

STRATHCONA COUNTY
CONSOLIDATED FINANCIAL STATEMENTS

Year ended December 31, 2021

STRATHCONA COUNTY
Consolidated Financial Statements
Year ended December 31, 2021

Index

| | |
|---|---|
| Management's Responsibility for Financial Reporting..... | 1 |
| Independent Auditor's Report..... | 2 |
| Consolidated Statement of Financial Position | 4 |
| Consolidated Statement of Operations and Accumulated Surplus..... | 5 |
| Consolidated Statement of Change in Net Financial Assets..... | 6 |
| Consolidated Statement of Cash Flows..... | 7 |
| Notes to the Consolidated Financial Statements..... | 8 |

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

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 judgments. 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 consolidated 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, financial reports are presented to Council.

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



Jennifer Cannon, CPA, CGA, CLGM
Associate Commissioner Corporate Services & Chief Financial Officer

April 26, 2022

Independent auditor's report

To the Mayor and Members of Council of
Strathcona County

Opinion

We have audited the consolidated financial statements of the **Strathcona County** [the "County"], which comprise the consolidated statement of financial position as at December 31, 2021, and the consolidated statement of operations and accumulated surplus, consolidated statement of change in net financial assets and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the County as at December 31, 2021, and its results of operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the County in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of 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 County'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 County or to cease operations, or has no realistic alternative but to do so.

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

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.



As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 County's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the County 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.

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

Edmonton, Canada
April 26, 2022

Ernst & Young LLP

Chartered Professional Accountants



A member firm of Ernst & Young Global Limited

STRATHCONA COUNTY
Consolidated Statement of Financial Position
As at December 31, 2021 (in thousands of dollars)

| | 2021 | 2020 |
|--|---------------------|---------------------|
| FINANCIAL ASSETS | | |
| Cash and Cash Equivalents | \$ 5,136 | \$ 4,006 |
| Accounts Receivable | | |
| Property Taxes | 6,551 | 6,262 |
| Government Transfers | 33,224 | 23,586 |
| Trade and Other | 16,639 | 14,919 |
| Development Levies and Charges | 3,005 | 73 |
| Investments (Note 2) | 343,916 | 368,552 |
| Investment Interest Receivable | 23,893 | 21,772 |
| | 432,364 | 439,170 |
| LIABILITIES | | |
| Accounts Payable and Accrued Liabilities (Note 3) | 69,725 | 63,960 |
| Deposit Liabilities (Note 4) | 11,691 | 13,473 |
| Deferred Revenue (Note 5) | 113,233 | 109,085 |
| Long-Term Debt (Note 6 and 7) | 140,824 | 150,569 |
| | 335,473 | 337,087 |
| NET FINANCIAL ASSETS | 96,891 | 102,083 |
| NON-FINANCIAL ASSETS | | |
| Tangible Capital Assets (Note 8) | 1,978,431 | 1,962,638 |
| Inventories of Materials and Supplies | 1,188 | 1,241 |
| Prepaid Expenses | 8,207 | 7,067 |
| | 1,987,826 | 1,970,946 |
| ACCUMULATED SURPLUS (Note 10) | \$ 2,084,717 | \$ 2,073,029 |
| Operating Line of Credit (Note 11) | | |
| Commitments and Contingent Liabilities (Note 12) | | |
| Contractual Rights and Contingent Assets (Note 13) | | |

See accompanying Notes to the Consolidated Financial Statements.

STRATHCONA COUNTY
Consolidated Statement of Operations and Accumulated Surplus
Year ended December 31, 2021 (in thousands of dollars)

| | 2021 Budget (Note 15) | 2021 | 2020 |
|---|--------------------------|---------------------|---------------------|
| OPERATING REVENUE | | | |
| Property Taxes (Note 16) | \$ 233,224 | \$ 231,828 | \$ 229,338 |
| Utility User Rates | 55,014 | 59,631 | 56,436 |
| User Fees and Charges | 27,857 | 27,132 | 24,331 |
| Government Transfers – Operating (Note 17) | 7,002 | 8,213 | 17,935 |
| Investment Income | 6,664 | 7,430 | 7,822 |
| Penalties and Fines | 5,773 | 6,877 | 7,013 |
| Other Operating Revenue (excluding Parkade Event Insurance Proceeds) | 9,331 | 8,547 | 8,682 |
| Parkade Event Insurance Proceeds (Note 14) | - | - | 1,363 |
| Other Operating Revenue | 9,331 | 8,547 | 10,045 |
| TOTAL OPERATING REVENUE | 344,865 | 349,658 | 352,920 |
| EXPENSES (Note 24) | | | |
| Infrastructure and Planning Services (excluding Utility Operations) | 51,724 | 46,088 | 49,154 |
| Utility Operations | 58,791 | 62,179 | 59,272 |
| Infrastructure and Planning Services | 110,515 | 108,267 | 108,426 |
| Community Services | 140,122 | 135,477 | 130,797 |
| Corporate Services | 49,012 | 44,462 | 44,058 |
| Elected Officials | 1,582 | 1,368 | 1,349 |
| Financial and Strategic Management | 10,380 | 9,601 | 9,351 |
| Senior Administration | 6,480 | 5,998 | 5,760 |
| Fiscal Services (excluding Parkade Event) | 62,124 | 74,440 | 68,159 |
| Parkade Event (Note 14) | - | - | 156 |
| Fiscal Services | 62,124 | 74,440 | 68,315 |
| Strathcona County Library | 10,514 | 10,227 | 10,341 |
| TOTAL EXPENSES | 390,729 | 389,840 | 378,397 |
| (DEFICIT) BEFORE CAPITAL REVENUE | (45,864) | (40,182) | (25,477) |
| CAPITAL REVENUE | | | |
| Government Transfers – Capital (Note 17) | 77,831 | 47,974 | 58,639 |
| Contributed Tangible Capital Assets (Note 8) | - | 5,276 | 3,648 |
| Other Capital Revenue (Note 18) | 7,609 | (1,380) | 5,449 |
| TOTAL CAPITAL REVENUE | 85,440 | 51,870 | 67,736 |
| ANNUAL SURPLUS | 39,576 | 11,688 | 42,259 |
| ACCUMULATED SURPLUS, BEGINNING OF YEAR | 2,073,029 | 2,073,029 | 2,030,770 |
| ACCUMULATED SURPLUS, END OF YEAR (Note 10) | \$ 2,112,605 | \$ 2,084,717 | \$ 2,073,029 |

See accompanying Notes to the Consolidated Financial Statements.

