Acquisition Lines of Credit (Note 10)  
Commitments and Contingent Liabilities (Note 11)  
Contractual Rights and Contingent Assets (Note 12)

See accompanying Notes to Consolidated Financial Statements.

## STRATHCONA COUNTY

### Consolidated Statement of Operations and Accumulated Surplus

Year ended December 31, 2018 (in thousands of dollars)

	2018 Budget (Note 14)	2018	2017
<b>OPERATING REVENUE</b>			
Property Taxes (Note 15)	\$ 221,334	\$ 222,743	\$ 221,359
Utility User Rates	55,343	53,547	52,521
User Fees and Charges	40,302	45,229	41,099
Investment Income	6,805	8,864	8,385
Government Transfers – Operating (Note 16)	6,920	7,748	7,717
Penalties and Fines	6,158	6,873	7,001
Other	9,401	11,606	10,039
<b>TOTAL OPERATING REVENUE</b>	<b>346,263</b>	<b>356,610</b>	<b>348,121</b>
<b>EXPENSES</b>			
<b>Infrastructure and Planning Services</b>			
Economic Development and Tourism	1,752	1,697	1,590
Planning and Development Services	10,274	9,555	9,451
Transportation and Agriculture Services	31,546	33,586	27,346
Transportation Planning and Engineering	5,122	4,663	4,675
Utility Operations	58,245	61,644	54,854
	106,939	111,145	97,916
<b>Community Services</b>			
Emergency Services	35,086	35,484	33,546
Family and Community Services	9,571	9,225	8,650
RCMP and Enforcement Services	25,199	25,133	23,504
Recreation, Parks and Culture	45,295	44,893	42,946
Strathcona Transit	19,946	20,229	18,048
	135,097	134,964	126,694
<b>Corporate Services</b>	39,374	38,487	37,024
<b>Elected Officials</b>	1,474	1,297	1,280
<b>Financial and Strategic Management</b>	8,622	7,737	7,149
<b>Fiscal Services</b>	55,213	62,805	56,484
<b>Senior Administration</b>	5,943	5,547	5,085
<b>Strathcona County Library</b>	10,522	10,550	10,224
	121,148	126,423	117,246
<b>TOTAL EXPENSES</b>	<b>363,184</b>	<b>372,532</b>	<b>341,856</b>
(DEFICIT) SURPLUS BEFORE CAPITAL REVENUE	(16,921)	(15,922)	6,265
<b>CAPITAL REVENUE</b>			
Government Transfers – Capital (Note 16)	28,315	23,768	26,648
Contributed Tangible Capital Assets (Note 7)	-	19,634	18,167
Other Capital Revenue (Note 17)	14,136	10,300	8,378
<b>TOTAL CAPITAL REVENUE</b>	<b>42,451</b>	<b>53,702</b>	<b>53,193</b>
<b>ANNUAL SURPLUS</b>	<b>25,530</b>	<b>37,780</b>	<b>59,458</b>
<b>ACCUMULATED SURPLUS, BEGINNING OF YEAR</b>	<b>1,969,130</b>	<b>1,969,130</b>	<b>1,909,672</b>
<b>ACCUMULATED SURPLUS, END OF YEAR (Note 9)</b>	<b>\$ 1,994,660</b>	<b>\$ 2,006,910</b>	<b>\$ 1,969,130</b>

See accompanying Notes to Consolidated Financial Statements.

**STRATHCONA COUNTY****Consolidated Statement of Change in Net Financial Assets**

Year ended December 31, 2018 (in thousands of dollars)

	<b>2018 Budget (Note 14)</b>	<b>2018</b>	<b>2017</b>
<b>ANNUAL SURPLUS</b>	\$ 25,530	<b>\$ 37,780</b>	\$ 59,458
Acquisition of Tangible Capital Assets (Note 7)	(115,148)	<b>(90,343)</b>	(84,518)
Contributed Tangible Capital Assets (Note 7)	-	<b>(19,634)</b>	(18,167)
Amortization of Tangible Capital Assets (Note 7)	60,593	<b>59,040</b>	57,292
(Gain) on Disposal of Tangible Capital Assets	-	<b>(3,450)</b>	(1,110)
Proceeds from Disposal of Tangible Capital Assets	-	<b>5,004</b>	2,302
	(29,025)	<b>(11,603)</b>	15,257
Acquisition of Inventories of Materials and Supplies	-	<b>(1,808)</b>	(1,798)
Acquisition of Prepaid Expenses	-	<b>(2,972)</b>	(3,437)
Use of Inventories of Materials and Supplies	-	<b>1,882</b>	1,717
Use of Prepaid Expenses	-	<b>3,235</b>	2,863
	-	<b>337</b>	(655)
<b>(DECREASE) INCREASE IN NET FINANCIAL ASSETS</b>	(29,025)	<b>(11,266)</b>	14,602
<b>NET FINANCIAL ASSETS, BEGINNING OF YEAR</b>	79,164	<b>79,164</b>	64,562
<b>NET FINANCIAL ASSETS, END OF YEAR</b>	\$ 50,139	<b>\$ 67,898</b>	\$ 79,164

See accompanying Notes to Consolidated Financial Statements.



# STRATHCONA COUNTY

## Consolidated Statement of Cash Flows

Year ended December 31, 2018 (in thousands of dollars)

	2018	2017
<b>NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:</b>		
<b>OPERATING</b>		
Annual Surplus	\$ 37,780	\$ 59,458
Items Not Involving Cash:		
Contributed Tangible Capital Assets (Note 7)	(19,634)	(18,167)
Amortization of Tangible Capital Assets (Note 7)	59,040	57,292
Amortization of (Discount) Premium on Investments	(8)	64
(Gain) on Disposal of Tangible Capital Assets	(3,450)	(1,110)
(Gain) on Disposal of Investments	(3)	(944)
Changes to Non-Cash Assets and Liabilities:		
Property Taxes Receivable	(1,795)	(1,212)
Government Transfers Receivable	8,198	(2,607)
Trade and Other Receivables	133	923
Development Levies and Charges Receivable	(1,905)	(1,573)
Investment Interest Receivable	(4,294)	(518)
Accounts Payable and Accrued Liabilities	7,476	11,976
Deposit Liabilities	(426)	1,243
Deferred Revenue	(5,122)	16,965
Inventories of Materials and Supplies	74	(81)
Prepaid Expenses	263	(574)
Cash Provided by Operating Activities	76,327	121,135
<b>CAPITAL</b>		
Proceeds from Disposal of Tangible Capital Assets	5,004	2,302
Acquisition of Tangible Capital Assets	(90,343)	(84,518)
Cash (Applied to) Capital Activities	(85,339)	(82,216)
<b>INVESTING</b>		
Purchase of Investments	(243,201)	(257,256)
Proceeds from Sale/Maturity of Investments	244,664	220,378
Cash Provided by (Applied to) Investing Activities	1,463	(36,878)
<b>FINANCING</b>		
Long-Term Debt Issued	17,621	9,850
Long-Term Debt Repaid	(11,239)	(10,567)
Cash Provided by (Applied to) Financing Activities	6,382	(717)
<b>(DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(1,167)</b>	<b>1,324</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<b>7,042</b>	<b>5,718</b>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b>\$ 5,875</b>	<b>\$ 7,042</b>
Cash (Paid) for Interest	\$ (6,506)	\$ (6,603)
Cash Received from Interest	\$ 6,183	\$ 8,241

See accompanying Notes to Consolidated Financial Statements.

# STRATHCONA COUNTY

## Notes to Consolidated Financial Statements

Year ended December 31, 2018 (in thousands of dollars)

The County is a specialized municipality in the Province of Alberta and operates under the provisions of the Municipal Government Act (MGA), R.S.A. 2000, c. M-26, as amended.

### 1. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of the County are prepared by management in accordance with Canadian Public Sector Accounting Standards. Significant accounting policies adopted by the County are as follows:

#### a) Reporting Entity

The consolidated financial statements reflect the assets, liabilities, revenue, expenses, and accumulated surplus of the reporting entity. The reporting entity comprises all organizations which are owned or controlled by the County, and are, therefore, accountable for the administration of their financial affairs and resources.

The reporting entity includes all divisions and departments of the County's operations, the Strathcona County Library and the Pioneer Housing Foundation (PHF). Inter-organizational transactions and balances between these entities have been eliminated. The County is associated with various other boards, commissions and other organizations that are not part of the government reporting entity.

Property taxes levied also include requisitions for education and seniors housing, on behalf of organizations that are external to the government reporting entity.

#### b) Basis of Accounting

The consolidated financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting recognizes revenues as they are 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.

#### c) Property Taxes

Property tax revenue is based on approved annual budget and requisition requirements. Property tax rates, per class, are determined by the total revenue requirements divided by the total taxable assessment, which are based on market value and regulated value assessments. Taxation revenues are recorded at the time the tax rates are authorized by Strathcona County Council and the tax notices are issued.

#### d) Government Transfers

Government transfers are recognized in the consolidated financial statements as revenue in the period the events giving rise to the transfer have occurred, provided that the transfer is authorized, eligibility criteria have been met, and reasonable estimates of the amount can be made. Stipulations are terms imposed by a transferring government regarding the use of transferred resources or the actions that must be performed in order to keep a transfer. Any unfulfilled stipulations related to a government transfer would preclude recognition of revenue until such time that all stipulations have been met.

#### e) Development Levies

Development levies are collected pursuant to agreements between the County and developers. Development levies are recognized in the consolidated financial statements as revenue in the period the off-site levies are collectible, and the amounts are applied to leviable infrastructure.

# STRATHCONA COUNTY

## Notes to Consolidated Financial Statements

Year ended December 31, 2018 (in thousands of dollars)

### 1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### f) Local Improvements

Construction and borrowing costs associated with local improvement projects are recovered through annual special assessments within the period of the related borrowings. These levies are collectible from property owners for work performed by the County.

Local improvement levies represent funds from external parties that are restricted by legislation, and are accounted for as deferred revenue until the special assessments are authorized by Strathcona County Council, issued to the property owners, and the funds are used for the purpose specified.

#### g) Requisition Overlevies and Underlevies

Overlevies and underlevies arise from the difference between the actual levy made to provide for each requisition, and the amount requisitioned.

If the actual levy exceeds the requisition, the overlevy is accrued as a liability and property tax revenue is reduced. Where the actual levy is less than the requisition, the underlevy is accrued as a receivable and property tax revenue is increased.

Requisition tax rates in the subsequent year are adjusted for any overlevies or underlevies of the prior year.

#### h) Deferred Revenue

Deferred revenue consists of conditional government transfers, unearned revenue, and development levies. Funds from external parties and earnings thereon restricted by agreement or legislation are accounted for as deferred revenue until used for the purpose specified.

#### i) Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand and temporary investments that are readily convertible to cash and mature within 90 days of purchase.

