



connect

STRENGTHEN

2015

ANNUAL REPORT

STRATHCONA COUNTY  
ALBERTA, CANADA

For the year ended December 31, 2015



STRATHCONA  
COUNTY

# connect

## STRENGTHEN

CUSTOMER SERVICE

GROWTH MANAGEMENT

POSITIVE PARTNERSHIPS

RICH HISTORY

LIVABLE COMMUNITY

# 2015

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For the year ended December 31, 2015

Prepared by Strathcona County Financial Services and  
Communications, with support from civic departments.

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**CUSTOMER SERVICE**

Strathcona County made significant strides in 2015 to enhance how we connect and engage with citizens, with a strong emphasis on customer service.

This extended to launching several new technology solutions to strengthen access to County Council, operations, services and information.

County Connect now offers citizens a new online window to services through a convenient service request and tracking system. This means that our citizens can now enter a concern or question, get a tracking number and follow the progress to resolution.

eScribe has streamlined and improved Council agenda, reports and minute management through a new electronic system. Using it online, citizens can easily connect to view what's happening at Council meetings.

Through an incentive program, the County is working with local Internet service providers to bring Internet access to hard-to-reach rural areas where service gaps exist. Starting 2016, the install of an anticipated 100 new Internet towers will improve online connections for our rural residents.

**GROWTH MANAGEMENT**

It was also a year of inter-connections relating to growth management. Extensive research and analysis, and opportunities for public engagement occurred to compile important groundwork to decisions on how and where our County should grow.

Other planning efforts saw the Agriculture Master Plan approved, the Mature Neighbourhood Strategy development closer to completion led by its Citizen's Task Force, and the continued evolution of our Municipal Development Plan update.

We saw sustainable development in new neighbourhoods underway in 2015. Cambrian Crossing and Salisbury Village, for example, combine a range of residential densities and diverse housing types with commercial uses, and offer choice to the homebuyer.

**POSITIVE PARTNERSHIPS**

In 2015, the political landscape changed — and Council began to build positive partnerships with new leadership both provincially and federally.

Strathcona County also became one of nine municipalities from the capital region to form the Metro Mayors Alliance in 2015. We are guiding discussion on ways to optimize the region's attributes to ensure this region is globally competitive economically in the coming decades, with an eye to quality of life and ensuring all communities continue to thrive.

Leading the way to providing seniors and affordable housing for the sub-region, Council approved a \$22.5 million loan to the Heartland Housing Foundation to build the final phase of accommodations on the Silver Birch site.

Along with this, Council established the Mayor's Task Force on Community Living to review 'community' housing and address gaps in Strathcona County.

It was also a year that ended with the price of oil below \$40 a barrel. The energy sector's importance to

Strathcona County's economy cannot be overstated. A top strategic goal for Council is to increase and diversify the petrochemical business in our community.

The County continues to engage with companies to aide in their development goals and diversification. We will continue to focus our energy on supporting our industry partners, to look for ways to encourage value-added development which results in jobs and a high quality of life for our citizens.

Positive news is on the horizon. Some examples ... Williams Energy is planning a first of its kind in Canada propane de-hydrogenation (PDH) facility to convert propane into higher value propylene, a valuable petrochemical feedstock in plastics manufacturing. North American Polypropylene will use the propylene from Williams to turn it into polypropylene, a recyclable plastic used in many consumer and industrial products. ATCO Power proposes to build and operate the Strathcona Cogeneration Plant to meet the high pressure steam and electricity requirements of these two companies.

Looking forward, as a primary energy engine in Western Canada, Strathcona County is also well positioned to stimulate the development of new technologies. Strong connections with the provincial and federal governments will steer the way for Strathcona County to play its part in "green" economic development.

Our small and mid-sized businesses are integral to economic development, accounting for about 48 per cent of the jobs in the County. In 2015, 32 new retail businesses started up. We value the character and contribution each company brings.

## RICH HISTORY

In 2015, we unveiled a coat of arms for Strathcona County. It is a symbol that strengthens our connection to our past and conveys pride in our history with this and future generations.

## LIVABLE COMMUNITY

We continually strive to be Canada's most livable community. Each day we deliver quality program and services in remarkable facilities and open spaces toward earning this claim.

In our pursuit of better performance measurement and effective, efficient and responsible allocation and use of taxpayer dollars, the County is implementing priority based budgeting. 2015 saw the initial steps completed.

Even in its infancy, the priority based budgeting process is proving to be a valuable tool to stay focused on Council's strategic plan priorities and goals. We are the first county, and one of three in all of Canada to embrace this approach. It's a new lens to prioritize programs and how we spend finite resources.

The year was full with many more accomplishments that build a livable community, some further highlighted in this annual report to you.

On behalf of Council, we look forward to the continued involvement of citizens, groups and business to further connect and strengthen our great community and better serve you.

Mayor Roxanne Carr

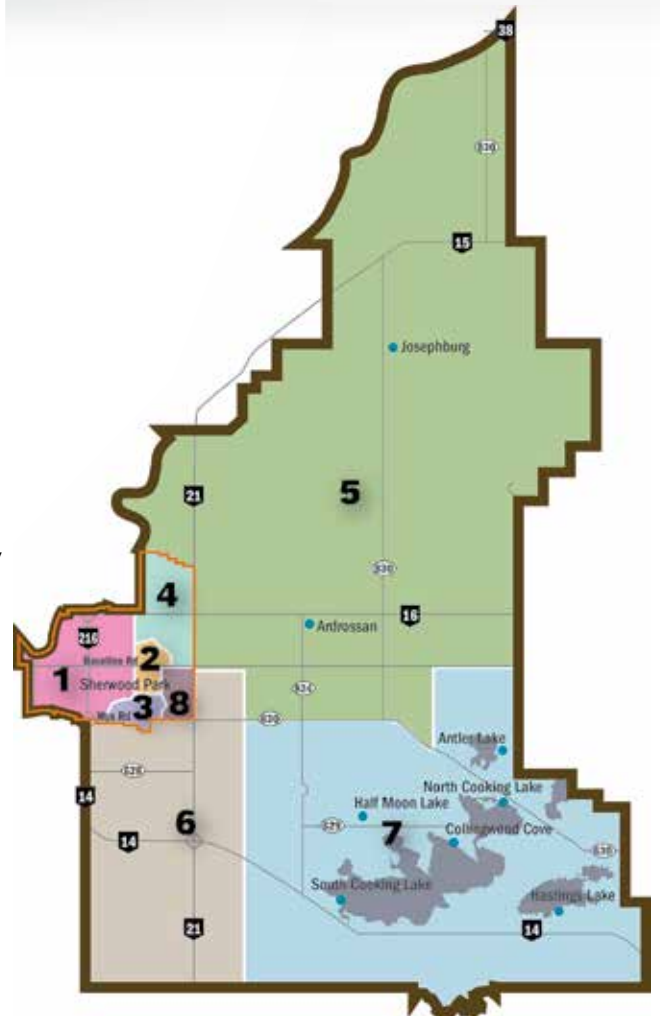


## Strathcona County Council

Left to right:

- Councillor Brian Botterill
- Councillor Paul Smith
- Councillor Bonnie Riddell
- Councillor Vic Bidzinski
- Mayor Roxanne Carr
- Councillor Linton Delainey
- Councillor Carla Howatt
- Councillor Fiona Beland-Quest
- Councillor Dave Anderson

- Ward 3
- Ward 5
- Ward 7
- Ward 1
- Strathcona County
- Ward 6
- Ward 4
- Ward 8
- Ward 2





## Strathcona County

Set in the centre of Alberta's energy and agricultural heartland, Strathcona County is a thriving, successful and vibrant community of more than 95,500 residents.

- **We are a community of choice**

... in the 2015 Strathcona County reputation survey, citizens rated this municipality as peaceful, safe and family friendly

- **We are Canada's energy engine**

... home to 75 per cent of refining in Western Canada and strong partner in Alberta's Industrial Heartland

- **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

## A specialized municipality

On January 1, 1996 the Province of Alberta granted Strathcona County status as a specialized municipality. This designation acknowledges the unique needs of a municipality that includes both a large urban centre and a significant rural territory and population.

Within our specialized municipality, we have the Urban Service Area of Sherwood Park, and eight rural hamlets within our boundaries:

- Antler Lake
- Ardrossan
- Collingwood Cove
- Half Moon Lake
- Hastings Lake
- Josephburg
- North Cooking Lake
- South Cooking Lake

Our status as a specialized municipality allows us to deliver services and programs to meet the unique characteristics and needs of both urban and rural residents in Strathcona County.



## Message from the Chief Commissioner

# services IN A PRIORITY-BASED ENVIRONMENT



Over the last few years, Strathcona County has taken important steps to focus on what matters most — service delivery.

In 2014, we established our four-year corporate business plan and it was from there that in 2015,

two of our top corporate initiatives reached milestones in their implementation.

The first was our move to priority-based business planning and budgeting.

This new approach to our delivery of services will result in Strathcona County being more proactive, strategic and effective in program delivery. Through new processes and tools developed, we will harness valuable information that improves decision-making, enabling us to allocate or reallocate resources to best align with the County's strategic direction and, therefore, our corporate priorities.

The steps taken so far to build a priority-based business environment involved determining our fundamental goals and objectives, or, what we are in business to do. These are, in turn, the results we must to deliver on.

While we are still working towards the full implementation of this new process, we were still able to use some of the early work to help shape our 2016 business plans and budget. Since then, Strathcona County has also identified and prioritized 315 programs, as well as clarified the key characteristics and costs of each, which will be of critical importance as we move into the next fiscal year.

Equally constructive, priority-based business planning and budgeting will help the County to better adapt when faced with economic uncertainties. Through this new lens, we are better able to strategically assess how effectively a particular program or service is in achieving the intended objectives. This, of course, is critical for our ongoing success.

The second corporate initiative was the launch of County Connect — our "service window."

Accessed via our web site, County Connect is a 24/7 portal for people to request municipal services. While this is very important, County Connect also improves Strathcona County's ability to track and ensure the timely response to these requests. From this system, we also gather important data for better operational planning and resource allocation, which fits nicely with another objective of the 2015-2018 Corporate Business Plan — informed or "evidence based" decision-making.

By way of another example, in 2015, substantial research, assessment and public engagements were completed to help develop growth management strategies to assist Council in comparing how growth could occur between different areas in the County. This information or data was of critical importance in informing the process moving forward to 2016.

Among other many highlights was finalizing the Agriculture Master Plan, putting partnerships and increased resources in place in support of ending family violence, improving information and processes around the awarding of contracts, opening a new snowmelt facility and hosting the Canadian Wrestling Team Trials. It was truly a busy year.

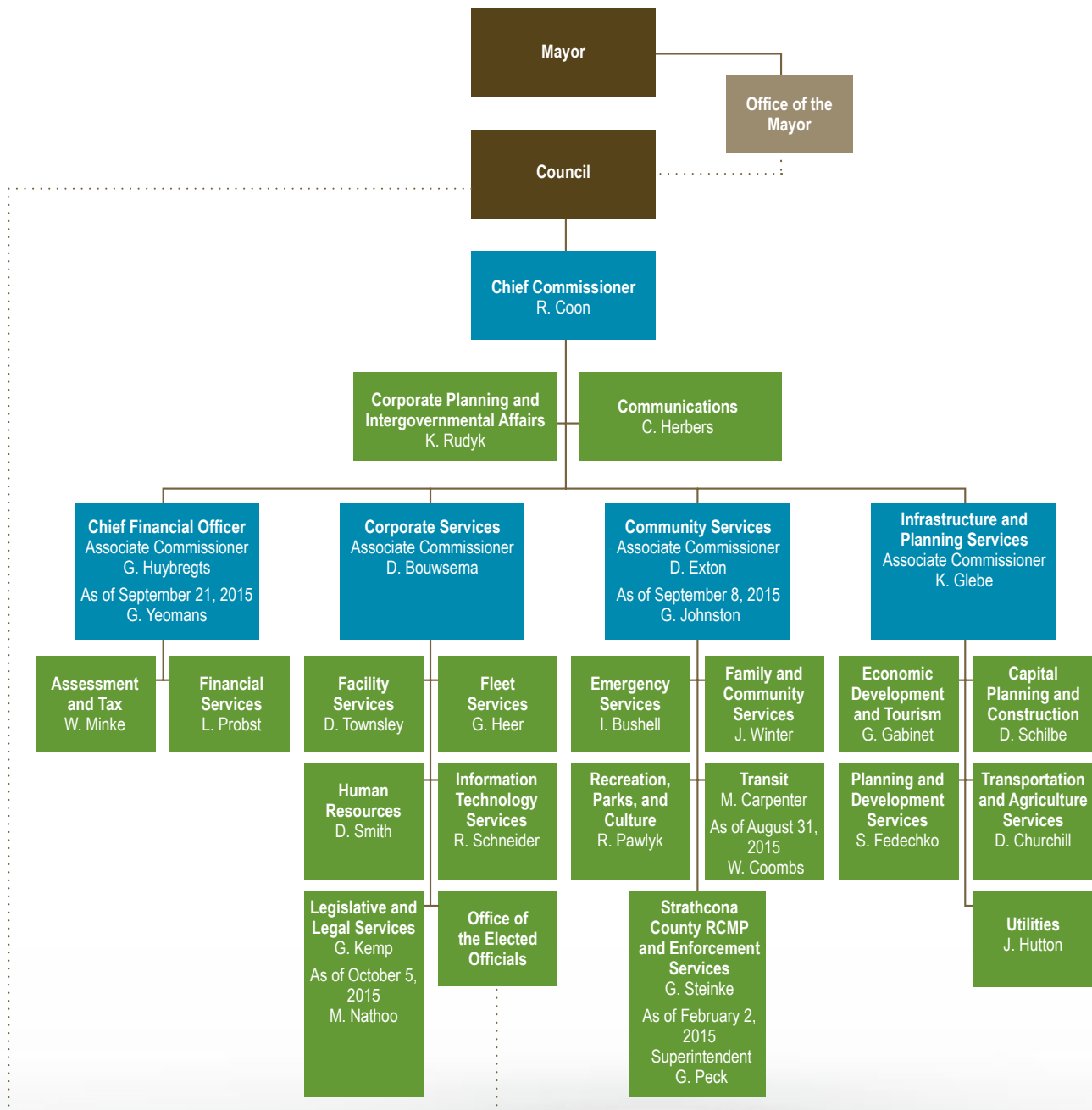
But it was also about pausing and engaging in conversations. These conversations are the positive connections with people, between neighbours, alongside business and industry that help to make for a strong community. In fact, for our organization to meet any one of our strategic goals, it is necessary for us to make these connections both externally and internally. It is our commitment.