STRATHCONA COUNTY
Consolidated Statement of Change in Net Financial Assets
Year ended December 31, 2021 (in thousands of dollars)

| | 2021 Budget (Note 15) | 2021 | 2020 |
|--|--------------------------|-----------|------------|
| ANNUAL SURPLUS | \$ 39,576 | \$ 11,688 | \$ 42,259 |
| Acquisition of Tangible Capital Assets (Note 8) | (180,444) | (76,602) | (77,301) |
| Contributed Tangible Capital Assets (Note 8) | - | (5,276) | (3,648) |
| Amortization of Tangible Capital Assets (Note 8) | 61,043 | 62,751 | 62,140 |
| Loss on Disposals or Write-Downs of | | | |
| Tangible Capital Assets | - | 2,644 | 2,146 |
| Proceeds from Disposals of Tangible Capital Assets | - | 690 | 266 |
| | (79,825) | (4,105) | 25,862 |
| Acquisition of Inventories of Materials and Supplies | - | (1,536) | (1,819) |
| Acquisition of Prepaid Expenses | - | (6,301) | (8,553) |
| Use of Inventories of Materials and Supplies | - | 1,589 | 1,617 |
| Use of Prepaid Expenses | - | 5,161 | 5,432 |
| | - | (1,087) | (3,323) |
| INCREASE (DECREASE) IN NET FINANCIAL ASSETS | (79,825) | (5,192) | 22,539 |
| NET FINANCIAL ASSETS, BEGINNING OF YEAR | 102,083 | 102,083 | 79,544 |
| NET FINANCIAL ASSETS, END OF YEAR | \$ 22,258 | \$ 96,891 | \$ 102,083 |

See accompanying Notes to the Consolidated Financial Statements.

STRATHCONA COUNTY
Consolidated Statement of Cash Flows
Year ended December 31, 2021 (in thousands of dollars)

| | 2021 | 2020 |
|--|------------|------------|
| NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES: | | |
| OPERATING | | |
| Annual Surplus | \$ 11,688 | \$ 42,259 |
| Items Not Involving Cash | | |
| Contributed Tangible Capital Assets (Note 8) | (5,276) | (3,648) |
| Amortization of Tangible Capital Assets (Note 8) | 62,751 | 62,140 |
| Amortization of Premium on Investments | 4 | 4 |
| Loss on Disposals or Write-Downs of Tangible Capital Assets | 2,644 | 2,146 |
| (Gain) on Disposals of Investments | - | (16) |
| Changes to Non-Cash Financial Assets and Liabilities | | |
| Property Taxes Receivable | (289) | (879) |
| Government Transfers Receivable | (9,638) | (23,150) |
| Trade and Other Receivables | (1,720) | 997 |
| Development Levies and Charges Receivable | (2,932) | 3,286 |
| Investment Interest Receivable | (2,121) | (3,850) |
| Accounts Payable and Accrued Liabilities | 6,172 | 13,175 |
| Deposit Liabilities | (1,782) | (5,192) |
| Deferred Revenue | 4,148 | (6,115) |
| Inventories of Materials and Supplies | 53 | (202) |
| Prepaid Expenses | (1,140) | (3,121) |
| Cash Provided by Operating Activities | 62,562 | 77,834 |
| CAPITAL | | |
| Proceeds from Disposals of Tangible Capital Assets | 690 | 266 |
| Acquisition of Tangible Capital Assets | (77,009) | (76,901) |
| Cash (Applied to) Capital Activities | (76,319) | (76,635) |
| INVESTING | | |
| Purchase of Investments | (247,350) | (213,446) |
| Proceeds from Sale/Maturity of Investments | 271,982 | 221,466 |
| Cash Provided by Investing Activities | 24,632 | 8,020 |
| FINANCING | | |
| Long-Term Debt Issued | 1,938 | - |
| Long-Term Debt Repaid | (11,683) | (11,613) |
| Cash (Applied to) Financing Activities | (9,745) | (11,613) |
| INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | 1,130 | (2,394) |
| CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR | 4,006 | 6,400 |
| CASH AND CASH EQUIVALENTS, END OF YEAR | \$ 5,136 | \$ 4,006 |
| Cash (Paid) for Interest | \$ (5,644) | \$ (6,105) |
| Cash Received from Interest | \$ 6,989 | \$ 6,070 |

See accompanying Notes to the Consolidated Financial Statements.

STRATHCONA COUNTY
Notes to the Consolidated Financial Statements
December 31, 2021 (in thousands of dollars)

Strathcona County (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.

1. SIGNIFICANT ACCOUNTING POLICIES

The Strathcona County consolidated financial statements are prepared by management in accordance with Canadian Public Sector Accounting Standards. Significant accounting policies are presented to assist the reader in evaluating these consolidated financial statements and, together with the following notes, should be considered an integral part of the consolidated financial statements. The 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 consists of all organizations that 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 Pioneer Housing Foundation (PHF). Inter-organizational transactions and balances between these entities have been eliminated where appropriate. The County is associated with various other boards, commissions, and other organizations that are not part of the reporting entity.

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

b) Basis of Accounting

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

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 revenue is recorded once tax rates are authorized by Strathcona County Council and the tax notices are issued.

d) Government Transfers

Government transfers are recognized as revenue in the period the events giving rise to the transfers have occurred, provided that the transfers are authorized, eligibility criteria have been met, and reasonable estimates of the amounts 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 as revenue in the period the development levies are collectible, and the amounts are applied to the acquisition of leviable infrastructure or other contractual requirements.

STRATHCONA COUNTY
Notes to the Consolidated Financial Statements
December 31, 2021 (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 repayment 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 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. Requisition tax rates in the subsequent year are adjusted for any overlevies or underlevies of the prior year.

If the actual levy exceeds the requisition, the overlevy is accrued as a liability and property tax revenue is reduced.

h) Deferred Revenue

Deferred revenue consists of unrecognized government transfers, development levies and other revenue. 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.

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 is recorded net of any expected recoveries. The liability for remediation of a contaminated site reflects the County's estimated costs to meet environmental standards.

STRATHCONA COUNTY
Notes to the Consolidated Financial Statements
December 31, 2021 (in thousands of dollars)

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

m) Non-Financial Assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. Non-financial assets 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, 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 Materials | 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 that 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.

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

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

STRATHCONA COUNTY
Notes to the Consolidated Financial Statements
December 31, 2021 (in thousands of dollars)

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

o) Equity in Tangible Capital Assets

Equity in tangible capital assets is included within accumulated surplus. It represents the amortized cost of investments 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 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 amounts of revenue and expenses during the reporting 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, provisions made for allowances for doubtful receivables, and provisions made for rental lease revenue on advances during construction.

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

q) Adoption of New Accounting Standards

There were no changes to Canadian Public Sector Accounting Standards that came into effect for the year ended December 31, 2021.