#### j) Investments

Investments are recorded at amortized cost. Investment premiums and discounts are amortized on the net present value basis over the term of the respective investments. When there has been a loss in value, other than a temporary decline, the corresponding investment is written down to recognize the loss.

Investment income is reported as revenue in the period earned. When required by agreement or legislation, investment income earned on deferred revenue is added to the deferred revenue balance based on the County's average rate of return on investments.

#### k) Employee Benefit Obligations

The cost of employment benefits, pension benefits, compensated absences and termination benefits are recorded as an expense at the time the event giving rise to the obligation occurs.



# STRATHCONA COUNTY

## Notes to Consolidated Financial Statements

Year ended December 31, 2018 (in thousands of dollars)

### 1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### l) Contaminated Sites Liability

Contaminated sites are a result of contamination being introduced into soil, water or sediment of a chemical, organic or radioactive material or live organism that exceeds an environmental standard. A liability is recognized when a site is not in productive use and recorded net of any expected recoveries. The liability for remediation of a contaminated site reflects the County's estimated costs to meet environmental standards.

#### m) 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.

#### i. Tangible Capital Assets

Tangible capital assets are recorded at cost, which includes amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The tangible capital asset cost, less residual value, excluding land, is amortized on a straight-line basis over the estimated useful life, as follows:

Asset	Useful Life in Years
Land Improvements	10 - 30
Buildings	10 - 50
Engineered Structures	
Roadway System	10 - 80
Water Distribution System	35 - 90
Wastewater Treatment System	35 - 75
Storm Sewer System	15 - 75
Other Engineered Structures	5 - 40
Machinery and Equipment	2 - 40
Library Collection	10
Vehicles	4 - 20

In the year the asset is available for productive use and in the year of disposal, only one-half of the annual amortization is charged. Assets under construction are not amortized until the asset is available for productive use.

#### ii. Contributions of Tangible Capital Assets

Tangible capital assets received as contributions are recorded at fair value on the date of receipt and are also recorded as contributed tangible capital asset revenue in the Consolidated Statement of Operations and Accumulated Surplus.

#### iii. Leases

Leases are classified as capital or operating leases. Leases which transfer substantially all the benefits and risks incidental to ownership of property are accounted for as capital leases. All other leases are accounted for as operating leases and the related lease payments are charged to expenses as incurred.

# STRATHCONA COUNTY

## Notes to Consolidated Financial Statements

Year ended December 31, 2018 (in thousands of dollars)

### 1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### iv. Inventories of Materials and Supplies

Inventories of materials and supplies include roadway maintenance materials, vehicle equipment and facility parts, and print shop materials. Inventories of materials and supplies are valued at the lower of average cost or replacement cost.

#### v. Works of Art and Historical Artifacts

The County manages and controls various works of art and historical artifacts that are not recognized as tangible capital assets.

#### n) Reserves for Future Expenditures

Certain amounts, as approved by Strathcona County Council, are designated within accumulated surplus as reserves for future operating and capital expenditures.

#### o) Equity in Tangible Capital Assets

Equity in tangible capital assets is included within accumulated surplus. It represents the investment in tangible capital assets, after deducting the portion financed by long-term debt, and adding back long-term debt financing applicable to local improvement levy projects.

#### p) Use of Estimates

The preparation of the consolidated financial statements of the County requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenue and expenses during the period. Actual results may differ from those estimates.

Estimates have been used to determine provisions for accrued liabilities, liabilities for contaminated sites, useful lives of tangible capital assets, historic costs of certain tangible capital assets, fair values of contributed tangible capital assets, and provisions made for allowances for doubtful receivable accounts.

Revenue recognition related to development levies and charges utilizes forecasted development costs, staging, and financing requirements.

#### q) Adoption of New Accounting Standards

The following table summarizes changes to Canadian Public Sector Accounting Standards that came into effect for fiscal years beginning on or after April 1, 2017. The adoption of these standards resulted in changes to the disclosures in the consolidated financial statements.

Public Sector Accounting Standard	Name
PS2200	Related Party Disclosures
PS3210	Assets
PS3320	Contingent Assets
PS3380	Contractual Rights
PS3420	Inter-Entity Transactions

# STRATHCONA COUNTY

## Notes to Consolidated Financial Statements

Year ended December 31, 2018 (in thousands of dollars)

### 1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### r) Future Accounting Standard Pronouncements

The following table summarizes prospective changes to Canadian Public Sector Accounting Standards, and while the timing of standard adoption can vary, certain standards must be adopted concurrently. The requirements in Financial Statement Presentation (PS1201), Foreign Currency Translations (PS2601), Portfolio Investments (PS3041), and Financial Instruments (PS3450) must be implemented at the same time.

Public Sector Accounting Standard	Name	Effective date (fiscal years beginning on or after...)
PS3430	Restructuring Transactions	April 1, 2018
PS1201	Financial Statement Presentation	April 1, 2021
PS2601	Foreign Currency Transactions	April 1, 2021
PS3041	Portfolio Investments	April 1, 2021
PS3280	Asset Retirement Obligations	April 1, 2021
PS3450	Financial Instruments	April 1, 2021
PS3400	Revenue	April 1, 2022

The County will continue to assess the impact of the remaining future accounting standards and prepare for their adoption.

### 2. INVESTMENTS

	2018		2017	
	Carrying Amount	Market Value	Carrying Amount	Market Value
Term Deposits and Notes	\$ 184,226	\$ 183,550	\$ 206,150	\$ 205,663
Government Guaranteed Bonds	139,035	138,023	114,304	113,479
Corporate Bonds	19,543	19,366	23,802	23,818
	<b>\$ 342,804</b>	<b>\$ 340,939</b>	<b>\$ 344,256</b>	<b>\$ 342,960</b>

Term deposits and notes, government guaranteed bonds and corporate bonds have effective interest rates of 2.00 to 3.66 per cent (2017 – 1.70 to 3.66 per cent) with maturity dates from January 2019 to August 2031 (2017 – February 2018 to August 2031).

Certain investments have a market value below cost at year end. The County considers these declines in value to be temporary in nature.



## STRATHCONA COUNTY

### Notes to Consolidated Financial Statements

Year ended December 31, 2018 (in thousands of dollars)

#### 3. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2018	2017
<b>Trade</b>		
Accounts Payable	\$ 21,685	\$ 20,433
Contract Holdbacks	6,736	4,881
Capital Accruals	3,576	7,440
Operating Accruals	12,363	5,513
Other	229	128
	<b>44,589</b>	<b>38,395</b>
<b>Payroll and Remittances</b>	<b>4,710</b>	<b>4,412</b>
<b>Employee Benefit Obligations</b>		
Accrued Vacation	7,922	7,568
Banked Time	707	719
Other	1,338	692
	<b>9,967</b>	<b>8,979</b>
<b>Interest</b>	<b>1,233</b>	<b>1,237</b>
	<b>\$ 60,499</b>	<b>\$ 53,023</b>

#### 4. DEFERRED REVENUE

Deferred revenue comprises the amounts noted below, the use of which, together with any earnings thereon, is externally restricted. Externally restricted amounts include allocated interest of \$1,344 (2017 – \$1,009). Certain deferred revenue relates to government transfers as further described in Note 16.

	Balance at January 1, 2018	Externally Restricted Amounts	Amounts Recognized as Operating Revenue	Amounts Recognized as Capital Revenue	Balance at December 31, 2018
Government Transfers	\$ 46,367	\$ 22,486	\$ (7,748)	\$ (23,768)	\$ 37,337
Development Levies	17,783	7,331	(259)	(6,549)	18,306
Other	18,562	15,749	(8,662)	(3,702)	21,947
	<b>\$ 82,712</b>	<b>\$ 45,566</b>	<b>\$ (16,669)</b>	<b>\$ (34,019)</b>	<b>\$ 77,590</b>

## STRATHCONA COUNTY

### Notes to Consolidated Financial Statements

Year ended December 31, 2018 (in thousands of dollars)

#### 5. LONG-TERM DEBT

	2018	2017
Tax-supported Debentures	\$ 66,806	\$ 70,886
Non Tax-supported Debentures – Development Levies	22,724	22,351
Non Tax-supported Debentures – Utility Rates	52,792	46,456
Non Tax-supported Debentures – Other	29,483	25,730
	<b>\$ 171,805</b>	<b>\$ 165,423</b>

Debenture debt has been issued on the credit and security of the County at large. Debenture debt is repayable to the Alberta Capital Finance Authority and bears interest at rates ranging from 2.13 to 7.63 per cent (2017 – 2.13 to 9.13 per cent) and matures in periods 2019 through 2043 (2017 – periods 2018 through 2042).

Tax-supported long-term debt principal and interest payments are due as follows:

	Principal	Interest	Total
2019	\$ 3,939	\$ 2,534	\$ 6,473
2020	3,924	2,390	6,314
2021	4,011	2,246	6,257
2022	4,119	2,098	6,217
2023	4,139	1,946	6,085
Thereafter	46,674	10,816	57,490
	<b>\$ 66,806</b>	<b>\$ 22,030</b>	<b>\$ 88,836</b>

Non Tax-supported long-term debt principal and interest payments are due as follows:

	Principal	Interest	Total
2019	\$ 7,421	\$ 3,977	\$ 11,398
2020	7,591	3,668	11,259
2021	7,574	3,353	10,927
2022	7,402	3,039	10,441
2023	6,575	2,742	9,317
Thereafter	68,436	18,276	86,712
	<b>\$ 104,999</b>	<b>\$ 35,055</b>	<b>\$ 140,054</b>

Total long-term debt principal and interest payments are due as follows:

	Principal	Interest	Total
2019	\$ 11,360	\$ 6,511	\$ 17,871
2020	11,515	6,058	17,573
2021	11,585	5,599	17,184
2022	11,521	5,137	16,658
2023	10,714	4,688	15,402
Thereafter	115,110	29,092	144,202
	<b>\$ 171,805</b>	<b>\$ 57,085</b>	<b>\$ 228,890</b>

## STRATHCONA COUNTY

### Notes to Consolidated Financial Statements

Year ended December 31, 2018 (in thousands of dollars)

#### 6. DEBT AND DEBT SERVICE LIMITS

Provincial legislation (Section 276(2) of the MGA) requires that debt and service on debt limits as defined by Alberta Regulation 255/2000 for the County be disclosed as follows:

	2018	2017
Total Debt Limit	\$ 550,364	\$ 534,749
Total Debt	171,805	165,423
Percentage Used	31.2%	30.9%
Service on Debt Limit	\$ 91,727	\$ 89,125
Service on Debt	17,871	17,542
Percentage Used	19.5%	19.7%

The total debt limit is calculated at 1.5 times the revenue of the County (as defined in Alberta Regulation 255/2000), and the service on debt 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 a conservative guideline 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 municipality. Rather, the consolidated financial statements must be interpreted as a whole.