In closing, I would to thank County Council for its commitment to our vision and strategic plan. It is that commitment that will lead to success. To our dedicated people, thank you for your continued efforts and focus each day that strengthens service excellence to businesses, industry, visitors and our residents that in turn will lead us to be Canada's most livable community.

Rob Coon  
Chief Commissioner, Strathcona County



## Our organizational structure





## A glance at our strategic plan

### 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 come 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, recreational programs and facilities is a priority and sets us apart.

We are Canada's most livable community.

## 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

### Strategic goals

1. Strategically manage, invest and plan for sustainable municipal infrastructure
2. Increase and diversify the petrochemical business
3. Increase public involvement and communicate with the community on issues affecting the County's future
4. Advance the community's interests by developing and maintaining strong relationships with our neighbouring municipalities and civic organizations to ensure long-term prosperity
5. Increase and diversify agricultural business and technologies
6. Promote Strathcona County locally, nationally and internationally as a place that is open for a wide range of diverse business and investment
7. Build strong neighbourhoods/communities to support the diverse needs of our residents
8. Provide a climate of safety for individuals in homes, neighbourhoods and public places
9. Improve the efficiency of resource usage; minimize the volume of waste and its impact on the economy
10. Conservation of representative ecosystems
11. Facilities and activities are available, accessible and used by residents
12. Define and strengthen the community's identity and heritage

The 2015 – 2018 Corporate Business Plan focuses on one through four as the top four prioritized strategic goals for this planning period.



# features

CUSTOMER SERVICE

GROWTH MANAGEMENT

POSITIVE PARTNERSHIPS

RICH HISTORY

LIVABLE COMMUNITY

STRATHCONA COUNTY  
ALBERTA, CANADA

 STRATHCONA  
COUNTY

# armorial bearings - Coat of arms

Strathcona County officially unveiled its coat of arms at a ceremony in September 2015. Our goal was to arrive at a coat of arms that accurately reflects the County's identity – its past and present – with an image that is fitting and lasting into the future. The final concept reflects a fact-based knowledge and understanding of the County's rich history and its current brand.

## Crest and wreath

On top of the wreath of gold alternating with green cloth sits a green coronet with green garbs of wheat between two green triangles ("piles"). Out of the coronet rises the upper half of a gold lion.

## Shield of the arms

The shield, located in the centre, is divided into blue and green. Across the division line is a gold bar with an embattled top edge. The bar is drawn as wheat stalks across its complete surface. Above the bar is a beaver. Below the bar, between two arrowheads, is an aspen poplar tree with roots showing, all gold also.

## Supporters and compartment

The supporters flank the shield, standing on a base called a compartment. The horses are in their natural colourings. They stand on a green grassy mound that is strewn with gold oat stalks. Below are wavy bars of gold and black.

## Motto

*Latin:* Crescens per historiam

*English:* Growing through history



Grants of armorial bearings are honours from the Canadian Crown. The Canadian Heraldic Authority is part of the Canadian honours system under the Canadian monarch, whose authority is exercised by the Governor General of Canada. The use of armorial bearings is a traditional practice, intended to proclaim identity. Coats of arms were first used on the battlefield to identify combatants. By the 12<sup>th</sup> and 13<sup>th</sup> centuries, coats of arms were used by feudal lords, knights in battle, and later as a kind of flag or logo for families in upper classes. In time, use spread from the aristocracy to church clergy, then to towns as civic identifiers, and later to universities and trading companies.

*Strathcona County's coat of arms has been registered, and is now posted on the Public Register of Arms, Flags and Badges on the Governor General of Canada's website.*

### Shield of the arms



- Alluding to the industry generated by the fur traders, the beaver was a dominant species in the Beaver Hills (Cooking Lake Moraine). As an island of boreal forest surrounded by a landscape of parkland, the Beaver Hills was (is) home to a diverse number of wildlife species, with the beaver dominant. This made it an area important in history for the fur trade during a time when Canada was forming as a nation. The Beaver Hills makes up 55 per cent of Strathcona County today.
- The Aspen poplar tree alludes to the wooded areas common then and now across the landscape, in rural Strathcona and parts of Sherwood Park. It is also known as trembling aspen (*populus tremuloides*). This strong stylized image symbolizes the interconnectedness of the community. The tree's deep roots also convey growth and renewal.
- The arrowheads allude to the indigenous peoples who subsisted off the land prior to European settlement. Many arrowheads have been found by residents over the years.
- The embattlement edge represents a silhouette of an urban skyline. The graphic pattern in this horizontal bar represents the new crops of the settler era.
- The green and blue are Strathcona County's corporate colours, while the gold represents the prosperity of the community.

### Crest



- The gold lion originates from the armorial bearings of Lord Strathcona, our namesake. Our municipality was officially given the name Strathcona in 1918.
- Born Donald Alexander Smith in the Scottish Highlands in 1820, Lord Strathcona played a major role in the development of western Canada. He was hired on with the Hudson's Bay Company as an apprentice clerk at 18, and worked his way up to director, the largest single shareholder, then Governor in 1889.
- The coronet of piles bracketing the crops is inspired by the word "Strath" in Scots, which means a long, wide, low-lying valley between a chain of hills. When Smith was elevated to the peerage by Queen Victoria in 1897, he chose the title "Strathcona" ... Strath being Gaelic for broad valley and cona after the river Coe that ran through his Scottish property. His full title was first Baron Strathcona and Mount Royal, of Glencoe, Argyllshire and Mount Royal, Quebec.

### Supporters and compartment



- Used by the Aboriginal people as early as the 1600s, the horse was essential to the survival of the early settlers through to the first half of the 20<sup>th</sup> century. The horses also represent the horse-related industry and large population of horses here today.
- The grassy mound in the compartment represents the lush pastureland and grazing areas that sustained poultry and livestock. The oats, a successful early crop, allude to the rich, fertile soil that supports a strong agriculture industry. The black wavy bar represents the refining industry and the movement of oil.

### Motto



- Latin:* Crescens per historiam  
*English:* Growing through history
- The phrase evokes the growth of the community, literally and figuratively. Our population has grown since the time of the indigenous peoples on the land and the arrival of the first settlers. Also, it's telling that we learn and grow when we acknowledge and remember our history.



# COUNTY CONNECT

ASK  
IT

REPORT  
IT

TRACK  
IT

## county connect - your online window to service

For a municipality, service to citizens is at the base of everything we do.

This is why in the fall of 2015 Strathcona County launched County Connect, an online service request and tracking system.

County Connect offers a new way for citizens to report a problem, request a service, or connect with Strathcona County for information.

Using the County Connect web self-service, or the mobile app, citizens can go online to submit a request for service at their convenience – 24/7.

Over 60 services are available on the web self-service, with more to be added. This includes a variety of services related to transit, transportation, agriculture, animals and pests, drainage, permits, and tax and assessment.

Report a pothole or icy sidewalks. Request assistance with a tree pest issue. Ask about property assessment. These are just a few examples of the types of

service requests found in County Connect.

As well, four services were released on the mobile app in 2015. Users can report road issues, sanding requests, crowding on a bus, or a bus not on time.

County Connect provides greater visibility into our service commitment. When submitting a County Connect service request online, by phone or email, users receive a case number to check the status of the request at any time. Users also receive the expected timeline for completion, as well as any necessary updates. Through open data tracking, the public can also view requests submitted.

Strathcona County quickly saw wins in launching County Connect, both internally and externally. It has helped to streamline how requests are handled and reduces duplication.

Using one integrated system for service requests, County Connect ensures a consistent service experience across all departments. The County



can better handle service request intake, and job assignment or re-allocation to more efficiently manage the work that goes on behind the scenes to support program and service delivery.

Staff are saying it's helping them give better information to residents, or to connect citizens to the right person. Requests are being dealt with and closed off more quickly.

County Connect's robust reporting capabilities are another benefit of the system. Data gathered can help departments assess customer service

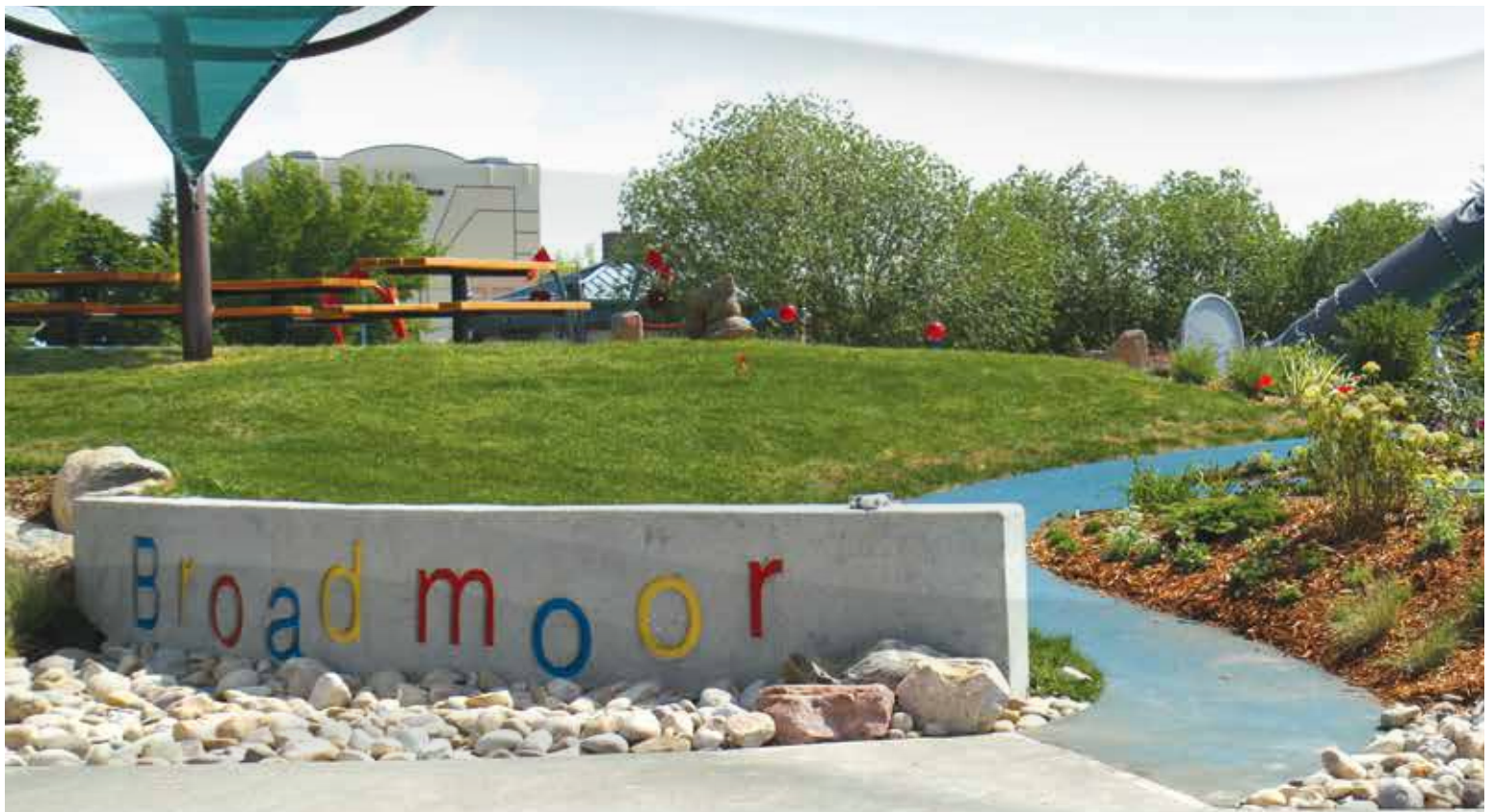
performance, and support better operational planning and resource allocation.

