



Celebrating our past

Powering our new tomorrow

2013 Annual Report

For the year ended December 31, 2013



**STRATHCONA
COUNTY**



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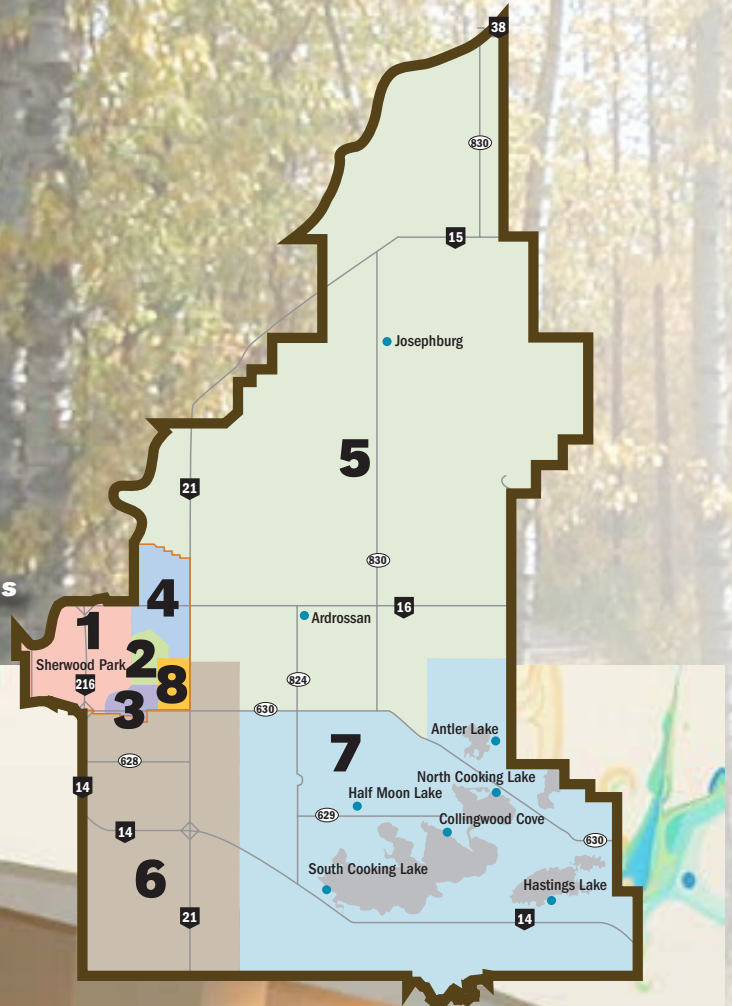
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Strathcona County comprises eight municipal wards



Strathcona County Council



Centre front:
Mayor Roxanne Carr

Councillors top to bottom:
Vic Bidzinski - Ward 1
Paul Smith - Ward 5
Dave Anderson - Ward 2
Fiona Beland-Quest - Ward 8
Carla Howatt - Ward 4
Bonnie Riddell - Ward 7
Brian Botterill - Ward 3
Linton Delainey - Ward 6

Message from your Mayor and Council

Celebrating our past... Powering our new tomorrow



In 2013, Strathcona County saluted its history in grand style. This same year, we set new strategic direction to guide our municipality well into the future.

We celebrated a milestone in our rich history.

In 1893, Clover Bar was the first area declared a labor district under the North-West Territorial Legislature. This official declaration was a first step in the development of Strathcona County as a rural self-governing body. Our community marked the occasion through a number of events, including the spectacular Strathcona Celebrates festivities held in August of 2013.

As important as acknowledging our roots is, Strathcona County Council also recognized the value of developing shared aspirations in how our municipality can evolve over the next 10, 20, 30 years. On April 23, 2013, Council approved a new strategic plan, "Strathcona County 2030: Powering our New Tomorrow." The plan expresses our vision for the best possible future state. It establishes community-wide priority areas and key goals to realize our vision.

It's a vision that speaks to being Canada's most livable community. You will see from some of the accomplishments shared in this annual report, just why we believe we can "live up" to this claim.

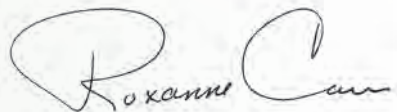
As one of the best places to live in Canada, it will take continued energy, innovation and strong fiscal stewardship to maintain our high quality infrastructure and services. Sound decisions in planning, budgeting and managing growth are essential.

Along the way, we will draw upon the strengths of our community, offering new ways for citizens to become involved in their local government. One example of this is the new Finance Advisory Committee. Established in 2013, with a membership of public and County representatives, it advises Council on matters relating to business planning and budgeting, fiscal policies, and long-range financial plans.

In addition to setting direction for our governance, 2013 saw several highly anticipated initiatives come on stream. This included the arrival of Alberta's first double-decker buses, the operational opening Fire Station #6, and tremendous pedal power as the County hosted the start of Tour of Alberta cycling road race last September.

Your new Council, sworn in on October 29, 2013, looks forward to guiding many more initiatives over a newly legislated four-year term. To elevate customer service, fiscal accountability and citizen engagement are high on our agenda.

We are well on our way, building on the good work that has come before, and with a commitment to provide strong leadership to power us forward.



Roxanne Carr, Mayor
Strathcona County

County profile

Strathcona County

**Energy ... energetic ... can-do spirit ...
quality of place, built on strongly held values**

Set in the centre of Alberta's energy and agricultural heartland, Strathcona County is a thriving, successful and vibrant community of more than 92,000 residents. Strathcona County is made up of the urban area of Sherwood Park and a large rural area of farms, acreages and eight smaller hamlets.

- **We are Canada's energy engine ...**
home to 75 per cent of refining in Western Canada and a strong partner in Alberta's Industrial Heartland Association
- **We empower and enable your success ...**
a municipality that supports its citizens in reaching their highest aspirations, that strives to provide quality, efficiently run programs and services
- **We are a community of choice ...**

Did you know? In 2013, Strathcona County was ranked as the fourth best overall place to live in Canada, according to Moneysense.ca. Strathcona County also ranked as the fourth best place to raise kids and had the third highest average income in Canada.

We keep on getting better. In 2014, MoneySense ranked Strathcona County the #2 best small-sized "city" to live in Canada and #3 for best overall place to live in Canada.

Cities across the nation were ranked based on factors that contribute to overall quality of life, including income, employment, housing prices, crime rates and weather.



County-wide area (Figures are approximate)

1,265 square kilometres

Industrial	7,490 hectares
Commercial	1,910 hectares
Residential	15,850 hectares
Agricultural.	84,930 hectares
Park/recreation/natural	3,430 hectares
Other: water bodies, roads, road rights-of-way	12,980 hectares

Population (2011 federal census)

Total	Sherwood Park	Rural*
92,490	64,733	27,757

*acreages, farms, rural hamlets

Increase in population (est.), 2008 - 2013	9.2%
Average annual growth rate, 2013-2014 projected . .	1.8%
Number of dwelling units (2013)	35,525

(Source: Assessment and Tax roll. Includes 1,942 farms and 7,820 acreages)



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.

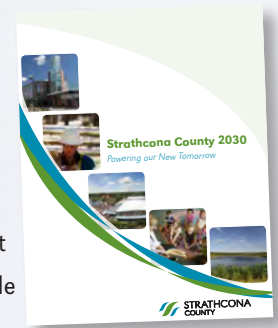
We are a specialized municipality, and work cooperatively with our urban and rural residents to govern as a single municipality. Proud of our distinct governance model, we promote and demonstrate our achievements.

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.

We are Canada's most livable community.

Our strategic plan, **Strathcona County 2030: Powering our New Tomorrow**, shares the vision of what it means to become Canada's most livable community.



The Strathcona County Strategic Plan has five pillars of sustainability: **Economy, Governance, Social, Culture** and **Environment**, supported by eight community-wide priority areas – guiding priority-driven business planning to maximize value for tax dollars.

Community-wide priority areas

Economy

- World leader in petrochemical cluster
- Effective and efficient municipal infrastructure
- Diverse economy

Governance

- Cooperative partnerships with community, business, industry and neighbouring governments

Social

- Helping, caring and safe community
- Healthy and active community

Cultural

- Vibrant, creative community

Environment

- Protect our environment and preserve biodiversity

Message from the Chief Commissioner



Strategic focus ... strengthened effectiveness

2013 was the year for laying the groundwork toward “Powering our New Tomorrow.”

November 26, 2013 marked my first full year as Chief Commissioner for Strathcona County. Over the past year, addressing recommendations from the organizational review, *In Pursuit of Excellence*, has been a top priority.

The review identified opportunities to improve service delivery and organizational effectiveness. For many of the recommendations, departments were already working to address identified gaps and needs. Two recommendations made, important to the very foundation of our municipality, were to:

- develop a new strategic plan, which Council unveiled in April 2013, and
- re-engineer our business planning and budget process, which is well underway.

The strategic plan provides high level focus and direction to guide our municipality over the long term. A well-structured business planning and budget process will allow us to better align our programs and initiatives, with resources, to meet our long-term goals. It’s also an opportunity to refine our performance measurement and reporting systems across the organization. Overall, defined goals and priority driven business planning can maximize value for your tax dollar.

Presenting Strathcona County’s first corporate business plan in 2014 will be the next step in this work, and a key milestone in moving the strategic plan forward.

Our attention is also turned to addressing growth challenges, excelling in customer service, and increasing the public’s involvement and awareness on issues affecting the County’s future.

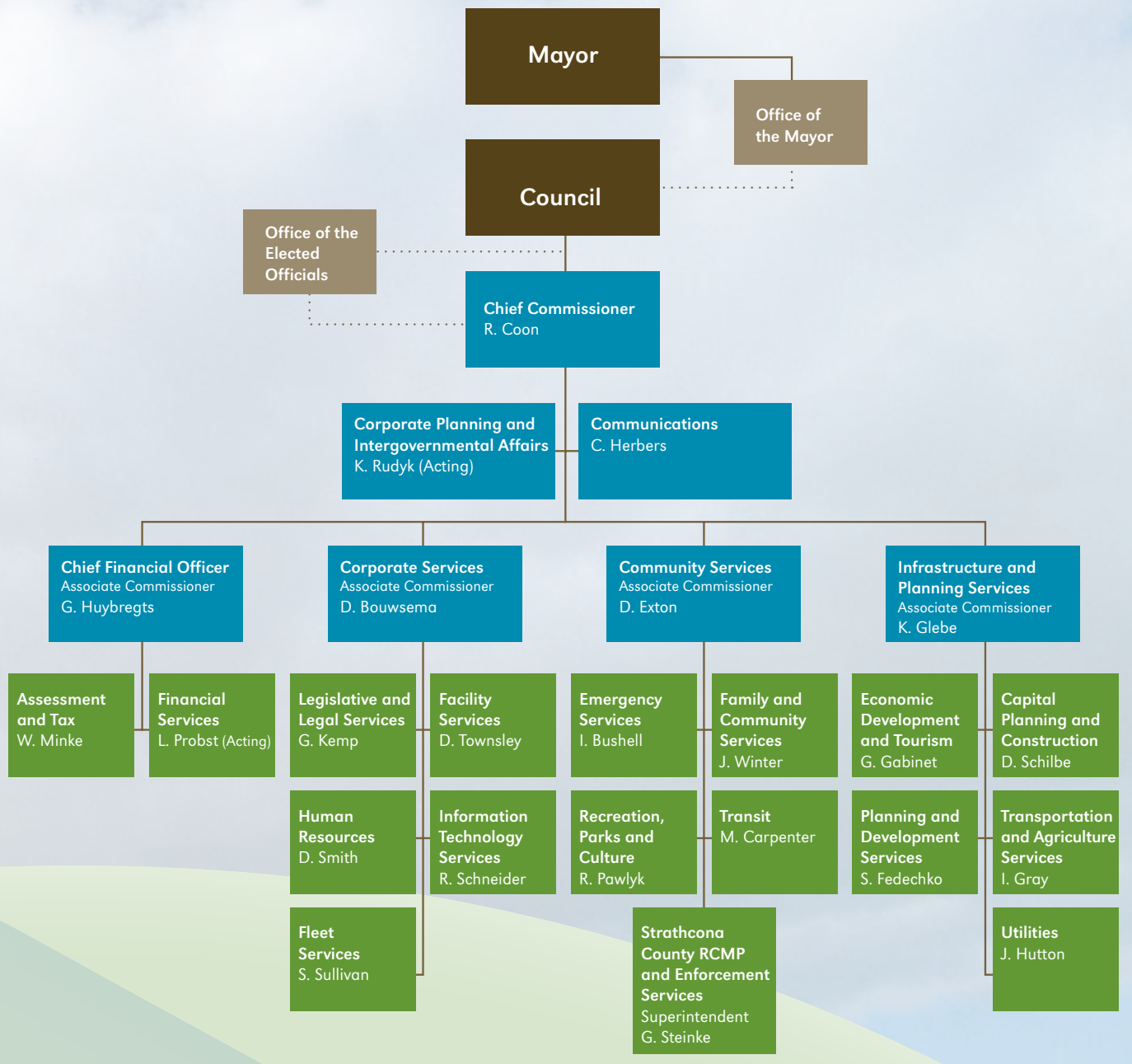
While strategic efforts are critical to any organization, the work on the frontline to deliver programs and services to citizens is vital. In 2013, we continued to provide some of the highest service levels anywhere.

Fine-tuning communications and responsiveness within our winter maintenance activities was well received. Earning LEED® Gold Certification for the Community Centre’s green building features was just one example of the County’s commitment to environmental sustainability. Design and construction on the new 27-acre Emerald Hills Regional Park began, soon to be home to an artificial turf field and sports pavilion. These only touch on our progress in 2013.

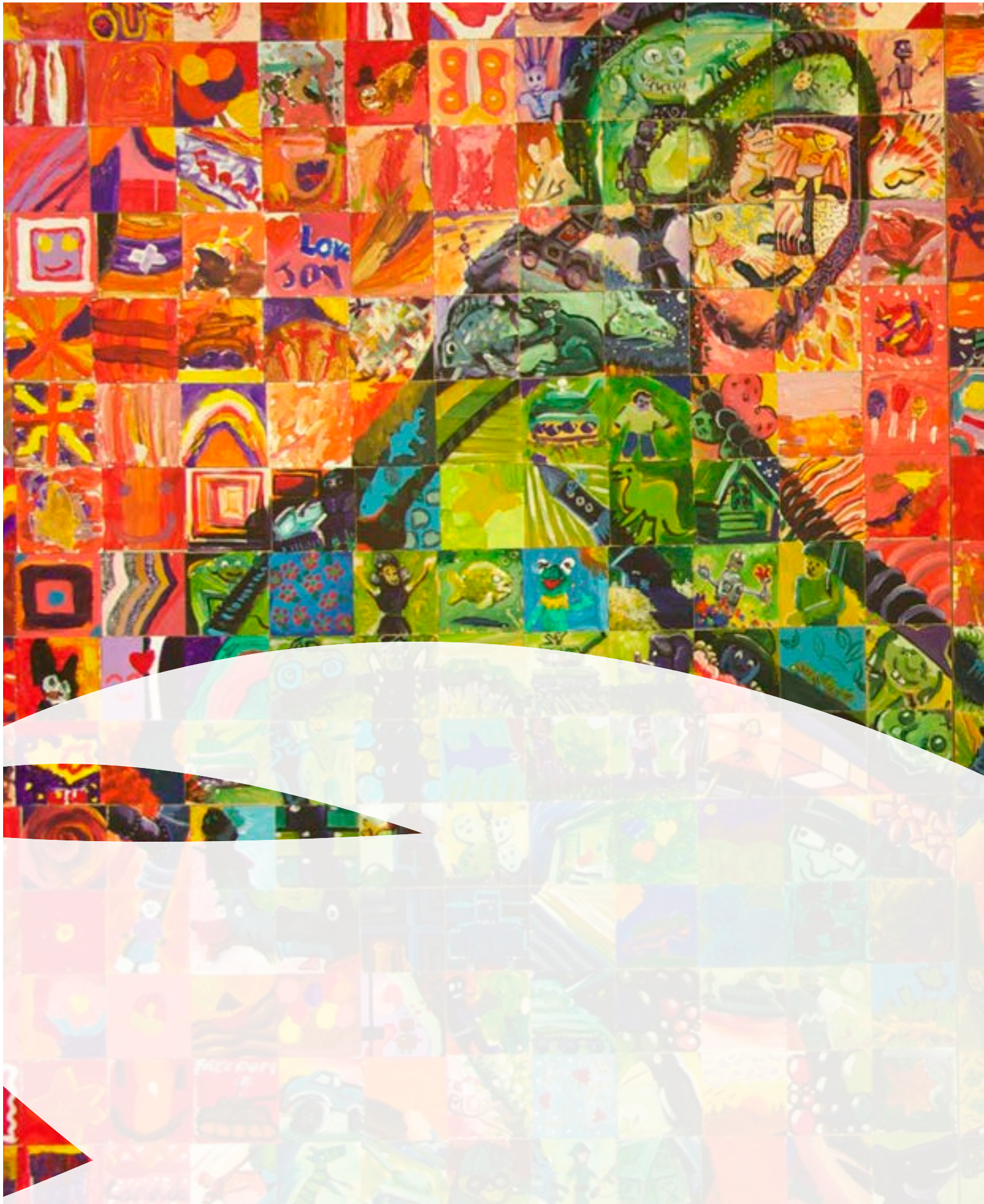
I look forward to many more successes ahead. With Council’s leadership and the hard work and willingness of Strathcona County staff, I have every confidence in a positive and well-positioned future for our organization and community.