# STRATHCONA COUNTY

## Notes to Consolidated Financial Statements

Year ended December 31, 2018 (in thousands of dollars)

### 7. TANGIBLE CAPITAL ASSETS

<b>Cost</b>	<b>Balance at January 1, 2018</b>	<b>Purchased Additions</b>	<b>Contributed Additions</b>	<b>Disposals</b>	<b>Balance at December 31, 2018</b>
Land	\$ 499,530	\$ 7,555	\$ 3,590	\$ (357)	\$ 510,318
Land Improvements	115,426	5,114	760	(246)	121,054
Buildings	455,981	27,505	-	(78)	483,408
Engineered Structures	1,193,865	51,790	15,284	(4,254)	1,256,685
Machinery and Equipment	74,168	6,490	-	(1,898)	78,760
Books and Periodicals	6,132	585	-	(329)	6,388
Vehicles	76,063	5,873	-	(4,682)	77,254
Assets under Construction	60,377	(14,569)	-	-	45,808
	\$ 2,481,542	\$ 90,343	\$ 19,634	\$ (11,844)	\$ 2,579,675

<b>Accumulated Amortization</b>	<b>Balance at January 1, 2018</b>	<b>Disposals</b>	<b>Amortization</b>	<b>Balance at December 31, 2018</b>
Land Improvements	\$ 38,564	\$ (213)	\$ 5,320	\$ 43,671
Buildings	111,479	-	11,431	122,910
Engineered Structures	363,819	(4,254)	29,870	389,435
Machinery and Equipment	40,940	(1,893)	6,181	45,228
Books and Periodicals	2,965	(329)	626	3,262
Vehicles	37,740	(3,601)	5,612	39,751
	\$ 595,507	\$ (10,290)	\$ 59,040	\$ 644,257

<b>Net Book Value</b>	<b>Balance at December 31, 2018</b>
Land	\$ 510,318
Land Improvements	77,383
Buildings	360,498
Engineered Structures	867,250
Machinery and Equipment	33,532
Books and Periodicals	3,126
Vehicles	37,503
Assets under Construction	45,808
	\$ 1,935,418

# STRATHCONA COUNTY

## Notes to Consolidated Financial Statements

Year ended December 31, 2018 (in thousands of dollars)

### 7. TANGIBLE CAPITAL ASSETS (CONTINUED)

<b>Cost</b>	<b>Balance at January 1, 2017</b>	<b>Purchased Additions</b>	<b>Contributed Additions</b>	<b>Disposals</b>	<b>Balance at December 31, 2017</b>
Land	\$ 491,112	\$ 176	\$ 8,334	\$ (92)	\$ 499,530
Land Improvements	106,236	7,151	2,561	(522)	115,426
Buildings	445,163	11,395	-	(577)	455,981
Engineered Structures	1,159,091	38,540	7,253	(11,019)	1,193,865
Machinery and Equipment	71,774	5,493	-	(3,099)	74,168
Books and Periodicals	5,841	623	19	(351)	6,132
Vehicles	75,516	2,547	-	(2,000)	76,063
Assets under Construction	41,784	18,593	-	-	60,377
	\$ 2,396,517	\$ 84,518	\$ 18,167	\$ (17,660)	\$ 2,481,542

<b>Accumulated Amortization</b>	<b>Balance at January 1, 2017</b>	<b>Disposals</b>	<b>Amortization</b>	<b>Balance at December 31, 2017</b>
Land Improvements	\$ 34,002	\$ (492)	\$ 5,054	\$ 38,564
Buildings	100,410	(149)	11,218	111,479
Engineered Structures	346,276	(11,019)	28,562	363,819
Machinery and Equipment	37,225	(2,485)	6,200	40,940
Books and Periodicals	2,717	(351)	599	2,965
Vehicles	34,053	(1,972)	5,659	37,740
	\$ 554,683	\$ (16,468)	\$ 57,292	\$ 595,507

<b>Net Book Value</b>	<b>Balance at December 31, 2017</b>
Land	\$ 499,530
Land Improvements	76,862
Buildings	344,502
Engineered Structures	830,046
Machinery and Equipment	33,228
Books and Periodicals	3,167
Vehicles	38,323
Assets under Construction	60,377
	\$ 1,886,035

## STRATHCONA COUNTY

### Notes to Consolidated Financial Statements

Year ended December 31, 2018 (in thousands of dollars)

#### 7. TANGIBLE CAPITAL ASSETS (CONTINUED)

##### a) Assets under Construction

Assets under construction having a value of \$45,808 (2017 – \$60,377) have not been amortized.

##### b) Contributed Tangible Capital Assets

Contributed tangible capital assets are recognized at fair value at the date of contribution. A total of \$19,634 in land, land improvements and engineered structures was contributed to the County in 2018 (2017 – \$18,167).

##### c) Write-down of Tangible Capital Assets

The County did not write down any tangible capital assets in 2018 or 2017.

#### 8. EQUITY IN TANGIBLE CAPITAL ASSETS

	2018	2017
Tangible Capital Assets – Cost (Note 7)	\$ 2,579,675	\$ 2,481,542
Accumulated Amortization (Note 7)	(644,257)	(595,507)
Long-Term Debt (Note 5)	(171,805)	(165,423)
Local Improvements Levies Applicable to Debt	523	570
	<b>\$ 1,764,136</b>	<b>\$ 1,721,182</b>

#### 9. ACCUMULATED SURPLUS

Accumulated surplus is composed of unrestricted (deficit), equity in tangible capital assets and reserves as follows:

	2018	2017
<b>Unrestricted (Deficit)</b>	<b>\$ (8,813)</b>	<b>\$ (9,957)</b>
<b>Equity in Tangible Capital Assets</b>	<b>1,764,136</b>	<b>1,721,182</b>
	<b>1,755,323</b>	<b>1,711,225</b>
<b>Reserves:</b>		
Stabilization and Contingency	12,309	17,413
Projects	59,450	71,998
Infrastructure Lifecycle, Maintenance and Replacement	125,735	116,413
Special Purpose	49,361	47,355
Strathcona County Library	4,732	4,726
	<b>251,587</b>	<b>257,905</b>
	<b>\$ 2,006,910</b>	<b>\$ 1,969,130</b>

The reserves groupings have been reported in accordance with the Strathcona County Council approved Policy: FIN-001-024 Financial Reserves.



## STRATHCONA COUNTY

### Notes to Consolidated Financial Statements

Year ended December 31, 2018 (in thousands of dollars)

#### 10. OPERATING AND ACQUISITION LINES OF CREDIT

The County has an operating line of credit available for use, up to a maximum of \$5,000 (2017 – \$5,000), bearing interest at prime rate minus 0.5 per cent (2017 – 0.5 per cent) and is secured by the County at large. As at December 31, 2018, nil (2017 – nil) was drawn against the available operating line of credit.

The County also has an acquisition line of credit available for financing new development, if required, up to a maximum of \$2,449 (2017 – \$2,449), bearing interest at prime minus 0.5 per cent (2017 – 0.5 per cent) and is secured by the County at large. As at December 31, 2018, nil (2017 – nil) was drawn against the available acquisition line of credit.

#### 11. COMMITMENTS AND CONTINGENT LIABILITIES

##### a) Capital

As at December 31, 2018, authorized costs for capital projects committed through a purchase order or other contractual agreement, but not yet expended, amounted to \$19,601 (2017 – \$24,633).

##### b) Leases

The County has ongoing operating leases for building space, parking space and bus stop usage.

The future minimum lease payments are due as follows:

2019	\$ 670
2020	501
2021	502
2022	436
2023	419
Thereafter	838
	<u>\$ 3,366</u>

##### c) Legal Disputes

As at December 31, 2018, the County was involved in various legal disputes. While it is not possible to estimate the outcome of these disputes, management believes that there will be no significant adverse effects on the financial position of the County.

## STRATHCONA COUNTY

### Notes to Consolidated Financial Statements

Year ended December 31, 2018 (in thousands of dollars)

#### 11. COMMITMENTS AND CONTINGENT LIABILITIES (CONTINUED)

##### d) Securities Held for Development Agreements and Permits

The County has taken performance securities from developers in the form of cash (recorded as deposit liabilities) or letters of credit for performance by the developers under the agreements or permits.

Securities held by the County are reduced or increased accordingly as the associated work progresses.

	2018	2017
<b>Securities</b>		
Deposit Liabilities	\$ 10,916	\$ 11,018
Letters of Credit	55,435	52,323
	<b>\$ 66,351</b>	<b>\$ 63,341</b>

##### e) Contaminated Sites

The County has implemented procedures and systems for the recognition and measurement of liabilities associated with contaminated sites to ensure consistent and accurate identification. The County did not identify any contaminated sites meeting the applicable criteria, and did not recognize any financial liabilities as at December 31, 2018.

#### 12. CONTRACTUAL RIGHTS AND CONTINGENT ASSETS

The County has initiated a number of insurance claims that arose from the normal course of operations. The County has also initiated significant insurance claims with regards to the Parkade Event, as disclosed in Note 13. The outcomes of these claims may result in assets in the future and cannot be estimated at this time. These amounts are not recorded in the consolidated financial statements.

The County has a contractual right to Provincial and Federal funds that have been allocated to the County. In 2018, the County was allocated \$14,865 (2017 – \$44,045) in Municipal Sustainability Initiative (MSI) Capital funding and \$5,408 (2017 – \$5,171) in Federal Gas Tax Fund (GTF) funding. The future receipt of these assets is dependent on submission and approval of project applications and satisfying subsequent reporting requirements. These allocations contributed to the total contractual rights of \$44,077 (2017 – \$38,038) for MSI and \$5,408 (2017 – \$3,834) for GTF. These amounts are not recorded in the consolidated financial statements.

## STRATHCONA COUNTY

### Notes to Consolidated Financial Statements

Year ended December 31, 2018 (in thousands of dollars)

#### 13. PARKADE EVENT

On November 6, 2018 there were two explosions in the Community Centre parkade as a result of the actions of a citizen. Due to the uncertainty of the situation and the concentration and unknown properties of smoke and soot throughout the entire complex (including the Community Centre, the Strathcona County Library, the underground parkade and County Hall), the complex was closed. The RCMP investigated the event and their file remains open.

The explosion did not cause major structural damage to the Community Centre complex and the building will be restored to its original state. County Hall re-opened to the public as of November 21, 2018 and the majority of the Community Centre re-opened to the public as of January 15, 2019; however, both the parkade and library remain closed with restoration efforts expected to continue into spring 2019. A temporary library location opened on December 10, 2018 and will remain open until the main library re-opens to the public.

Strathcona County Council approved \$14,000 in unbudgeted expenditures to restore the Community Centre complex as a result of this incident. The amount was based on insurance provider assessments. The County is insured under various insurance policies. The County is working closely with its insurers to recover the related expenditures. Reimbursements from the insurance company will be recorded in the period in which they are settled.