For example, departments now have call volume data that allows for better analysis of what's happening on the 'service front' to more effectively plan and manage customer support. The data will also inform decision-making organizationally in relation to effective, efficient and appropriate service levels.

Ultimately, County Connect will help to enhance the experience a citizen has when connecting with Strathcona County for service and information.



*connect*



## making a splash

# RE/MAX Spray Park and Playground

What's a kid to do when the sun is shining and it's summer in the County? There are many options but Strathcona County's newest spray park and playground, located at Broadmoor Lake Park, has quickly become a popular destination for families from across the region.

The RE/MAX Spray Park and Playground made a big splash with its grand opening on July 1, 2015 as part of the County's Canada Day celebrations. More than 1,500 people were in attendance as 500 beach balls dropped from the sky for the inaugural event.

The nautical-themed park quickly became a favourite gathering place for families. Youngsters enjoy the innovative play structures—from the pirate ship, Viking ship spray structure, tree house, lighthouse play rocks and swings to the spray zones (one reserved for toddlers, another for all ages)—it's a

place where children up to 15 years old can have fun with their friends.

The design for this exciting play area was based on feedback received from the community in the planning stages. Special features include a really big covered slide that appeals to older kids who are up to the challenge of reaching the top by climbing the vertical mesh netting. There is something for everyone, with play areas designed for each age group and lots of space in between for kids to run and play games.

Those who prefer to take things at a slower pace can wander into the sensory garden where vegetation delights all the senses, or relax at one of the benches or shaded grass areas.

It's more than fun and games for parents who appreciate features that make the park environmentally-friendly and accessible.





These include a soft surface area made out of 13,000 recycled tires and a recirculating water system that collects, treats and reuses the water. There's also ample seating, a picnic area and washrooms nearby. Caregivers have peace of mind knowing the play equipment meets or exceeds all Canadian Standards Association guidelines, and is regularly inspected and maintained.

Along with our numerous other playgrounds and spray decks, RE/MAX Spray Park and Playground is one more way the County connects people and communities through healthy and active lifestyles.

Centrally located on the Broadmoor Lake Park trail system, and in proximity to several facilities including Kinsmen Leisure Centre, Festival Place and the Community Centre, the park is a great place for young and young-at-heart to stop by for some outdoor fun. A word of caution: watch out for the pirates!



connect



# growing responsibly in Strathcona County

The Capital Region is expected to grow by more than 620,000 people by 2044. With a current population over 95,500, Strathcona County is anticipated to grow by between 45,000 and 67,000 people in that time. The County anticipates Sherwood Park will likely be built out within 10 years.

Citizens are all asking the same questions: What does responsible growth look like? Should we grow? Where and how should we grow? And, how will Council's decision impact our citizens, their children and the region?

In 2015, over many months, more citizens than ever took time to get involved in our community's most important decision on our future through engagement in the Municipal Development Plan, Growth Management Strategies and Mature Neighbourhoods.

## **Mature neighbourhood strategy**

Local governments are developing their own approaches to understand and address development in mature neighbourhoods.

At the end of 2015, the Mature Neighbourhood Strategy was in Phase two, working with a Citizens' Task Force and residents to understand what residents consider to be the defining characteristics of the mature neighbourhoods they call home.

A technical background study called the Urban Form and Architectural Character Assessment was approved by Council on March 10, 2015. Council has given further direction to the Task Force to incorporate this information into regulation and policy.

Review and a decision on the proposed regulations related to character is slated for 2016.

## **Growth management strategies**

The extensive work on the growth management

strategies is integral to one of the most significant decisions facing Strathcona County — establishing the next growth node for urban development.

Council received the Bremner Growth Management Strategy for information in 2014. Bremner is located east of Highway 21 and north of Highway 16.

Strathcona County began work on the Colchester Growth Management Strategy in February 2015 to engage residents in considering how an urban community might be developed in Colchester, an area located south of Highway 628 and west of Highway 21.

A draft recommended community design concept and draft policy directions were presented to the public at an open house in November 2015. Getting input from residents and community stakeholders ensures the values and aspirations of residents are reflected.

Completion of the Colchester Growth Management Strategy assists Council in determining where, when and how to grow.

## **Municipal development plan**

The Municipal Development Plan (MDP) is the County's plan for the future. It sets out a clear vision for how Strathcona will grow and develop over the next 20 years and beyond. It provides a comprehensive long-term land use policy framework within which present and projected growth and development may take place. It also guides Council decisions on key issues like conservation of the natural environment and investment in infrastructure and services.

The MDP is being updated to reflect recent studies, key trends and emerging best practices. It will also be re-organized to make it more accessible and user-friendly for staff, developers, and the public.



# highlights AT A GLANCE

STRATHCONA COUNTY  
ALBERTA, CANADA



# More 2015 highlights at a glance

## Customer service

- A new **Notice of Awarded Contracts (NAC) program** is part of an ongoing commitment to open and transparent procurement practices. Contracts awarded for construction, services and goods, and purchase orders with a value of \$50,000 or more are shared each month on the County's website.
- Laying the groundwork in 2015, the County is enhancing Internet access in hard-to-reach rural areas. The **Rural Internet Access Program**, a three-year program, offers incentives to Internet service providers (ISPs) to build smaller towers to bridge between households and larger infrastructure towers to boost signal reach.



## Growth management

- Strathcona County conducted a **2015 Municipal Census** that reported the total population at 95,597. Of that number, 68,782 people reside in Sherwood Park, and 26,815 reside in the rural area, which includes farms, acreages and the smaller hamlets.
- A new **snowmelt facility** opened, located on the south side of Highway 16 and west of Highway 824 to service our community for years to come. It replaces the snowmelt facility located off of Lakeland Drive and Bethel Way.



## Positive partnerships

- In 2015, the County began to update **Alberta's Industrial Heartland area structure plan** and transportation study to maintain excellent infrastructure for road, rail and pipeline access to regional and global markets.
- Strathcona County approved a loan of **\$22.5 million to the Heartland Housing Foundation** to build the final phase of Silver Birch. The new building will provide more senior lodge and apartments to address the increasing waitlists.
- Strathcona County received **\$10.7 million in GreenTRIP funding** from the Alberta Government to purchase an additional **22 double-decker buses**. Independent experts estimate up to 1,183 tonnes of greenhouse gases will be eliminated each year by people choosing to ride double-decker buses.

## Livable community

- In 2015, this Council accepted the **Agriculture Master Plan**. This plan recognizes Strathcona County is a highly-productive agricultural municipality, offering residents an alternative lifestyle, contributing to the environment, and fostering a diversity of wildlife habitat.
- Social isolation can also be an issue, especially for our senior population. **24 traveling café sessions** were held in four rural locations.
- The County established a local network of men in the community. The **Men as Allies** network raises awareness and educates men and women about their role in preventing domestic violence. The **Make it our Business** program teaches local businesses, organizations and groups how to recognize and respond to signs of family violence in the workplace.



- In November 2015, **Strathcona County's Family and Community Services (FCS)** celebrated **40 years of service** in supporting the physical, emotional and mental health needs of residents. Today's FCS services focus on four core functions: individual and family supports, outreach supports, developing community, and community education. This same year, the Youth Council celebrated its 25th anniversary.
- Intersection **improvements at Township Road 530 and Range Road 224** involved the construction of acceleration, deceleration and left turn lanes to improve safety and traffic flow. Construction on **Township Road 522 for the Highway 21 twinning project** was also completed.
- **Sherwood Drive traffic circle changes** responded to resident concerns and engineering best practice in collision reduction. Features designed to reduce collisions and improve driver understanding include directional signs, and lane markings and arrows.

- Strathcona County received the **FireSmart Community Protection Achievement Certificate** in 2015. The FireSmart Canada award recognizes the County's extensive FireSmart planning and educational work for rural subdivision fire response.
- The **first energy efficient arena ice plant** in Alberta was installed at the Olympiette Centre.
- The **Canadian Wrestling Team Trials**, held at Millennium Place in December, saw the best wrestlers in Canada compete to represent their country in the 2016 Olympic Games in Rio de Janeiro. More than 200 athletes, male and female, participated over the 2-day event.





# 2015 Operational facts and stats

## Economic development

### No business licence; no business tax

Businesses and establishments in Strathcona County ..... 10,560

*(Statistics Canada June 2015 – Business Patterns Data)*

Businesses registered in voluntary directory ..... 1,685

Manufacturing ..... 120

Home-based ..... 549

Retail and commercial ..... 264

Other ..... 752

New businesses registered ..... 36

Served by both CN and CP railroads, four airports within 30 minutes

Market area (Edmonton CMA) *(Statistics Canada, July 2014 Estimates)* ..... 1,328,290 people

2015 market share of regional new single starts ..... 4.1%

2015 market share of regional new multi-family starts ..... 4.3%

2015 market share of regional housing unit starts ..... 4.3%

### Residential development in the metro region

*(Canada Mortgage and Housing Corporation Construction Digest, November 2015)*

Value of major projects announced, under construction and recently completed ..... \$7.01 billion

### Protective services

Police officers (RCMP) ..... 96

Peace officers ..... 27

RCMP Victim Services Unit

volunteer advocates ..... 35

volunteer hours ..... 17,000 hours

Fire fighters ..... 154 full-time

..... 38 part-time

Fire stations ..... 6

*Sherwood Park (3), Heartland Hall (Josephburg), South Cooking Lake, Ardrossan*

Emergency calls responded to ..... 7,871

Residents engaged in community safety education ..... 13,830  
*(presentations, events, inspections, etc.)*

### Community services

Counseling services participants ..... 1,632

Outreach services visits ..... 1,950

Home support services visits ..... 103,493

Family day home services –

average children/month ..... 137

Senior households helped by volunteers ..... 248

Community volunteer hours of service ..... 4,284

Parent link program participants ..... 2,917

Community education participants  
*(workshops, conferences)* ..... 3,063

*Family and Community Services partners with five agencies – Youth Justice, Community Mediation, Big Brothers Big Sisters, Boys and Girls Club of Strathcona County, and Community Adult Learning and Literacy Society.*



### Transportation

Rural roads, County maintained .....	1,308 km
Urban roads, County maintained.....	397 km
Highways, province maintained .....	232 km
Roadside cleanup .....	264 km
Transit buses	
including 14 double-decker buses .....	85
Transit rides.....	1.5 million
Mobility bus trips .....	19,634
Warren Thomas (Josephburg) Aerodrome	
flights, annually .....	3,500



### Planning and development services

Subdivision and rezoning applications.....	58
Development permits .....	1,270
Permits for new residential units .....	736
Permits for multi-family units .....	350
Value of commercial, industrial,	
institutional, and residential	
construction .....	\$365 million
Customers served by Planning	
and Development Services	
(in-person, by telephone,	
email and applications) .....	63,449

### Indoor recreation and culture

Major facilities.....	12
Community halls .....	14
Seniors' centres .....	4
Number of admissions annually at:	
Ardrossan Recreation Complex .....	117,277
Broadmoor Public Golf Course .....	34,836
Glen Allan Recreation Complex .....	21,427
Kinsmen Leisure Centre.....	67,384
Strathcona Wilderness Centre .....	7,725
Millennium Place .....	977,011
Festival Place .....	73,000
Gallery@501 .....	15,094
Hours of ice time .....	30,209

### Outdoor recreation services

Sports fields and ball diamonds .....	218
Trails .....	216 km
Natural areas .....	1,521 hectares
Parkland.....	1,944 hectares
<i>(developed parks, school and</i>	
<i>other institutional sites, playing</i>	
<i>fields, and utility corridors that</i>	
<i>may include trails)</i>	
Playgrounds.....	147
Golf courses ( <i>municipal</i> ) .....	1
Tennis courts .....	17
Outdoor rinks.....	26