Rob Coon
Chief Commissioner, Strathcona County

Strathcona County organizational structure



Strathcona County Executive Team
 Standing, L to R: Darlene Bouwsema, Kevin Glebe, Denise Exton
 Seated: George Huybregts and Rob Coon





Features

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An account of Strathcona County's history

What has drawn us here?

Established on the traditional lands of the Cree people and the traditional territory of the peoples and nations of Treaty 6, this place we now call Strathcona County drew people from near and far in search of the prized rich resources found here. Initially the lure involved furs and gold, then as the area was surveyed, it was largely the opportunity to own land, much of it boasting prime soils. The establishment of law and order, and then the railway aided

early European settlement, as did the plentiful supplies of coal and timber. Today it is industry's prosperity and progress that draws people here and persuades us to make Strathcona County our home.

From time to time ...

Here are a few highlights taken from a larger historical timeline that sets snippets and snapshots – milestones in Strathcona County's history – within the context of regional, territorial, provincial, national and even world events.



1875

The North West Mounted Police build at Fort Saskatchewan
image: Strathcona County Museum & Archives



1881

R.P Ottewell, Thomas Jackson, W.D. Carscaden and Edward Langrell are among the first to arrive in the Clover Bar area to take up homesteads. Townships 52, 53, 54 in range 23, townships 54 and 56 in range 21, township 56 in range 20, and townships 51 and 55 in range 22 are surveyed.
image: Glenbow Archives nd-3-3528b

Mr and Mrs R. P. Ottewell c. 1927



1909

The Grand Trunk Pacific lays rails through the district. Stations are built at Deville, Cooking Lake, Uncas, Ardrossan, Bremner and Clover Bar.
image: Strathcona County Museum & Archives

Pre-historic

1670

1850

1860

1870

1880

1890

1900



1850s

The fur-rich Beaver Hills are frequented by Cree as late as the 1850s.
image: Provincial Archives of Alberta, A21624



Prehistoric

Archaeologists have excavated 30 pre-historic sites along the shorelines of Hastings and Cooking Lakes. Three separate excavations at the Strathcona Science Park uncovered much evidence of seasonal prehistoric occupation.
image: Royal Alberta Museum

1860s

Thomas Clover, a California '49er gold prospector, finds gold on a bar in the North Saskatchewan River east of Edmonton. By the mid-1880s, the surrounding area is known as Clover Bar.



1892

Parry Sound colonists numbering 298 arrive in the Partridge Hill District.
image: Strathcona County Museum & Archives

1893



image: Alberta Legislature Library

Recorded in the North-West Territories Gazette: On April 14, 1893, the area of Clover Bar – Township 53, Range 22, West 4th Meridian – was declared by the North-West Territorial Legislature as Statute Labor and Fire District Number Two. This measure was taken to address issues settlers were having with fires and wandering livestock, and the need for trails.

Strathcona County – today's boundaries



2013 marked 120 years for our municipality

April 14, 2013 marked 120 years since the area that gradually developed into Strathcona County was first declared in 1893 as Statute Labor and Fire District Number Two under the North-West Territorial Legislature. This official declaration, the first in what is now the Province of Alberta, was an initial step in the development of Strathcona County as a rural self-governing body.

Check online at www.strathcona.ca/history for accounts and interpretations of Strathcona County's history, including a PDF of the larger timeline entitled *From time to time*.

(A large display of this timeline is available for loan for community events.)



Leduc No. 1
image: Provincial Archives of Alberta, P2733



1947-48

With Imperial Oil's strike at Leduc in 1947, subsequent discoveries usher in a new economy for Alberta, so much so that Imperial Oil dismantles an idle refinery at Whitehorse and reassembles it at Clover Bar.

image: Strathcona County Museum & Archives



1950s

Baseball is the main sport played and there is keen rivalry among the community baseball teams of Bremner, Salisbury, Ardrrossan and Clover Bar.

image: Strathcona County Museum & Archives

1920

1930

1940

1950

1960

1970

1980

1990

2000



1928

The City of Edmonton builds a seaplane base at South Cooking Lake. Later, in 1980, the Alberta government builds a landing strip.

Bellanca Pacemaker on floats at Cooking Lake
image: Denny May Collection



1950s

The residential development of Sherwood Park entered the scene in the 1950s when two developers started up a satellite community to serve workers at the refineries and other industrial developments emerging within the County's borders. Developer John Campbell began building homes in 1954, and people moved into "Campbelltown" in 1955; by 1956 it was known as Sherwood Park. Near the same time, the County began to develop country residential subdivisions. These changes contributed to the shift from a completely rural municipality to one with a mix of urban and rural areas, and acreages combined.

image: Strathcona County Museum & Archives



1960s

Known as the "dairy shed of Edmonton," there are many small dairy farmers in the Municipal District of Strathcona. Names include Stannard, Bailey, Marler, Gramotovich, Hipkin, Gray, Adams, Kephert, Hosford, Ottewell, McGhan, Wunderly, Kinch, Corcoran, Ball and McCalla. The size of local dairy farms doubles between 1939 and the 1960s, and the number of cows increases correspondingly. By the 1980s, the ever-increasing size of dairy farms is prohibitive, and many farmers switch to grain farming.

Dairy cattle inside barn,
A. and H. Martin, five miles south-east of
Edmonton on the Wye Road, 1933
image: Glenbow Archives nd-3-6503a



Lord Strathcona

Proud of our namesake— Lord Strathcona

Donald Alexander Smith began his prominent business and political career with the Hudson's Bay Company as an apprentice clerk in 1838 and worked his way to chief commissioner by 1871. He was a financial backer of the Canadian Pacific Railway and, during the Boer War, also personally maintained Strathcona's Horse, a regiment of mounted riflemen largely from the West. He was knighted in 1886, and elevated to the peerage in 1897, taking the name Lord Strathcona and Mount Royal.

We are proud of our name, as it honours our namesake, Lord Strathcona.

image: Glenbow Archives nb-40-2, cropped



Strathcona celebrated ...

2013 — Strathcona County turned 120 years young!

To mark this proud milestone, the County celebrated in grand style its rich history, the people who have influenced its direction and those who have defended personal freedom.

With many community celebrations leading up to the momentous day, the [Strathcona Celebrates](#) event on August 24, 2013 created unique and memorable experiences. Great activities, fantastic sponsors, generous volunteers and terrific weather contributed to this festival's success. Over 6,000 people converged at the Community Centre and nearby fields throughout the day to enjoy numerous activities and performances that engaged the interests of all ages and abilities. There was something to appeal to everyone.

The highlight of the celebration was the Key to the County Ceremony where the Lord Strathcona's Horse (Royal Canadians) received the Key to the County, one of the highest honours a community can bestow upon a military unit.

The Key to the City ceremony originates in ancient Rome and British military history. It was a capital offence for the military to enter a city in formation or with weapons without permission during this period. Legions and regiments who had performed heroic service, devotion and whose honour was beyond question might be granted the Key to the City. These groups would not have to break ranks or disarm when entering the city. Due to the risk to the city involved, the Key to the City was an extremely rare honour.

At our event, residents also lined the streets to witness a Military Roll Past and a Lord Strathcona's Horse (Royal Canadians) Troop performance later that afternoon.

The memorable day also included the official military unveiling ceremony for the Miok-McCormack Memorial, located in Broadmoor Lake Park. This memorial is dedicated to the memory of two Sherwood Park soldiers killed in Afghanistan in 2009.



its history, its people, its military

Strathcona County's history was highlighted throughout the day with Aboriginal activities and performances, interactive displays and re-enactments of life 120 years ago.

The evening ended with a family Movie in the Park event where children enjoyed free popcorn and glowsticks.



Re-engineering business planning and budgeting

Direction, alignment, focus

The organization-wide review, In Pursuit of Excellence, looked at County operations, procedures and structure, and highlighted opportunities to improve service delivery and organizational effectiveness.

At about the same time, Council approved budget to complete a 4E (efficient, effective, equitable and economical) review of business plan and budget processes. Strathcona County undertook the review, recognizing the volume of effort required by these processes, and the impact both the process and results have on internal and external stakeholders.

The review identified optimal business planning and budget processes and methodologies that will:

- help meet the County’s service delivery and fiscal objectives
- add value, incorporate best practice
- be less onerous and time consuming than current practice
- complement the Economic Sustainability Framework implementation project
- increase accountability and transparency through performance measurement reporting

Based on recommendations, Administration presented an implementation plan, which was approved by Council in May 2013. This plan, supported by the 4E review, highlighted a need for the organization to review its approach to business planning and budgeting, and to better connect the two.

2014	2015	2016
Department Business Plans	Multi-year Forecast	Multi-year Budget
Core Functions Defined	Full-costing of Core Functions	Full Financial Performance Measures
Business Plan Process	Performance Measurement Reporting	Priority-Based Business Plans & Budgets
Priority-Setting Culture	Business Plan Interface	
Earlier Budget Dates		
Improved Mechanics		

The Business Plan and Budget Implementation (BPBI) project was launched, and internal sub-project teams established to address specific aspects of the process, including business planning, performance measures, and budgeting.

These teams progressed well throughout 2013. The first milestone reached was a framework for departments to complete four-year business plans.

Business planning will help departments align their departmental goals and accompanying initiatives with the Corporate Business Plan, which is also aligned with Council's strategic plan. Once complete, these plans will inform the yearly budget process.

They will also contain key performance indicators, allowing the organization to measure goal outcomes and the progress on moving towards achieving goal outcomes.

Most recently, Council provided direction as to the priorities of their strategic plan. In turn, this allows Administration to focus its resources on goals that will move the organization forward to Council's vision.

When complete in 2015/16, these processes will simplify and strengthen business planning and budgeting at Strathcona County, providing focus and direction to all of the County's activities.



Accomplishments

Highlights of some of the accomplishments in 2013 that are powering us forward

Economy

- **World leader in petrochemical cluster**
- **Effective and efficient municipal infrastructure**
- **Diverse economy**

The County completed an **Industrial Land Strategy** to ensure a balanced supply of industrial land to address expansion of agricultural, light, medium and heavy industrial uses and accommodate interested companies well into the future.

The City of Edmonton and Strathcona County collaborated on a **17 Street Functional Planning Study**. It prepared for the significant reconstruction and road widening for the 17 Street and Sherwood Park Freeway interchange, due to the Northeast Anthony Henday Drive work by the province. The existing two-lane undivided rural roadway will be upgraded to a multi-lane urban arterial roadway.

Extensive public engagement has been undertaken to complete a **Bremner growth management strategy**. Should the County decide to proceed with development of a new community at Bremner, the growth management strategy will guide the detailed plans for the area.

Lakeland Drive Twinning expanded the roadway of Lakeland Drive into a four-lane cross-section between Clover Bar Road and Highway 21, and included a final paving lift between Broadmoor Boulevard and Highway 21, and Clover Bar Road between Lakeland Drive and Emerald Drive. Street lighting and an asphalt trail were installed. Landscaping will continue in 2014.

A new **Property Assessment Mapping Tool** was launched. Using this GIS-based tool, residents can review property assessment information, and generate summary and comparison reports. Search your property at www.strathcona.ca/assessment

Construction for the **intersection improvement** at Range Road 225 and Township Road 530 was completed in 2013.



Governance

- Cooperative partnerships with community, business, industry and neighbouring governments

Strathcona County's transition to **priority-based, multi-year business plans** will see a four-year corporate business plan and aligning department business plans driving the development of the 2015 budget. The plans will include performance measurements to strengthen transparency and accountability. Full implementation of the re-engineered business plan and budget process will occur over the next two years.

Almost 900 residents responded to a survey conducted in 2013 to understand resident perceptions and **attitudes towards traffic safety**. The results of the survey will be used to update strategic direction for traffic safety and education efforts in the County.

The **traffic calming policy** approved in 2013 takes a community-based approach, requiring residents to champion the process of traffic calming in their neighbourhood. Education and enforcement options are emphasized before moving forward with a traffic calming request.



Environment

- Protect our environment and preserve biodiversity

The **Community Centre earned LEED® Gold Certification** from the Canadian Green Building Council (CaGBC). LEED® (Leadership in Energy and Environmental Design) certified buildings meet one of the highest environmental performance standards in the world. The building's "green" features deliver a highly efficient building that reduces impact on natural resources and creates a healthier place to work in and visit.

Construction of the **Centennial Wetlands tower** establishes an electronic communication link between a sensor located at Highway 16 and Sherwood Drive to control north and south gates. This ability ensures maximum efficiency and superior flood protection for downstream neighbours, such as the City of Edmonton.

Following approval of the Integrated Transportation Master Plan in 2012, an internal technical committee was formed to prioritize potential "sustainability" projects and collaborate with County departments to **integrate active transportation and traffic reduction**.

The **Beaver Hills Initiative (BHI)**, in which Strathcona County is a partner, was awarded **\$250,000 in grant funding** under the 2013-14 Regional Collaboration Program. BHI will use the grant to advance conservation planning, integrate their research and update the BHI Land Management Framework.

The **biomass demonstration project** for the Centre in the Park Community Energy System uses commercial wood waste and agriculture waste such as oat hulls as a base-load fuel source. Over a two-year period, the fuel sources will be tested to determine which one produces the best results. There's potential to reduce greenhouse gases an additional 1,200 tonnes per year.

In partnership with Strathcona County, over 1,300 elementary students from Elk Island Catholic Schools (EICS) were challenged to bring **waste-free lunches** during National Waste Reduction Week last October. Altogether, students diverted 670 kilograms (or 1,500 pounds) of waste from the landfill.



Social

- Helping, caring and safe community
- Healthy and active community

Fire Station #6 opened. It is the new headquarters for Emergency Services, and also serves as a training facility for fire fighters. The building is a LEED® silver candidate. Its unique features include a training/hose tower (4.5 storeys, basement), deluge/decontamination shower (with collection system), secured evidence room for fire investigations, dedicated training classroom space, and building design that captures traditional fire station appearance.

Strathcona County Emergency Services launched a **new fire inspection program** initially focusing on high-risk occupancies.

Risk assessment to **prioritize at-risk rural subdivisions** sets the groundwork for a FireSmart program in our community. Sixty-three rural subdivisions with only one road in and out were ranked relative to their risk in the event of wildfire or other hazards. Action plans for the five highest-risk subdivisions were developed.

SC Alerts was launched. This system sends out emergent, significant and time-sensitive emergency alerts affecting Strathcona County. All residents are encouraged to sign up to receive localized alerts. www.strathcona.ca/scalerts

RCMP teamed up with the Strathcona County Crime Watch Association to form a **business watch program** for crime alerts and prevention tips.

Construction of the **Bethel Transit Terminal**, located at 700 Bethel Drive, began in 2013. Opening in 2014, this \$23-million transportation hub will have an enclosed, climate-controlled passenger platform, improved pedestrian and bicycle access, a larger kiss-and-ride area, 1,200 parking stalls (quadruple the current). It will accommodate more than 20 buses.

Emerald Hills Regional Park is becoming the home to many new exciting recreational amenities, including a grass sports field, two baseball fields, and an artificial turf facility. The sports pavilion and associated fields will open in 2015.

CountyWorks, a new webpage, showcases the County's roads, intersection, trails and parking lot construction on one interactive map. With the click of a mouse you can see what the timeline of the project is and who to call if you have questions. www.strathcona.ca/countyworks

Strathcona County Transit began its brand **new Mobility Bus** service. Offering increased service hours, as well as fewer trip restrictions, this new service replaced the former SCAT service.

Alberta's **first double-decker public transit bus** arrived in Strathcona County in 2013. A total of 14 double-decker buses were jointly funded through Strathcona County's Transit reserve and the Government of Alberta's Basic Municipal Transportation Grant.

A new **Trauma Support Worker** within Family and Community Services supports children and youth who have experienced or witnessed family violence or whose parents have mental illness. This program moves beyond traditional counselling and focuses on building resiliency and long-term supports.