As at December 31, 2018 the total costs related to the incident were \$6,200, which will be submitted to the insurance provider. Costs incurred as a result of response or recovery efforts are capitalized or expensed in accordance with the accounting policies in Note 1. All operating expenses are recognized in the current year Statement of Operations and Accumulated Surplus in Fiscal Services. In Note 23 Segmented Information, the expenses are recognized in the Salaries, wages and benefits, Contracted and general services, and Supplies and materials categories. As of December 31, 2018, the County had not received any funds from the insurers as the determination of coverage had not been made.

## STRATHCONA COUNTY

### Notes to Consolidated Financial Statements

Year ended December 31, 2018 (in thousands of dollars)

#### 14. BUDGET DATA

The 2018 Operating Budget, approved by Strathcona County Council on December 4, 2017, is reported on the accrual basis in accordance with Canadian Public Sector Accounting Standards, which excludes the repayment of long-term debt and reserve transactions. On March 27, 2018, Council reviewed the Elected Officials' Remuneration Policy and moved to increase their annual salary and to align the benefits and transition allowance with the changes. Council motion 2018/107 triggered a reallocation of \$71 of the operating expense budget from Fiscal Services to Elected Officials. In addition, the PHF budget, approved by the PHF Board of Directors on September, 27, 2017, has been consolidated into Fiscal Services.

The Capital Budget reports the planned activity for the year ended December 31, 2018, as follows:

	2018	2017
2018 Capital Budget approved by Council on December 4, 2017	\$ 69,191	\$ 65,555
2018 Approved Capital Budget Amendments	(71,696)	21,804
Unspent Prior Years Budgeted Capital Expenditures and Amendments	227,334	222,396
Budgeted Capital Expenditures planned to be incurred after 2018	(109,681)	(119,025)
Capital Budget for Acquisition of Tangible Capital Assets	\$ 115,148	\$ 190,730

#### 15. PROPERTY TAXES

	Municipal	Non-Municipal	2018	2017
<b>Property Taxes</b>				
Residential	\$ 74,928	\$ 45,672	\$ 120,600	\$ 120,142
Non-Residential	49,865	20,644	70,509	69,913
Linear	6,892	2,817	9,709	9,279
Machinery and Equipment	91,046	1,616	92,662	89,831
Local Improvement Levies	12	-	12	12
	\$ 222,743	\$ 70,749	\$ 293,492	\$ 289,177
<b>Non-Municipal Requisitions</b>				
Provincial Alberta School Foundation Fund			(58,867)	(57,589)
Elk Island CSRD No. 41			(7,222)	(7,289)
Designated Industrial Property			(432)	-
Sub-Total Provincial Requisitions			(66,521)	(64,878)
Heartland Housing Foundation			(4,228)	(2,940)
<b>Taxes on Behalf of Non-Municipal Requisitioning Authorities</b>			\$ (70,749)	\$ (67,818)
			<b>2018 Budget</b>	
<b>Taxes for Provision of Municipal Services</b>	\$ 221,334		\$ 222,743	\$ 221,359



# STRATHCONA COUNTY

## Notes to Consolidated Financial Statements

Year ended December 31, 2018 (in thousands of dollars)

### 16. GOVERNMENT TRANSFERS

	2018 Budget	2018	2017
<b>Government Transfers for Operations</b>			
Federal Transfers	\$ 116	\$ 425	\$ 144
Provincial Transfers	6,804	7,323	7,573
	6,920	7,748	7,717
<b>Government Transfers for Capital</b>			
Federal Transfers	4,961	1,557	5,278
Provincial Transfers	23,354	22,211	21,370
	28,315	23,768	26,648
	\$ 35,235	\$ 31,516	\$ 34,365

The nature of the major government transfers recognized during 2018, include, but are not limited to the following:

MSI is the Province of Alberta's funding commitment to assist municipalities in meeting growth-related challenges and enhancing long-term sustainability.

In 2018, the County received and accrued \$9,482 (2017 – \$30,286) in MSI Capital funding, including interest of \$656 (2017 – \$506). During 2018, \$17,593 (2017 – \$20,042) has been recognized in capital transfers. A total of \$23,869 (2017 – \$31,980) remains deferred to future years. As at December 31, 2018, \$2,699 (2017 – \$6,007) has been recognized as receivable under this program.

In 2018, the County received \$767 (2017 – \$813) in MSI Conditional Operating Funding. During 2018, \$767 (2017 – \$813) has been recognized in operating transfers.

From 2008 to 2010, the County received \$12,387 in MSI Affordable Housing Funding. During 2018, \$30 (2017 – \$45) has been recognized in operating and capital transfers. A total of \$110 (2017 – \$138), of the amounts received since inception of the initiative, remains deferred to future years, including interest of \$2 (2017 – \$3).

The Federal government introduced the GTF to transfer federal gas tax revenue to the Province of Alberta to assist in reducing the backlog of necessary sustainable capital municipal infrastructure projects that have been deferred. In 2018, the County received and accrued GTF amounts of \$4,024 (2017 – \$4,658), including interest of \$189 (2017 – \$132). During 2018, \$1,350 (2017 – \$3,565) has been recognized in capital and operating transfers. A total of \$12,229 (2017 – \$9,555), remains deferred to future years. As at December 31, 2018, nil (2017 – \$1,336) has been recognized as receivable under this program.

## STRATHCONA COUNTY

### Notes to Consolidated Financial Statements

Year ended December 31, 2018 (in thousands of dollars)

#### 16. GOVERNMENT TRANSFERS (CONTINUED)

In 2017, the County was approved to receive funding from the Federal and Provincial government for Public Transit Infrastructure Fund (PTIF). PTIF funding will help accelerate municipal investments to support the rehabilitation of transit systems, new capital projects, and planning and studies for future transit expansion to foster long-term transit plans. In 2018, the County received and accrued \$628 (2017 – \$1,170) in PTIF Funding and \$628 (2017 – \$1,170) has been recognized in capital transfers. As at December 31, 2018, \$3 (2017 – \$1,170) has been recognized as receivable under this program.

The Resource Road Program (RRP) is a Provincial program that provides funding to municipalities to construct or rehabilitate road infrastructure that supports this industrial growth. The Provincial government has allocated \$7,000 in RRP funding for 2017-18 to rural Municipalities. The County received and accrued \$19 (2017 – \$3,000) in RRP funding including interest of \$19 (2017 – nil). During 2018, \$3,019 (2017 – nil) has been recognized in capital transfers. As at December 31, 2018, \$300 (2017 – \$3,000) has been recognized as receivable under this program.

The Provincial government announced the Green Transit Incentives Program (GreenTRIP) in July 2008. GreenTRIP supports new public transit projects that will lead to a reduction of greenhouse gas emissions and traffic congestion by decreasing the number of vehicles on the roads. In 2018, the County received and accrued of \$1,302 (2017 – \$973) and \$1,302 (2017 – \$973) has been recognized in capital transfers. As at December 31, 2018, \$766 (2017 – \$465) has been recognized as receivable under this program.

## STRATHCONA COUNTY

### Notes to Consolidated Financial Statements

Year ended December 31, 2018 (in thousands of dollars)

#### 17. OTHER CAPITAL REVENUE

	2018 Budget	2018	2017
Development Levies and Charges	\$ 8,947	\$ 6,225	\$ (88)
Developer and Other Third Party Contributions	2,239	3,487	1,133
Other	2,950	588	7,333
	\$ 14,136	\$ 10,300	\$ 8,378

#### 18. SALARY AND BENEFITS DISCLOSURE

The following salaries and benefits are disclosed on a cash flow basis, as required under the Supplementary Accounting Principles and Standards Regulation (AR 313/2000) of the MGA:

	Salaries	Benefits and Allowances	2018	2017
Elected Officials:				
Mayor	\$ 143	\$ 24	\$ 167	\$ 166
Councillor – Ward 1	78	16	94	74
Councillor – Ward 2	78	19	97	90
Councillor – Ward 3	78	16	94	88
Councillor – Ward 4	78	16	94	103
Councillor – Ward 5	78	18	96	91
Councillor – Ward 6	78	9	87	81
Councillor – Ward 7	78	12	90	96
Councillor – Ward 8	78	19	97	100
	\$ 767	\$ 149	\$ 916	\$ 889
Chief Commissioner	\$ 298	\$ 49	\$ 347	\$ 341

Benefits and allowances include the County's share of Canada Pension Plan, Workers' Compensation Board, retirement contributions, group insurance, extended health care, dental benefits, accidental death and dismemberment, long-term disability insurance, and car allowance (2017 includes payment of transition allowances due to the fact that 2017 was an election year). Benefits also include the County's share of employment insurance for the Chief Commissioner.

## STRATHCONA COUNTY

### Notes to Consolidated Financial Statements

Year ended December 31, 2018 (in thousands of dollars)

#### 19. PENSION PLAN

##### a) Local Authorities Pension Plan

County employees participate in the Local Authorities Pension Plan (LAPP or the Plan), which is one of the plans covered by the Alberta Public Sector Pension Plans Act.

The County was required to make current service contributions to the Plan of 10.39 per cent (2017 – 11.39 per cent) of pensionable payroll up to the yearly maximum pensionable earnings (YMPE) and 14.84 per cent (2017 – 15.84 per cent) thereafter. Employees of the County are required to make current service contributions of 9.39 per cent (2017 – 10.39 per cent) of pensionable salary up to YMPE, and 13.84 per cent (2017 – 14.84 per cent) thereafter.

Total current service contributions by the County to LAPP in 2018 were \$13,128 (2017 – \$13,634). Total current service contributions by the employees of the County to LAPP in 2018 were \$12,029 (2017 – \$12,576).

##### b) APEX

The APEX supplementary pension plan, an Alberta Urban Municipalities Association (AUMA) sponsored defined benefit pension plan covered under the provisions of the Alberta Employment Pension Plans Act, commenced on January 1, 2004. This plan provides supplementary pension benefits to a prescribed class of employees and supplements LAPP.

Contributions are made by the prescribed class of employees and the County. The employees contribute 2.84 per cent (2017 – 2.84 per cent) and the County contributes 3.78 per cent (2017 – 3.78 per cent) of pensionable earnings up to \$147 (2017 – \$146).

Total contributions made by the employees to APEX in 2018 were \$303 (2017 – \$292). Total contributions made by the County to APEX in 2018 were \$403 (2017 – \$388).

#### 20. FINANCIAL INSTRUMENTS

The County's financial instruments consist of cash and cash equivalents, accounts receivable, investments, accounts payable and accrued liabilities, deposit liabilities, and long-term debt. It is management's opinion that the County is not exposed to significant interest, currency, or credit risk arising from these financial instruments. Unless otherwise noted, the fair values of these financial instruments approximate their carrying values.