### Agricultural services

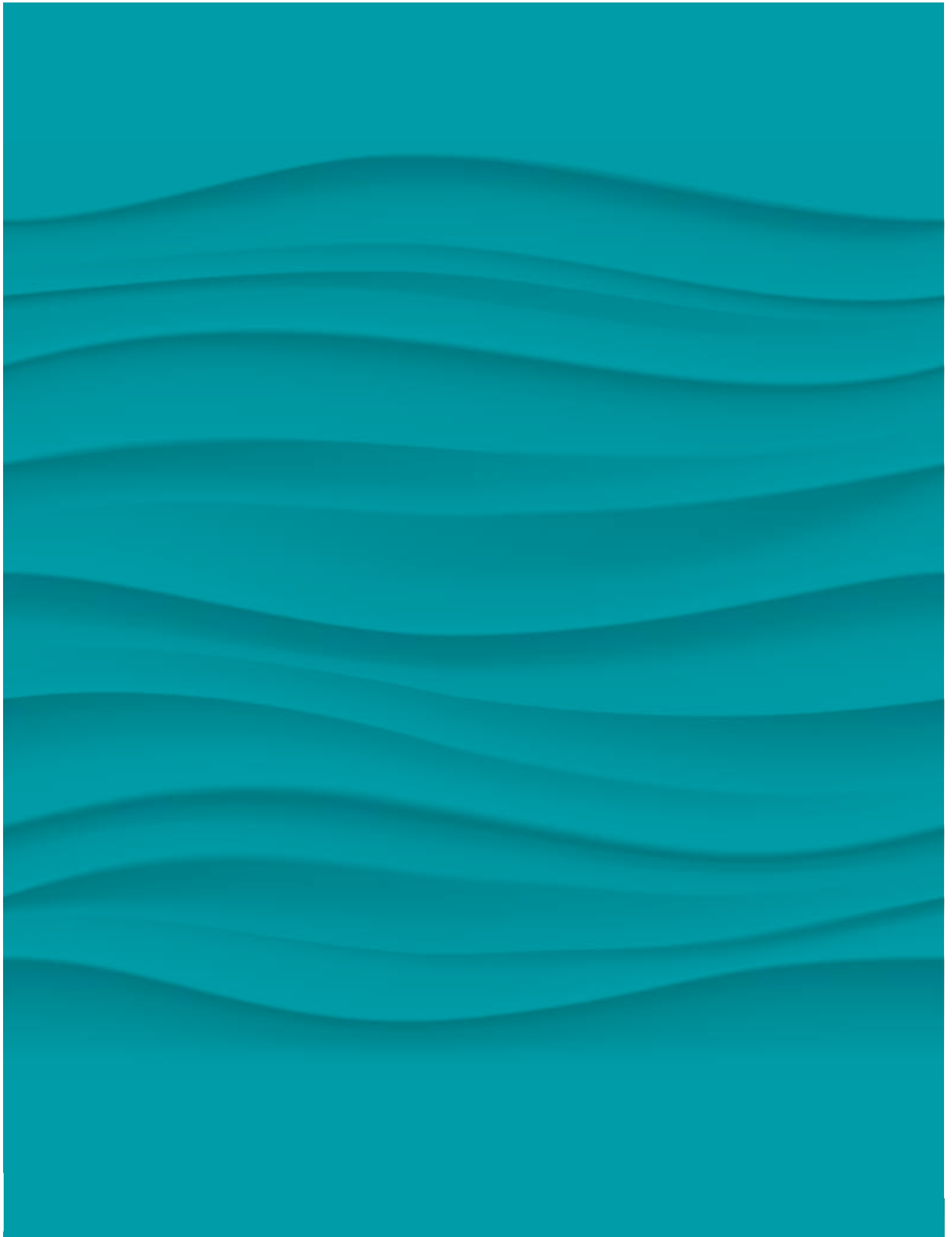
Roadside mowing .....	4,447 km
Road use permits issued.....	9,500
Residents hosted through workshops/ information sessions .....	800

### Library

Library, Bookmobile, online visits .....	1,607,686
Library resources used .....	1,612,758
Questions answered.....	145,358
Visit <a href="http://www.sclibrary.ab.ca">www.sclibrary.ab.ca</a>	

### Utility operations

Water distributed.....	33.7 million litres/day
Water mains maintained .....	582 km
Fire hydrants .....	2,276
Water storage capacity .....	114.9 million litres
Wastewater treated .....	20.9 million litres/day
Wastewater mains maintained .....	400 km
Stormwater mains maintained.....	347 km
Recycling stations .....	3
Residential waste to landfill .....	12,996 tonnes
Waste diversion from landfill	
through Green Routine efforts .....	60%
Organics sent for composting .....	12,605 tonnes
Materials collected for recycling .....	6,510 tonnes
Enviroservice hazardous waste	
including electronics .....	236 tonnes
Scrap metal collected for recycling .....	311 tonnes







# financial statement

## DISCUSSION AND ANALYSIS

STRATHCONA COUNTY  
ALBERTA, CANADA





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

## FINANCIAL STATEMENT DISCUSSION AND ANALYSIS

Strathcona County's 2015 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 2015 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 is also provided in support of transparency and accountability of the County with respect to the management of financial resources used to provide municipal infrastructure, programs and services.

The 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 2015 Strathcona County Consolidated Financial Statements and provided an unqualified opinion. Council approved the audited 2015 Strathcona County Consolidated Financial Statements on April 26, 2016.

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION HIGHLIGHTS

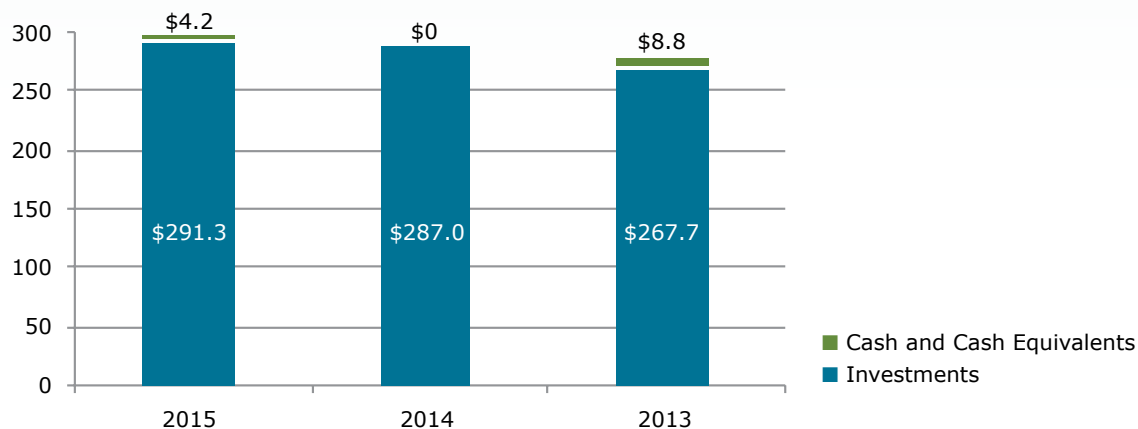
The Consolidated Statement of Financial Position highlights five key figures that together describe the financial position of Strathcona County: (i) the financial assets, (ii) the liabilities, (iii) the net financial assets or net debt calculated as the difference between the financial assets and liabilities,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

...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 2015, financial assets increased by \$13.6 million, to a balance of \$337.5 million total financial assets at the end of 2015 (2014: \$323.9 million). This amount includes \$295.5 million of cash and investments (2014: \$287.0 million), that are mainly held in support reserves, deferred revenues and deposit liabilities.

### Cash and Investments (in \$ millions)



## Liabilities

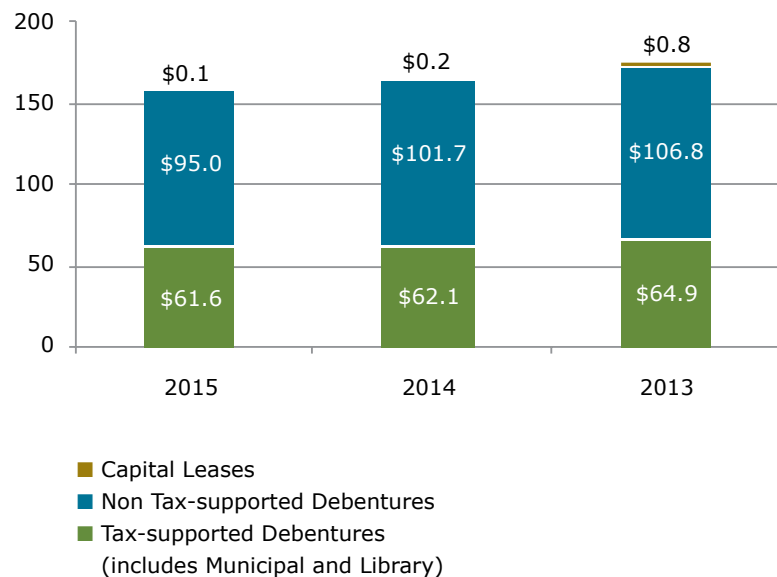
The County's total liabilities at the end of 2015 amounted to \$284.2 million (2014: \$300.3 million), a decrease of \$16.1 million over the prior year. Use of deferred revenue of \$64.1 million (2014: \$79.1 million) and deposit liabilities of \$18.6 million (2014: \$16.6 million) remains restricted until the conditions associated with the balances have been satisfied.

Long-term debt is incurred to allow the County to address the preservation 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 2015, the County incurred new borrowings of \$4.6 million (2014: \$4.4 million) and made debt repayments of \$11.9 million (2014: \$12.9 million).

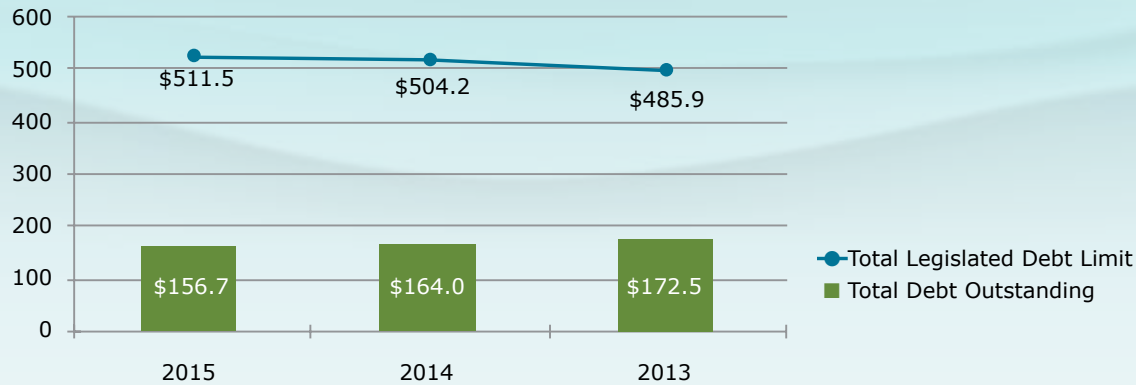
The Provincial Government limits the external debt allowed by a municipality to approximately 1.5 times revenue as defined by the Municipal Government Act. While capital leases are used to a limited extent to finance County capital, the majority of the total debt outstanding of \$156.7 million (2014: \$164.0 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, mitigating 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 is an equitable way to spread the cost of long term assets to include future benefiting users. At December 31, 2015, the County was well within the provincial debt guidelines and County policy. Total debt per capita approximated \$1,639 (2014: \$1,775). Included in this amount is total municipal property tax supported debenture debt of \$419 (2014: \$431) per capita.

...the County was well within the provincial debt guidelines and County policy.

### Total Debt Outstanding (in \$ millions)



## Total Debt Outstanding Versus Debt Limit (in \$ millions)



As of December 31, 2015, the County used 30.6% (2014: 32.5%) of its total legislated debt limit of \$511.5 million (2014: \$504.2 million), and has capacity to borrow an additional \$354.8 million.

## Net Financial Assets (Net Debt)

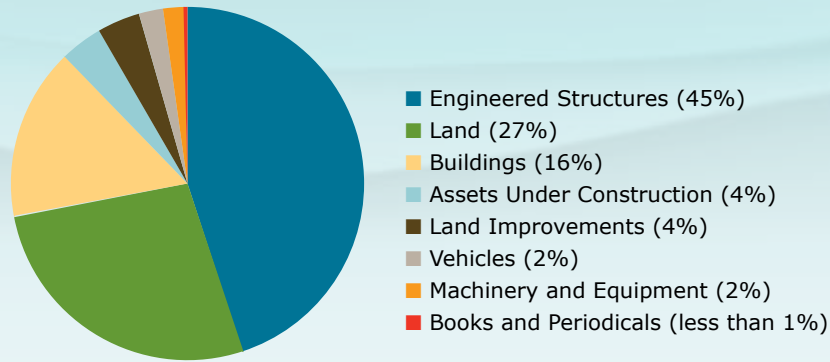
The net financial asset (net debt) figure is the difference between financial assets and liabilities, and is a key indicator of the County's ability to meet its commitments and liabilities, as well as to provide funding for future planned and emergent needs. At the end of 2015, the consolidated net financial asset balance is \$53.3 million (2014: \$23.6 million), an increase of \$29.7 million from the prior year. The increase in net financial assets is primarily a result of the annual PSAS surplus and the net change in tangible capital assets for the year. This increase corresponds to growth in reserves and a reduction in debt, and is due to the significance of the County's capital activity. The timing of capital spending is a key contributor to changes in the net financial assets (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 acquisitions are deferred then net financial assets, capital reserves and debt capacity will increase until the investment in tangible capital assets is made.