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. Concurrent adoption applies to the Financial Statement Presentation (PS1201), Foreign Currency Translation (PS2601), Portfolio Investments (PS3041), and Financial Instruments (PS3450) accounting standards.

| Public Sector Accounting Standard | Name | Effective for the County years ended |
|--|----------------------------------|---|
| PS1201 | Financial Statement Presentation | December 31, 2023 |
| PS2601 | Foreign Currency Translation | December 31, 2023 |
| PS3041 | Portfolio Investments | December 31, 2023 |
| PS3280 | Asset Retirement Obligations | December 31, 2023 |
| PS3450 | Financial Instruments | December 31, 2023 |
| PS3400 | Revenue | December 31, 2024 |
| PS3160 | Public Private Partnerships | December 31, 2024 |

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

2. INVESTMENTS

| | 2021 | | 2020 | |
|-----------------------------|------------------------|---------------------|------------------------|---------------------|
| | Carrying Amount | Market Value | Carrying Amount | Market Value |
| Term Deposits and Notes | \$ 174,596 | \$ 174,596 | \$ 193,721 | \$ 193,721 |
| Government Guaranteed Bonds | 136,657 | 140,800 | 142,127 | 153,486 |
| Corporate Bonds | 32,663 | 33,208 | 32,704 | 34,320 |
| | \$ 343,916 | \$ 348,604 | \$ 368,552 | \$ 381,527 |

Term deposits and notes, government guaranteed bonds and corporate bonds have effective yields of 1.00 to 3.66 per cent (2020 – 1.15 to 3.66 per cent) with maturity dates from January 2022 to August 2031 (2020 – February 2021 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 the Consolidated Financial Statements
December 31, 2021 (in thousands of dollars)

3. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

| | 2021 | 2020 |
|-------------------------------------|------------------|------------------|
| Trade | | |
| Accounts Payable | \$ 22,462 | \$ 19,965 |
| Contract Holdbacks | 5,317 | 4,628 |
| Capital Accruals | 1,947 | 1,541 |
| Operating Accruals | 14,842 | 14,578 |
| Other | - | 190 |
| | 44,568 | 40,902 |
| Payroll and Remittances | 10,653 | 6,037 |
| Employee Benefit Obligations | | |
| Accrued Vacation | 9,963 | 10,133 |
| Banked Time | 994 | 1,621 |
| Other ¹ | 2,578 | 4,207 |
| | 13,535 | 15,961 |
| Interest | 969 | 1,060 |
| | \$ 69,725 | \$ 63,960 |

¹ Other is primarily accrued benefits payable to third parties.

4. DEPOSIT LIABILITIES

Deposit liabilities can either be interest bearing or non-interest bearing and are held based on the terms of related transactions or agreements.

The County has taken securities from developers in the form of cash, recorded as deposit liabilities, and letters of credit. Security is retained based on a percentage of the infrastructure construction costs required to service the development and is held to secure performance of obligations under the development agreements or permits. The value of securities can be reduced or increased, at the discretion of the County, as the associated development activity progresses. As at December 31, 2021, the County held \$7,397 (2020 – \$8,890) of deposit liabilities for development agreements and permits, including interest of \$974 (2020 – \$1,006), which have been included in the total deposit liabilities balance and held letters of credit in the amount of \$30,998 (2020 – \$32,024).

5. DEFERRED REVENUE

Deferred revenue comprises the amounts noted below, the use of which, together with any earnings thereon, is externally restricted. Most grants and amounts received are externally restricted and include allocated interest of \$1,505 (2020 – \$1,674). Certain deferred revenue relates to government transfers as further described in Note 17.

| | Balance at January 1, 2021 | Grants and Amounts Received | Amounts Recognized as Operating Revenue | Amounts Recognized as Capital Revenue | Balance at December 31, 2021 |
|--------------------|-------------------------------|-----------------------------------|--|--|------------------------------------|
| Government | | | | | |
| Transfers | \$ 73,786 | \$ 53,542 | \$ (8,213) | \$ (47,974) | \$ 71,141 |
| Development | | | | | |
| Levies | 14,583 | 3,346 | (318) | 3,503 | 21,114 |
| Other ¹ | 20,716 | 8,490 | (6,105) | (2,123) | 20,978 |
| | \$ 109,085 | \$ 65,378 | \$ (14,636) | \$ (46,594) | \$ 113,233 |

¹ Includes Contributions in Aid of Construction, the Major Recreation Facility Fund and 2022 Property Tax pre-collection.

STRATHCONA COUNTY
Notes to the Consolidated Financial Statements
December 31, 2021 (in thousands of dollars)

6. LONG-TERM DEBT

| | 2021 | 2020 |
|---|--------------------------|--------------------------|
| Tax Supported Debentures | \$ 55,264 | \$ 59,302 |
| Non-Tax Supported Debentures – Development Levies | 16,059 | 17,597 |
| Non-Tax Supported Debentures – Utility Rates | 44,068 | 46,747 |
| Non-Tax Supported Debentures – Other | 25,433 | 26,923 |
| | <u>\$ 140,824</u> | <u>\$ 150,569</u> |

Debenture debt has been issued on the credit and security of the County at large. Debenture debt is repayable to the Government of Alberta Treasury Board and Finance and bears interest at rates ranging from 2.13 to 7.63 per cent (2020 – 2.13 to 7.63 per cent) and matures in periods 2022 through 2046 (2020 – periods 2021 through 2044).

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

| | Principal | Interest | Total |
|------------|-------------------------|-------------------------|-------------------------|
| 2022 | \$ 4,145 | \$ 2,106 | \$ 6,251 |
| 2023 | 4,165 | 1,954 | 6,119 |
| 2024 | 4,211 | 1,802 | 6,013 |
| 2025 | 4,333 | 1,646 | 5,979 |
| 2026 | 4,470 | 1,486 | 5,956 |
| Thereafter | 33,940 | 5,924 | 39,864 |
| | <u>\$ 55,264</u> | <u>\$ 14,918</u> | <u>\$ 70,182</u> |

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

| | Principal | Interest | Total |
|------------|-------------------------|-------------------------|--------------------------|
| 2022 | \$ 7,564 | \$ 3,134 | \$ 10,698 |
| 2023 | 6,740 | 2,832 | 9,572 |
| 2024 | 5,690 | 2,570 | 8,260 |
| 2025 | 5,266 | 2,351 | 7,617 |
| 2026 | 5,115 | 2,148 | 7,263 |
| Thereafter | 55,185 | 11,960 | 67,145 |
| | <u>\$ 85,560</u> | <u>\$ 24,995</u> | <u>\$ 110,555</u> |

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

| | Principal | Interest | Total |
|------------|--------------------------|-------------------------|--------------------------|
| 2022 | \$ 11,709 | \$ 5,240 | \$ 16,949 |
| 2023 | 10,905 | 4,786 | 15,691 |
| 2024 | 9,901 | 4,372 | 14,273 |
| 2025 | 9,599 | 3,997 | 13,596 |
| 2026 | 9,585 | 3,634 | 13,219 |
| Thereafter | 89,125 | 17,884 | 107,009 |
| | <u>\$ 140,824</u> | <u>\$ 39,913</u> | <u>\$ 180,737</u> |

STRATHCONA COUNTY
Notes to the Consolidated Financial Statements
December 31, 2021 (in thousands of dollars)

7. 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:

| | 2021 | 2020 |
|-----------------------|-------------------|-------------|
| Total Debt Limit | \$ 523,859 | \$ 537,554 |
| Total Debt | 140,824 | 150,569 |
| Percentage Used | 26.88% | 28.01% |
| Service on Debt Limit | \$ 87,310 | \$ 89,592 |
| Service on Debt | 16,949 | 17,327 |
| Percentage Used | 19.41% | 19.34% |

The total debt limit is calculated at 1.50 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 that could be at financial risk if further debt is acquired. The calculation taken alone does not represent the financial stability of the County. Rather, the consolidated financial statements must be interpreted as a whole.