# **STRATHCONA COUNTY**

## **Notes to Consolidated Financial Statements**

Year ended December 31, 2018 (in thousands of dollars)

### **21. RELATED PARTY DISCLOSURES**

Related parties are consolidated within the Strathcona County financial statements as part of the reporting entity described in Note 1. Transactions with these entities occur as a normal course of business and are appropriately eliminated in the consolidated financial statements. Related parties also include the County's key management personnel and their close family members, including entities these individuals may control or influence. Key management personnel are those individuals who are included in Note 18 and other members of Executive Team. Transactions with these individuals and entities are considered to be in the normal course of business and are recorded at the exchange amount, which approximates fair value.

### **22. COMPARATIVE INFORMATION**

Certain comparative information has been reclassified to conform to the current year's presentation.

### **23. SEGMENTED INFORMATION**

Segmented information has been identified based on the types of services provided by the County to its residents:

- a) Infrastructure and Planning Services is responsible for managing the County's infrastructure by planning, constructing, and maintaining streets, sidewalks and highways, designing and maintaining facilities and parks, and coordinating plans and permits. The division also facilitates economic growth, business support, diversification and innovation.
- b) Community Services focuses on creating a healthy, vibrant, safe and welcoming community that celebrates cultural and social inclusion. The operations of Community Services include emergency communications, management, and operations, and enforcement services and crime prevention. Community Services also offers individual and family support, programs and facilities, and transit services.
- c) Corporate Services is at the core of the County; its programs and services enable all departments to be fully functional. Corporate Services supports the front-line departments, caring for the facilities used by staff and residents, repairing transit and emergency vehicles, recruiting and training staff, optimizing the benefits of technology, providing legal advice and supporting the activities of Strathcona County Council.
- d) Financial and Strategic Management performs a number of vital support roles that help the organization successfully achieve its strategic goals. The division performs functions including, but not limited to, assessment and taxation, treasury and risk management, financial reporting and coordination, financial planning and procurement services.
- e) Senior Administration develops, implements, and administers policies and programs established and approved by Strathcona County Council. The division also supports, assists, and advises Council on legislation and municipal operations and coordinates communications.

## STRATHCONA COUNTY

### Notes to Consolidated Financial Statements

Year ended December 31, 2018 (in thousands of dollars)

#### 23. SEGMENTED INFORMATION (CONTINUED)

- f) Elected Officials includes the Mayor and Council, who are stewards of the County's strategic plan, business plan, and budget. The County's Elected Officials govern and plan for success by providing leadership and direction to Administration in the review and approval of policies and programs that benefit our residents, businesses, and industry.
- g) Fiscal Services is a separate department that includes corporate revenue and expenses that are not specific to an individual department including: taxes, grants, requisitions, amortization and debt servicing costs. It also includes expenses relating to PHF which is a not-for-profit organization controlled by the County which holds land and buildings for the purpose of providing affordable housing.
- h) Utility Operations plans for, designs, operates and maintains water, wastewater and stormwater infrastructure systems. The department also provides innovative waste management services and community energy services.
- i) The Strathcona County Library is charged with providing comprehensive and efficient library services that meet the needs of the community.

Certain allocation methodologies are used in the preparation of segmented financial information. Taxation revenue and payments in lieu of taxes are allocated to the segments based on the segment's budgeted net expenditures. User charges and other revenue have been allocated to the segments based on the segment that generated the revenue. Government transfers have been allocated to the segment based on the purpose for which the transfer was made. Development charges earned and developer contributions received were allocated to the segment for which the charge was collected.

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.

## STRATHCONA COUNTY

### Notes to Consolidated Financial Statements

Year ended December 31, 2018 (in thousands of dollars)

#### 23. SEGMENTED INFORMATION (CONTINUED)

	Municipal Operations				
	Infrastructure and Planning Services (excluding Utility Operations)	Community Services	Corporate Services	Financial and Strategic Management	Senior Administration
<b>OPERATING REVENUE</b>					
Property Taxes	\$ 43,204	\$ 89,110	\$ 38,653	\$ 8,264	\$ 5,799
Utility User Rates	-	-	-	-	-
User Fees and Charges	4,201	29,773	564	334	125
Investment Income	-	-	-	-	-
Government Transfer – Operating	232	6,053	-	-	6
Penalties and Fines	21	5,251	-	-	-
Other	831	7,751	234	387	19
<b>TOTAL OPERATING REVENUE</b>	<b>48,489</b>	<b>137,938</b>	<b>39,451</b>	<b>8,985</b>	<b>5,949</b>
<b>EXPENSES</b>					
Salaries, Wages and Benefits	28,797	91,437	24,523	7,271	4,756
Contracted and General Services	11,893	23,234	11,140	924	424
Supplies, Materials and Utilities	8,569	18,133	2,637	(505)	236
Interest on Long-Term Debt	-	-	-	-	-
Grants and Requisitions	157	1,670	82	-	131
Amortization	-	-	-	-	-
(Gain) on Asset Disposal	-	-	-	-	-
Other Expenses	85	490	105	47	-
<b>TOTAL EXPENSES</b>	<b>49,501</b>	<b>134,964</b>	<b>38,487</b>	<b>7,737</b>	<b>5,547</b>
<b>(DEFICIT) SURPLUS</b>					
<b>BEFORE CAPITAL REVENUE</b>	<b>(1,012)</b>	<b>2,974</b>	<b>964</b>	<b>1,248</b>	<b>402</b>
<b>CAPITAL REVENUE</b>					
Government Transfers – Capital	-	-	-	-	-
Contributed Tangible Capital Assets	-	-	-	-	-
Other Capital Revenue	-	-	-	-	-
<b>TOTAL CAPITAL REVENUE</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>ANNUAL SURPLUS (DEFICIT)</b>	<b>\$ (1,012)</b>	<b>\$ 2,974</b>	<b>\$ 964</b>	<b>\$ 1,248</b>	<b>\$ 402</b>

Elected Officials		Fiscal Services		Total Municipal Operations		Utility Operations		Strathcona County Library		2018	2018 Budget (Note 14)		
\$	1,475	\$	26,764	\$	213,269	\$	12	\$	9,462	\$	222,743	\$	221,334
	-		-		-		53,547		-		53,547		55,343
	-		3,341		38,338		6,842		49		45,229		40,302
	-		7,438		7,438		1,252		174		8,864		6,805
	-		855		7,146		40		562		7,748		6,920
	-		1,462		6,734		-		139		6,873		6,158
	-		2,165		11,387		25		194		11,606		9,401
	1,475		42,025		284,312		61,718		10,580		356,610		346,263
	1,007		2,418		160,209		11,049		6,543		177,801		173,964
	235		8,947		56,797		16,187		398		73,382		63,606
	55		(338)		28,787		23,963		1,283		54,033		54,200
	-		3,318		3,318		2,298		885		6,501		6,683
	-		686		2,726		285		-		3,011		2,514
	-		49,793		49,793		7,811		1,436		59,040		60,593
	-		(3,366)		(3,366)		(84)		-		(3,450)		-
	-		1,347		2,074		135		5		2,214		1,624
	1,297		62,805		300,338		61,644		10,550		372,532		363,184
	178		(20,780)		(16,026)		74		30		(15,922)		(16,921)
	-		23,768		23,768		-		-		23,768		28,315
	-		8,493		8,493		11,141		-		19,634		-
	-		6,688		6,688		3,597		15		10,300		14,136
	-		38,949		38,949		14,738		15		53,702		42,451
\$	178	\$	18,169	\$	22,923	\$	14,812	\$	45	\$	37,780	\$	25,530



## STRATHCONA COUNTY

### Notes to Consolidated Financial Statements

Year ended December 31, 2018 (in thousands of dollars)

#### 23. SEGMENTED INFORMATION (CONTINUED)

	Municipal Operations				
	Infrastructure and Planning Services (excluding Utility Operations)	Community Services	Corporate Services	Financial and Strategic Management	Senior Administration
<b>OPERATING REVENUE</b>					
Property Taxes	\$ 42,198	\$ 85,126	\$ 37,214	\$ 7,896	\$ 5,347
Utility User Rates	-	-	-	-	-
User Fees and Charges	4,421	29,316	739	345	123
Investment Income	-	-	-	-	-
Government Transfer – Operating	247	6,021	-	26	2
Penalties and Fines	80	5,231	-	-	-
Other	651	6,669	405	115	14
<b>TOTAL OPERATING REVENUE</b>	<b>47,597</b>	<b>132,363</b>	<b>38,358</b>	<b>8,382</b>	<b>5,486</b>
<b>EXPENSES</b>					
Salaries, Wages and Benefits	28,035	88,021	22,614	6,821	4,432
Contracted and General Services	6,712	21,179	11,961	796	442
Supplies, Materials and Utilities	7,825	16,126	2,269	(517)	165
Interest on Long-Term Debt	-	-	-	-	-
Grants and Requisitions	118	879	82	-	46
Amortization	-	-	-	-	-
(Gain) Loss on Asset Disposal	-	-	-	-	-
Other Expenses	372	489	98	49	-
<b>TOTAL EXPENSES</b>	<b>43,062</b>	<b>126,694</b>	<b>37,024</b>	<b>7,149</b>	<b>5,085</b>
<b>SURPLUS (DEFICIT)</b>					
BEFORE CAPITAL REVENUE	4,535	5,669	1,334	1,233	401
<b>CAPITAL REVENUE</b>					
Government Transfers – Capital	-	-	-	-	-
Contributed Tangible Capital Assets	-	-	-	-	-
Other Capital Revenue	-	-	-	-	-
<b>TOTAL CAPITAL REVENUE</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>ANNUAL SURPLUS</b>	<b>\$ 4,535</b>	<b>\$ 5,669</b>	<b>\$ 1,334</b>	<b>\$ 1,233</b>	<b>\$ 401</b>

Elected Officials		Fiscal Services		Total Municipal Operations		Utility Operations		Strathcona County Library		2017		2017 Budget (Note 14)	
\$	1,348	\$	32,746	\$	211,875	\$	12	\$	9,472	\$	221,359	\$	220,530
	-		-		-		52,521		-		52,521		54,184
	-		3,795		38,739		2,291		69		41,099		40,071
	-		7,123		7,123		1,117		145		8,385		5,691
	-		812		7,108		39		570		7,717		6,190
	-		1,527		6,838		-		163		7,001		5,862
	-		1,583		9,437		457		145		10,039		8,383
	1,348		47,586		281,120		56,437		10,564		348,121		340,911
	1,088		2,030		153,041		10,748		6,247		170,036		168,709
	135		2,823		44,048		11,182		332		55,562		62,046
	57		(962)		24,963		22,634		1,317		48,914		53,032
	-		3,269		3,269		2,353		919		6,541		6,942
	-		1,039		2,164		115		-		2,279		2,104
	-		48,518		48,518		7,371		1,403		57,292		55,592
	-		(1,483)		(1,483)		373		-		(1,110)		-
	-		1,250		2,258		78		6		2,342		1,631
	1,280		56,484		276,778		54,854		10,224		341,856		350,056
	68		(8,898)		4,342		1,583		340		6,265		(9,145)
	-		26,666		26,666		(18)		-		26,648		54,748
	-		13,520		13,520		4,628		19		18,167		-
	-		8,008		8,008		361		9		8,378		40,503
	-		48,194		48,194		4,971		28		53,193		95,251
\$	68	\$	39,296	\$	52,536	\$	6,554	\$	368	\$	59,458	\$	86,106





A vibrant field of sunflowers under a bright sky, with the sun low on the horizon, creating a warm, golden glow. The sunflowers are in various stages of bloom, with some in sharp focus and others blurred in the background.