...the consolidated net financial asset balance is \$53.3 million...

## Non-financial Assets

Non-financial assets totalled \$1,771.3 million at the end of 2015 (2014: \$1,673.5 million). Non-financial assets consist of tangible capital assets of \$1,767.6 million (2014: \$1,670.3 million), prepaid expenses of \$2.7 million (2014: \$2.3 million), and inventories of materials and supplies of \$1.0 million (2014: \$0.9 million). The increase in non-financial assets of \$97.8 million over the prior year resulted mainly from contributed assets and assets that were purchased or constructed for the provision of service delivery, net of asset transfers, disposals and amortization expense.

## Tangible Capital Assets Summary



...the County constructed or purchased assets at a total cost of \$88.9 million...

During 2015, the County constructed or purchased assets at a total cost of \$88.9 million (2014: \$89.8 million). Other assets, including developer constructed roads and parks, were contributed at a value of \$60.3 million (2014: \$28.7 million). The County began amortizing \$124.1 million (2014: \$117.2 million) of tangible capital assets (excluding land), that were put into service during the year. At the end of 2015, assets with a value of \$67.7 million (2014: \$45.8 million) remain under construction.

Of the total amount spent on capital projects in 2015:

- 47% or \$42.1 million (2014: \$28.5 million) was funded by government transfers (i.e. grants)
- 34% or \$30.0 million (2014: \$50.7 million) was funded by operations (i.e. property taxes) and reserve funding
- 11% or \$9.5 million (2014: \$2.9 million) was financed with tax-supported and non tax-supported debt
- 8% or \$7.3 million (2014: \$7.7 million) was funded by development levies, contributions and other sources

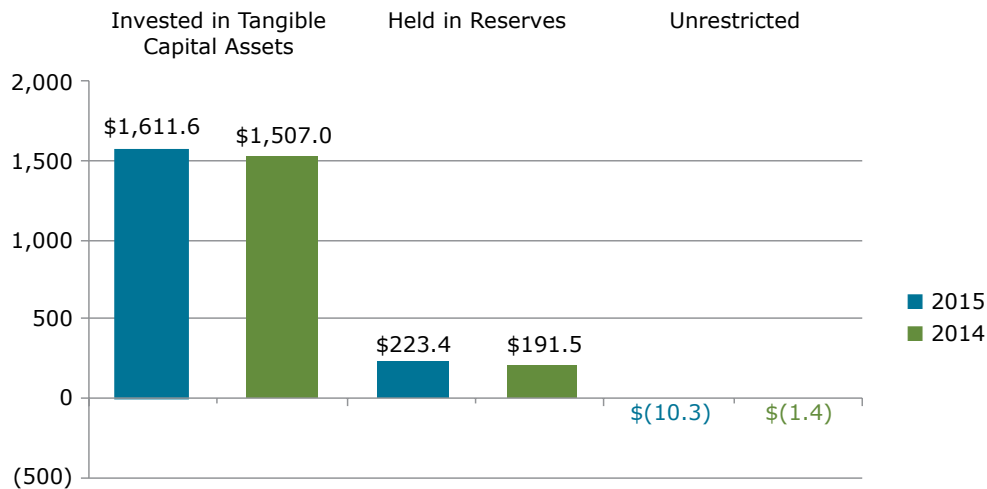
The County's 2015 investment in tangible capital assets to maintain or improve community services included, among others:

- RCMP Building expansion and modernization
- Emerald Hills Leisure Centre and Regional Park
- Glen Allan Recreation Centre
- Utility infrastructure
- Road infrastructure

## Accumulated Surplus

The County's accumulated surplus at December 31, 2015 is \$1,824.6 million (2014: \$1,697.1 million), an increase of \$127.5 million.

### Composition of Accumulated Surplus (in \$ millions)



## Reserves

The Municipal Reserve policy FIN-001-024 provides direction and guidance to Council and Administration to enhance the County's financial strength, flexibility, cash flow management and ability to achieve the Council vision and Strategic Plan priorities.

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

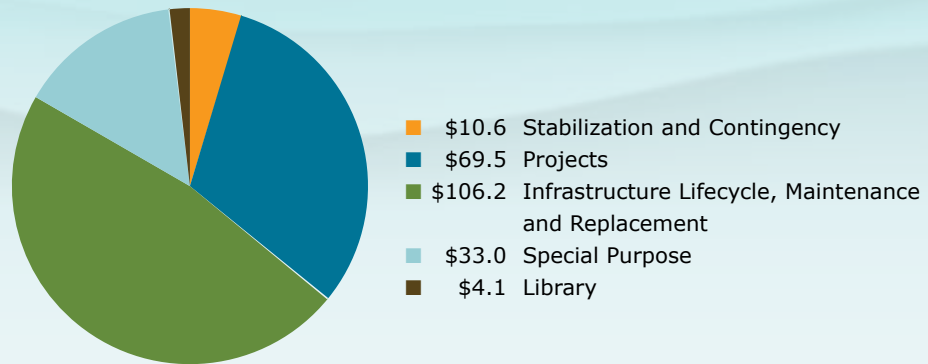
Council establishes reserves by setting aside financial assets to:

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

These reserves are drawn to fund specific purpose capital and operating expenditures that are one-time in nature, as approved by Council.

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

### Composition of Reserves (in \$ millions)



As described in the Municipal Reserve Policy FIN-001-024, reserves have been grouped into the following categories and are to be used for the following purpose:

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

**Project Reserves** – provide funding for non-cyclical needs of departments including one-time operating items and tangible capital asset projects.

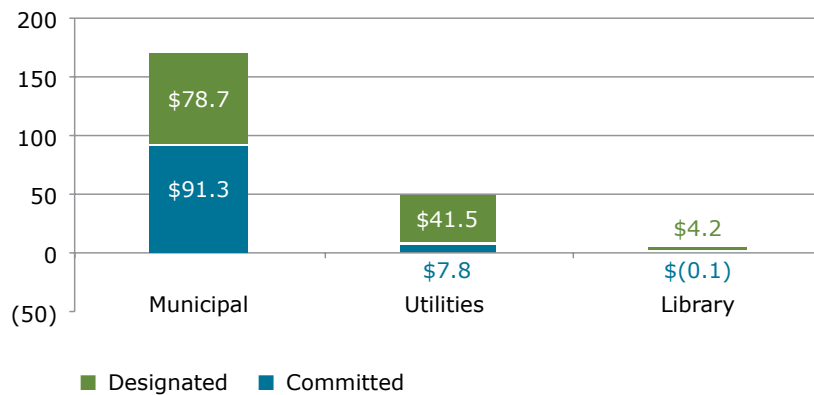
**Infrastructure Lifecycle, Maintenance and Replacement Reserves** – provide funding for Infrastructure Lifecycle, Maintenance and Replacement projects.

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

**Library Reserves** – are maintained by the Library administration and approved by the Strathcona County Library Board in accordance with the Library Reserve Policy FI02.

Total reserves at December 31, 2015 amounted to \$223.4 million (2014: \$191.5 million). Of this amount approximately \$99.0 million or 44% (2014: \$88.0 million or 46%) is committed to be applied towards specific expenditures as approved by Council. The remainder, approximately \$124.4 million or 56% (2014: \$103.5 million or 54%) is designated; meaning a specific expenditure funded from reserve has not been approved by Council but the reserve funds are held for the purpose Council has approved.

### 2015 Reserve Balances (in \$ millions)



Total reserves at December 31, 2015 amounted to \$223.4 million.

...\$99.0 million or 44% is committed to be applied towards specific expenditures as approved by Council.



## CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS HIGHLIGHTS

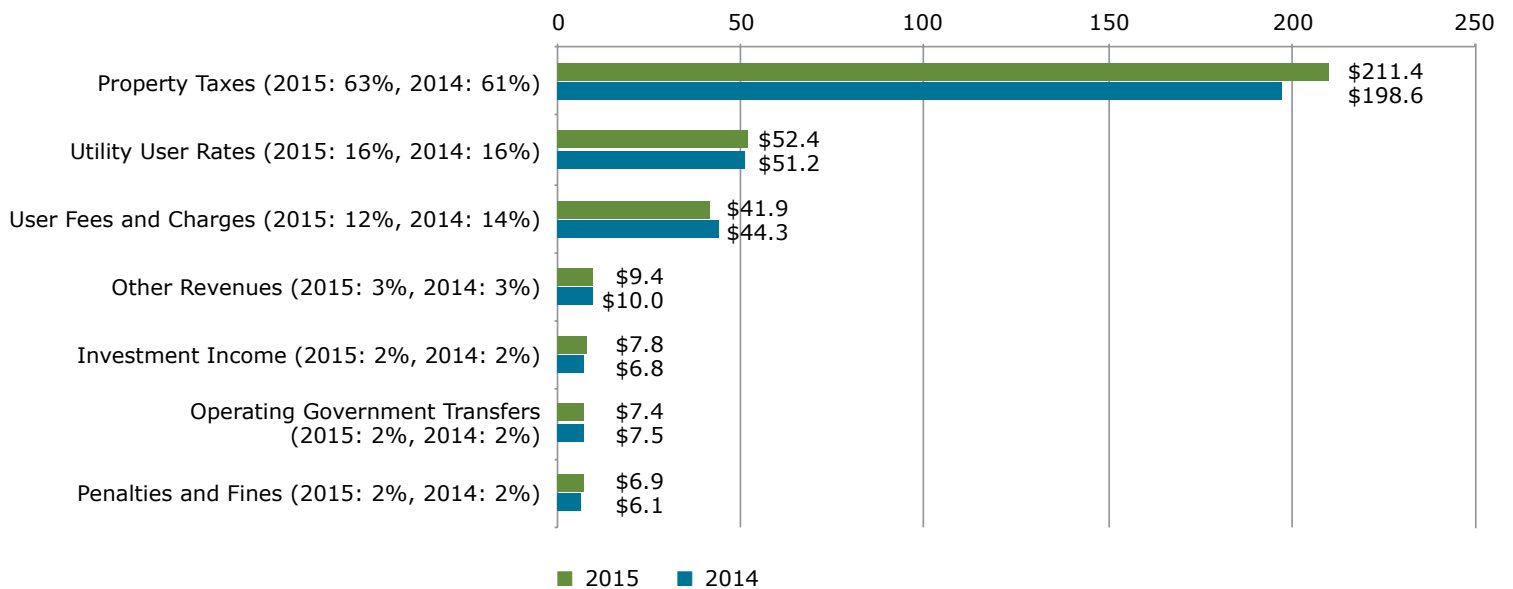
The Consolidated Statement of Operations and Accumulated Surplus reports the change in accumulated surplus during the year. The statement details the revenues earned less the cost of services provided to County residents.

Consolidated revenues  
for 2015 are  
\$443.5 million...

### Revenues

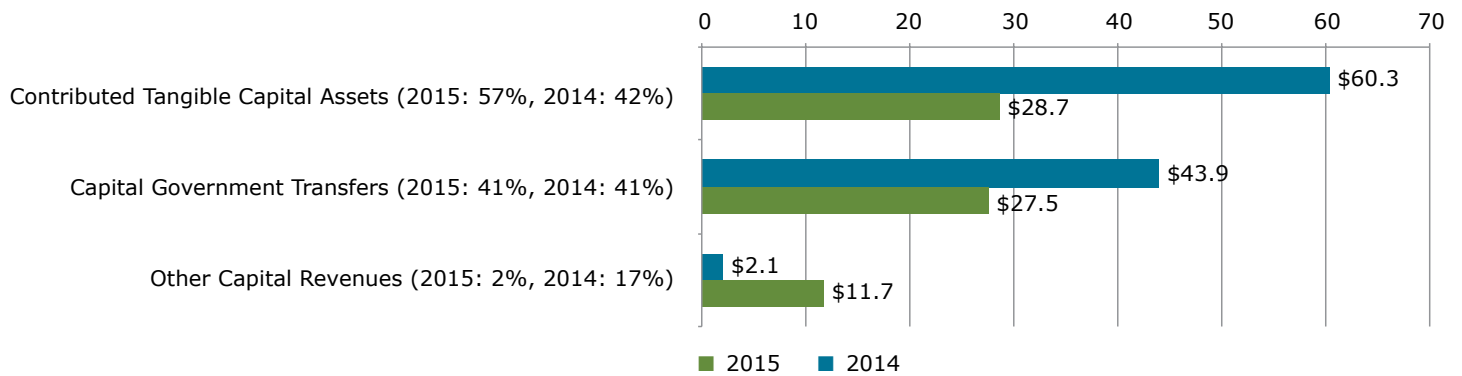
Consolidated revenues for 2015 are \$443.5 million (2014: \$392.4 million), an increase of \$51.1 million or 13.0% from the prior year. Consolidated revenues include both operating and capital revenues.