The County hosted several activities to celebrate **National Family Week** in 2013 including a kick-off pancake breakfast and harvest festival at Ardrossan Recreation Complex attended by 400 residents. Ideas for building strong families, strong communities were shared on the Strathcona County website.

Strathcona County is part of a coalition with six communities to **address ways to stop domestic violence**. This coalition has been chosen as a Community of Practice by Shift: The Project to End Domestic Violence, an initiative of the University of Calgary.

To support requirements of the updated **Winter Maintenance Policy**, permanent snow route signs were installed along collector roads (priority 3) in Sherwood Park. This change from temporary signs allows clearing to start sooner. Several new communication tools such as interactive web maps were also introduced to notify residents of snow route parking bans and educate on winter maintenance activities.

Strathcona County was host to the biggest stage cycling race in Canadian history as the official start to the **Tour of Alberta cycling road race** last September. As a world class event, Tour of Alberta showcased Sherwood Park, and also parts of Alberta's Industrial Heartland, Beaver Hills Moraine and our distinctive rural communities over the first stage's 158-kilometre race.



Cultural

- **Vibrant, creative community**

Communities in south rural Strathcona County, together with the Strathcona County South Contact Office, hosted the **first Christmas in the Country** to complement Light Up South Strathcona and celebrate the holiday season.

The annual **Savour Strathcona County** event had record attendance in 2013. Held in the Community Centre Agora, the event is a local food, art and heritage festival, and highlights our independent restaurants.

Strathcona County's Heritage Advisory Committee examined, researched and evaluated **25 historic sites** that may deserve protection and/or be considered for municipal designation. The Strathcona County Heritage Inventory is available at www.strathcona.ca/history.



Deer Mound geodetic survey tablet, 1928

Awards and Accreditation

Strathcona County Emergency Services became the first fire service in the prairie provinces to be accredited to deliver **Superior Tanker Shuttle Service**. It recognizes the department can extinguish fires at a faster rate, which can translate into reduced fire insurance rates for single-family dwellings in specified areas around Fire Stations 1, 3 and 5.

Strathcona County Utilities received an overall **inspection rating of 88%** from Alberta Environment on Sherwood Park's water distribution system.

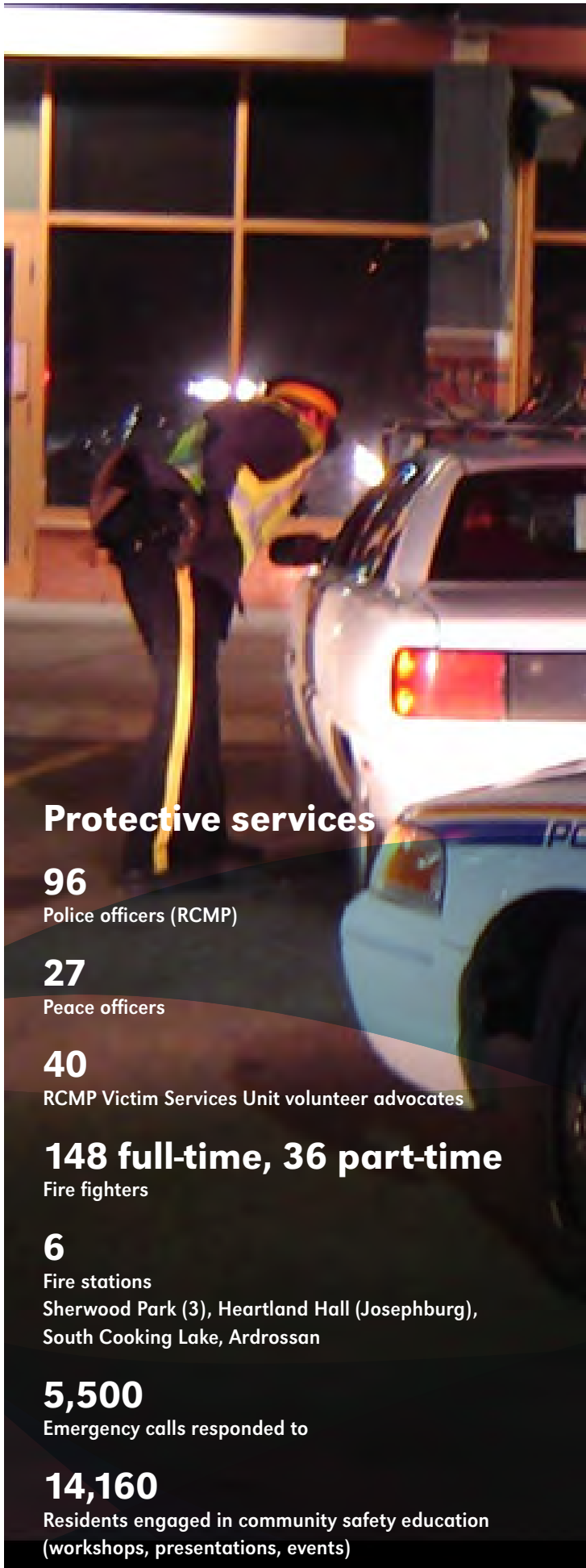
Strathcona County won three gold international **2013 Marcom Awards** for work on its gym etiquette campaign, the recreation drop-in schedule mobile app, and the "Are You Prepared?" educational campaign.

In 2013, Strathcona County was awarded a **five-bloom** (highest score) rating for its **Wetland Preservation and Stormwater Retention Ponds** as part of Communities in Bloom National and International Awards.





2013
Facts and Stats



Protective services

96
Police officers (RCMP)

27
Peace officers

40
RCMP Victim Services Unit volunteer advocates

148 full-time, 36 part-time
Fire fighters

6
Fire stations
Sherwood Park (3), Heartland Hall (Josephburg),
South Cooking Lake, Ardrossan

5,500
Emergency calls responded to

14,160
Residents engaged in community safety education
(workshops, presentations, events)

Transportation

1,310 km
Rural roads, County maintained

394 km
Urban roads, County maintained

232 km
Highways, province maintained

177 km
Roadside cleanup

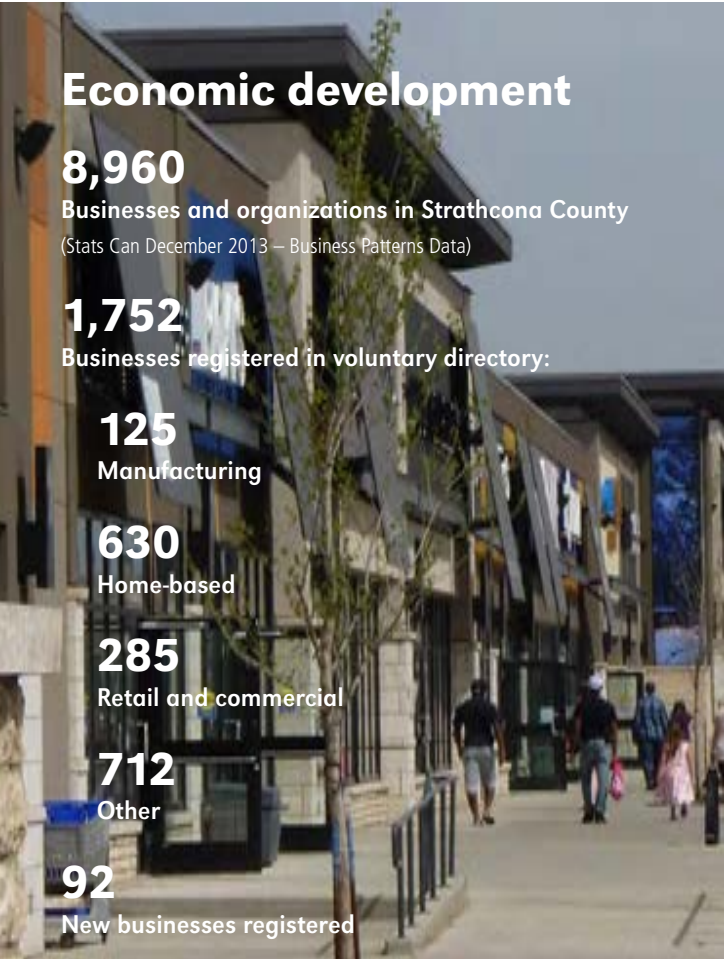
4,500 flights
Warren Thomas (Josephburg) Aerodrome

85
Transit buses

1.5 million
Transit rides

17,230
Accessible transportation rides





Economic development

8,960

Businesses and organizations in Strathcona County
(Stats Can December 2013 – Business Patterns Data)

1,752

Businesses registered in voluntary directory:

125

Manufacturing

630

Home-based

285

Retail and commercial

712

Other

92

New businesses registered



Planning and development

50

Subdivision and rezoning applications

1,465

Development permits

419

Permits for new residential units

\$315 million

Value of commercial, industrial, institutional,
and residential construction

64,363

Customers served by Planning
and Development Services
(in-person, by telephone, email)



Community services

1,623

Counselling services participants

46,303

Home support services – hours/year

179

Family day home services – children/month

103

Senior families directly served through volunteers

6,767

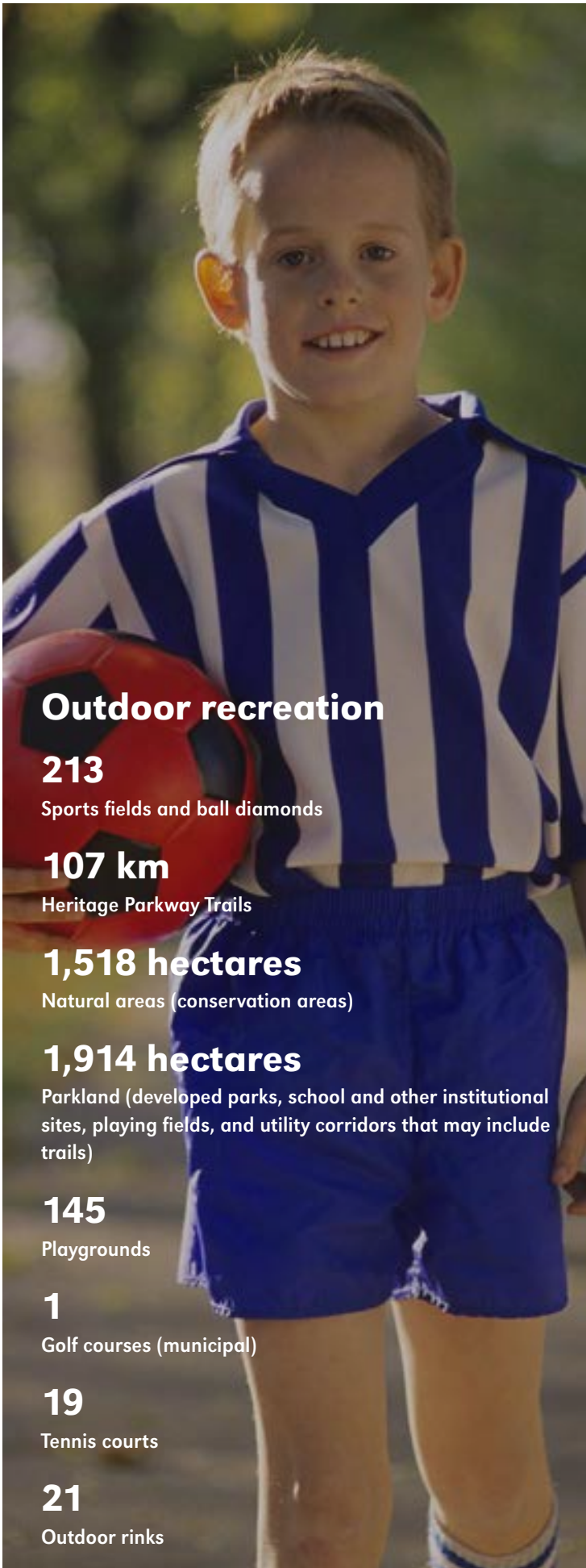
Community volunteer hours of service

948

Parent link programs

1,461

Community educations participants
(workshops, conferences)



Outdoor recreation

213

Sports fields and ball diamonds

107 km

Heritage Parkway Trails

1,518 hectares

Natural areas (conservation areas)

1,914 hectares

Parkland (developed parks, school and other institutional sites, playing fields, and utility corridors that may include trails)

145

Playgrounds

1

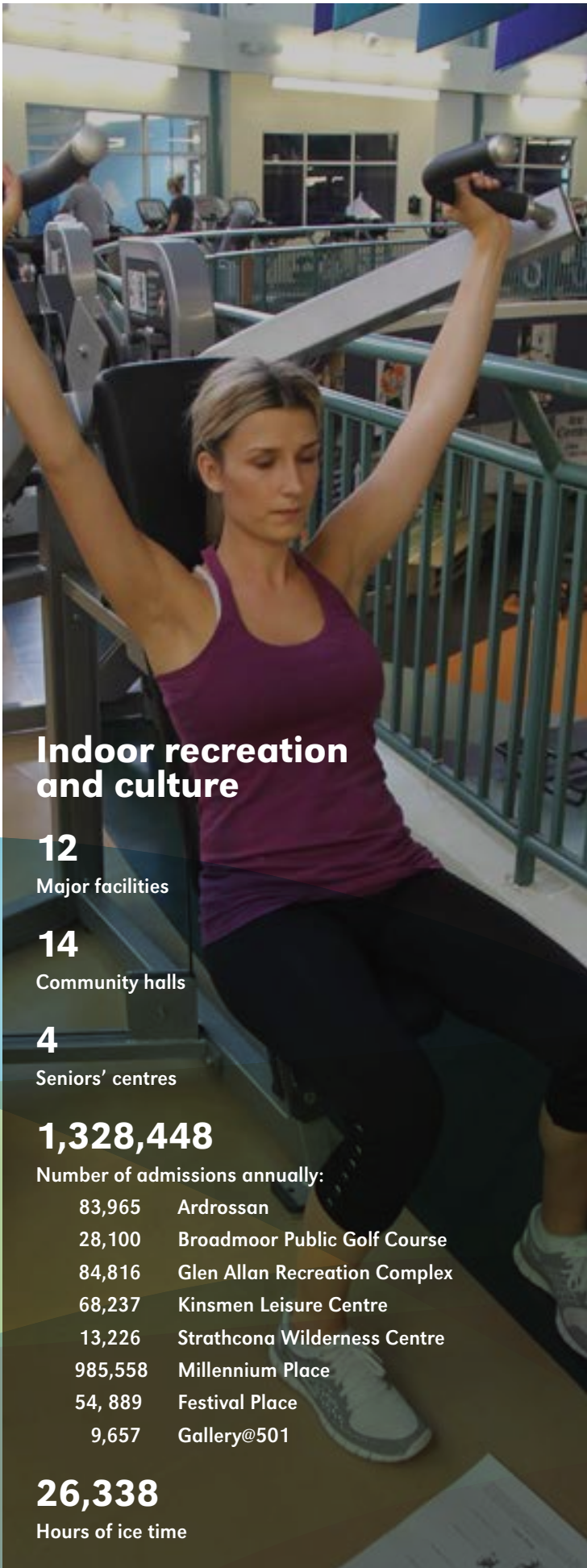
Golf courses (municipal)

19

Tennis courts

21

Outdoor rinks



Indoor recreation and culture

12

Major facilities

14

Community halls

4

Seniors' centres

1,328,448

Number of admissions annually:

83,965	Ardrossan
28,100	Broadmoor Public Golf Course
84,816	Glen Allan Recreation Complex
68,237	Kinsmen Leisure Centre
13,226	Strathcona Wilderness Centre
985,558	Millennium Place
54,889	Festival Place
9,657	Gallery@501

26,338

Hours of ice time



Library

1,447,540

Library, Bookmobile, online visits

1,597,812

Library resources used

139,700

Questions asked



Agricultural services

3,140 km

Roadside mowing

853

Weed notices issued
(96% compliance)

Utility operations

22.02 million

litres/day – water distributed

560 km

Water mains maintained

2,300

Fire hydrants

116.9 million

litres – water storage capacity

17.24 million

litres/day – wastewater treated

388 km

Wastewater mains maintained

388 km

Stormwater mains maintained

3

Recycling stations

13,572 tonnes

Residential waste to landfill

59%

Waste diversion from landfill through
Green Routine efforts

11,771 tonnes

Organics sent for composting

6,959 tonnes

Materials collected for recycling

183 tonnes

Enviroservice hazardous waste, including electronics

273 tonnes

Scrap metal collected for recycling






Fiscal Stewardship

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Financial Statement Discussion and Analysis



George Huybregts, CMA
Associate Commissioner/Chief Financial Officer



Strathcona County's 2013 Annual Report provides an opportunity to share our financial performance results with community stakeholders - residents, businesses and industry. This Financial Statement Discussion and Analysis (FSD&A) is a supplement to the 2013 Strathcona County Consolidated Financial Statements that are contained in this report. The FSD&A is provided to enhance understanding of the County's financial position and enable more informed assessments regarding changes in financial position. The FSD&A offers the reader additional information to assess the accountability of the County with respect to the management of financial resources used to provide municipal infrastructure, programs and services.