# *Budget Highlights*

**2018**  
Annual Report

Strathcona County  
Alberta, Canada  
For the Year Ended December 31, 2018

The logo for Strathcona County, featuring a stylized green and blue wave or leaf design.

**STRATHCONA**  
COUNTY





## 2019 Budget Highlights (Unaudited)

### 2019 Operating Expenses Non-Consolidated (Excluding Pioneer Housing Foundation) (In \$ Millions)

Municipal	\$300.8
Utilities	\$61.0
Library	\$10.8
<b>Total</b>	<b>\$372.6</b>

### 2019 Capital Project Approval (In \$ Millions)

Municipal	\$59.3
Utilities	\$4.5
Library	\$0.8
<b>Total</b>	<b>\$64.6</b>

### 2019 Allocation of Each Dollar of Residential Property Tax

Municipal Services	60¢
Education	36¢
Library	2¢
Heartland Housing Foundation	2¢



### 2019 Planned Distribution of a Municipal Tax Dollar

Transportation (Roads)	29¢
Fire, Ambulance and Police	28¢
Recreation, Parks and Culture	21¢
Public Transit	11¢
Planning and Development	4¢
Family and Community Services	4¢
Agriculture	2¢
Economic Development and Tourism	1¢

### 2019 Estimated Municipal Regular Property Tax (In \$ Millions)

Residential	\$73.9
Non-Residential	\$46.4
Machinery and Equipment	\$90.9
Linear	\$6.7
<b>Total</b>	<b>\$217.9</b>

### Municipal Property Tax Rates (Note 1)

The Property Tax Rate Bylaw 11-2019 was approved on May 7, 2019.

Residential and Farmland	4.2267
Commercial and Industrial (Non Residential)	8.7721
Machinery and Equipment	8.7721
Linear (Power and Pipeline)	8.7721

Note 1 - Per thousand dollars of taxable assessed value.



A vibrant field of sunflowers under a bright sky, with the lower portion of the image fading into a light blue background with white line art of sunflowers and leaves.

# *Statistics*

**2018**  
Annual Report

Strathcona County  
Alberta, Canada  
For the Year Ended December 31, 2018



**STRATHCONA**  
COUNTY

## General Statistical Information

For the Years Ended December 31, 2014 - 2018

Unaudited



2018 Number of dwelling units:

**38,126**



**Did you know...**

The County distributes  
33.3 million litres of  
water every day



2018 County maintained roads:

**1,738 km**

	2018	2017	2016	2015	2014
<b>Population (Note 1)</b>	<b>98,381</b>	98,044	98,044	95,597	92,490
<b>Number of Dwelling Units (Note 2)</b>	<b>38,126</b>	37,559	36,352	35,965	35,558
<b>County-Wide Area (Note 3) (figures are approximate)</b>					
Municipal Area (square kilometres)	<b>1,265</b>	1,265	1,265	1,265	1,265
Industrial (hectares)	<b>9,061</b>	9,063	9,052	7,816	7,683
Commercial (hectares)	<b>2,081</b>	2,081	2,078	1,941	1,917
Residential (hectares)	<b>18,677</b>	18,677	18,542	16,051	15,955
Agricultural (hectares)	<b>87,227</b>	87,364	87,502	84,200	84,463
Park, recreation, natural (hectares)	<b>3,711</b>	3,704	3,701	3,522	3,499
Urban Village (hectares)*	<b>66</b>	66	66	-	-
Other: water bodies, roads, right-of-ways (hectares)	<b>5,667</b>	5,666	5,679	13,103	12,983
<b>Roads (Km)</b>					
Rural roads, County maintained	<b>1,323</b>	1,313	1,308	1,308	1,308
Urban roads, County maintained	<b>415</b>	408	403	397	394
<b>Utility Operations</b>					
Water distributed (million litres per day)	<b>33.3</b>	33.2	33.2	33.7	23.1
Water mains maintained (km)	<b>607</b>	598	593	582	566
Wastewater mains maintained (km)	<b>434</b>	431	420	400	388
Stormwater mains maintained (km)	<b>372</b>	370	363	347	342

\*New zoning type added in 2016 which includes a mix of residential and commercial.

## General Statistical Information (Continued)

For the Years Ended December 31, 2014 - 2018

Unaudited

	2018	2017	2016	2015	2014
<b>Building Permits</b>					
Total Issued	938	1,047	1,400	1,304	1,440
Value of Annual Permits Issued (In \$ Thousands)	364,939	348,451	342,677	365,524	402,323
<b>Strathcona County Employees (Note 4)</b>					
Regular employee positions	1,300	1,285	1,267	1,204	1,175
Irregular employee positions	333	319	237	239	173
<b>Parkland (hectares) (Notes 3, 5)</b>	1,939	1,945	1,944	1,944	1,927
<b>Natural area (hectares)</b>	1,772	1,759	1,757	1,521	1,521

Notes:

1. 2018 to 2015 population figures based on Municipal Census; 2014 population figures are per 2011 Federal Census.
2. Number of Dwelling Units based on Assessment and Tax Roll data.
3. The 2018 to 2016 County-Wide, Parkland and Natural area information is presented using the new methodology approved in the Land Use Bylaw.
4. Regular employees work either on a full-time or part-time basis in authorized positions. Irregular employees work irregular, non-standard hours on an as required basis. In addition to regular and irregular employees, Strathcona County also has temporary, seasonal and casual staff that provide service to residents, business and industry as required.
5. Parkland includes developed parks, school and other institutional sites, playing field, and utility corridors that may include trails.

## Unemployment Rates

# Strathcona County 2016\* Unemployment Rate: 6.5%

	2018	2017	2016	2015	2014
<b>Strathcona County*</b>	N/A	N/A	6.5%	N/A	N/A
<b>Alberta**</b>	6.6%	7.8%	8.1%	6.0%	4.7%
<b>Canada**</b>	5.8%	6.3%	7.0%	6.9%	6.9%

\*Strathcona County 2016 unemployment rate per the Government of Alberta.

\*\*Alberta and Canada unemployment rates per Statistics Canada.



## Revenue by Source, Expense by Function and Object, Annual Surplus and Accumulated Surplus

For the Years Ended December 31, 2014 - 2018 (in thousands of dollars)

Unaudited

	2018	2017	2016	2015	2014
<b>Operating Revenue by Source</b>					
Property Taxes	222,743	221,359	221,963	211,377	198,580
Utility User Rates	53,547	52,521	52,553	52,353	51,160
User Fees and Charges	45,229	41,099	39,055	41,870	44,257
Investment Income	8,864	8,385	7,168	7,845	6,839
Government Transfers	7,748	7,717	7,282	7,412	7,531
Penalties and Fines	6,873	7,001	6,372	6,901	6,063
Other (Note 1)	11,606	10,039	17,742	9,407	10,044
<b>Total Operating Revenue by Source</b>	<b>356,610</b>	<b>348,121</b>	<b>352,135</b>	<b>337,165</b>	<b>324,474</b>
<b>Expenses by Function</b>					
Protective Services (Note 2)	60,617	57,050	58,947	53,525	52,005
Utilities	61,644	54,854	54,520	53,823	53,585
Recreation, Parks and Culture	55,443	53,170	51,862	49,109	49,234
Transportation Services	53,815	45,394	43,597	44,474	46,905
Fiscal Services (Note 3)	62,805	56,484	54,907	50,394	46,707
Corporate Services (Note 4)	38,487	37,024	31,865	29,282	26,677
General Government and Other (Note 5)	20,941	19,779	18,939	18,407	17,380
Planning and Development Services	9,555	9,451	9,036	9,509	9,443
Family and Community Services	9,225	8,650	8,364	7,412	7,167
<b>Total Expenses by Function</b>	<b>372,532</b>	<b>341,856</b>	<b>332,037</b>	<b>315,935</b>	<b>309,103</b>
<b>Expenses by Object</b>					
Salaries, Wages and Benefits	177,801	170,036	161,702	153,334	143,669
Contracted and General Services	73,382	55,562	54,563	54,667	57,096
Supplies, Materials and Utilities	54,033	48,914	46,836	45,615	48,034
Interest on Long-Term Debt	6,501	6,541	6,548	6,822	7,382
Grants and Requisitions	3,011	2,279	2,161	2,150	2,165
Amortization	59,040	57,292	54,469	51,153	46,674
(Gain) Loss on Asset Transfers and Disposals	(3,450)	(1,110)	661	307	1,948
Other Expenses	2,214	2,342	5,097	1,887	2,135
<b>Total Expenses by Object</b>	<b>372,532</b>	<b>341,856</b>	<b>332,037</b>	<b>315,935</b>	<b>309,103</b>
<b>(Deficit) Surplus Before Capital Revenue</b>	<b>(15,922)</b>	<b>6,265</b>	<b>20,098</b>	<b>21,230</b>	<b>15,371</b>
<b>Capital Revenue by Source</b>					
Government Transfers	23,768	26,648	20,740	43,941	27,507
Contributed Tangible Capital Assets	19,634	18,167	32,711	60,325	28,695
Other Capital Revenue (Note 6)	10,300	8,378	11,494	2,032	11,688
<b>Total Capital Revenue by Source</b>	<b>53,702</b>	<b>53,193</b>	<b>64,945</b>	<b>106,298</b>	<b>67,890</b>
<b>Annual Surplus</b>	<b>37,780</b>	<b>59,458</b>	<b>85,043</b>	<b>127,528</b>	<b>83,261</b>