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



Consolidated operating revenues for 2015 are \$337.2 million (2014: \$324.5 million), an increase of \$12.7 million or 3.9% from the prior year.

**Consolidated Capital Revenues by Source  
(in \$ millions and as a percentage of total consolidated capital revenues)**



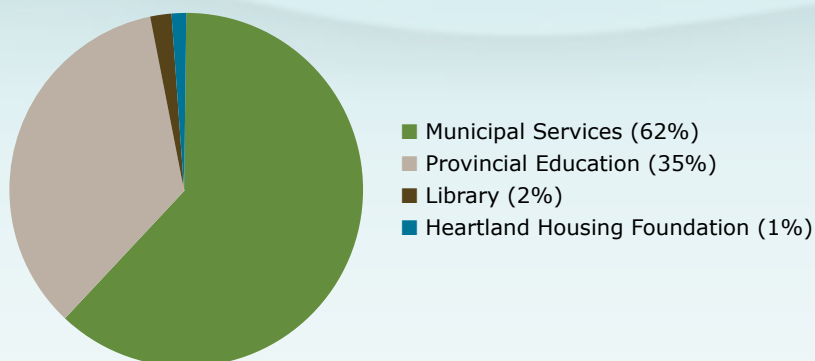
Consolidated capital revenues for 2015 are \$106.3 million (2014: \$67.9 million), an increase of \$38.4 million or 56.6% from the prior year.

Contributed tangible capital assets are received as contributions from developers and external parties. Examples include road and utility infrastructure. Other capital revenues include developer levies and contributions from third parties (excluding other levels of governments).

Capital revenue fluctuate annually based on the type and volume of capital activity. The overall increase was due to a higher amount of contributed tangible capital assets that resulted from higher development activity; higher grant revenues for major projects including Emerald Hills Leisure Centre and Regional Park, RCMP Building, and Transit Bus Replacements; partially offset by lower other capital revenues. In 2014, other capital revenues were higher than normal due to increased development levies and third party funding for various projects.

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

### 2015 Residential Property Tax Distribution (as a percentage of total property taxes levied)



2015 property tax revenues have increased by \$12.8 million to \$211.4 million (2014: \$198.6 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 low-income housing requisitions submitted to the County for payment. In 2015, the County levied total property taxes of \$271.7 million (2014: \$254.9 million). \$57.6 million (2014: \$54.3 million) of this total was collected for remittance to the provincial education authorities.

### Government Transfers

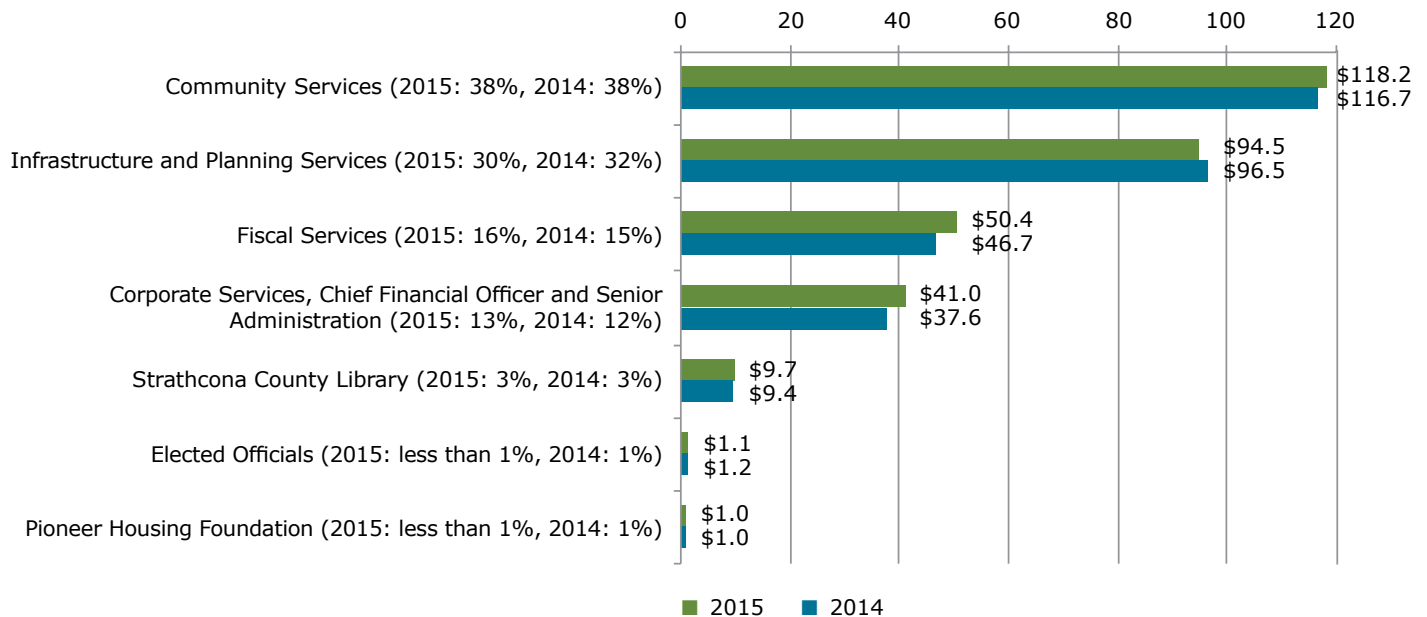
Government transfers are usually non-discretionary and have imposed eligibility criteria and stipulations, which results in these amounts being set up as deferred revenue liabilities. These funds are recognized as revenue as the related eligible expenditures are incurred. In 2015, government transfers recognized as revenue were \$51.4 million (2014: \$35.0 million), an increase of \$16.3 million. Government transfers applied towards operating were \$7.4 million (2014 \$7.5 million), and government transfers applied towards capital were \$44.0 million (2014: \$27.5 million).

### Expenses

Consolidated expenses for 2015 were \$315.9 million (2014: \$309.1 million), an increase of \$6.8 million or 2.2% from the prior year.

In addition to supporting municipal and library services, property taxes are levied to meet provincial education and affordable low-income housing requisitions...

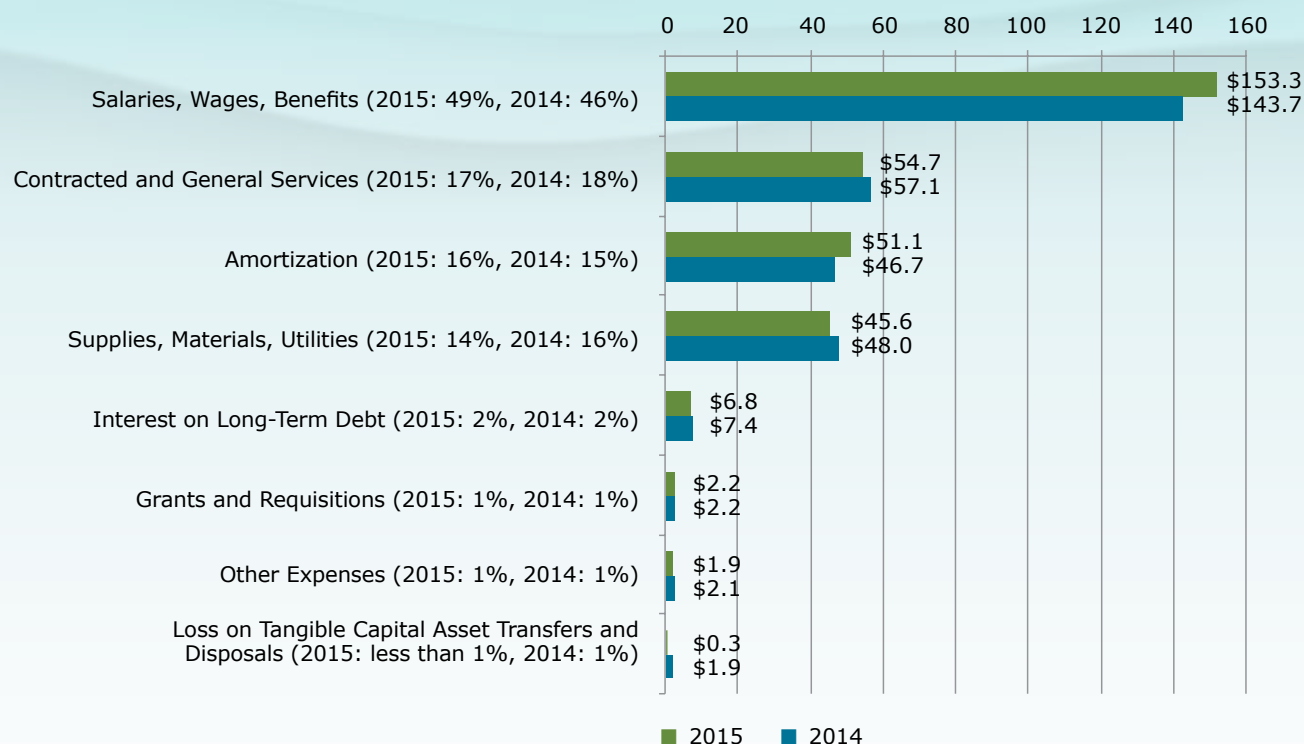
## Consolidated Expenses by Function (in \$ millions and as a percentage of total consolidated expenses)



The following are notable highlights of the significant expenditure changes.

- The growth in Community Services has resulted in an increase of expenses over the prior year from Emergency Services of \$0.7 million or 2.1% and \$0.8 million or 4.1% for RCMP and Enforcement Services.
- Infrastructure and Planning Services expenses decreased by \$2.0 million or 2% primarily due to savings in Transportation and Agriculture Services resulting from lower prices on various supplies and reduced winter maintenance costs.
- Fiscal Services includes financial activities that are not specifically associated with the operation of any one division or department, including municipal debt repayment and amortization. Fiscal Services expenses have increased \$3.7 million or 7.9% primarily due to higher amortization expense resulting from the increase in tangible capital assets.
- Corporate Services expenses increased by \$2.6 million or 9.8%. The increase was required to meet corporate priorities including service delivery by all front line departments.

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

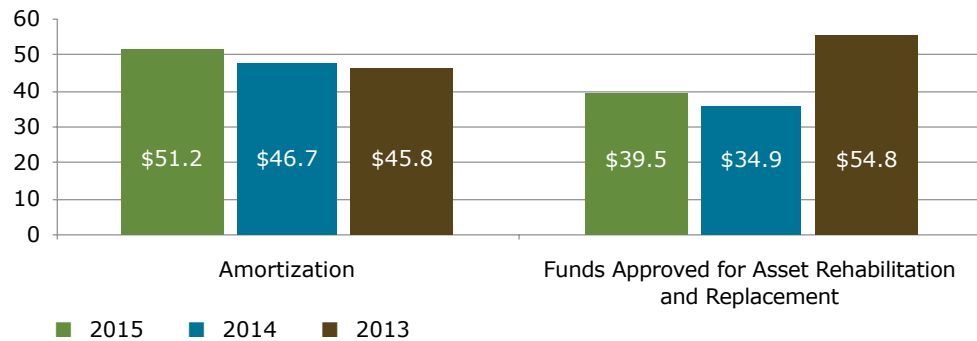


Growth in the County's labour force is required to provide quality services to the increasing number of community stakeholders. In 2015, salaries, wages and benefits totalled \$153.3 million (2014: \$143.7 million), an increase of \$9.6 million. A total of 1,205 full-time equivalent (FTE) regular employee positions (2014: 1,175 FTE's); plus employees who work irregular, non-standard hours equivalent to 239 FTE's (2014: 174 FTE's); and temporary, seasonal and casual staff, provided service delivery on a daily basis to residents, business and industry in Strathcona County.

Amortization of tangible capital assets in 2015 was \$51.2 million (2014: \$46.7 million), an increase of \$4.5 million from the prior year. Most tangible capital assets, with the exception of land, have limited useful lives. This is recognized by amortizing the cost of tangible capital assets in a rational and systematic manner over their estimated useful lives, ranging from 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 manage, invest and plan for sustainable municipal infrastructure, it is important that the County continually reinvest in its municipal infrastructure. To address this need, the County's annual capital budget includes amounts for the rehabilitation and replacement of tangible capital assets.