STRATHCONA COUNTY
Notes to the Consolidated Financial Statements
December 31, 2021 (in thousands of dollars)

8. TANGIBLE CAPITAL ASSETS

| Cost | Purchased Additions | Contributed Additions | Disposals or Write-Downs | Balance at December 31, 2021 | Balance at December 31, 2020 |
|---------------------------|----------------------------|------------------------------|---------------------------------|-------------------------------------|-------------------------------------|
| Land | \$ 6,689 | \$ 3,922 | \$ (155) | \$ 527,693 | \$ 517,237 |
| Land Improvements | 6,709 | 271 | (1,231) | 138,668 | 132,919 |
| Buildings | 15,221 | - | (1,599) | 533,677 | 520,055 |
| Engineered Structures | 34,984 | 1,083 | (14,372) | 1,323,303 | 1,301,608 |
| Machinery and Equipment | 5,241 | - | (4,131) | 80,977 | 79,867 |
| Library Materials | 482 | - | (596) | 5,880 | 5,994 |
| Vehicles | 4,456 | - | (4,752) | 80,094 | 80,390 |
| Assets Under Construction | 2,820 | - | (3) | 44,185 | 41,368 |
| | \$ 76,602 | \$ 5,276 | \$ (26,839) | \$ 2,734,477 | \$ 2,679,438 |

| Accumulated Amortization | Disposals or Write-Downs | Amortization | Balance at December 31, 2021 | Balance at December 31, 2020 |
|---------------------------------|---------------------------------|---------------------|-------------------------------------|-------------------------------------|
| Land Improvements | \$ (741) | \$ 5,859 | \$ 59,221 | \$ 54,103 |
| Buildings | 2 | 13,353 | 161,006 | 147,651 |
| Engineered Structures | (13,556) | 31,739 | 431,905 | 413,722 |
| Machinery and Equipment | (4,040) | 6,025 | 52,088 | 50,103 |
| Library Materials | (595) | 593 | 3,060 | 3,062 |
| Vehicles | (4,575) | 5,182 | 48,766 | 48,159 |
| | \$ (23,505) | \$ 62,751 | \$ 756,046 | \$ 716,800 |

| Net Book Value | Balance at December 31, 2021 | Balance at December 31, 2020 |
|---------------------------|-------------------------------------|-------------------------------------|
| Land | \$ 527,693 | \$ 517,237 |
| Land Improvements | 79,447 | 78,816 |
| Buildings | 372,671 | 372,404 |
| Engineered Structures | 891,398 | 887,886 |
| Machinery and Equipment | 28,889 | 29,764 |
| Library Materials | 2,820 | 2,932 |
| Vehicles | 31,328 | 32,231 |
| Assets Under Construction | 44,185 | 41,368 |
| | \$ 1,978,431 | \$ 1,962,638 |

a) Assets Under Construction

Assets under construction having a value of \$44,185 (2020 – \$41,368) 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 \$5,276 in land, land improvements and engineered structures was contributed to the County in 2021 (2020 – \$3,648).

c) Write-Downs of Tangible Capital Assets

A total of \$1,597 (2020 – nil) in buildings, \$404 (2020 – nil) in land improvements and \$72 (2020 – nil) in engineering structures were written down in 2021.

STRATHCONA COUNTY
Notes to the Consolidated Financial Statements
December 31, 2021 (in thousands of dollars)

9. EQUITY IN TANGIBLE CAPITAL ASSETS

| | 2021 | 2020 |
|---|---------------------|---------------------|
| Tangible Capital Assets – Cost (Note 8) | \$ 2,734,477 | \$ 2,679,438 |
| Accumulated Amortization (Note 8) | (756,046) | (716,800) |
| Long-Term Debt (Note 6) | (140,824) | (150,569) |
| Debt Associated with Local Improvements | 364 | 419 |
| | <u>\$ 1,837,971</u> | <u>\$ 1,812,488</u> |

10. ACCUMULATED SURPLUS

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

| | 2021 | | | 2020 |
|---|-------------------|-------------------|---------------------|---------------------|
| | Committed | Designated | Closing Balance | Closing Balance |
| Reserves: | | | | |
| Infrastructure Lifecycle, Maintenance and Replacement | \$ 66,258 | \$ 74,649 | \$ 140,907 | \$ 126,646 |
| Projects | 35,850 | 23,803 | 59,653 | 54,870 |
| Special Purpose | 8,403 | 17,693 | 26,096 | 41,858 |
| Stabilization and Contingency | 9,418 | 10,425 | 19,843 | 38,817 |
| Strathcona County Library | 397 | 5,494 | 5,891 | 5,376 |
| | <u>\$ 120,326</u> | <u>\$ 132,064</u> | <u>252,390</u> | <u>267,567</u> |
| Unrestricted (Deficit) | | | (5,644) | (7,026) |
| Equity in Tangible Capital Assets (Note 9) | | | 1,837,971 | 1,812,488 |
| | | | <u>\$ 2,084,717</u> | <u>\$ 2,073,029</u> |

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

11. OPERATING LINE OF CREDIT

The County has an operating line of credit available for use, up to a maximum of \$125,000 (2020 – \$125,000), bearing interest at prime rate minus 0.5 per cent (2020 – prime rate minus 0.5 per cent) and is secured by the County at large. As at December 31, 2021, nil (2020 – nil) was drawn against the available operating line of credit.