## Revenue by Source, Expense by Function and Object, Annual Surplus and Accumulated Surplus (continued)

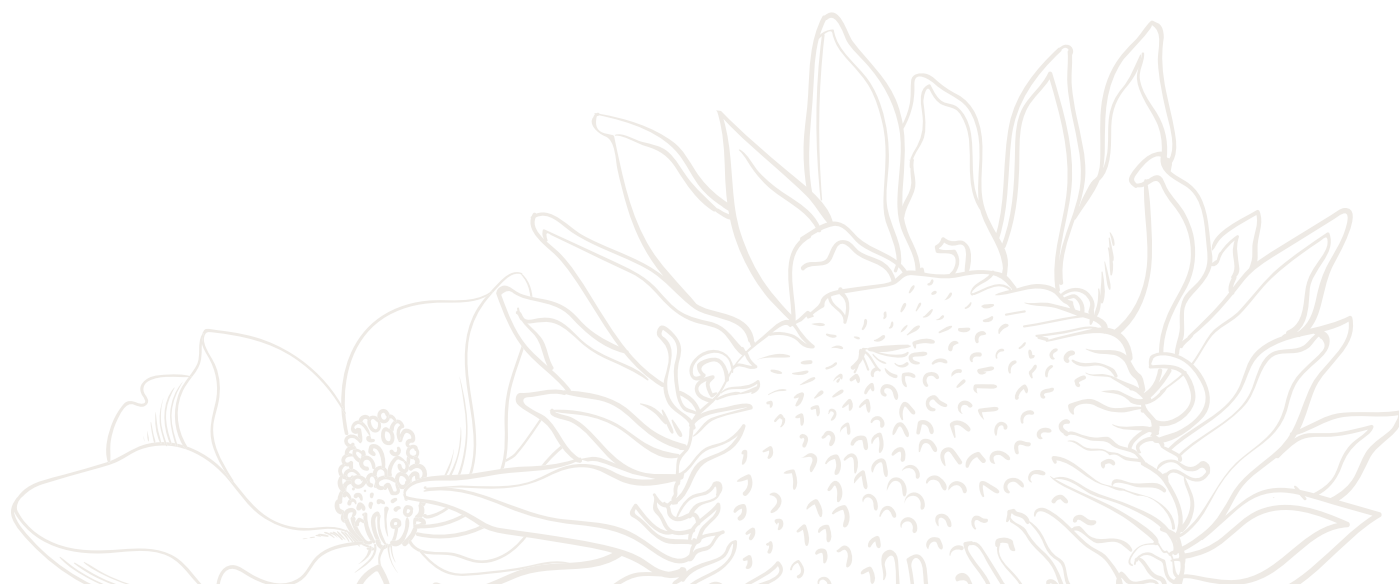
For the Years Ended December 31, 2014 - 2018 (in thousands of dollars)

Unaudited

	2018	2017	2016	2015	2014
<b>Annual Surplus by Segment</b>					
Municipal	22,923	52,536	75,133	104,271	63,020
Utilities	14,812	6,554	9,602	23,124	20,040
Library	45	368	308	133	201
<b>Annual Surplus</b>	<b>37,780</b>	59,458	85,043	127,528	83,261
<b>Accumulated Surplus, Beginning of Year</b>	<b>1,969,130</b>	1,909,672	1,824,629	1,697,101	1,613,840
<b>Accumulated Surplus, End of Year</b>	<b>2,006,910</b>	1,969,130	1,909,672	1,824,629	1,697,101

### Notes:

1. Other Revenue includes revenue for the Alberta Health Services contract, community sponsorship and other miscellaneous items.
2. Protective Services includes RCMP and Enforcement Services, and Emergency Services.
3. Fiscal Services includes corporate revenues (taxes, unconditional grants and franchise fees), corporate expenses (grants, requisitions, amortization and debt servicing) and the Pioneer Housing Foundation.
4. Corporate Services includes Facility Services, Fleet Services, Human Resources, Information Technology Services and Legislative and Legal Services.
5. General Government and Other includes Elected Officials, Senior Administration, Financial and Strategic Management, Transportation Planning and Engineering, Planning and Development Services and Economic Development and Tourism.
6. Other Capital Revenue includes development levies and funding from other external parties for capital expenditures.



## Reconciliation of Public Sector Accounting Standard Surplus to Annual Operating Surplus for Tax Purposes

For the Years Ended December 31, 2014 - 2018 (in thousands of dollars)

Unaudited

The Annual Operating Surplus for Tax Purposes evaluates the results using the same method used to prepare the Operating Budget, in accordance with the Municipal Government Act (MGA). This method includes debt repayment expenditures and reserve transactions, and excludes amortization expense, gains/losses on asset disposals, and capital revenues, unlike the Consolidated PSAS surplus used to prepare the financial statements.

	2018	2017	2016	2015	2014
<b>Consolidated PSAS Annual Surplus</b>	<b>37,780</b>	59,458	85,043	127,528	83,261
Capital Revenue (Note 1)	<b>(53,702)</b>	(53,193)	(64,945)	(106,298)	(67,890)
Amortization Expense	<b>59,040</b>	57,292	54,469	51,153	46,674
(Gain) Loss on Asset Transfers and Disposals	<b>(3,450)</b>	(1,110)	661	307	1,948
Net Reserve Activity (excluding capital)	<b>(27,464)</b>	(38,536)	(43,607)	(39,710)	(37,569)
Debt Repayment (Note 2)	<b>(11,239)</b>	(10,567)	(9,860)	(11,917)	(12,946)
<b>Annual Operating Surplus for Tax Purposes (Note 3)</b>	<b>965</b>	<b>13,344</b>	<b>21,761</b>	<b>21,063</b>	<b>13,478</b>

Notes:

1. Capital Revenue includes government transfers, developer and third party contributions, and contributed assets.
2. Debt Repayment includes repayment of long-term debt and capital leases.
3. The Annual Operating Surplus for Tax Purposes is the excess of revenues over expenditures net of Budgeted Carryover Items, including non-operational items, such as reserve transfers and debt payments (per the Allocation of Year-End Operating Surplus for Tax Purposes policy).

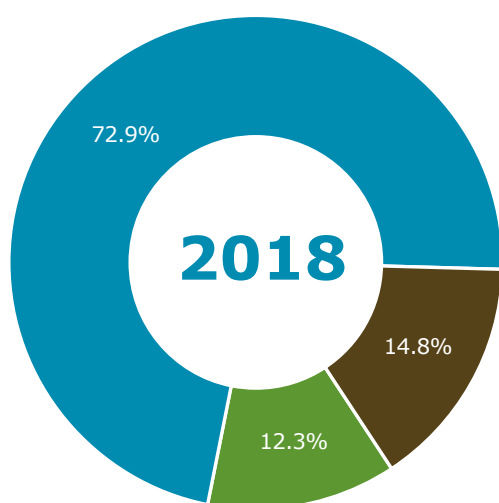
## Key Components of Financial Position

For the Years Ended December 31, 2014 - 2018 (in thousands of dollars)

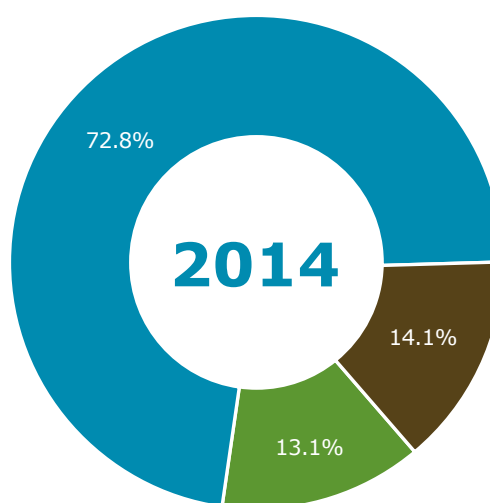
Unaudited

	2018	2017	2016	2015	2014
<b>Key Components of Financial Position</b>					
Total Financial Assets	<b>394,691</b>	397,647	353,578	337,482	323,905
Total Liabilities	<b>326,793</b>	318,483	289,016	284,157	300,262
<b>Net Financial Assets</b>	<b>67,898</b>	79,164	64,562	53,325	23,643
<b>Total Non-Financial Assets</b>	<b>1,939,012</b>	1,889,966	1,845,110	1,771,304	1,673,458
<b>Accumulated Surplus</b>	<b>2,006,910</b>	1,969,130	1,909,672	1,824,629	1,697,101
<b>Key Components of Financial Assets Include:</b>					
Cash and Cash Equivalents	<b>5,875</b>	7,042	5,718	4,214	-
Investments	<b>342,804</b>	344,256	306,498	291,293	286,988
<b>Key Components of Liabilities Include:</b>					
Long-Term Debt	<b>171,805</b>	165,423	166,140	156,545	163,724
<b>Key Components of Non-Financial Assets Include:</b>					
Tangible Capital Assets	<b>1,935,418</b>	1,886,035	1,841,834	1,767,591	1,670,280
<b>Key Components of Accumulated Surplus Include:</b>					
Equity in Tangible Capital Assets	<b>1,764,136</b>	1,721,182	1,676,308	1,611,593	1,507,004
Reserves	<b>251,587</b>	257,905	232,299	223,366	191,470

## Components of Financial Position



- Total Financial Assets
- Total Liabilities
- Total Non-Financial Assets



- Total Financial Assets
- Total Liabilities
- Total Non-Financial Assets



## Reserves

For the Years Ended December 31, 2014 - 2018 (in thousands of dollars)

Unaudited

	2018	2017	2016	2015	2014
<b>Reserves</b>					
Stabilization and Contingency	12,309	17,413	13,867	10,638	10,404
Projects	59,450	71,998	61,195	69,449	57,551
Infrastructure Lifecycle, Maintenance and Replacement	125,735	116,413	113,208	106,198	86,057
Special Purpose	49,361	47,355	39,631	32,992	33,515
Library	4,732	4,726	4,398	4,089	3,943
<b>Total Reserves</b>	<b>251,587</b>	257,905	232,299	223,366	191,470

## Addition of Tangible Capital Assets

For the Years Ended December 31, 2014 - 2018 (in thousands of dollars)

Unaudited

	2018	2017	2016	2015	2014
<b>Additions of Tangible Capital Assets</b>					
Land	7,555	176	522	3,189	6,394
Land Improvements	5,114	7,151	5,726	14,574	19,119
Buildings	27,505	11,395	71,098	5,212	8,890
Engineered Structures	51,790	38,540	32,273	32,841	42,618
Machinery and Equipment	6,490	5,493	4,229	8,513	5,093
Books and Periodicals	585	623	630	615	609
Vehicles	5,873	2,547	8,331	2,026	12,200
Assets under Construction	(14,569)	18,593	(25,903)	21,893	(5,154)
<b>Total Tangible Capital Asset Additions (Note 1)</b>	<b>90,343</b>	84,518	96,906	88,863	89,769
<b>Capital Funding/Financing Source</b>					
Debt (Tax and Non Tax-Supported)	11,172	19,383	13,352	9,471	2,893
Grants	28,118	26,033	20,740	42,114	28,537
Reserves	39,791	30,049	57,111	29,968	50,630
Developer Levies, Contributions, Other	11,262	9,053	5,703	7,311	7,709
<b>Total Capital Funding/Financing Source</b>	<b>90,343</b>	84,518	96,906	88,863	89,769
<b>Contributed Tangible Capital Assets (Note 2)</b>	<b>19,634</b>	18,167	32,711	60,325	28,695

Notes:

1. Tangible Capital Assets are recorded at cost, which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the tangible capital asset.
2. Contributed Tangible Capital Assets are tangible capital assets received as contributions are recorded at fair value on the date of receipt and are also recorded as contributed tangible capital asset revenue in the Consolidated Statement of Operations and Accumulated Surplus.