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

## Comparison of Amortization to Funds Approved for Asset Rehabilitation and Replacement (in \$ millions)



## Annual Operating and Capital Budget

The 2015 Consolidated Operating Budget, approved by Council December 9, 2014, is prepared on the modified cash flow basis, as required the MGA. This differs from PSAS reporting used to prepare the financial statements, as capital transactions are excluded, and financing activities, such as debt repayment expenditures, and transfers to and from reserves are included. A comparison of the Council approved operating budget prepared on the modified cash flow basis and the budget reported in the financial statements in accordance with PSAS standards has been provided, as follows:

(Millions)	<b>2015 Budget - Modified Cash Flow Basis (as approved by Council, December 9, 2014)</b>	<b>2015 Budget - PSAS Basis (as reported in Financial Statements)</b>
Operating Revenue	\$ 325.6	\$ 325.6
Expenses (including amortization)	328.9	328.9
<b>Surplus before Capital Revenue</b>	<b>(3.3)</b>	<b>(3.3)</b>
Add back Amortization Expense (non-cash item)	50.7	
Net Reserve Transactions	(35.1)	
Net Financing Activities	(12.3)	
<b>2015 Modified Cash Flow Breakeven</b>		
<b>Budgeted Operating Surplus</b>	<b>\$ -</b>	
Capital Revenue		86.9
<b>2015 PSAS Budgeted Annual Surplus</b>		<b>\$ 83.6</b>

The 2015 Consolidated Capital Budget, approved by Council December 9, 2014, provided the authority to fund and finance \$66.4 million of capital spending in 2015 and future years. The capital budget reported in the financial statements only includes budgeted capital spending which is planned to be incurred in 2015. Amounts planned to be incurred in future years (future cash flows) are excluded, and unspent prior year(s) amounts are included. As reported on the Statement of Net Financial Assets (Net Debt) the planned capital spending for 2015 totalled \$216.9 million. The composition of this amount is detailed in note 11 of the Consolidated Financial Statements.

## Annual Surplus

Strathcona County realized a surplus before capital revenues of \$21.2 million (2014: \$15.4 million). With additional capital revenues of \$106.3 million (2014: \$67.9 million) the County ended 2015 with a PSAS surplus of \$127.5 million (2014: \$83.3 million). Of the 2015 PSAS surplus: \$31.9 million (2014: \$3.2 million) was designated to reserves; \$104.6 million (2014: \$78.0 million) was invested in tangible capital assets; and the \$9.0 million was drawn from (2014: \$2.1 million was contributed to) unrestricted surplus.

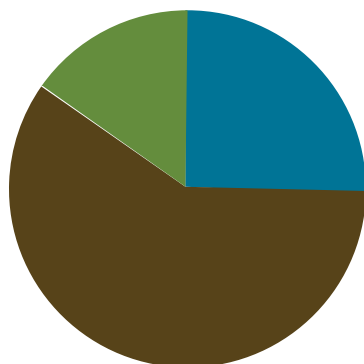
The operating budget is prepared on a breakeven basis; therefore, any resulting surplus or deficit on a modified cash flow basis would comprise the full variance compared to the annual operating budget. This variance is referred to as the annual operating surplus for tax purposes.

The operating budget is prepared on a breakeven basis...

(Millions)	<b>2015 Annual Operating Surplus for Tax Purposes Modified Cash Flow Basis</b>	<b>2015 Annual Surplus PSAS Basis (as reported in Financial Statements)</b>
Operating Revenue	\$ 337.1	\$ 337.1
Expenses (including amortization)	315.9	315.9
<b>Surplus before Capital Revenue</b>	<b>21.2</b>	<b>21.2</b>
Add back Amortization Expense (non-cash item)	51.2	
Net Reserve Transactions	(39.4)	
Net Financing Activities	(11.9)	
<b>2015 Annual Operating Surplus for Tax Purposes</b>	<b>\$ 21.1</b>	
Capital Revenue		106.3
<b>2015 PSAS Annual Surplus</b>		<b>\$ 127.5</b>

The 2015 annual operating surplus for tax purposes is allocated in accordance with Policy FIN-001-008: Allocation of Year-End Operating Surplus for Tax Purposes. The 2015 surplus was allocated to fund one-time items in the 2016 budget and to various other projects, one of which will provide future tax savings from reduced debt servicing costs. The surplus or deficit from self-sustaining operations was retained by those operational areas.

## Allocation of 2015 Annual Operating Surplus for Tax Purposes (in \$ millions)



- \$5.4 2016 Budget (one-time items)
- \$12.5 Project Allocations/Reserve Contributions
- \$3.2 Self-sustaining Operations

## FINANCIAL CONTROL AND ACCOUNTABILITY

### Financial Governance

The County's Financial Reporting Policy FIN-001-010 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 Advisor Committee, a committee of Council, which advises Council on matters relating to the business plan and budgeting process, long-range financial plans, and financial policies.

### 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 2015, the County continued with the business plan and budget implementation project, with an enhanced focus on priorities. The corporate business plan focuses on Council's priorities and is used to establish annual budgets. The annual budget allocates the resources necessary to deliver services to the community and undertake the initiatives identified in the corporate business plan. Departments use the strategic plan and corporate business plan to guide their individual business plans and provide direction.

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's annual operating budget uses funding sources such as property tax revenues, user fees, reserve transfers and government transfers to fund operating programs and services.

The annual capital budget is prepared based on the long-term projects identified in the County's five year capital 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.

...the County continued with the business plan and budget implementation project, with an enhanced focus on priorities.



## Controls and Accounting Process

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

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

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

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## SUMMARY

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

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

Respectfully submitted,



Gregory J. Yeomans, CPA, CGA, MBA  
Chief Financial Officer  
April 26, 2016

## RECOGNITION OF ACHIEVEMENT

Strathcona County was awarded the Canadian Award for Financial Reporting from the Government Finance Officer's Association of the United States and Canada (GFOA) for its 2014 Annual Financial Report. The Canadian Award for Financial Reporting program was established to encourage municipal governments throughout Canada to publish high quality financial reports and to provide peer recognition and technical guidance for officials preparing these reports.

In order to receive this award, a municipality must publish an easily readable and efficiently organized annual financial report, the contents of which conform to program standard. Such reports should go beyond minimum requirements of generally accepted accounting principles by clearly communicating the municipal government's financial picture.



Government Finance Officers Association

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

Presented to

**Strathcona County  
Alberta**

For its Annual  
Financial Report  
for the Year Ended

**December 31, 2014**

Executive Director/CEO



CONSOLIDATED *financial statements*

STRATHCONA COUNTY  
ALBERTA, CANADA



**STRATHCONA COUNTY**  
Consolidated Financial Statements  
Year ended December 31, 2015

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## MANAGEMENT REPORT

The accompanying consolidated financial statements 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, auditing matters, 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.



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

April 26, 2016



**KPMG LLP**  
**Chartered Accountants**  
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Edmonton AB T5J 3V8  
Canada

Telephone (780) 429-7300  
Fax (780) 429-7379  
Internet [www.kpmg.ca](http://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, 2015, the consolidated statements of operations and accumulated surplus, change in net financial assets 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.

### *Auditors' 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 judgment, 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 respects, the consolidated financial position of Strathcona County as at December 31, 2015, and its consolidated results of operations, its consolidated change in its net financial assets and consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Chartered Professional Accountants

April 26, 2016  
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.

**KPMG Confidential**

**STRATHCONA COUNTY**  
**Consolidated Statement of Financial Position**  
As at December 31, 2015 (in thousands of dollars)

	<b>2015</b>	<b>2014</b>
<b>FINANCIAL ASSETS</b>		
Cash and Cash Equivalents (Note 2)	\$ 4,214	\$ -
Accounts Receivable		
Property Taxes	4,827	3,299
Government Transfers	9,853	2,409
Trade and Other	13,630	15,501
Development Levies and Charges	2,816	6,790
Land Held for Resale	2,632	2,625
Investments (Note 3)	291,293	286,988
Investment Interest Receivable	8,217	6,293
	<b>337,482</b>	<b>323,905</b>
<b>LIABILITIES</b>		
Cheques Issued in Excess of Cash (Note 2)	-	3,464
Accounts Payable and Accrued Liabilities (Note 4)	44,777	37,194
Deposit Liabilities (Note 5)	18,639	16,576
Deferred Revenue (Note 6)	64,088	79,058
Capital Leases (Note 7)	108	246
Long-Term Debt (Note 8)	156,545	163,724
	<b>284,157</b>	<b>300,262</b>
<b>NET FINANCIAL ASSETS</b>	<b>53,325</b>	<b>23,643</b>
<b>NON-FINANCIAL ASSETS</b>		
Tangible Capital Assets (Note 12)	1,767,591	1,670,280
Inventories of Materials and Supplies	975	850
Prepaid Expenses	2,738	2,328
	<b>1,771,304</b>	<b>1,673,458</b>
<b>ACCUMULATED SURPLUS (Note 14)</b>	<b>\$ 1,824,629</b>	<b>\$ 1,697,101</b>

Commitments and Contingencies (Note 21)

See accompanying Notes to Consolidated Financial Statements.

## STRATHCONA COUNTY

### Consolidated Statement of Operations and Accumulated Surplus

Year ended December 31, 2015 (in thousands of dollars)

	<b>2015 Budget (Note 11)</b>	<b>2015</b>	<b>2014</b>
<b>OPERATING REVENUE</b>			
Property Taxes (Note 15)	\$ 207,930	\$ 211,377	\$ 198,580
Utility User Rates	53,237	52,353	51,160
User Fees and Charges	39,257	41,870	44,257
Penalties and Fines	5,417	6,901	6,063
Investment Income	6,157	7,845	6,839
Government Transfers - Operating (Note 16)	5,457	7,412	7,531
Other	8,187	9,407	10,044
<b>TOTAL OPERATING REVENUE</b>	<b>325,642</b>	<b>337,165</b>	<b>324,474</b>
<b>EXPENSES</b>			
<b>Infrastructure and Planning Services</b>			
Capital Planning and Construction	4,033	3,195	2,905
Economic Development and Tourism	1,688	1,338	1,362
Planning and Development Services	11,318	9,509	9,443
Transportation and Agriculture Services	29,017	26,663	29,216
Utilities	55,589	53,823	53,585
	<u>101,645</u>	<u>94,528</u>	<u>96,511</u>
<b>Community Services</b>			
Emergency Services	33,144	32,388	31,709
Family and Community Services	7,109	7,412	7,167
Strathcona Transit	19,014	17,811	17,689
RCMP and Enforcement Services	22,477	21,137	20,296
Recreation, Parks and Culture	40,942	39,407	39,844
	<u>122,686</u>	<u>118,155</u>	<u>116,705</u>
<b>Corporate Services</b>	32,894	29,282	26,677
<b>Chief Financial Officer</b>	5,848	5,503	4,937
<b>Senior Administration</b>	6,381	6,260	6,035
<b>Elected Officials</b>	1,233	1,125	1,161
<b>Fiscal Services</b>	47,493	50,394	46,707
<b>Strathcona County Library</b>	9,758	9,702	9,390
<b>Pioneer Housing Foundation</b>	991	986	980
	<u>104,598</u>	<u>103,252</u>	<u>95,887</u>
<b>TOTAL EXPENSES</b>	<b>328,929</b>	<b>315,935</b>	<b>309,103</b>
<b>SURPLUS (DEFICIT) BEFORE CAPITAL REVENUE</b>	<b>(3,287)</b>	<b>21,231</b>	<b>15,371</b>
<b>CAPITAL REVENUE</b>			
Contributed Tangible Capital Assets (Note 12)	-	60,325	28,695
Government Transfers - Capital (Note 16)	48,356	43,941	27,507
Other Capital Revenues (Note 17)	38,538	2,032	11,688
<b>TOTAL CAPITAL REVENUE</b>	<b>86,894</b>	<b>106,298</b>	<b>67,890</b>
<b>ANNUAL SURPLUS</b>	<b>83,607</b>	<b>127,528</b>	<b>83,261</b>
<b>ACCUMULATED SURPLUS, BEGINNING OF YEAR</b>	<b>1,697,101</b>	<b>1,697,101</b>	<b>1,613,840</b>
<b>ACCUMULATED SURPLUS, END OF YEAR (Note 14)</b>	<b>\$ 1,780,708</b>	<b>\$ 1,824,629</b>	<b>\$ 1,697,101</b>

See accompanying Notes to Consolidated Financial Statements.