The FSD&A 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 (Net Debt), and Cash Flows. Strathcona County management is responsible for the preparation and presentation of these statements.

KPMG LLP has audited the 2013 Strathcona County Consolidated Financial Statements and provided an unqualified opinion. Council approved the audited 2013 Strathcona County Consolidated Financial Statements on April 22, 2014.

The following is a high level overview of the 2013 financial results of the County. Please refer to the Consolidated Financial Statement section for the audited financial statements.

Consolidated Statement of Financial Position Highlights

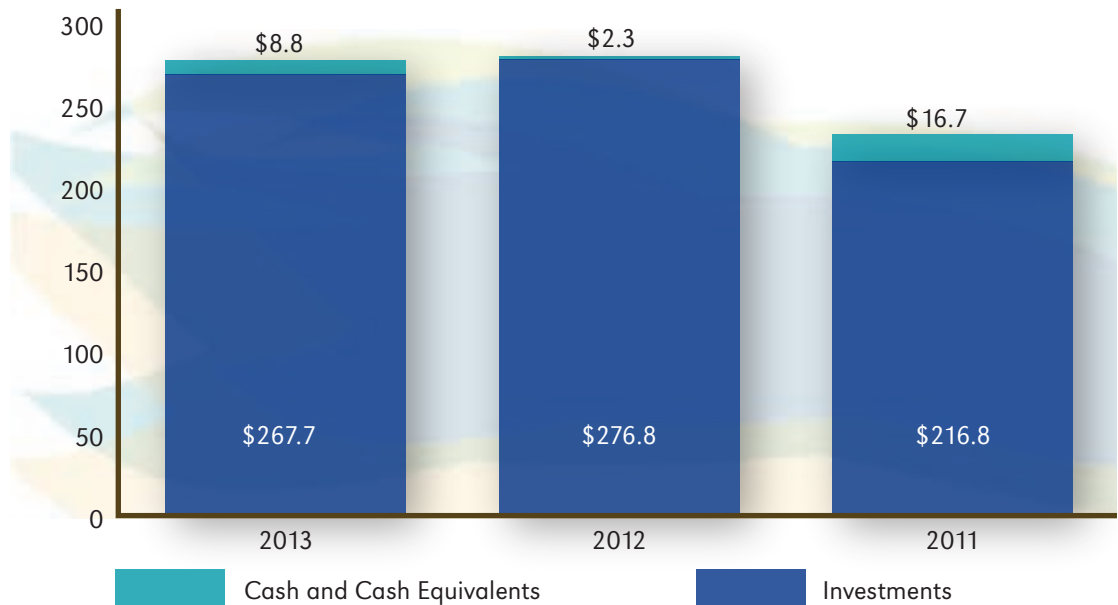
The Consolidated Statement of Financial Position highlights five key figures that together describe the financial position of Strathcona County: (i) the financial assets, (ii) the liabilities, (iii) net financial assets or net debt calculated as the difference between the financial assets and liabilities, (iv) the 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 our strategic goal to strategically manage, invest and plan for sustainable municipal infrastructure. This allows the County to continue to meet the program and service delivery needs of our growing community, and helps our economy remain competitive, healthy, and vibrant.

... manage, invest and plan for sustainable municipal infrastructure.

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 2013, the overall balance of financial assets remained unchanged from the previous year. Of the \$306.3 million total financial assets at the end of 2013 (2012: \$306.3 million), \$276.5 million consisted of cash and investments (2012: \$279.1 million). Of this amount approximately \$266.1 million (2012: \$256.1 million) was held in support of deposit liabilities, deferred revenues (grant and development levies) and reserves.

Cash and Investments Trend (in \$ millions)



Liabilities

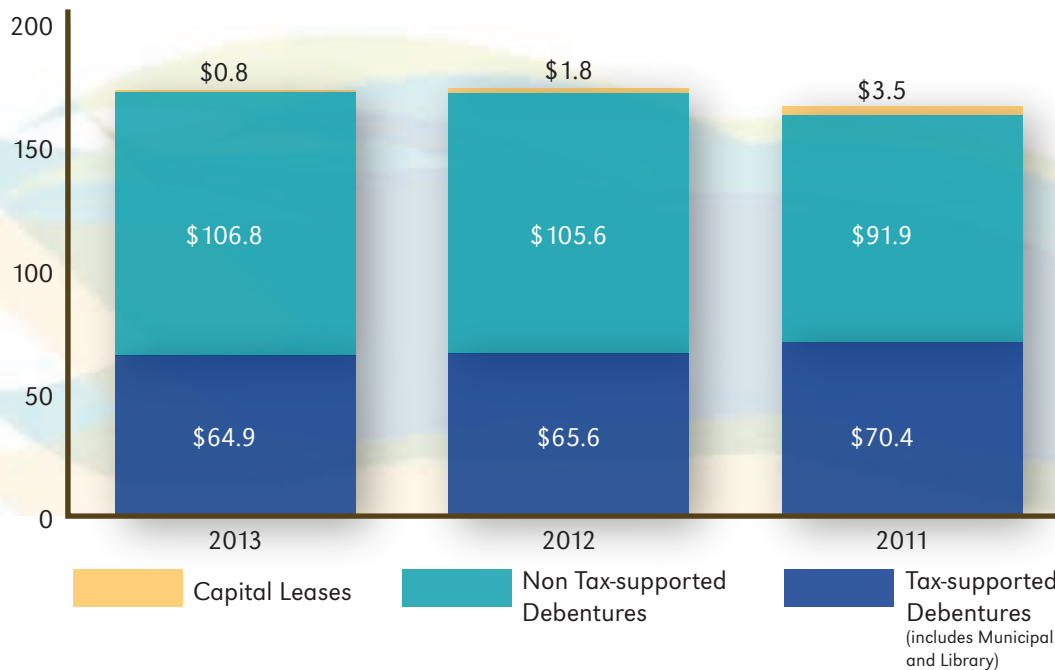
The County's total liabilities at the end of 2013 are \$295.8 million (2012: \$313.7 million), a decrease of \$17.9 million over the prior year. Use of deferred revenue of \$62.9 million (2012: \$65.8 million) and deposit liabilities of \$14.9 million (2012: \$22.5 million) remains restricted until the conditions associated with the balances have been satisfied.

Long-term debt is incurred to allow the County to address the protection 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 2013, the County incurred new borrowings of \$12.0 million (2012: \$19.7 million) and made debt repayments of \$12.4 million (2012: \$12.5 million).

The Provincial Government limits the external debt allowed by a municipality to 1.5 times revenue. While capital leases are used to a limited extent to finance County capital, the majority of the total debt outstanding of \$172.5 million (2012: \$172.9 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 remain constant throughout the term of the debenture, eliminating the risk associated with rate fluctuations. The County's debt management activities are also governed by the County's Debt Management Policy FIN-001-025, guiding the County to incur debt only if it is clearly demonstrated that it supports necessary community infrastructure, future debt servicing requirements are manageable, and the incurrence of debt is an equitable way to spread the cost to include future benefiting users. At December 31, 2013, the County was well within the provincial guidelines and its own policy. Total debenture debt per capita approximated \$1,858 (2012: \$1,852). Included in this amount is total municipal property tax supported debenture debt of \$455 (2012: \$455) per capita.

... the County was well within the provincial guidelines and its own policy.

Total Debt Outstanding (in \$ millions)



Total Debt Outstanding versus Debt Limit (in \$ millions)



... the consolidated net financial asset balance is \$10.4 million ...

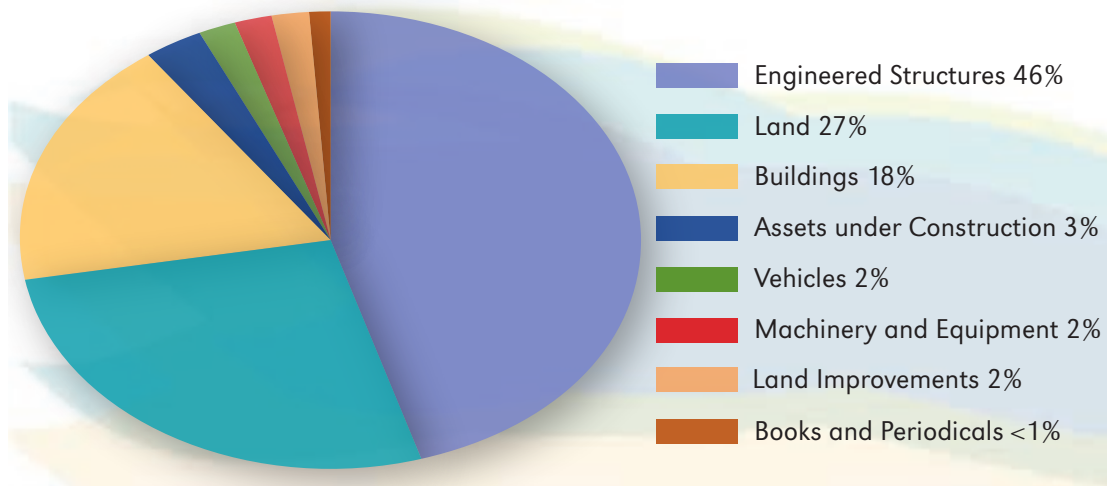
Net Financial Assets (Net Debt)

The net financial asset (net debt) figure is the difference between financial assets and liabilities, and is a key indicator of the County's ability to meet its commitments and liabilities, as well as to provide funding for future planned and emergent needs. At the end of 2013, the consolidated net financial asset balance is \$10.4 million (2012: (\$7.5) million net debt), an increase of \$17.9 million from the prior year. The increase in net assets is primarily a result of the annual PSAS surplus and the net change in tangible capital assets for the year. Due to the significance of the County's capital activity, the timing of capital spending contributes to changes in the net financial assets (net debt). 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 funds are received in advance, net financial assets will increase until the investment in tangible capital assets is made.

Non-financial Assets

Non-financial assets are \$1,603.4 million at the end of 2013 (2012: \$1,527.7 million). Non-financial assets consist of tangible capital assets of \$1,601.1 million, inventories of materials and supplies of \$0.7 million, and prepaid expenses of \$1.6 million. The increase of \$75.7 million over the prior year results from contributed assets and assets that were purchased or constructed in the provision of service delivery, net of asset transfers, disposals and amortization expense.

Tangible Capital Assets Summary



During 2013, the County constructed or purchased assets at a total cost of \$99.1 million (2012: \$94.8 million). Other assets, including developer constructed roads and parks, were contributed at a value of \$33.5 million (2012: \$15.2 million). The County began amortizing \$143.8 million (2012: \$99.8 million) of tangible capital assets (excluding land) that were put into service during the year. At the end of 2013, assets with a value of \$50.9 million (2012: \$71.0 million) remain under construction.

... the County constructed or purchased assets at a total cost of \$99.1 million ...

Of the total amount spent on capital projects in 2013:

- 40% or \$39.5 million (2012: \$39.8 million) was funded by government transfers (i.e. grants)
- 34% or \$33.3 million (2012: \$32.8 million) was funded by operations (i.e. property taxes) and reserve funding
- 14% or \$14.2 million (2012: \$12.4 million) was funded by development levies, contributions and other sources
- 12% or \$12.1 million (2012: \$9.8 million) was financed with tax-supported and non tax-supported debt

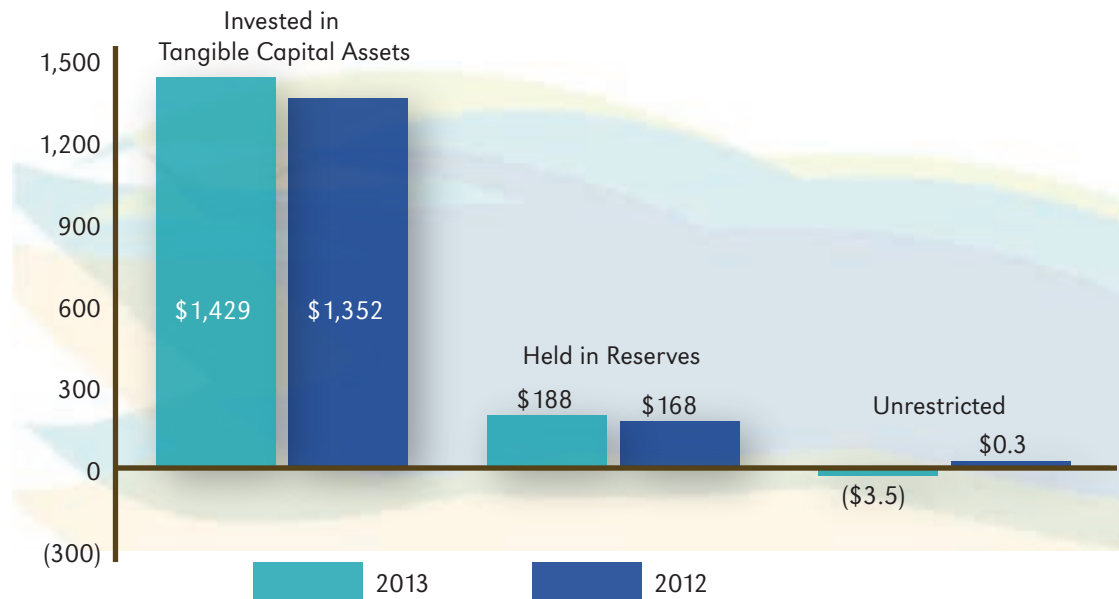
The County's 2013 investment in tangible capital assets to maintain or improve community services included, among others:

- Lakeland Drive Road Improvements (Clover Bar Road to Highway 21)
- Construction of Fire Station #6
- Land Purchases for Centennial Park
- Double Decker Buses
- Utility Infrastructure
- Bethel Transit Terminal

Accumulated Surplus

The County's accumulated surplus at December 31, 2013 is \$1,613.8 million (2012: \$1,520.2 million), an increase of \$93.6 million.

Accumulated Surplus Breakdown (in \$ millions)

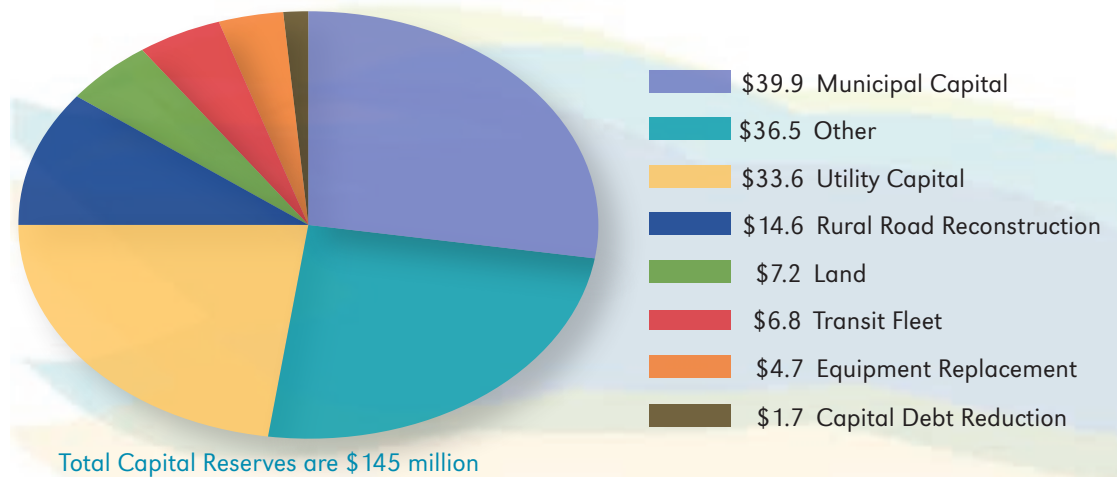


Council establishes reserves by setting aside financial assets to help offset future capital needs, obligations, pressures and costs.