12. COMMITMENTS AND CONTINGENT LIABILITIES

a) Capital

As at December 31, 2021, authorized costs for capital projects committed through a purchase order or other contractual agreement, but not yet expended, amounted to \$43,943 (2020 – \$19,207).

b) Leases

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

The future minimum lease payments are due as follows:

| | |
|---------------------|-----------------|
| 2022 | \$ 644 |
| 2023 | 624 |
| 2024 | 538 |
| 2025 | 477 |
| 2026 and thereafter | - |
| | <u>\$ 2,283</u> |

STRATHCONA COUNTY
Notes to the Consolidated Financial Statements
December 31, 2021 (in thousands of dollars)

12. COMMITMENTS AND CONTINGENT LIABILITIES (CONTINUED)

c) Legal Disputes

As at December 31, 2021, the County was involved in various legal disputes. While it is not possible to estimate the exact outcome of these disputes, management believes adequate accruals have been recorded, as applicable, and that there will be no significant adverse effects on the financial position of the County when resolved.

d) 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 identified one (2020 – one) contaminated site meeting the applicable criteria and recognized a financial liability of \$24 (2020 – \$550) as at December 31, 2021.

e) Forward Contracts

To mitigate the risk of fluctuations in electricity and natural gas prices, in 2021 the County entered into fixed price contracts for a total commitment of \$2,724 and \$697 (2020 – \$2,724 and \$697), respectively.

13. CONTRACTUAL RIGHTS AND CONTINGENT ASSETS

The County has initiated a number of insurance claims that arose from the normal course of operations. The outcomes of these claims may result in assets in the future and cannot be estimated at this time.

The County has a contractual right to provincial and federal funds that have been allocated to the County, but not received by the County.

In 2021, the County was allocated \$29,633 (2020 – \$23,129) in Municipal Sustainability Initiative (MSI) Capital funding and \$11,519 (2020 – \$5,628) in Canadian Community-Building Fund (CCBF; formerly Federal Gas Tax) funding. The future receipt of these assets is dependent on submission and approval of project applications and satisfying subsequent reporting requirements. The entirety of the \$29,633 allocated in MSI Capital funding was recorded in the current year, resulting in total contractual rights of nil (2020 – nil) for MSI Capital. Of the \$11,519 allocated in CCBF funding, \$1,362 was recorded in the current year, resulting in total contractual rights of \$10,157 (2020 – nil) for CCBF. This amount is not recorded in the consolidated financial statements.

In 2021, the County was approved to receive \$15,398 (2020 – nil) in Investing in Canada Infrastructure Program (ICIP) funding from the provincial government, contingent on satisfying subsequent reporting requirements. Of the \$15,398, \$1,517 was recorded in the current year, resulting in total contractual rights of \$13,881 (2020 – nil) for ICIP. This amount is not recorded in the consolidated financial statements.

14. 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 has completed their investigation of the event.

The explosion did not cause major structural damage to the Community Centre complex and the building was restored to its original state. County Hall reopened to the public on November 21, 2018 and the majority of the Community Centre reopened to the public on January 15, 2019. The parkade and Library reopened to the public on May 8, 2019.

STRATHCONA COUNTY
Notes to the Consolidated Financial Statements
December 31, 2021 (in thousands of dollars)

14. PARKADE EVENT (CONTINUED)

Costs incurred as a result of response or recovery efforts are capitalized or expensed in accordance with the accounting policies described in Note 1. During 2021, operating costs associated with the parkade incident were nil (2020 – \$156). As at December 31, 2021, the total operating costs related to the event were \$14,735 and capital costs were \$348. All operating expenses are recognized in the Statement of Operations and Accumulated Surplus in Fiscal Services and Strathcona County Library. Segmented information is presented in Note 24.

The County is insured under various insurance policies. Parkade event insurance proceeds are recognized in the Statement of Operations and Accumulated Surplus in other operating revenue. During 2021, the County recognized revenue of nil (2020 – \$1,363) of insurance proceeds.

15. BUDGET DATA

The 2021 Operating Budget, approved by Strathcona County Council on November 30, 2020, 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. In addition, the PHF budget, approved by the PHF Board of Directors on November 6, 2020, has been included in Fiscal Services. Budgeted inter-organizational transactions have been eliminated where appropriate.

The Consolidated Budgeted Operating Expenses, net of eliminations, for the year ended December 31, are as follows:

| | 2021 | 2020 |
|---|-------------------|-------------------|
| Operating Budget approved by Council | \$ 382,219 | \$ 382,819 |
| Operating Budget approved by PHF Board of Directors | 1,405 | 1,405 |
| Approved Operating Budget Amendments | 7,105 | 4,369 |
| Consolidated Budgeted Operating Expenses | <u>\$ 390,729</u> | <u>\$ 388,593</u> |

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

| | 2021 | 2020 |
|--|-------------------|-------------------|
| Capital Budget approved by Council | \$ 58,895 | \$ 110,709 |
| Approved Capital Budget Amendments | 65,301 | 59,735 |
| Planned Prior Years Budgeted Capital Expenditures and Amendments | 160,077 | 99,015 |
| Budgeted Capital Expenditures planned to be incurred in future years | (103,829) | (104,698) |
| Capital Budget for Acquisition of Tangible Capital Assets | <u>\$ 180,444</u> | <u>\$ 164,761</u> |

STRATHCONA COUNTY
Notes to the Consolidated Financial Statements
December 31, 2021 (in thousands of dollars)

16. PROPERTY TAXES

| | Municipal | Non-Municipal | 2021 | 2020 |
|--|-------------------|--------------------------------------|--------------------|--------------------|
| Property Taxes | | | | |
| Residential | \$ 78,896 | \$ 46,792 | \$ 125,688 | \$ 124,019 |
| Non-Residential | 50,564 | 21,348 | 71,912 | 70,592 |
| Linear | 7,928 | 3,253 | 11,181 | 10,753 |
| Machinery and Equipment | 94,429 | 1,982 | 96,411 | 94,955 |
| Local Improvement Levies | 11 | - | 11 | 11 |
| | <u>\$ 231,828</u> | <u>\$ 73,375</u> | <u>\$ 305,203</u> | <u>\$ 300,330</u> |
| Non-Municipal Requisitions | | | | |
| Provincial Alberta School Foundation Fund | | | \$ (61,333) | \$ (58,970) |
| Elk Island CSRD No. 41 | | | (6,965) | (6,960) |
| Provincial Designated Industrial Property | | | (918) | (922) |
| Provincial Requisitions | | | (69,216) | (66,852) |
| Heartland Housing Foundation | | | (4,159) | (4,140) |
| Taxes on Behalf of Non-Municipal Requisitioning Authorities | | | <u>\$ (73,375)</u> | <u>\$ (70,992)</u> |
| | | 2021 Budget (Note 15) | | |
| Taxes for Provision of Municipal Services | | <u>\$ 233,224</u> | <u>\$ 231,828</u> | <u>\$ 229,338</u> |

17. GOVERNMENT TRANSFERS

| | 2021 Budget (Note 15) | 2021 | 2020 |
|--|----------------------------------|------------------|------------------|
| Government Transfers for Operations | | | |
| Federal Transfers | \$ 111 | \$ 339 | \$ 6,152 |
| Provincial Transfers | 6,891 | 7,874 | 11,783 |
| | <u>7,002</u> | <u>8,213</u> | <u>17,935</u> |
| Government Transfers for Capital | | | |
| Federal Transfers | 18,701 | 8,983 | 14,556 |
| Provincial Transfers | 59,130 | 38,991 | 44,083 |
| | <u>77,831</u> | <u>47,974</u> | <u>58,639</u> |
| | <u>\$ 84,833</u> | <u>\$ 56,187</u> | <u>\$ 76,574</u> |

The nature of the major government transfers recognized during 2021, include, but are not limited to, the following:

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

In 2021, the County received \$23,129 (2020 – \$14,964) in MSI Capital funding, including interest of \$862 (2020 – \$1,069). During 2021, \$29,856 (2020 – \$43,272) has been recognized in capital government transfers. As at December 31, 2021, \$29,633 (2020 – \$23,129) has been recognized as receivable under this program. A total of \$59,808 (2020 – \$59,169) remains deferred to future years.