## Debt and Debt Service Limits

For the Years Ended December 31, 2014 - 2018 (in thousands of dollars)

Unaudited

	2018	2017	2016	2015	2014
<b>Total Adjusted Revenue per MGA</b>	<b>366,927</b>	356,499	363,508	341,015	336,163
<b>Debt</b>					
Tax-Supported Municipal	<b>47,532</b>	50,829	52,809	41,037	39,857
Tax-Supported Library	<b>19,274</b>	20,057	20,806	21,522	22,207
<b>Total Tax-Supported Debt</b>	<b>66,806</b>	70,886	73,615	62,559	62,064
Non Tax-Supported Local Improvement	<b>523</b>	570	614	655	694
Non Tax-Supported Municipal	<b>13,465</b>	12,094	13,989	15,899	19,630
Non Tax-Supported Utilities	<b>62,051</b>	56,713	60,152	62,570	65,909
Non Tax-Supported Pioneer Housing Foundation	<b>28,960</b>	25,160	17,770	14,862	15,427
<b>Total Non Tax-Supported Debt</b>	<b>104,999</b>	94,537	92,525	93,986	101,660
<b>Total Debt Excluding Capital Leases</b>	<b>171,805</b>	165,423	166,140	156,545	163,724
<b>Capital Leases</b>	<b>-</b>	-	-	108	246
<b>Total Debt Including Capital Leases per MGA</b>	<b>171,805</b>	165,423	166,140	156,653	163,970
<b>Total Debt Limit per MGA</b> <b>(1.5 times Revenue per MGA)</b>	<b>550,364</b>	534,749	545,262	511,522	504,244
<b>Percentage of Total Debt Limit per MGA Used</b>	<b>31.2%</b>	30.9%	30.5%	30.6%	32.5%
<b>Service on Debt Limit</b> <b>(25% of Total Adjusted Revenue)</b>	<b>91,727</b>	89,125	90,877	85,254	84,041
<b>Service on Debt (Note 1)</b>	<b>17,871</b>	17,542	17,086	16,312	18,932
<b>Percentage of Service on Debt</b>	<b>19.5%</b>	19.7%	18.8%	19.1%	22.5%
<b>Population (Note 2)</b>	<b>98,381</b>	98,044	98,044	95,597	92,403
<b>Total Debt per Capita</b>	<b>1,746</b>	1,687	1,695	1,639	1,775
<b>Municipal Tax-Supported Debt per Capita</b>	<b>483</b>	518	539	429	431

Notes:

1. Service on Debt includes debenture and capital lease payments.

2. 2018 to 2015 population figures are per Municipal Census; 2014 population figures are per 2011 Federal Census.

## Assessment and Tax Levy

For the Years Ended December 31, 2014 - 2018

Unaudited

	2018	2017	2016	2015	2014
<b>Assessment (In \$ Thousands) (Note 1)</b>					
Residential and Farmland	17,335,240	16,888,532	17,240,654	16,658,922	15,821,096
Non-Residential	5,325,388	5,292,929	5,196,526	4,777,942	4,143,324
Machinery and Equipment	10,175,744	9,927,901	9,916,128	9,500,729	9,496,135
Linear (Note 2)	759,771	728,202	781,712	771,141	742,354
<b>Total Taxable Assessment</b>	<b>33,596,143</b>	<b>32,837,564</b>	<b>33,135,020</b>	<b>31,708,734</b>	<b>30,202,909</b>
<b>Rates of Taxation (Note 3)</b>					
Residential and Farmland	6.9848	7.1011	6.9133	6.9187	6.9755
Non-Residential	12.8087	12.7701	12.5686	12.2407	12.1869
Machinery and Equipment	9.0971	9.1405	9.1615	9.0346	8.8784
Linear	12.8087	12.7701	12.5686	12.2407	12.1869
<b>Residential and Farmland Rates (Note 3)</b>					
Municipal Operations	4.1681	4.3042	4.2657	4.3026	4.3328
Library Operations	0.1504	0.1558	0.1503	0.1526	0.1563
Heartland Housing Foundation Requisitions	0.1247	0.0890	0.0861	0.0843	0.0668
Education Requisitions	2.5075	2.5521	2.4112	2.3792	2.4196
	6.9507	7.1011	6.9133	6.9187	6.9755
Designated Industrial Properties Requisition (Note 4)	0.0341	-	-	-	-
<b>Total Residential and Farmland</b>	<b>6.9848</b>	<b>7.1011</b>	<b>6.9133</b>	<b>6.9187</b>	<b>6.9755</b>
<b>Non-Residential Rates (Note 3)</b>					
Municipal Operations	8.5192	8.6258	8.6593	8.5373	8.3983
Library Operations	0.4191	0.4257	0.4161	0.4130	0.4133
Heartland Housing Foundation Requisitions	0.1247	0.0890	0.0861	0.0843	0.0668
Education Requisitions	3.7116	3.6296	3.4071	3.2061	3.3085
	12.7746	12.7701	12.5686	12.2407	12.1869
Designated Industrial Properties Requisition (Note 4)	0.0341	-	-	-	-
<b>Total Non-Residential</b>	<b>12.8087</b>	<b>12.7701</b>	<b>12.5686</b>	<b>12.2407</b>	<b>12.1869</b>
<b>Machinery and Equipment Rates (Note 3)</b>					
Municipal Operations	8.5192	8.6258	8.6593	8.5373	8.3983
Library Operations	0.4191	0.4257	0.4161	0.4130	0.4133
Heartland Housing Foundation Requisitions	0.1247	0.0890	0.0861	0.0843	0.0668
Education Requisitions	-	-	-	-	-
	9.063	9.1405	9.1615	9.0346	8.8784
Designated Industrial Properties Requisition (Note 4)	0.0341	-	-	-	-
<b>Total Machinery and Equipment</b>	<b>9.0971</b>	<b>9.1405</b>	<b>9.1615</b>	<b>9.0346</b>	<b>8.8784</b>
<b>Linear Rates (Note 3)</b>					
Municipal Operations	8.5192	8.6258	8.6593	8.5373	8.3983
Library Operations	0.4191	0.4257	0.4161	0.4130	0.4133
Heartland Housing Foundation Requisitions	0.1247	0.0890	0.0861	0.0843	0.0668
Education Requisitions	3.7116	3.6296	3.4071	3.2061	3.3085
	12.7746	12.7701	12.5686	12.2407	12.1869
Designated Industrial Properties Requisition (Note 4)	0.0341	-	-	-	-
<b>Total Linear</b>	<b>12.8087</b>	<b>12.7701</b>	<b>12.5686</b>	<b>12.2407</b>	<b>12.1869</b>

## Assessment and Tax Levy (Continued)

For the Years Ended December 31, 2014 - 2018 (in thousands of dollars)

Unaudited

### Notes:

1. Assessment values are based on the annual tax rate bylaw approved by Council.
2. Linear assessments are for properties which have distribution lines or other facilities, and may cross municipal boundaries. Linear properties include oil and gas wells, pipelines, electric power systems, telecommunication systems and cable systems. Linear property is assessed by the assessor designated by the Province of Alberta, Minister of Municipal Affairs.
3. Rates of taxation are applied to every thousand dollars of taxable assessed value.
4. Designated Industrial Property tax was first levied in 2018 under the Municipal Government Act in order to centralize the assessment for designated industrial properties.





## Assessment and Tax Levy (Continued)

For the Years Ended December 31, 2014 - 2018 (in thousands of dollars)

Unaudited

	2018	2017	2016	2015	2014
<b>Taxation and Requisitions</b>					
<b>Municipal and Library</b>					
Residential	74,928	75,467	76,207	74,222	71,174
Non-Residential	49,865	49,349	48,882	45,269	37,085
Linear	6,892	6,700	7,192	6,992	6,613
Machinery and Equipment	91,046	89,831	89,670	84,881	83,357
Local Improvement Levies	12	12	12	13	351
<b>Taxes for Provision of Municipal and Library Services</b>	<b>222,743</b>	221,359	221,963	211,377	198,580
Taxes for Requisitioning Authorities					
Provincial Alberta School Foundation Fund	58,867	57,589	54,807	50,802	47,759
Elk Island CSRD No. 41	7,222	7,289	7,116	6,790	6,582
Designated Industrial Property (Note 1)	432	-	-	-	-
Heartland Housing Foundation	4,228	2,940	2,870	2,699	2,022
<b>Taxes on Behalf of Requisitioning Authorities</b>	<b>70,749</b>	67,818	64,793	60,291	56,363
<b>Total Property Taxes</b>	<b>293,492</b>	289,177	286,756	271,668	254,943
<b>Total Property Taxes Receivable at January 1</b>	<b>5,262</b>	4,050	4,827	3,299	3,865
Current year local improvement levies receivable	60	63	63	67	67
<b>Current Year Activity:</b>					
Property Tax Levy	293,480	289,165	286,744	271,655	254,592
Penalties, Appeals and Other Adjustments	1,573	1,542	1,311	1,278	1,270
<b>Cash Collected:</b>					
Current Year	(289,352)	(286,499)	(284,250)	(268,766)	(253,290)
Prior Years	(3,966)	(3,059)	(4,645)	(2,706)	(3,205)
<b>Total Property Taxes Receivable at December 31 (Note 2)</b>	<b>7,057</b>	5,262	4,050	4,827	3,299
<b>Current</b>	<b>5,761</b>	4,271	3,020	4,234	2,638
Current - as a per cent	81.6%	81.2%	74.6%	87.7%	80.0%
<b>In arrears for more than one year</b>	<b>1,296</b>	991	1,029	593	661
In arrears for more than one year - as a per cent	18.4%	18.8%	25.4%	12.3%	20.0%
<b>Tax Revenue from Principal Taxpayers (Note 3)</b>	<b>48.9%</b>	48.3%	46.6%	45.7%	46.9%
<b>Education Requisition</b>	<b>66,089</b>	64,878	61,923	57,592	54,341
As a percentage of total tax	22.5%	22.4%	21.6%	21.2%	21.3%

## Assessment and Tax Levy (Continued)

For the Years Ended December 31, 2014 - 2018 (in thousands of dollars)

Unaudited

Notes:

1. Designated Industrial Property tax was first levied in 2018 under the Municipal Government Act in order to centralize the assessment for designated industrial properties.
2. Includes other types of receivables related to property taxes (e.g. fees, penalties, etc.).
3. Includes the ten highest taxpayers (excluding education requisition).











STRATHCONA  
COUNTY



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2018  
Annual Report

Strathcona County  
Alberta, Canada  
For the Year Ended December 31, 2018



STRATHCONA  
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