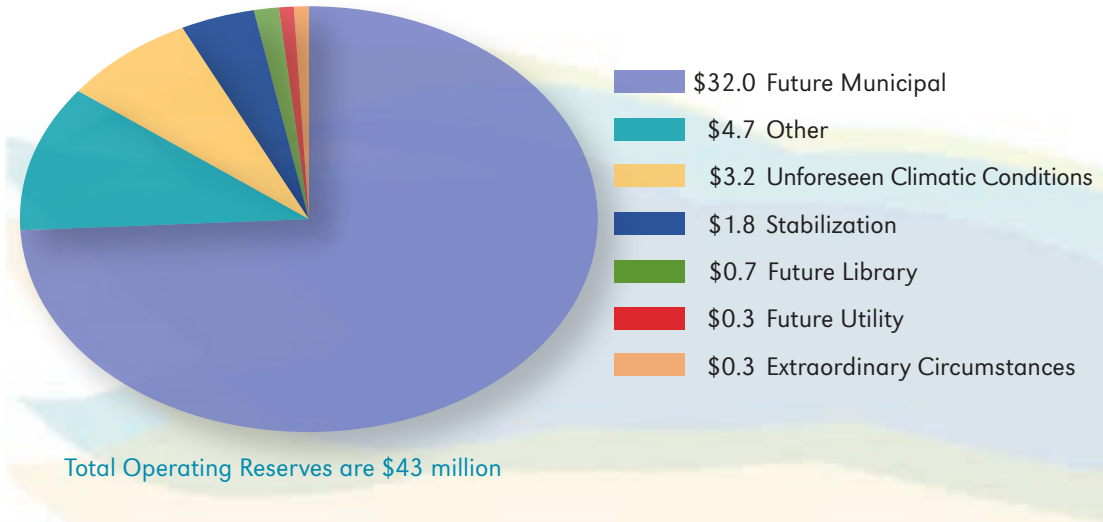
Although reserves are not separately reported in the consolidated financial statements, they are a key element in the financial management and operations of the County. Council establishes reserves by setting aside financial assets to help offset future capital needs, obligations, pressures and costs. These reserves are drawn upon to finance capital and operating expenditures, as approved by Council. This process contributes to the economic sustainability of the County by minimizing tax rate fluctuations in the case of unanticipated expenditures or revenue shortfalls.

In 2013, Council established the Stabilization Reserve which will provide funds to smooth future property tax dollar increases in periods of high inflation, to stabilize fluctuations in operating and capital activity, and to address the risk of revenue or expenditure volatility.

Capital Reserves Breakdown (in \$ millions)



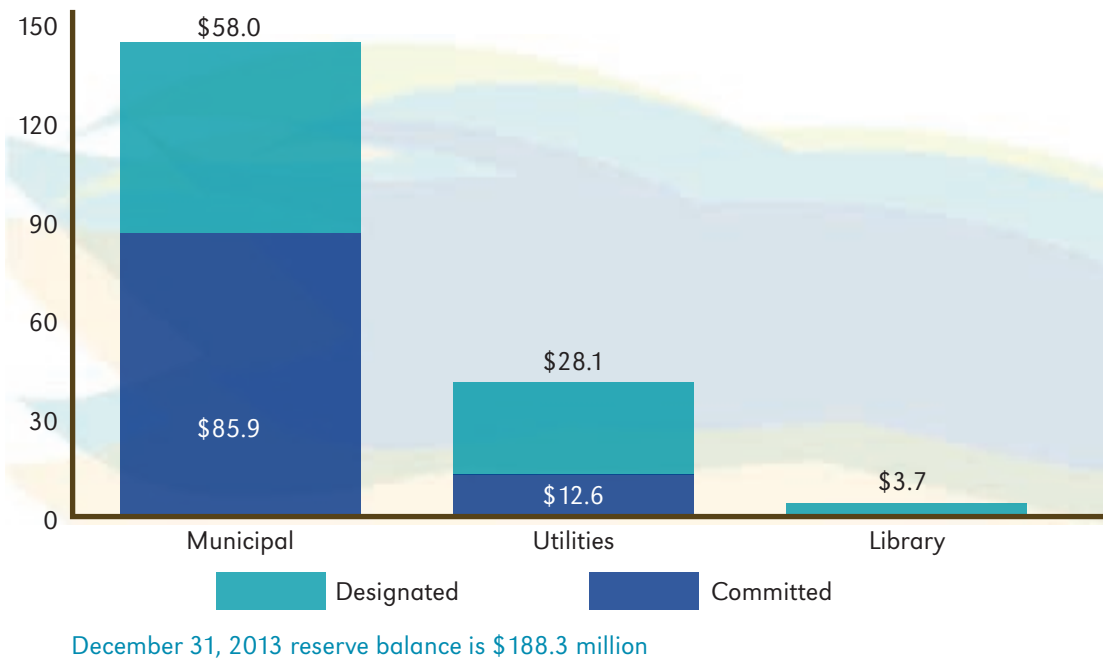
Operating Reserves Breakdown (in \$ millions)



Total reserves at December 31, 2013 amounted to \$188 million ...

Total reserves at December 31, 2013 amounted to \$188 million (2012: \$168 million). Of this amount approximately \$98 million or 52% (2012: \$93 million or 55%) is committed to specific projects as approved by Council. The remainder, approximately \$90 million or 48% (2012: \$75 million or 45%) is designated; the specific expenditure from reserve funds has not been approved by Council but the reserve funds remain designated for the purpose Council has approved.

2013 Reserve Balances (in \$ millions)



Consolidated Statement of Operations and Accumulated Surplus Highlights

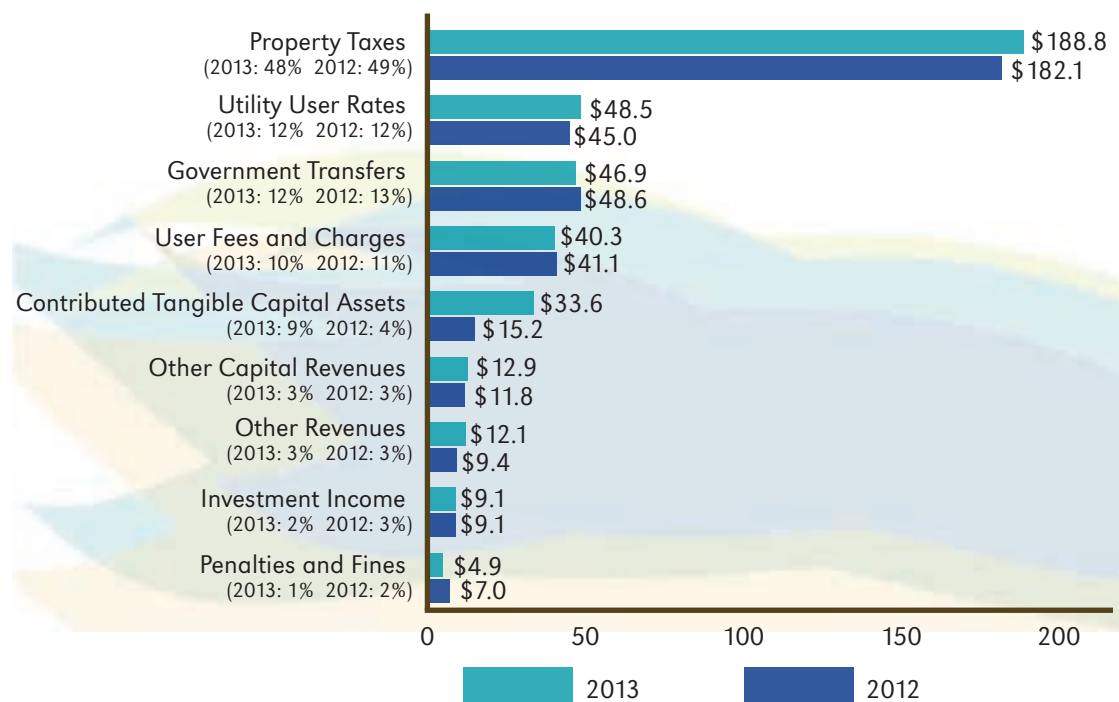
The Consolidated Statement of Operations and Accumulated Surplus reports the change in accumulated surplus during the year. The statement details the revenues earned less the cost of services provided to County residents.

Revenues

Consolidated revenues for 2013 are \$397.1 million (2012: \$369.3 million), an increase of \$27.8 million or 7.5% from the prior year.

... \$54.4 million was collected for remittance to the provincial education authorities.

Consolidated Revenues by Type (in \$ millions and as a percentage of total consolidated revenues)

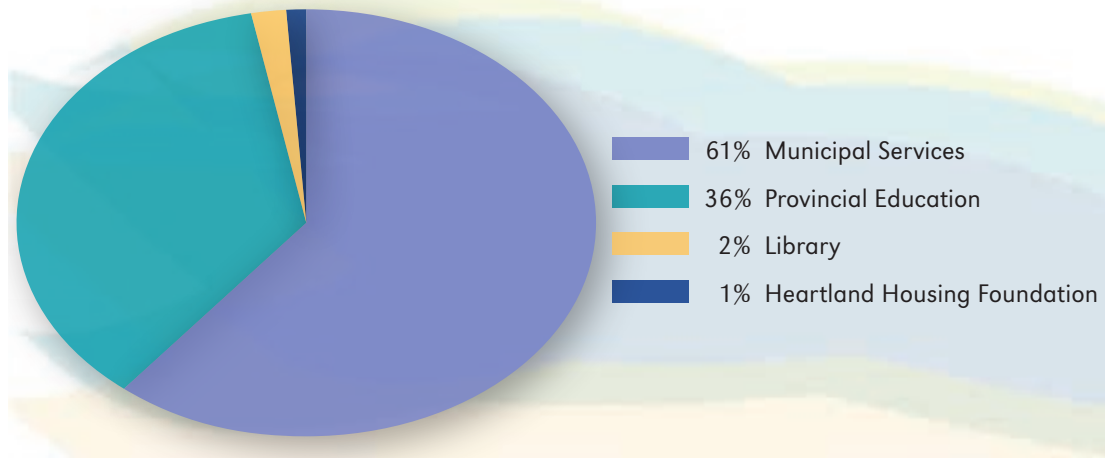


2013 property tax revenues have increased by \$6.7 million to \$188.8 million (2012: \$182.1 million) and represent the primary revenue source for municipal and library operations.

In addition to supporting municipal and library services, property taxes are levied to meet provincial education and affordable seniors housing requisitions submitted to the County for payment. In 2013, the County levied total property taxes (excluding local improvement levies and other taxes) of \$245.2 million (2012: \$234.2 million). Of this total, \$54.4 million (2012: \$52.1 million) was collected for remittance to the provincial education authorities.

The following chart provides a high level overview of what residential property taxes collected by Strathcona County are used for.

2013 Residential Property Tax Distribution



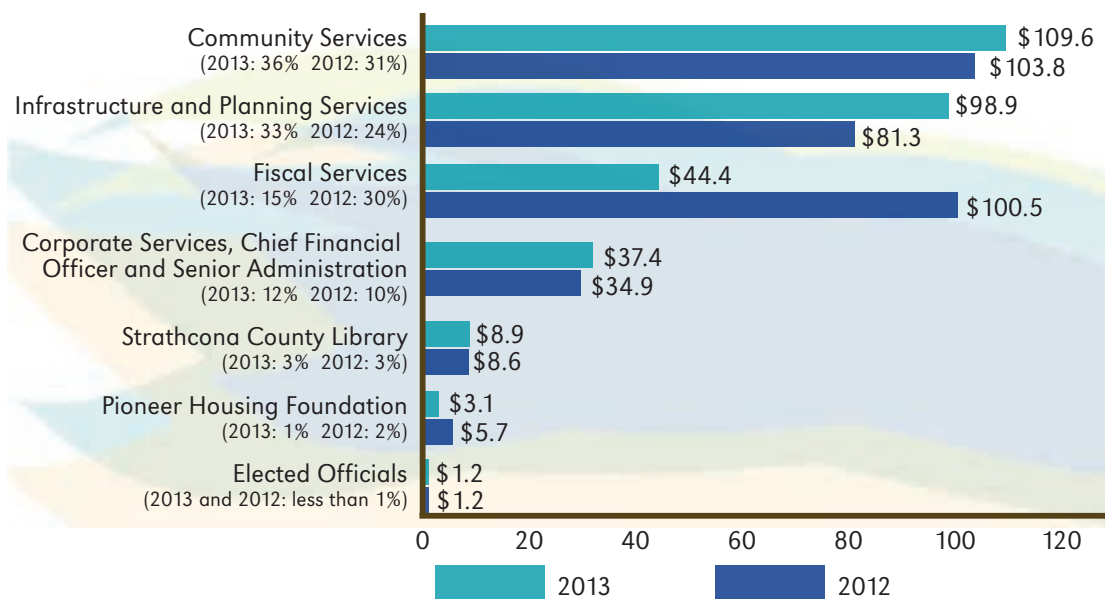
Consolidated expenses for 2013 were \$303.5 million ...

Government transfers are usually non-discretionary and have imposed eligibility criteria and stipulations, which results in these government transfers being set up as deferred revenue liabilities. These funds are recognized as revenue as the related eligible expenses are incurred. In 2013, government transfers recognized as revenue were \$46.9 million (2012: \$48.6 million), a decrease of \$1.7 million.

Expenses

Consolidated expenses for 2013 were \$303.5 million (2012: \$336.0 million), a decrease of \$32.5 million or 9.7% from the prior year.

Consolidated Expenses by Service (in \$ millions and as a percentage of total consolidated expenses)

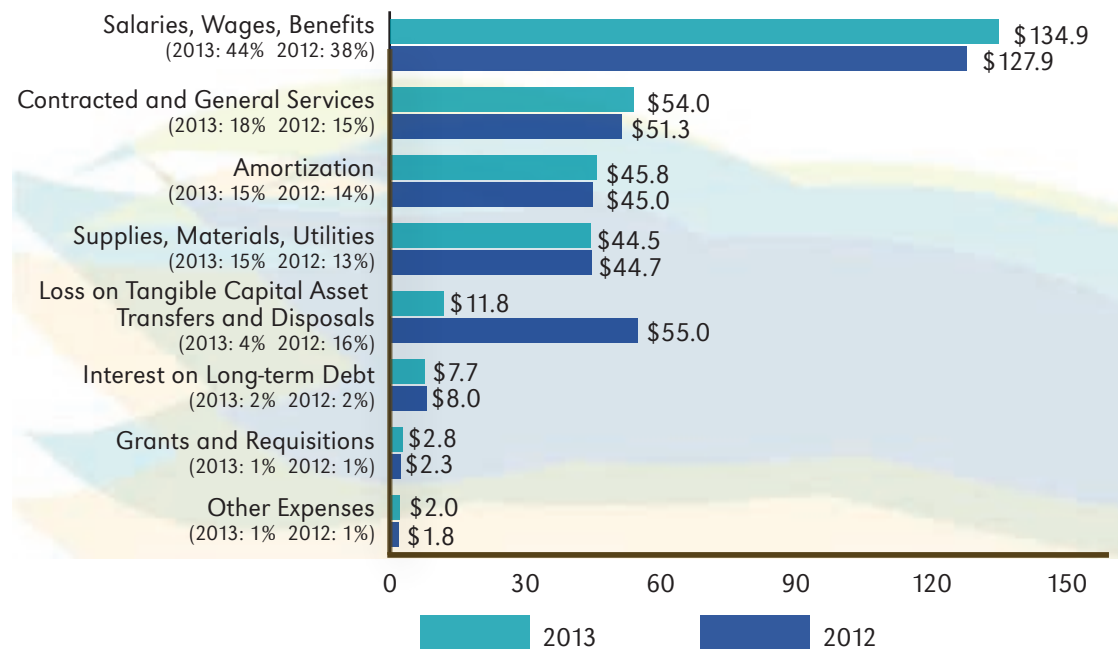


As the County continues to grow, the demand for services also grows.

- The growth in Community Services has resulted in an increase of expenses from Emergency Services of \$2.3 million or 8.7%, Recreation, Parks and Culture of \$1.5 million or 4.1%, and \$1.0 million or 6.7% for Transit Services over the prior year.
- During 2013, Infrastructure and Planning Services' expenses increased by \$17.6 million or 21.6% primarily due to increased winter maintenance costs of \$3.0 million and the planned transfer of \$9.5 million in utility assets for the Regional Water Supply Line to Hay Lakes to the Capital Region Southwest Water Services Commission.
- Fiscal Services includes financial activities that are not specifically associated with the operation of any one division or department. These activities include, among others, property taxation revenues, grants and requisitions, and municipal debt repayment. Fiscal Services expenses have decreased \$56.1 million (55.8%) over 2012. The 2012 expenses were higher than normal due to losses on tangible capital asset transfers and disposals. Please refer to the Consolidated Expenses by Type section below for further discussion of 2012 losses on tangible capital asset transfers and disposals.

As the County continues to grow, the demand for services also grows.