In 2021, the County received \$843 (2020 – \$825) in MSI Conditional Operating funding. During 2021, \$843 (2020 – \$825) has been recognized in operating government transfers.

STRATHCONA COUNTY
Notes to the Consolidated Financial Statements
December 31, 2021 (in thousands of dollars)

17. GOVERNMENT TRANSFERS (CONTINUED)

The federal government has renamed the Gas Tax Fund to the Canada Community-Building Fund (CCBF). The CCBF provides predictable, long-term, stable funding for Canadian municipalities to help build and revitalize public infrastructure while creating jobs and long-term prosperity. In 2021, the County received nil (2020 – \$17,119) in CCBF funding including interest of \$230 (2020 – \$374). During 2021, \$7,354 (2020 – \$14,474) has been recognized in capital and operating government transfers. As at December 31, 2021, \$1,362 (2020 – nil) has been recognized as receivable under this program. A total of \$7,410 (2020 – \$13,172) remains deferred to future years.

The Municipal Stimulus Program (MSP) is additional provincial capital infrastructure funding with the primary objective to sustain and create local jobs; enhance provincial competitiveness and productivity; position communities to participate in future economic growth; and reduce municipal red-tape to promote job-creating private-sector investment. In 2021, the County received \$11,109 (2020 – \$586). During 2021, \$8,453 (2020 – \$59) has been recognized in capital government transfers. A total of \$3,183 (2020 – \$527) remains deferred to future years.

The Investing in Canada Infrastructure Program had a new temporary COVID-19 Resilience stream to provide municipalities with added flexibility to fund quick-start, short-term projects. During 2021, \$1,517 (2020 – nil) has been recognized in capital government transfers. As at December 31, 2021, \$1,517 (2020 – nil) has been recognized as receivable under this program

The Municipal Operating Support Transfer (MOST) is federal and provincial government funding to support municipalities that have experienced significant operating impacts due to the COVID-19 pandemic. Funding was used for incremental operating costs incurred due to COVID-19 response and restart, as well as other operating losses or deficits incurred as a result of COVID-19 impacts on revenues and operations. In 2021, the County received nil (2020 – \$11,117) in MOST funding. During 2021, nil (2020 – \$11,117) has been recognized in operating government transfers.

The Family and Community Support Services (FCSS) program is a funding partnership between the Province of Alberta and the County to support individuals, families and communities through preventative social programs and services. In 2021, the County received \$2,431 (2020 – \$2,257) in FCSS funding. During 2021, \$2,083 (2020 – \$2,084) has been recognized in operating government transfers. A total of \$521 (2020 – \$173) remains deferred to future years.

Family Resource Network (FRN) is a funding partnership between the Province of Alberta and the County to deliver high-quality prevention and early intervention services and supports for children under the age of eighteen. In 2021, the County received \$827 (2020 – \$751) in FRN funding. During 2021, \$921 (2020 – \$657) has been recognized in operating government transfers. A total of nil (2020 – \$94) remains deferred to future years.

The Policing Support Grant is a combination of the previous Municipal Policing Assistance Grant and the Police Office Grant. The Policing Support Grant is a Province of Alberta program that assists communities with the financial costs of municipal policing. In 2021, the County received \$1,341 (2020 – \$1,341) in Policing Support Grant funding. During 2021, \$1,341 (2020 – \$1,341) has been recognized in operating government transfers.

The 9-1-1 Grant Program is a Province of Alberta initiative to support and enhance the delivery and development of the County's local 9-1-1 services. In 2021, the County received \$683 (2020 – \$683) in 9-1-1 Grant Program funding. During 2021, \$683 (2020 – \$683) has been recognized in operating government transfers.

STRATHCONA COUNTY
Notes to the Consolidated Financial Statements
December 31, 2021 (in thousands of dollars)

18. OTHER CAPITAL REVENUE

| | 2021 Budget (Note 15) | 2021 | 2020 |
|---|--------------------------|-------------------|-----------------|
| Development Levies and Charges | \$ 1,422 | \$ (3,503) | \$ 2,013 |
| Developer and Other Third-Party Contributions | 6,187 | 2,123 | 3,436 |
| | <u>\$ 7,609</u> | <u>\$ (1,380)</u> | <u>\$ 5,449</u> |

The *Municipal Government Act*, R.S.A. 2000, c. M-26 authorizes the County to impose and collect off-site levies by way of bylaw. The County exercises its authority to collect off-site development levies by establishing a bylaw, typically revised on an annual basis.

In 2021, Strathcona County implemented a new Off-Site Levy Bylaw for the North of Yellowhead Development Region. This area was previously included in the Urban Services Area Off-Site Levy Bylaw. Accounts and balances were updated to track each of the County's Off-Site Levy Bylaw areas separately.

19. SALARIES 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 | 2021 | 2020 |
|---------------------------------|---------------|-------------------------------|-----------------|-----------------|
| Elected Officials: | | | | |
| Mayor | \$ 156 | \$ 30 | \$ 186 | \$ 189 |
| Councillor – Ward 1 | 83 | 20 | 103 | 106 |
| Councillor – Ward 2 | 83 | 23 | 106 | 108 |
| Councillor – Ward 3 | 85 | 48 | 133 | 106 |
| Councillor – Ward 4 | 83 | 22 | 105 | 108 |
| Councillor – Ward 5 | 85 | 49 | 134 | 107 |
| Councillor – Ward 6 | 85 | 38 | 123 | 96 |
| Councillor – Ward 7 | 83 | 11 | 94 | 98 |
| Councillor – Ward 8 | 83 | 23 | 106 | 108 |
| | <u>\$ 826</u> | <u>\$ 264</u> | <u>\$ 1,090</u> | <u>\$ 1,026</u> |
| Chief Commissioner ¹ | \$ 298 | \$ 48 | \$ 346 | \$ 322 |

¹ For comparative purposes, the prior year includes the salary and benefits for the Interim Chief Commissioner (January 1 to July 12) and the Chief Commissioner (July 13 to December 31).

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. Benefits also include the County's share of employment insurance for the Chief Commissioner.

STRATHCONA COUNTY
Notes to the Consolidated Financial Statements
December 31, 2021 (in thousands of dollars)

20. PENSION PLANS

a) Local Authorities Pension Plan

Employees of the County participate in the Local Authorities Pension Plan (LAPP), which is administered under the Alberta *Public Sector Pension Plans Act*.

The County was required to make current service contributions to LAPP of 9.39 per cent (2020 – 9.39 per cent) of pensionable payroll up to the yearly maximum pensionable earnings (YMPE) and 13.84 per cent (2020 – 13.84 per cent) thereafter. Employees of the County are required to make current service contributions of 8.39 per cent (2020 – 8.39 per cent) of pensionable salary up to YMPE, and 12.84 per cent (2020 – 12.84 per cent) thereafter.

Total current service contributions by the County to LAPP in 2021 were \$12,426 (2020 – \$12,589). Total current service contributions by the employees of the County to LAPP in 2021 were \$11,298 (2020 – \$11,434).

As stated in their 2020 Annual Report, LAPP serves 275,863 members and 433 employers. It is financed by employer and employee contributions and investment earnings of the LAPP fund. At December 31, 2020, the plan reported an actuarial surplus of \$4,961,337.

b) APEX

The APEX supplementary pension plan, an Alberta Urban Municipalities Association 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. Employees of the County contribute 2.61 per cent (2020 – 2.61 per cent) and the County contributes 3.85 per cent (2020 – 3.85 per cent) of pensionable earnings up to \$162 (2020 – \$154).

Total contributions made by employees of the County to APEX in 2021 were \$285 (2020 – \$274). Total contributions made by the County to APEX in 2021 were \$416 (2020 – \$404).

21. RELATED PARTY DISCLOSURES

Related parties are consolidated 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 19 and other members of the executive team. Transactions with these individuals are considered to be in the normal course of business and are recorded at the exchange amount.

22. SUBSEQUENT EVENT

On February 7, 2022, Strathcona County underwent the first of a three-phase organizational restructuring with the intention to streamline and increase the effectiveness of the organization. The full extent of the financial impact of this reorganization cannot be determined at this time.

23. COMPARATIVE INFORMATION

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

STRATHCONA COUNTY
Notes to the Consolidated Financial Statements
December 31, 2021 (in thousands of dollars)

24. 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. Infrastructure and Planning Services 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, 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, cares for the facilities used by staff and residents, repairs transit and emergency vehicles, recruits and trains staff, optimizes the benefits of technology, provides legal advice and supports the activities of Strathcona County Council.
- d) 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 the administration in the review and approval of policies and programs that benefit residents, businesses, and industry.
- e) 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.
- f) 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.
- 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. Expenses related to the enterprise resource planning component of the Strathcona County Business Transformation project are also included in Fiscal Services.
- 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 the Consolidated Financial Statements
December 31, 2021 (in thousands of dollars)

24. SEGMENTED INFORMATION (CONTINUED)

| | Municipal Operations | | | | | | | | | | Strathcona County Library | | 2021 | 2021 Budget (Note 15) |
|---|--|-----------------------|-----------------------|----------------------|--|--------------------------|---|-------------------------------|----------------------------------|-----------------------|--|-------------------------------|------------------|--------------------------|
| | Infrastructure and Planning Services (Excluding Utility Operations) | Community Services | Corporate Services | Elected Officials | Financial and Strategic Management | Senior Administration | Fiscal Services (Excluding Parkade Event) | Parkade Event (Note 14) | Total Municipal Operations | Utility Operations | Strathcona County Library (Excluding Parkade Event) | Parkade Event (Note 14) | | |
| OPERATING REVENUE | | | | | | | | | | | | | | |
| Property Taxes (Note 16) | \$ 47,764 | \$ 106,192 | \$ 48,034 | \$ 1,581 | \$ 9,720 | \$ 6,356 | \$ 2,194 | \$ - | \$ 221,841 | \$ 11 | \$ 9,976 | - | \$ 231,828 | \$ 233,224 |
| Utility User Rates | - | - | - | - | - | - | - | - | - | 59,631 | - | - | 59,631 | 55,014 |
| User Fees and Charges | 4,099 | 14,109 | 481 | - | 408 | 125 | 5,860 | - | 25,082 | 2,038 | 12 | - | 27,132 | 27,857 |
| Government Transfers – Operating (Note 17) | 320 | 6,106 | 211 | - | - | - | 843 | - | 7,480 | 152 | 581 | - | 8,213 | 7,002 |
| Investment Income | - | - | - | - | - | - | 6,004 | - | 6,004 | 1,284 | 142 | - | 7,430 | 6,664 |
| Penalties and Fines | 11 | 5,120 | - | - | - | - | 1,737 | - | 6,868 | - | 9 | - | 6,877 | 5,773 |
| Other Operating Revenue | 1,328 | 6,255 | 101 | - | 340 | 2 | 272 | - | 8,298 | 20 | 229 | - | 8,547 | 9,331 |
| TOTAL OPERATING REVENUE | 53,522 | 137,782 | 48,827 | 1,581 | 10,468 | 6,483 | 16,910 | - | 275,573 | 63,136 | 10,949 | - | 349,658 | 344,865 |
| EXPENSES | | | | | | | | | | | | | | |
| Salaries, Wages and Benefits | 28,460 | 91,702 | 28,539 | 1,150 | 8,949 | 5,263 | 5,054 | - | 169,117 | 11,339 | 6,486 | - | 186,942 | 184,989 |
| Contracted and General Services | 8,541 | 24,150 | 12,603 | 161 | 862 | 403 | 10,355 | - | 57,075 | 12,330 | 175 | - | 69,580 | 76,604 |
| Supplies, Materials and Utilities | 8,484 | 17,131 | 3,102 | 57 | (259) | 143 | (956) | - | 27,702 | 27,412 | 1,549 | - | 56,663 | 57,642 |
| Interest on Long-Term Debt | - | - | - | - | - | - | 2,725 | - | 2,725 | 2,056 | 772 | - | 5,553 | 5,700 |
| Grants and Requisitions | 500 | 2,058 | 82 | - | - | 189 | 968 | - | 3,797 | - | - | - | 3,797 | 3,085 |
| Amortization (Note 8) | - | - | - | - | - | - | 53,281 | - | 53,281 | 8,258 | 1,212 | - | 62,751 | 61,043 |
| Loss on Asset Disposals or Write-Downs | - | - | - | - | - | - | 2,036 | - | 2,036 | 609 | - | - | 2,645 | - |
| Other Expenses | 103 | 436 | 136 | - | 49 | - | 977 | - | 1,701 | 175 | 33 | - | 1,909 | 1,666 |
| TOTAL EXPENSES | 46,088 | 135,477 | 44,462 | 1,368 | 9,601 | 5,998 | 74,440 | - | 317,434 | 62,179 | 10,227 | - | 389,840 | 390,729 |
| SURPLUS (DEFICIT) BEFORE CAPITAL REVENUE | 7,434 | 2,305 | 4,365 | 213 | 867 | 485 | (57,530) | - | (41,861) | 957 | 722 | - | (40,182) | (45,864) |
| CAPITAL REVENUE | | | | | | | | | | | | | | |
| Government Transfers – Capital (Note 17) | - | - | - | - | - | - | 47,304 | - | 47,304 | 670 | - | - | 47,974 | 77,831 |
| Contributed Tangible Capital Assets (Note 8) | - | - | - | - | - | - | 4,748 | - | 4,748 | 528 | - | - | 5,276 | - |
| Other Capital Revenue (Note 18) | - | - | - | - | - | - | (2,636) | - | (2,636) | 1,256 | - | - | (1,380) | 7,609 |
| TOTAL CAPITAL REVENUE | - | - | - | - | - | - | 49,416 | - | 49,416 | 2,454 | - | - | 51,870 | 85,440 |
| ANNUAL SURPLUS (DEFICIT) | \$ 7,434 | \$ 2,305 | \$ 4,365 | \$ 213 | \$ 867 | \$ 485 | \$ (8,114) | \$ - | \$ 7,555 | \$ 3,411 | \$ 722 | - | \$ 11,688 | \$ 39,576 |