Consolidated Expenses by Type (in \$ millions and as a percentage of total consolidated expenses)



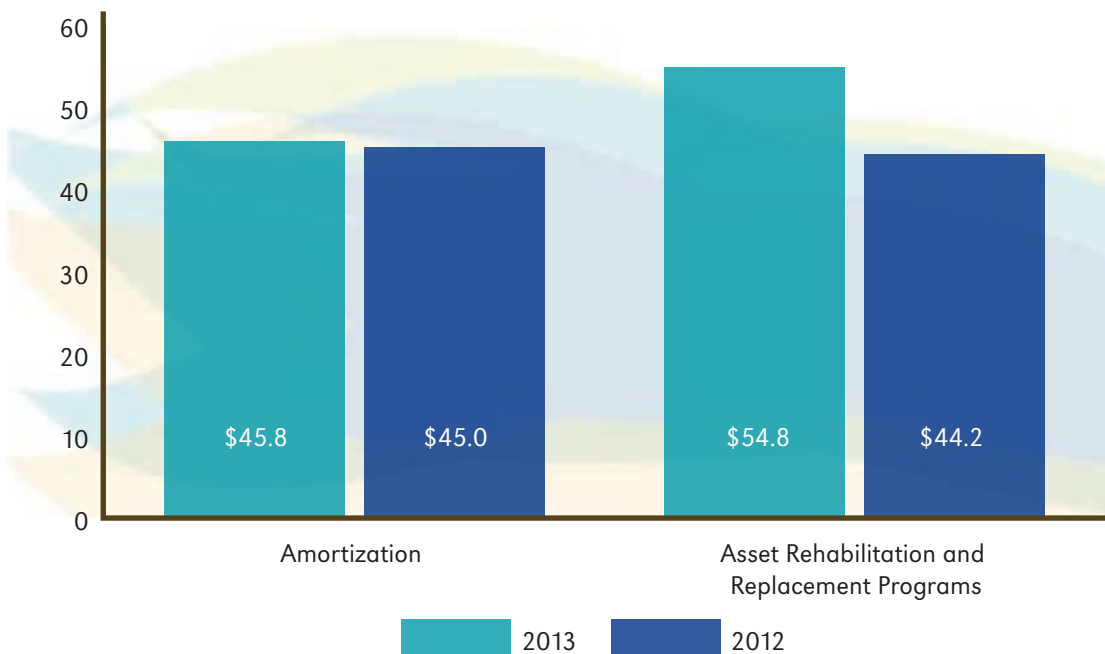
Growth in the County's labour force is required to provide quality services to the increasing number of community stakeholders. In 2013, salaries, wages and benefits were \$134.9 million (2012: \$127.9 million), an increase of \$7.0 million. A total of 1,147 full-time equivalent (FTE) regular employee positions, plus employees who work irregular, non-standard hours (equivalent to 172 FTE's), and temporary, seasonal and casual staff, provide service delivery on a daily basis to residents, business and industry in Strathcona County.

Loss on tangible capital asset transfers and disposals in 2013 was \$11.8 million (2012: \$55.0 million), a decrease of \$43.2 million. As previously discussed, the loss in 2013 was primarily due to the planned transfer of utility assets for the Regional Water Supply Line to Hay Lakes to the Capital Region Southwest Water Services Commission. The funding of these assets was received in full from external sources. The loss in 2012 resulted from the disposition of land under roads as part of the North East Anthony Henday Drive Project in the amount of \$53.4 million. The land was transferred to the province, which resulted in a loss equal to the historical cost value of the land disposed.

Amortization of tangible capital assets in 2013 was \$45.8 million (2012: \$45.0 million), an increase of \$0.8 million from the prior year. Most tangible capital assets, with the exception of land, have limited useful lives. This fact is recognized by amortizing the cost of tangible capital assets in a rational and systematic manner over their useful lives, ranging from 4 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 strategically manage, invest and plan for sustainable municipal infrastructure, it is important that the County continually reinvest in its municipal infrastructure. Accordingly, the County's annual capital budget includes amounts for the rehabilitation and replacement of tangible capital assets.

... it is important that the County continually reinvest in its municipal infrastructure.

Comparison of Amortization to Asset Rehabilitation and Replacement Programs (in \$ millions)



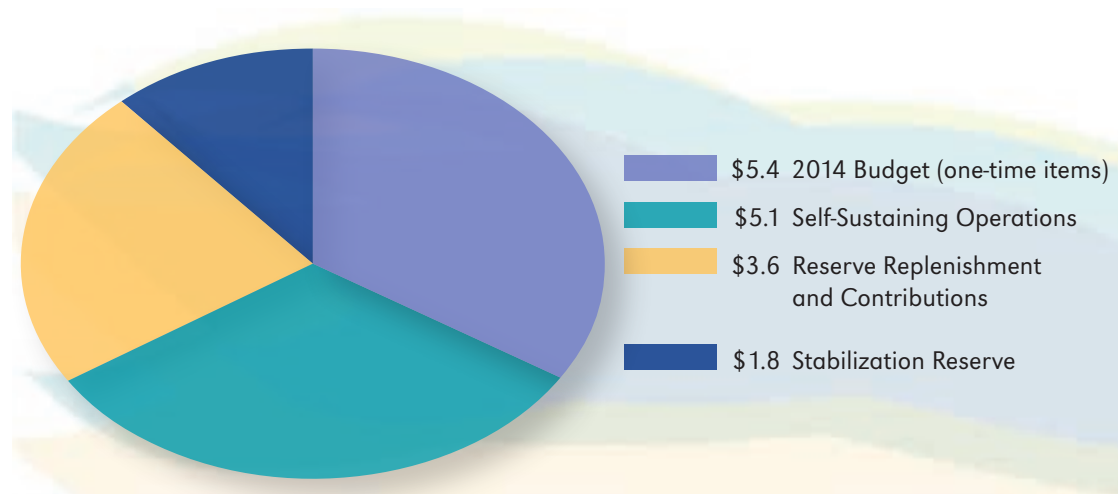
Annual Surplus

Strathcona County ended 2013 with a PSAS surplus of \$93.6 million (2012: \$33.3 million). Of the 2013 PSAS surplus: \$16.7 million (2012: \$15.2 million) was designated to capital reserves; \$3.8 million (2012: \$8.1 million) was designated to operating reserves; \$76.8 million (2012: \$2.3 million) was invested in tangible capital assets; and the \$3.7 million was drawn from (2012: \$7.7 million was contributed to) unrestricted surplus.

The annual operating budget is prepared on the modified cash flow basis, which differs from PSAS reporting, as capital revenues and expenses are excluded, and debt repayment expenditures and transfers to and from reserves are included. The operating budget is prepared on a breakeven basis; therefore, any resulting surplus or deficit on a modified cash flow basis would comprise the full variance compared to the annual operating budget. This variance is referred to as the annual operating surplus for tax purposes. The 2013 annual operating surplus for tax purposes was \$15.9 million (2012: \$13.4 million).

The 2013 annual operating surplus for tax purposes was allocated in accordance with Policy FIN-001-008 (Allocation of Year-End Operating Surplus for Tax Purposes). The 2013 surplus was allocated to fund one-time items in the 2014 budget, to designated reserves to be expended in future years, and to the Stabilization Reserve. The surplus or deficit from self-sustaining operations was retained by those operational areas.

Allocation of 2013 Annual Operating Surplus for Tax Purposes (in \$ millions)



Strathcona County ended 2013 with a PSAS surplus of \$93.6 million ...

Financial Control and Accountability

Financial Governance

The County's governance structure 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 auditor, and approval of the annual audited financial statements.

Council is represented on the Finance Advisory Committee, a committee of Council, which advises Council on matters relating to the business plan and budgeting process, review of long-range financial plans, and the review and development of financial policies.

... the Finance
Advisory Committee
... advises Council
on matters relating
to the business plan
and budgeting ...

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 2013, the County began a review of the business plan and budget process, with an enhanced focus on priorities. The corporate business plan focuses on Council's priorities, with input from the community, 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 business plan.

As previously discussed, the annual operating budget is prepared on the modified cash flow basis which means that capital revenues and expenses are excluded, and debt repayment expenditures and transfers to and from reserves are included. The capital activity that is excluded from the annual operating budget consists of contributed capital asset revenue, government transfers, other capital revenues, and gains or losses on tangible capital asset transfers and disposals. Amortization expense is backed out of the operating budget due to the fact that it is a non-cash item; however, it is separately budgeted to assess the cost of providing services. The County uses funding sources such as property tax revenues, user fees, reserve transfers and government transfers to fund budgeted programs and services.

The annual capital budget is prepared based on the long-term projects identified in the County's five year plan. A Capital Committee, established by management, carefully reviews current year budget items on a project by project basis. The annual capital budget is funded through a variety of sources such as government transfers, property tax revenues, user fees, other capital revenues (including developer contributions and levies) and reserve transfers.

Managing financial resources is a priority which supports the County's strategic plan ...

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 Financial Services department in partnership with the operating departments.

Auditing Process

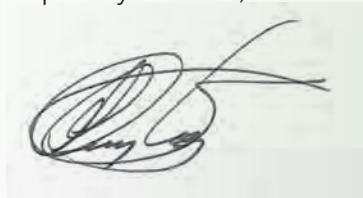
External auditors are appointed annually by Council, as legislated by the Municipal Government Act, and are responsible to report directly to Council with the results of the consolidated financial statement audit.

Summary

The County's sound financial practices, combined with timely budget preparation in conjunction with the business plan and budget process, affords 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. Managing financial resources is a priority which supports the County's strategic plan and a key contributor to the achievement of the community vision.

These financial statements are the result of the cooperation and assistance received from departments, the Library and Pioneer Housing Foundation. Management appreciates the efforts of all staff involved in the completion of these financial statements.

Respectfully submitted,



George J. Huybregts, CMA
Associate Commissioner, Chief Financial Officer
April 22, 2014



Strathcona County

Consolidated Financial Statements

(Year ended December 31, 2013)

MANAGEMENT REPORT

The accompanying consolidated financial statements and other information in the Financial Report are the responsibility of the management of Strathcona 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 reasonable limits of materiality in order to provide that the financial statements are presented fairly in all material respects.

The County maintains systems of internal accounting and administrative controls that are designed to provide reasonable assurance that the financial information is relevant, 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 over the financial reporting process, auditing matters and financial reporting issues, and to satisfy itself that each party is properly discharging its responsibilities. Council approves the engagement or reappointment 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 Auditing Standards on behalf of Council, residents and ratepayers of the County. KPMG LLP has full and free access to Council.



George J. Huybregts, CMA
Associate Commissioner/Chief Financial Officer
April 22, 2014



KPMG LLP
Chartered Accountants
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Edmonton AB T5J 3V8 Canada

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Internet www.kpmg.ca

INDEPENDENT AUDITORS' REPORT

To the Mayor and Members of Council of Strathcona County

We have audited the accompanying consolidated financial statements of Strathcona County, which comprise the consolidated statement of financial position as at December 31, 2013, the consolidated statements of operations and accumulated surplus, change in net debt and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material aspects, the consolidated financial position of Strathcona County as at December 31, 2013, and its consolidated results of operations, its consolidated change in its net debt and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Chartered Accountants

April 22, 2014
Edmonton, Canada

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 (in thousands of dollars)

As at December 31, 2013

	2013	2012 (Recasted - Note 23)
FINANCIAL ASSETS		
Cash and Cash Equivalents (Note 2)	\$ 8,823	\$ 2,300
Accounts Receivable		
Property Taxes	3,865	3,394
Government Transfers	4,900	856
Trade and Other	12,138	11,271
Development Levies and Charges	1,191	2,711
Land Held for Resale	2,625	2,625
Investments (Note 3)	267,679	276,772
Investment Interest Receivable	5,035	6,347
	306,256	306,276
LIABILITIES		
Cheques Issued in Excess of Cash (Note 2)	—	3,843
Accounts Payable and Accrued Liabilities (Note 4)	45,525	48,538
Deposit Liabilities (Note 5)	14,940	22,495
Deferred Revenue (Note 6)	62,862	65,836
Landfill Post-Closure Costs	—	104
Capital Leases (Note 7)	840	1,776
Long-Term Debt (Note 8)	171,666	171,157
	295,833	313,749
NET FINANCIAL ASSETS (NET DEBT)	10,423	(7,473)
NON-FINANCIAL ASSETS		
Tangible Capital Assets (Note 10)	1,601,116	1,524,695
Inventories of Materials and Supplies	652	728
Prepaid Expenses	1,649	2,262
	1,603,417	1,527,685
ACCUMULATED SURPLUS (Note 12)	\$ 1,613,840	\$ 1,520,212

Commitments and Contingencies (Note 19)

See accompanying Notes to Consolidated Financial Statements.

Strathcona County Consolidated Statement of Operations and Accumulated Surplus (in thousands of dollars)
 Year ended December 31, 2013

	2013 Budget (Note 22)	2013	2012 (Recasted - Note 23)
REVENUE			
Property Taxes (Note 13)	\$ 190,785	\$ 188,845	\$ 182,133
Government Transfers (Note 14)	99,913	46,939	48,593
Utility User Rates	49,472	48,467	44,954
User Fees and Charges	41,684	40,252	41,158
Penalties and Fines	5,041	4,907	6,969
Investment Income	4,159	9,130	9,094
Other Capital Revenues (Note 15)	44,569	12,944	11,783
Contributed Tangible Capital Assets (Note 10)	—	33,528	15,213
Other	6,452	12,094	9,382
TOTAL REVENUES	442,075	397,106	369,279
EXPENSES			
Infrastructure and Planning Services			
Capital Planning and Construction	2,964	2,833	2,662
Economic Development and Tourism	1,082	1,234	897
Planning and Development Services	9,301	9,073	8,168
Transportation and Agriculture Services	26,872	28,437	24,255
Utilities	50,692	57,276	45,282
	90,911	98,853	81,264
Community Services			
Emergency Services	29,232	28,686	26,388
Family and Community Services	7,286	7,393	7,035
Strathcona Transit	16,826	16,468	15,429
RCMP and Enforcement Services	19,717	19,076	18,471
Recreation, Parks and Culture	38,192	37,982	36,469
	111,253	109,605	103,792
Corporate Services			
Chief Financial Officer	28,600	25,965	24,017
Senior Administration	6,285	5,375	5,140
Elected Officials	6,856	6,028	5,810
Fiscal Services	1,276	1,178	1,174
Strathcona County Library	43,913	44,412	100,516
Pioneer Housing Foundation	9,160	8,929	8,617
	6,627	3,133	5,662
	102,717	95,020	150,936
TOTAL EXPENSES	304,881	303,478	335,992
ANNUAL SURPLUS	137,194	93,628	33,287
ACCUMULATED SURPLUS, BEGINNING OF YEAR	1,520,212	1,520,212	1,486,925
ACCUMULATED SURPLUS, END OF YEAR (Note 12)	\$ 1,657,406	\$ 1,613,840	\$ 1,520,212

See accompanying Notes to Consolidated Financial Statements.

Strathcona County Consolidated Statement of Change in Net Financial Assets (Net Debt) (in thousands of dollars)
 Year ended December 31, 2013

	2013 Budget (Note 22)	2013	2012 (Recasted - Note 23)
ANNUAL SURPLUS	\$ 137,194	\$ 93,628	\$ 33,287
Acquisition of Tangible Capital Assets	(273,355)	(99,101)	(94,787)
Contributed Tangible Capital Assets	—	(33,528)	(15,213)
Amortization of Tangible Capital Assets	43,631	45,800	44,960
Loss on Tangible Capital Asset Disposals	—	9,814	54,995
Proceeds from Disposal of Tangible Capital Assets	—	594	562
	<u>(92,530)</u>	<u>17,207</u>	<u>23,804</u>
Acquisition of Inventories of Materials and Supplies	—	(1,293)	(1,185)
Acquisition of Prepaid Expenses	—	(3,709)	(1,157)
Use of Inventories of Materials and Supplies	—	1,369	1,221
Use of Prepaid Expenses	—	4,322	539
	<u>—</u>	<u>689</u>	<u>(582)</u>
INCREASE (DECREASE) IN NET FINANCIAL ASSETS	(92,530)	17,896	23,222
NET DEBT, BEGINNING OF YEAR	(7,473)	(7,473)	(30,695)
NET FINANCIAL ASSETS (NET DEBT), END OF YEAR	\$ (100,003)	\$ 10,423	\$ (7,473)

See accompanying Notes to Consolidated Financial Statements.

Strathcona County Consolidated Statement of Cash Flows (in thousands of dollars)
Year ended December 31, 2013

	2013	2012 (Recasted - Note 23)
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:		
OPERATING		
Annual Surplus	\$ 93,628	\$ 33,287
Items Not Involving Cash:		
Contributed Tangible Capital Assets	(33,528)	(15,213)
Amortization of Tangible Capital Assets	45,800	44,960
Amortization of Premium (Discount) on Investments	(6)	73
Loss on Tangible Capital Asset Disposals	9,814	54,995
Gain on Disposal of Investments	(2,913)	(3,843)
Changes to Non-Cash Financial Assets and Liabilities:		
Property Taxes Receivable	(471)	(375)
Government Transfers Receivable	(4,044)	5,537
Trade and Other Receivables	(867)	1,172
Development Levies and Charges	1,520	1,350
Accounts Payable and Accrued Liabilities	(3,013)	5,467
Deposit Liabilities	(7,555)	1,971
Deferred Revenue	(2,974)	(4,122)
Landfill Post-Closure Costs	(104)	(31)
Inventories of Materials and Supplies	76	36
Prepaid Expenses	613	(618)
Cash Provided by Operating Activities	<u>95,976</u>	<u>124,646</u>
CAPITAL		
Proceeds from Disposal of Tangible Capital Assets	594	562
Acquisition of Tangible Capital Assets	(99,101)	(94,787)
Cash Applied to Capital Activities	<u>(98,507)</u>	<u>(94,225)</u>
INVESTING		
Purchase of Investments	(344,515)	(344,915)
Proceeds from Sale/Maturity of Investments	356,527	288,695
Change to Investment Interest Receivable	1,312	402
Cash Provided by (Applied to) Investing Activities	<u>13,324</u>	<u>(55,818)</u>
FINANCING		
Long-Term Debt Issued	12,008	19,696
Capital Leases Repaid	(936)	(1,740)
Long-Term Debt Repaid	(11,499)	(10,789)
Cash Provided by (Applied to) Financing Activities	<u>(427)</u>	<u>7,167</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	10,366	(18,230)
CASH AND CASH EQUIVALENTS (CHEQUES ISSUED IN EXCESS OF CASH), BEGINNING OF YEAR	(1,543)	16,687
CASH AND CASH EQUIVALENTS (CHEQUES ISSUED IN EXCESS OF CASH), END OF YEAR (Note 2)	\$ 8,823	\$ (1,543)
Cash Paid for Interest	\$ 7,797	\$ 8,055
Cash Received from Interest	\$ 8,391	\$ 7,162

See accompanying Notes to Consolidated Financial Statements.

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

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, revenues, expenses, and accumulated surplus of the reporting entity. The reporting entity is comprised of 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 that comprise County operations, the Strathcona County Library (Library) and Pioneer Housing Foundation (PHF). Inter-organizational transactions and balances between these entities have been eliminated.

The County is a member of various other boards, commissions and other organizations that are not part of the government reporting entity, including the Heartland Housing Foundation, the Alberta Capital Region Wastewater Commission, the Capital Region Northeast Water Services Commission, and the John S. Batiuk Regional Water Commission.

Property taxes levied also include requisitions for education, and seniors housing; organizations that are not part of the government reporting entity.

The consolidated financial statements exclude any trusts under administration for the benefit of external parties.

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) Government Transfers

Government transfers are recognized in the consolidated financial statements as revenues 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. In the current year, the County adopted PS3410 Government Transfers on a prospective basis. The implementation of this new accounting standard has had no effect on the consolidated financial statements of the County.

d) 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.

Development levies are collected pursuant to agreements between the County and developers.

Accumulated development levies are credited with interest based on the County's average rate of return on investments.

1. Significant Accounting Policies (continued)

e) 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 comprised of market value and regulated value assessments. Taxation revenues are recorded at the time the tax rates are authorized by Council and the tax notices are issued.

f) Local Improvements

Construction and borrowing costs associated with local improvement projects are recovered through annual special assessments during 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 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) Land Held for Resale

Land held for resale is recorded at the lower of cost and net realizable value. Cost includes amounts for land acquisition and improvements to prepare the land for sale or servicing.

i) 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 respective 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 investment and forms part of the deferred revenue balance.

j) 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.

1. Significant Accounting Policies (continued)

k) Non-Financial Assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the normal course of operations.

i. Tangible Capital Assets

Tangible capital assets are recorded at cost, which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. 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 - Years
Land Improvements	15 - 25
Buildings	10 - 50
Engineered Structures	
Roadway System	10 - 80
Water Distribution System	35 - 90
Wastewater Treatment System	25 - 75
Storm Sewer System	25 - 75
Other Engineered Structures	5 - 40
Machinery and Equipment	4 - 40
Books and Periodicals	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 revenues in the Consolidated Statement of Operations and Accumulated Surplus.

iii. Leased Tangible Capital Assets

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.

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 Treasures

The County manages and controls various works of art and non-operational historical cultural assets, including artifacts, paintings, and sculptures located at County sites and areas of public display. These assets are not recorded as tangible capital assets and are not amortized.

1. Significant Accounting Policies (continued)

l) Reserves for Future Expenditures

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

m) 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.

n) 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.

Estimates have been used to determine provisions for accrued liabilities, 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.

Actual results may differ from those estimates.

o) Future Accounting Standard Pronouncements

The following summarizes upcoming changes to Canadian Public Sector Accounting Standards issued by the Public Sector Accounting Standards Board. In 2014, the County will continue to assess the impact and prepare for the adoption of these standards. While the timing of standard adoption can vary, certain standards must be adopted concurrently.

i) Liability for Contaminated Sites

PS3260, Liability for Contaminated Sites, establishes standards on remediation, recognition, and measurement of liabilities associated with contaminated sites, and provides requirements for financial statement presentation and disclosure. The County has begun the process of reviewing policies, procedures, and systems to ensure consistent and accurate identification and estimation of liabilities associated with contaminated sites, also see note 21. This standard is applicable for fiscal years beginning on or after April 1, 2014.

ii) Financial Statement Presentation

PS1201, Financial Statement Presentation, requires a new statement of remeasurement gains and losses separate from the statement of operations. Included in this new statement are the unrealized gains and losses arising from the remeasurement of financial instruments and items denominated in foreign currencies, as well as the government's proportionate share of other comprehensive income that arises when a government includes the results of government business enterprises and partnerships. This standard is applicable for fiscal years beginning on or after April 1, 2016.

iii) Foreign Currency Translation

PSAB issued PS2601, Foreign Currency Translation, replacing the current PS2600. This standard requires that monetary assets and liabilities denominated in a foreign currency and non-monetary items included in the fair value category, denominated in a foreign currency, be adjusted to reflect the exchange rates in effect at the financial statement date. Unrealized gains and losses are to be presented in the new statement of remeasurement gains and losses. This standard is applicable for fiscal years beginning on or after April 1, 2016.

1. Significant Accounting Policies (continued)

iv) Portfolio Investments

PS3041, Portfolio Investments, has removed the distinction between temporary and portfolio investments. This standard now includes pooled investments in its scope and was amended to conform to Financial Instruments, PS3450. Upon adoption of PS3450 and PS3041, PS3030 Temporary Investments will no longer apply. This standard is applicable for fiscal years beginning on or after April 1, 2016.

v) Financial Instruments

PS3450, Financial Instruments, establishes recognition, measurement, and disclosure requirements for derivative and non-derivative financial instruments. The standard requires fair value measurement of derivatives and equity instruments; all other financial instruments can be measured at cost/amortized cost or fair value at the election of the government. Unrealized gains and losses are presented in a new statement of remeasurement gains and losses. There is the requirement to disclose the nature and extent of risks arising from financial instruments and clarification is given for the derecognition of financial liabilities. This standard is applicable for fiscal years beginning on or after April 1, 2016.

2. Cash and Cash Equivalents

	2013	2012
Cash	\$ 3,823	\$ —
Temporary Investments	5,000	2,300
	8,823	2,300
Cheques Issued in Excess of Cash	—	(3,843)
	\$ 8,823	\$ (1,543)

Cash includes cash on hand and demand deposits, net of bank overdrafts.

Temporary investments is comprised of a term deposit with an effective interest rate of 1.65 per cent (2012 – 1.16 to 1.43 per cent) and a maturity date 90 days or less from the date of acquisition.

The County has an operating line of credit available for use, up to a maximum of \$4,990 (2012 – \$4,990), bearing interest at prime rate minus 0.5 per cent (2012 – 0.25 per cent) and is secured by the County at large. As at December 31, 2013, nil (2012 – 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 (2012 - \$2,449), bearing interest at prime minus 0.50 per cent (2012 – 0.50 per cent) and is secured by the County at large. As at December 31, 2013, nil (2012 – nil) was drawn against the available acquisition line of credit.

3. Investments

	2013		2012	
	Carrying Amount	Market Value	Carrying Amount	Market Value
Term Deposits and Notes	\$ 147,339	\$ 146,658	\$ 156,358	\$ 156,358
Government Guaranteed Bonds	86,448	84,317	89,763	94,595
Corporate Bonds	33,892	33,115	30,651	30,645
	\$ 267,679	\$ 264,090	\$ 276,772	\$ 281,598

Term deposits and notes, government guaranteed bonds and corporate bonds have effective interest rates of 1.64 to 4.45 per cent (2012 – 1.52 to 4.36 per cent) with maturity dates from January 2014 to September 2025 (2012 – January 2013 to September 2025).

The market value of the bonds is based on quoted market values. The market value of the bonds fluctuates based on changes in market interest rates. The carrying amount of the County's investments exceeds market value at December 31, 2013. Management is of the opinion that the loss in value is a temporary decline. No adjustment was made to the carrying value of investments in the current year.

4. Accounts Payable and Accrued Liabilities

	2013	2012
Trade	\$ 33,089	\$ 33,429
Payroll and Remittances	3,213	6,485
Employee Benefit Obligations	7,306	6,563
Interest	1,917	2,061
	\$ 45,525	\$ 48,538

5. Deposit Liabilities

	2013	2012
Security Deposits	\$ 12,875	\$ 15,722
Overlevies	218	246
Other Deposits	1,847	6,527
	\$ 14,940	\$ 22,495

6. Deferred Revenue

Deferred revenue comprises the amounts noted below, the use of which, together with any earnings thereon, is externally restricted. Certain deferred revenues relate to government transfers as further described in Note 14.

	Balance at December 31, 2012 (Recasted - Note 23)	Contributions	Interest Earned	Contributions Recognized	Balance at December 31, 2013
Capital Government Transfers	\$ 44,792	\$ 36,322	\$ 987	\$ (39,628)	\$ 42,473
Operating Government Transfers	2,726	6,590	40	(7,311)	2,045
Development Levies & Charges	13,560	3,529	68	(8,575)	8,582
Other	4,758	17,762	46	(12,804)	9,762
	\$ 65,836	\$ 64,203	\$ 1,141	\$ (68,318)	\$ 62,862

7. Capital Leases

	2013	2012
Capital Leases	\$ 840	\$ 1,776

Capital leases have been issued on the credit and security of the County at large. Capital leases bear interest at rates ranging from 3.95 to 4.61 per cent (2012 - 3.95 to 6.55 per cent) and mature in periods 2014 to 2016.

Capital lease principal and interest payments are due as follows:

	Principal	Interest	Total
2014	\$ 594	\$ 19	\$ 613
2015	138	5	143
2016	108	1	109
	\$ 840	\$ 25	\$ 865

8. Long-term Debt

	2013	2012
Tax-supported Debentures – Municipal	\$ 41,998	\$ 42,074
Tax-supported Debentures – Library	22,863	23,490
	64,861	65,564
Non Tax-supported Debentures – Municipal – Local Improvements	\$ 90	\$ 93
Non Tax-supported Debentures – Utilities – Local Improvements	303	326
Non Tax-supported Debentures – Municipal	22,539	25,304
Non Tax-supported Debentures – Utilities	69,327	67,893
Non Tax-supported Debentures – PHF	14,546	11,977
	106,805	105,593
	\$ 171,666	\$ 171,157

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 2.60 to 9.13 per cent (2012 - 2.60 to 9.13 per cent) and matures in periods 2014 through 2038.

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

	Principal	Interest	Total
2014	\$ 12,316	\$ 7,512	\$ 19,828
2015	11,585	6,877	18,462
2016	9,226	6,291	15,517
2017	8,919	5,862	14,781
2018	9,073	5,454	14,527
Thereafter	120,547	42,225	162,772
	\$ 171,666	\$ 74,221	\$ 245,887

9. Debt and Debt Service Limits

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

	2013	2012
		(Recasted - Note 23)
Total debt limit	\$ 485,926	\$ 469,933
Total debt (including capital leases)	172,506	172,933
Percentage used	35.5%	36.8%
Service on debt limit	\$ 80,988	\$ 78,322
Service on debt (including capital leases)	20,441	20,109
Percentage used	25.2%	25.7%

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.

10. Tangible Capital Assets

Cost	Balance at December 31, 2012	Additions	Contributed Additions	Disposals	Balance at December 31, 2013
Land	\$ 395,163	\$ 8,859	\$ 22,328	\$ (102)	\$ 426,248
Land Improvements	53,021	6,728	85	(306)	59,528
Buildings	328,485	32,352	—	—	360,837
Engineered Structures	985,756	55,457	11,115	(18,933)	1,033,395
Machinery and Equipment	58,611	6,966	—	(2,885)	62,692
Books and Periodicals	4,512	620	—	(238)	4,894
Vehicles	57,611	8,143	—	(2,845)	62,909
Assets under Construction	70,972	(20,024)	—	—	50,948
	\$ 1,954,131	\$ 99,101	\$ 33,528	\$ (25,309)	\$ 2,061,451

Accumulated Amortization	Balance at December 31, 2012	Disposals	Amortization Expense	Balance at December 31, 2013
Land	\$ —	\$ —	\$ —	\$ —
Land Improvements	24,756	(306)	2,478	26,928
Buildings	66,446	—	8,080	74,526
Engineered Structures	286,174	(9,408)	25,433	302,199
Machinery and Equipment	25,125	(2,347)	5,323	28,101
Books and Periodicals	1,789	(238)	470	2,021
Vehicles	25,146	(2,602)	4,016	26,560
Assets under Construction	—	—	—	—
	\$ 429,436	\$ (14,901)	\$ 45,800	\$ 460,335

Net Book Value	Balance at December 31, 2012	Balance at December 31, 2013
Land	\$ 395,163	\$ 426,248
Land Improvements	28,265	32,600
Buildings	262,039	286,311
Engineered Structures	699,582	731,196
Machinery and Equipment	33,486	34,591
Books and Periodicals	2,723	2,873
Vehicles	32,465	36,349
Assets under Construction	70,972	50,948
	\$ 1,524,695	\$ 1,601,116

10. Tangible Capital Assets (continued)

Cost	Balance at December 31, 2011	Additions	Contributed Additions	Disposals	Balance at December 31, 2012
Land	\$ 439,486	\$ 481	\$ 8,632	\$ (53,436)	\$ 395,163
Land Improvements	51,099	2,144	239	(461)	53,021
Buildings	303,214	25,271	—	—	328,485
Engineered Structures	950,692	45,973	6,342	(17,251)	985,756
Machinery and Equipment	51,391	8,847	—	(1,627)	58,611
Books and Periodicals	4,150	609	—	(247)	4,512
Vehicles	59,143	1,737	—	(3,269)	57,611
Assets under Construction	61,247	9,725	—	—	70,972
	\$ 1,920,422	\$ 94,787	\$ 15,213	\$ (76,291)	\$ 1,954,131

Accumulated Amortization	Balance at December 31, 2011	Disposals	Amortization Expense	Balance at December 31, 2012
Land	\$ —	\$ —	\$ —	\$ —
Land Improvements	22,627	(461)	2,590	24,756
Buildings	58,189	—	8,257	66,446
Engineered Structures	277,102	(15,843)	24,915	286,174
Machinery and Equipment	21,643	(1,403)	4,885	25,125
Books and Periodicals	1,603	(247)	433	1,789
Vehicles	24,046	(2,780)	3,880	25,146
Assets under Construction	—	—	—	—
	\$ 405,210	\$ (20,734)	\$ 44,960	\$ 429,436

Net Book Value	Balance at December 31, 2011	Balance at December 31, 2012
Land	\$ 439,486	\$ 395,163
Land Improvements	28,472	28,265
Buildings	245,025	262,039
Engineered Structures	673,590	699,582
Machinery and Equipment	29,748	33,486
Books and Periodicals	2,547	2,723
Vehicles	35,097	32,465
Assets under Construction	61,247	70,972
	\$ 1,515,212	\$ 1,524,695

10. Tangible Capital Assets (continued)

a) Assets under Construction

Assets under construction having a value of \$50,948 (2012 – \$70,972) have not been amortized. Amortization of these assets will commence when the asset is available for productive use.

b) Contributed Tangible Capital Assets

Contributed tangible capital assets are recognized at fair value at the date of contribution. The value of contributed tangible capital assets received during the year is \$33,528 (2012 – \$15,213) comprised of roads infrastructure in the amount of \$11,115 (2012 - \$6,342), land in the amount of \$22,328 (2012 – \$8,632), and land improvements in the amount of \$85 (2012 - \$239).

c) Write-down of Tangible Capital Assets

The County did not write down any tangible capital assets in 2013 or 2012.