STRATHCONA COUNTY
Notes to the Consolidated Financial Statements
December 31, 2021 (in thousands of dollars)

24. SEGMENTED INFORMATION (CONTINUED)

| | Municipal Operations | | | | | | | | | | Strathcona County Library | | | |
|---|---|--------------------|--------------------|-------------------|------------------------------------|-----------------------|---|-------------------------|----------------------------|--------------------|---|-------------------------|------------------|-----------------------|
| | Infrastructure and Planning Services (Excluding Utility Operations) | Community Services | Corporate Services | Elected Officials | Financial and Strategic Management | Senior Administration | Fiscal Services (Excluding Parkade Event) | Parkade Event (Note 14) | Total Municipal Operations | Utility Operations | Strathcona County Library (Excluding Parkade Event) | Parkade Event (Note 14) | 2020 | 2020 Budget (Note 15) |
| OPERATING REVENUE | | | | | | | | | | | | | | |
| Property Taxes (Note 16) | \$ 48,726 | \$ 95,119 | \$ 45,121 | \$ 1,548 | \$ 9,336 | \$ 6,117 | \$ 13,557 | \$ - | \$ 219,524 | \$ 11 | \$ 9,803 | \$ - | \$ 229,338 | \$ 232,751 |
| Utility User Rates | - | - | - | - | - | - | - | - | - | 56,436 | - | - | 56,436 | 56,840 |
| User Fees and Charges | 2,599 | 13,573 | 343 | - | 351 | 128 | 6,100 | - | 23,094 | 1,221 | 16 | - | 24,331 | 39,218 |
| Investment Income | 182 | 5,902 | - | - | - | 1 | 11,188 | - | 17,273 | 101 | 561 | - | 17,935 | 6,848 |
| Government Transfers – Operating (Note 17) | - | - | - | - | - | - | 6,317 | - | 6,317 | 1,358 | 147 | - | 7,822 | 9,445 |
| Penalties and Fines | 12 | 5,655 | - | - | - | - | 1,318 | - | 6,985 | - | 28 | - | 7,013 | 6,176 |
| Other Operating Revenue | 406 | 6,188 | 84 | - | 335 | 39 | 1,361 | 1,155 | 9,568 | 104 | 165 | 208 | 10,045 | 9,861 |
| TOTAL OPERATING REVENUE | 51,925 | 126,437 | 45,548 | 1,548 | 10,022 | 6,285 | 39,841 | 1,155 | 282,761 | 59,231 | 10,720 | 208 | 352,920 | 361,139 |
| EXPENSES | | | | | | | | | | | | | | |
| Salaries, Wages and Benefits | 28,413 | 89,490 | 27,353 | 1,123 | 8,334 | 5,079 | 4,121 | - | 163,913 | 11,068 | 6,571 | - | 181,552 | 183,040 |
| Contracted and General Services | 12,550 | 23,888 | 13,384 | 174 | 1,172 | 354 | 3,762 | 147 | 55,431 | 11,014 | 196 | - | 66,641 | 74,277 |
| Supplies, Materials and Utilities | 7,806 | 15,374 | 3,119 | 52 | (198) | 118 | (902) | 9 | 25,378 | 24,354 | 1,420 | - | 51,152 | 58,162 |
| Interest on Long-Term Debt | - | - | - | - | - | - | 2,995 | - | 2,995 | 2,206 | 812 | - | 6,013 | 6,159 |
| Grants and Requisitions | 288 | 1,762 | 82 | - | - | 189 | 1,156 | - | 3,477 | - | - | - | 3,477 | 2,838 |
| Amortization (Note 8) | - | - | - | - | - | - | 51,793 | - | 51,793 | 9,009 | 1,338 | - | 62,140 | 62,312 |
| Loss on Asset Disposals or Write-Downs | - | - | - | - | - | - | 597 | - | 597 | 1,549 | - | - | 2,146 | - |
| Other Expenses | 97 | 283 | 120 | - | 43 | 20 | 4,637 | - | 5,200 | 72 | 4 | - | 5,276 | 1,805 |
| TOTAL EXPENSES | 49,154 | 130,797 | 44,058 | 1,349 | 9,351 | 5,760 | 68,159 | 156 | 308,784 | 59,272 | 10,341 | - | 378,397 | 388,593 |
| SURPLUS (DEFICIT) BEFORE CAPITAL REVENUE | 2,771 | (4,360) | 1,490 | 199 | 671 | 525 | (28,318) | 999 | (26,023) | (41) | 379 | 208 | (25,477) | (27,454) |
| CAPITAL REVENUE | | | | | | | | | | | | | | |
| Contributed Tangible Capital Assets (Note 8) | - | - | - | - | - | - | 57,744 | - | 57,744 | 895 | - | - | 58,639 | 72,756 |
| Government Transfers – Capital (Note 17) | - | - | - | - | - | - | 481 | - | 481 | 3,167 | - | - | 3,648 | - |
| Other Capital Revenue (Note 18) | - | - | - | - | - | - | 4,908 | - | 4,908 | 541 | - | - | 5,449 | 15,033 |
| TOTAL CAPITAL REVENUE | - | - | - | - | - | - | 63,133 | - | 63,133 | 4,603 | - | - | 67,736 | 87,789 |
| ANNUAL SURPLUS (DEFICIT) | \$ 2,771 | \$ (4,360) | \$ 1,490 | \$ 199 | \$ 671 | \$ 525 | \$ 34,815 | \$ 999 | \$ 37,110 | \$ 4,562 | \$ 379 | \$ 208 | \$ 42,259 | \$ 60,335 |