11. Equity in Tangible Capital Assets

	2013	2012
Tangible Capital Assets – Cost (Note 10)	\$ 2,061,451	\$ 1,954,131
Accumulated Amortization (Note 10)	(460,335)	(429,436)
Capital Leases (Note 7)	(840)	(1,776)
Long-term Debt (Note 8)	(171,666)	(171,157)
Local Improvements Levies Applicable to Debt (Note 8)	393	419
	\$ 1,429,003	\$ 1,352,181

12. Accumulated Surplus

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

	2013	2012
Surplus:		(Recasted - Note 23)
Unrestricted Surplus (Deficit)	\$ (3,463)	\$ 262
Equity in Tangible Capital Assets	1,429,003	1,352,181
	1,425,540	1,352,443
Reserves:		
Operating Reserves	43,172	39,358
Capital Reserves	145,128	128,411
	188,300	167,769
	\$ 1,613,840	\$ 1,520,212

13. Property Taxes

	Municipal	Non-Municipal	2013	2012
Property Taxes				
Residential and Farmland	\$ 68,578	\$ 40,275	\$ 108,853	\$ 105,786
Commercial and Industrial	113,912	13,707	127,619	119,856
Electric Power and Pipeline	6,155	2,327	8,482	8,308
Government Grants in Lieu of Taxes	200	52	252	238
	\$ 188,845	\$ 56,361	\$ 245,206	\$ 234,188

Non-Municipal

Provincial Alberta School Foundation Fund			47,598	45,316
Elk Island CSRD No. 14			6,794	6,739
Heartland Housing Foundation			1,969	—

Taxes on Behalf of Non-Municipal Requisitioning Authorities

	\$ 56,361	\$ 52,055
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Taxes for Provision of Municipal Services

	\$ 188,845	\$ 182,133
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14. Government Transfers

	2013	2012
Government Transfers for Operations		
Federal Transfers	\$ 159	\$ 214
Provincial Transfers	7,152	7,602
	7,311	7,816
Government Transfers for Capital		
Federal Transfers	11,037	7,520
Provincial Transfers	28,591	33,257
	39,628	40,777
	\$ 46,939	\$ 48,593

The Provincial government introduced the Alberta Municipal Infrastructure Program (AMIP) Grant in 2005 to assist municipalities in addressing capital infrastructure needs. In 2009, the County received its final per capita transfer allocation of \$14,452 under this program. During 2013, \$1,143 (2012 - \$545) was recognized in capital transfers and a total of \$1,010 (2012 - \$2,129), including interest of \$25 (2012 - \$48) remains deferred to future years.

In 2011, the Provincial government consolidated the Basic Capital Grant, the Hamlet Streets Improvement Grant, the Rural Transportation Grant and the Provincial Highway Maintenance Grant into a single grant called the Basic Municipal Transportation Grant. In 2013, the County received \$4,657 (2012 - \$4,428) under this program. During 2013, \$6,928 (2012 - \$3,783) has been recognized in capital transfers, which consists of amounts that had been deferred from prior years plus amounts received in 2013. A total of \$4,417 (2012 - \$6,554), including interest of \$135 (2012 - \$128), remains deferred to future years.

14. Government Transfers (continued)

The Federal government introduced the Federal Gas Tax Fund (formerly the New Deal for Cities and Communities initiative) in 2005 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 2013, the County received \$4,904 (2012 – \$9,808) under this program. During 2013, \$11,775 (2012 – \$6,400) has been recognized in capital transfers, which consists of amounts that had been deferred from prior years plus amounts received in 2013. A total of \$7,512 (2012 - \$15,898), including interest of \$257 (2012 – \$287), remains deferred to future years.

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 2013, the County received \$19,740 (2012 – \$19,373) in MSI Capital Funding. During 2013, \$11,519 (2012 – \$21,961) has been recognized in capital transfers, which consists of amounts that had been deferred from prior years plus amounts received in 2013. A total of \$26,623 (2012 – \$17,899) remains deferred to future years, including interest of \$504 (2012 – \$467).
- In 2013, the County received \$1,485 (2012 - \$1,454) in MSI Conditional Operating Funding. During 2013, \$2,007 (2012 – \$1,360) has been recognized in operating transfers, which consists of amounts that had been deferred from prior years. A total of \$972 (2012 - \$1,502) of the amounts received since inception of the initiative remains deferred to future years, including interest of \$27 (2012 – \$35).
- From 2008 to 2010, the County received \$12,387 in MSI Affordable Housing Funding. During 2013, \$95 (2012 – \$5,226) has been recognized in operating and capital transfers. A total of \$417 (2012 – \$603) of the amounts received since inception of the initiative remains deferred to future years, including interest of \$9 (2012 – \$14).

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 2011, the County was eligible to receive funding from the Province of Alberta for an amount up to a maximum of \$13,600. In 2013, \$6,799 (2012 – \$513) of this funding has been recognized in capital transfers.

The Resource Road Program was announced by the Provincial government on April 8, 2003. The Resource Road Program provides support for municipal project-specific capital transportation infrastructure projects. During 2011, the County was eligible to receive funding from the Province of Alberta for an amount up to a maximum of \$3,000. In 2013, \$1,708 (2012 – nil) of this funding has been recognized in capital transfers, including interest of \$10 (2012 – \$26). Resource Road Program grant funds have been recognized in full as of December 31, 2013.

15. Other Capital Revenues

	2013	2012
		(Recasted - Note 23)
Development Levies and Charges	\$ 8,198	\$ 5,066
Developer Contributions	2,768	610
Other	1,978	6,107
	\$ 12,944	\$ 11,783

16. 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, and include the 27th pay period for the 2013 year of \$35 (2012 - nil) which was accrued in prior years:

	Salaries	Benefits & Allowances	2013	2012
Elected Officials:				
Mayor – Jan. – Oct. 2013	\$ 99	\$ 16	\$ 115	\$ 131
Mayor – Oct. – Dec. 2013	20	3	23	–
Councillor – Ward 1	66	10	76	75
Councillor – Ward 2 – Jan. – Oct. 2013	55	11	66	76
Councillor – Ward 2 – Oct. – Dec. 2013	11	2	13	–
Councillor – Ward 3	66	13	79	76
Councillor – Ward 4 – Jan. – Oct. 2013	55	10	65	74
Councillor – Ward 4 – Oct. – Dec. 2013	11	3	14	–
Councillor – Ward 5 – Jan. – Oct. 2013	55	12	67	60
Councillor – Ward 5 – Oct. – Dec. 2013	11	2	13	–
Councillor – Ward 6	66	12	78	75
Councillor – Ward 7	66	8	74	71
Councillor – Ward 8 – Jan. – Oct. 2013	55	12	67	77
Councillor – Ward 8 – Oct. – Dec. 2013	11	2	13	–
	\$ 647	\$ 116	\$ 763	\$ 715
Chief Commissioner	\$ 249	\$ 39	\$ 288	\$ 254

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, and car allowance. Benefits also include the County's share of employment insurance and long-term disability insurance for the Chief Commissioner.

17. 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 10.43 per cent (2012 – 9.91 per cent) of pensionable payroll up to the yearly maximum pensionable earnings (YMPE) and 14.47 per cent (2012 – 13.74 per cent) thereafter. Employees of the County are required to make current service contributions of 9.43 per cent (2012 – 8.91 per cent) of pensionable salary up to YMPE, and 13.47 per cent (2012 – 12.74 per cent) thereafter.

Total current service contributions by the County to LAPP in 2013 were \$10,272 (2012 – \$8,689). Total current service contributions by the employees of the County to LAPP in 2013 were \$9,420 (2012 – \$8,003).

As stated in their 2012 Annual Report, LAPP serves 223,643 members and 428 employers. It is financed by employer and employee contributions and investment earnings of the LAPP fund. At December 31, 2012, the plan reported an actuarial deficiency of \$5.0 billion.

18. Financial Instruments

The County's financial instruments consist of cash and cash equivalents, accounts receivable, investments, cheques issued in excess of cash, accounts payable and accrued liabilities, deposit liabilities, capital leases 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.

19. Commitments and Contingencies

a) Capital

As at December 31, 2013, authorized costs on capital projects committed through a purchase order or other contractual agreement, but not yet expended, amounted to \$47,017 (2012 - \$39,022).

b) Leases

The County has ongoing operating leases for building space, office equipment and other miscellaneous equipment. Operating leases are generally for periods of three to five years.

The future minimum lease payments are as follows:

2014	\$	318
2015	\$	244
2016	\$	238
2017	\$	191
2018	\$	15

c) Legal Disputes

As at December 31, 2013, 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.

d) Development Agreements

Developers have entered into agreements with the County in the amount of approximately \$15,614 (2012 - \$20,835) and are committed to the installation and construction of certain works to serve development of lands within the County. The County has taken performance securities from developers in the form of deposit liabilities in the amount of \$85 (2012 - \$2,078) and letters of credit in the amount of \$2,614 (2012 - \$2,628) to ensure performance by the developers under the agreements. Security taken by the County is reduced accordingly as the above-noted works are constructed.

e) Alberta Health Services

As of December 31, 2013, the County is operating under an extension agreement with Alberta Health Services to provide emergency medical services to the County and the region.

20. Segmented Information

Segmented information has been identified based on the types of services provided by the County to its residents. The types of services are identified in the Consolidated Statement of Operations and Accumulated Surplus. Certain allocation methodologies are used in the preparation of segmented financial information. Taxation revenues 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 upon the segment that generated the revenue. Government transfers have been allocated to the segment based upon 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.

	Municipal Operations	Utility Operations	Library Operations	PHF Operations	Eliminations	2013	2013 Budget (Note 22)
REVENUE							
Property Taxes	\$ 180,684	\$ —	\$ 8,161	\$ —	\$ —	\$ 188,845	\$ 190,785
Government Transfers	40,168	6,230	541	—	—	46,939	99,913
Utility User Rates	—	48,467	—	—	—	48,467	49,472
User Fees and Charges	38,036	2,044	172	—	—	40,252	41,684
Penalties and Fines	4,731	—	176	—	—	4,907	5,041
Investment Income	8,063	958	109	—	—	9,130	4,159
Other Capital Revenues	10,055	2,871	18	—	—	12,944	44,569
Contributed Tangible Capital Assets	28,074	5,454	—	—	—	33,528	—
Other	10,029	1,508	129	1,048	(620)	12,094	6,452
TOTAL REVENUES	319,840	67,532	9,306	1,048	(620)	397,106	442,075
EXPENSES							
Salaries, Wages and Benefits	120,909	8,764	5,261	—	—	134,934	142,630
Contracted and General Services	43,250	10,462	307	—	—	54,019	55,555
Supplies, Material and Utilities	23,889	19,607	1,002	—	—	44,498	50,448
Interest on Long-term Debt	3,781	2,846	1,042	620	(620)	7,669	8,155
Grants and Requisitions	2,758	—	—	—	—	2,758	1,950
Amortization	37,649	5,979	1,314	858	—	45,800	44,578
Loss on Asset Transfers and Disposals	—	9,524	—	2,275	—	11,799	—
Other Expenses	1,904	94	3	—	—	2,001	1,565
TOTAL EXPENSES	234,140	57,276	8,929	3,753	(620)	303,478	304,881
ANNUAL SURPLUS	85,700	10,256	377	(2,705)	—	93,628	137,194
ACCUMULATED SURPLUS, BEGINNING OF YEAR	1,240,374	259,317	8,739	19,206	(7,424)	1,520,212	1,520,212
ACCUMULATED SURPLUS, END OF YEAR (Note 12)	\$ 1,326,074	\$ 269,573	\$ 9,116	\$ 16,501	\$ (7,424)	\$ 1,613,840	\$ 1,657,406

20. Segmented Information (continued)

	Municipal Operations	Utility Operations	Library Operations	PHF Operations	Eliminations	2012
						(Recasted - Note 23)
REVENUE						
Property Taxes	\$ 172,453	\$ —	\$ 7,836	\$ 1,875	\$ (31)	\$ 182,133
Government Transfers	39,828	2,652	555	5,558	—	48,593
Utility User Rates	—	44,954	—	—	—	44,954
User Fees and Charges	35,684	1,805	161	3,507	—	41,157
Penalties and Fines	6,804	-	165	-	—	6,969
Investment Income	8,159	784	98	53	—	9,094
Other Capital Revenues	10,374	1,403	6	—	—	11,783
Contributed Tangible Capital Assets	15,213	—	—	—	—	15,213
Other	9,313	375	266	41	(612)	9,383
TOTAL REVENUES	297,828	51,973	9,087	11,034	(643)	369,279
EXPENSES						
Salaries, Wages and Benefits	111,226	8,352	4,996	3,325	—	127,899
Contracted and General Services	40,568	10,085	326	277	—	51,256
Supplies, Material and Utilities	24,090	18,534	924	1,176	—	44,724
Interest on Long-term Debt	4,224	2,694	1,069	612	(612)	7,987
Grants and Requisitions	2,261	81	-	34	(31)	2,345
Amortization	37,262	5,536	1,281	881	—	44,960
Loss on Asset Transfers and Disposals	54,977	—	18	—	—	54,995
Other Expenses	1,822	—	4	—	—	1,826
TOTAL EXPENSES	276,430	45,282	8,618	6,305	(643)	335,992
ANNUAL SURPLUS	21,398	6,691	469	4,729	—	33,287
ACCUMULATED SURPLUS, BEGINNING OF YEAR	1,218,976	252,626	8,270	14,477	(7,424)	1,486,925
ACCUMULATED SURPLUS, END OF YEAR (Note 12)	\$ 1,240,374	\$ 259,317	\$ 8,739	\$ 19,206	\$ (7,424)	\$ 1,520,212

21. Environmental Matters

As part of the County's overall assessment of the potential impact of the implementation of PS3260, Liability for Contaminated Sites, environmental monitoring is being conducted at several former landfill locations within the County. The results of the environmental monitoring have indicated the need for additional monitoring work to determine the potential steps required, including additional remediation, in order to comply with Alberta Environment and Sustainable Resources guidelines and legislation. At this time, we are unable to determine a reasonable estimate of the impacts or financial effect of the environmental monitoring.

22. Budget Data

The budget data presented in the consolidated financial statements of the County includes:

- The 2013 operating budget of \$305,224, approved by Council on December 11, 2012.
- The capital budget of \$273,355, which is comprised of the following:
 - The 2013 capital budget of \$129,643, approved by Council on December 11, 2012;
 - 2013 Council approved capital budget amendments of \$30,468;
 - Unspent prior years budgeted capital expenditures and amendments of \$208,613; less
 - Budgeted capital expenditures planned to be incurred after 2013 of \$95,369.

23. Comparative Figures

In the current year, the County concluded that certain amounts related to development levies and charges and major recreation facility contributions that were previously included in deferred revenue did not meet the definition of a liability. As a result, the County recast its prior period consolidated financial statements, as follows:

Accumulated Surplus at January 1, 2012

As previously reported	\$ 1,454,703
Adjustment to deferred revenue	32,222
As recasted	<u>\$ 1,486,925</u>

Annual Surplus for 2012

As previously reported	\$ 35,930
Adjustment to other capital revenues	(3,293)
Adjustment to interest income	650
As recasted	<u>\$ 33,287</u>

Deferred Revenue at December 31, 2012

As previously reported	\$ 95,415
Adjustment to deferred revenue	(29,579)
As recasted	<u>\$ 65,836</u>

Certain other comparative figures have been reclassified to conform with the consolidated financial presentation adopted in the current year.

2014 Budget Highlights

2014 operating expenses — Non-Consolidated (excluding Pioneer Housing Foundation) (\$ millions)

Municipal	\$259.4
Utility	\$54.6
Library	\$9.5

2014 Capital project approval (\$ millions)

Municipal	\$66.6
Utility	\$33.3
Library	\$0.6

2014 allocation of each dollar of residential property tax

Municipal services	62.1¢
Education	34.7¢
Library	2.2¢
Heartland Housing Foundation	1.0¢

2014 planned distribution of a municipal tax dollar



Coin image
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Transportation (roads)	30¢
Fire, ambulance, police	27¢
Recreation, parks and culture	20¢
Public transit	11¢
Planning and development	5¢
Agriculture	3¢
Family and community services	3¢
Economic development and tourism	1¢
	<hr/>
	\$1.00

2014 estimated municipal regular property tax (\$ millions)

Residential and farmland	\$68.4
Industrial machinery and equipment	\$81.4
Commercial, other industrial and linear	\$37.9
Total projected	<hr/> \$187.7

Municipal property tax structure

The 2014 tax rate was approved in April 2014

Residential and farmland	4.3328 mills
Commercial and industrial	8.3983 mills
Machinery and equipment	8.3983 mills
Linear (power and pipeline)	8.3983 mills





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