## STRATHCONA COUNTY

### Consolidated Statement of Change in Net Financial Assets (Net Debt)

Year ended December 31, 2015 (in thousands of dollars)

	<b>2015 Budget (Note 11)</b>	<b>2015</b>	<b>2014</b>
<b>ANNUAL SURPLUS</b>	\$ 83,607	<b>\$ 127,528</b>	\$ 83,261
Acquisition of Tangible Capital Assets	(216,894)	<b>(88,863)</b>	(89,769)
Contributed Tangible Capital Assets	-	<b>(60,325)</b>	(28,695)
Amortization of Tangible Capital Assets	50,699	<b>51,153</b>	46,674
Loss on Tangible Capital Asset Transfers and Disposals	-	<b>307</b>	1,948
Proceeds from Transfers and Disposals of Tangible Capital Assets	-	<b>417</b>	678
	<u>(82,588)</u>	<b><u>30,217</u></b>	<u>14,097</u>
Acquisition of Inventories of Materials and Supplies	-	<b>(1,908)</b>	(557)
Acquisition of Prepaid Expenses	-	<b>(3,608)</b>	(2,733)
Use of Inventories of Materials and Supplies	-	<b>1,783</b>	359
Use of Prepaid Expenses	-	<b>3,198</b>	2,054
	<u>-</u>	<b><u>(535)</u></b>	<u>(877)</u>
<b>INCREASE (DECREASE) IN NET FINANCIAL ASSETS (NET DEBT)</b>	(82,588)	<b>29,682</b>	13,220
<b>NET FINANCIAL ASSETS, BEGINNING OF YEAR</b>	<u>23,643</u>	<b><u>23,643</u></b>	<u>10,423</u>
<b>NET FINANCIAL ASSETS (NET DEBT), END OF YEAR</b>	<u>\$ (58,945)</u>	<b><u>\$ 53,325</u></b>	<u>\$ 23,643</u>

See accompanying Notes to Consolidated Financial Statements.

## STRATHCONA COUNTY

### Consolidated Statement of Cash Flows

Year ended December 31, 2015 (in thousands of dollars)

	2015	2014
<b>NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:</b>		
<b>OPERATING</b>		
Annual Surplus	\$ 127,528	\$ 83,261
Items Not Involving Cash:		
Contributed Tangible Capital Assets	(60,325)	(28,695)
Amortization of Tangible Capital Assets	51,153	46,674
Amortization of Premium (Discount) on Investments	51	(15)
Loss on Tangible Capital Asset Transfers and Disposals	307	1,948
Gain on Disposal of Investments	(1,835)	(540)
Changes to Non-Cash Assets and Liabilities:		
Property Taxes Receivable	(1,528)	566
Government Transfers Receivable	(7,444)	2,491
Trade and Other Receivables	1,871	(3,363)
Development Levies and Charges	3,974	(5,599)
Land Held for Resale	(7)	-
Accounts Payable and Accrued Liabilities	7,583	(8,331)
Deposit Liabilities	2,063	1,636
Deferred Revenue	(14,970)	16,196
Inventories of Materials and Supplies	(125)	(198)
Prepaid Expenses	(410)	(679)
Cash Provided by Operating Activities	<u>107,886</u>	<u>105,352</u>
<b>CAPITAL</b>		
Proceeds from Transfers and Disposal of Tangible Capital Assets	417	678
Acquisition of Tangible Capital Assets	(88,863)	(89,769)
Cash Applied to Capital Activities	<u>(88,446)</u>	<u>(89,091)</u>
<b>INVESTING</b>		
Purchase of Investments	(332,130)	(287,498)
Proceeds from Sale/Maturity of Investments	329,609	268,744
Change to Investment Interest Receivable	(1,924)	(1,258)
Cash Applied to Investing Activities	<u>(4,445)</u>	<u>(20,012)</u>
<b>FINANCING</b>		
Long-Term Debt Issued	4,600	4,410
Capital Leases Repaid	(138)	(594)
Long-Term Debt Repaid	(11,779)	(12,352)
Cash Applied to Financing Activities	<u>(7,317)</u>	<u>(8,536)</u>
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>7,678</b>	<b>(12,287)</b>
<b>CASH AND CASH EQUIVALENTS (CHEQUES ISSUED IN EXCESS OF CASH), BEGINNING OF YEAR</b>	<b>(3,464)</b>	<b>8,823</b>
<b>CASH AND CASH EQUIVALENTS (CHEQUES ISSUED IN EXCESS OF CASH), END OF YEAR</b>	<b>\$ 4,214</b>	<b>\$ (3,464)</b>
Cash Paid for Interest	\$ 7,015	\$ 7,590
Cash Received from Interest	\$ 5,451	\$ 6,565

See accompanying Notes to Consolidated Financial Statements.

# STRATHCONA COUNTY

## Notes to Consolidated Financial Statements

Year ended December 31, 2015 (in thousands of dollars)

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

### 1. SIGNIFICANT ACCOUNTING POLICIES

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

#### a) Reporting Entity

The consolidated financial statements reflect the assets, liabilities, 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 Board (Library) and the Pioneer Housing Foundation (PHF). Inter-organizational transactions and balances between these entities have been eliminated.

The County is associated with various other boards, commissions and other organizations that are not part of the government reporting entity, 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) 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.

#### d) 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.

# STRATHCONA COUNTY

## Notes to Consolidated Financial Statements

Year ended December 31, 2015 (in thousands of dollars)

### 1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### e) 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.

#### f) 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.

#### g) 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.

#### h) Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand, cheques issues in excess of cash and bank overdrafts. Cheques issued in excess cash results from outstanding cheques exceeding the outstanding deposits and cash on hand. The County's bank overdraft is included as a component of cash and cash equivalents as the bank balance can fluctuates from being positive cash position to overdrawn.

#### i) 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.

**STRATHCONA COUNTY**  
**Notes to Consolidated Financial Statements**  
Year ended December 31, 2015 (in thousands of dollars)

**1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**j) Investments**

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

**k) Employee Benefit Obligations**

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

**l) Contaminated Sites Liability**

Contaminated sites are a result of contamination being introduced into air, soil, water or sediment of a chemical, organic or radioactive material or live organism that exceeds an environmental standard. The liability is recorded net of any expected recoveries. A liability for remediation of a contaminated site is recognized when a site is not in productive use and is management's estimate of the cost of post-remediation including operation, maintenance and monitoring.

**m) Non-Financial Assets**

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

**i. Tangible Capital Assets**

Tangible capital assets are recorded at cost, which includes 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:

<b>Asset</b>	<b>Useful Life - Years</b>
Land Improvements	10 - 25
Buildings	10 - 50
Engineered Structures	
Roadway System	10 - 80
Water Distribution System	35 - 90
Wastewater Treatment System	25 - 75
Storm Sewer System	15 - 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.

## STRATHCONA COUNTY

### Notes to Consolidated Financial Statements

Year ended December 31, 2015 (in thousands of dollars)

#### 1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### 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.

##### n) Reserves for Future Expenditures

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

##### o) Equity in Tangible Capital Assets

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

**STRATHCONA COUNTY**  
**Notes to Consolidated Financial Statements**  
Year ended December 31, 2015 (in thousands of dollars)

**1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**p) Use of Estimates**

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

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

**q) Future Accounting Standard Pronouncements**

The following summarizes upcoming changes to Canadian Public Sector Accounting Standards issued by the Public Sector Accounting Standards Board. In 2016, 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. The requirements in Financial Statement Presentation (PS1201), Financial Instruments (PS3450), Foreign Currency Translations (PS2601) and Portfolio Investments (PS3041) must be implemented at the same time.

<b>Public Sector Accounting Standard</b>	<b>Name</b>	<b>Effective date (fiscal years beginning on or after...)</b>
PS2200	Related Party Transactions	April 1, 2017
PS3420	Inter-Entity Transactions	April 1, 2017
PS3210	Assets	April 1, 2017
PS3320	Contingent Assets	April 1, 2017
PS3380	Contractual Rights	April 1, 2017
PS3430	Restructuring Transactions	April 1, 2018
PS1201	Financial Statement Presentation	April 1, 2019
PS3450	Financial Instruments	April 1, 2019
PS2601	Foreign Currency Translation	April 1, 2019
PS3041	Portfolio Investments	April 1, 2019

**STRATHCONA COUNTY**  
**Notes to Consolidated Financial Statements**  
Year ended December 31, 2015 (in thousands of dollars)

**2. CASH AND CASH EQUIVALENTS**

	<b>2015</b>	<b>2014</b>
Cash	\$ 4,214	\$ -
Cheques Issued in Excess of Cash	-	(3,464)
	<b>\$ 4,214</b>	<b>\$ (3,464)</b>

The County has an operating line of credit available for use, up to a maximum of \$5,000 (2014 – \$5,000), bearing interest at prime rate minus 0.5 per cent (2014 – 0.5 per cent) and is secured by the County at large. As at December 31, 2015, nil (2014 – 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 (2014 – \$2,449), bearing interest at prime minus 0.50 per cent (2014 – 0.50 per cent) and is secured by the County at large. As at December 31, 2015, nil (2014 – nil) was drawn against the available acquisition line of credit.

**3. INVESTMENTS**

	<b>2015</b>		<b>2014</b>	
	<b>Carrying Amount</b>	<b>Market Value</b>	Carrying Amount	Market Value
Term Deposits and Notes	\$ 171,311	\$ 171,345	\$ 154,604	\$ 154,604
Government Guaranteed Bonds	87,765	92,022	103,638	110,690
Corporate Bonds	32,217	34,483	28,746	30,454
	<b>\$ 291,293</b>	<b>\$ 297,850</b>	<b>\$ 286,988</b>	<b>\$ 295,748</b>

Term deposits and notes, government guaranteed bonds and corporate bonds have effective interest rates of 1.46 to 3.65 per cent (2014 – 1.75 to 4.38 per cent) with maturity dates from January 2016 to February 2026 (2014 – January 2015 to February 2032).

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.



## STRATHCONA COUNTY

### Notes to Consolidated Financial Statements

Year ended December 31, 2015 (in thousands of dollars)

#### 4. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	<b>2015</b>	<b>2014</b>
Trade	\$ 28,804	\$ 23,985
Employee Benefit Obligations	9,077	7,958
Payroll and Remittances	5,573	3,735
Interest	1,323	1,516
	<b>\$ 44,777</b>	<b>\$ 37,194</b>

#### 5. DEPOSIT LIABILITIES

	<b>2015</b>	<b>2014</b>
Security Deposits	\$ 15,997	\$ 14,529
Overlevies	681	265
Other Deposits	1,961	1,782
	<b>\$ 18,639</b>	<b>\$ 16,576</b>

#### 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 16.

	<b>Balance at December 31, 2014</b>	<b>Externally Restricted Contributions</b>	<b>Interest Earned</b>	<b>Contributions Recognized as Revenue</b>	<b>Balance at December 31, 2015</b>
Capital Government Transfers	\$ 43,078	\$ 23,980	\$ 674	\$ (43,941)	\$ 23,791
Operating Government Transfers	1,121	7,333	14	(7,412)	1,056
Development Levies & Charges	20,244	2,394	314	(1,006)	21,946
Other	14,615	12,709	52	(10,081)	17,295
	<b>\$ 79,058</b>	<b>\$ 46,416</b>	<b>\$ 1,054</b>	<b>\$ (62,440)</b>	<b>\$ 64,088</b>

## STRATHCONA COUNTY

### Notes to Consolidated Financial Statements

Year ended December 31, 2015 (in thousands of dollars)

#### 7. CAPITAL LEASES

	<b>2015</b>	<b>2014</b>
Capital Leases	<b>\$ 108</b>	\$ 246

Capital leases have been issued on the credit and security of the County at large. Capital leases bear interest at rates of 4.32 per cent (2014 – 4.25 to 4.61 per cent) and mature in 2016.

Capital lease principal and interest payments are due as follows:

	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2016	\$ 108	\$ 1	\$ 109

**STRATHCONA COUNTY**  
**Notes to Consolidated Financial Statements**  
Year ended December 31, 2015 (in thousands of dollars)

**8. LONG-TERM DEBT**

	<b>2015</b>	<b>2014</b>
Tax-supported Debentures – Municipal	\$ 40,059	\$ 39,857
Tax-supported Debentures – Library	<b>21,522</b>	22,207
	<b>61,581</b>	<u>62,064</u>
Non Tax-supported Debentures – Municipal – Local Improvements	\$ 82	\$ 86
Non Tax-supported Debentures – Utilities – Local Improvements	<b>573</b>	608
Non Tax-supported Debentures – Municipal	<b>16,877</b>	19,630
Non Tax-supported Debentures – Utilities	<b>62,570</b>	65,909
Non Tax-supported Debentures – PHF	<b>14,862</b>	15,427
	<b>94,964</b>	<u>101,660</u>
	<b>\$ 156,545</b>	<u>\$ 163,724</u>

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 2.46 to 9.13 per cent (2014 – 2.60 to 9.13 per cent) and matures in periods 2016 through 2040.

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

	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2016	\$ 9,669	\$ 6,534	\$ 16,203
2017	9,375	6,092	15,467
2018	9,541	5,672	15,213
2019	8,947	5,248	14,195
2020	9,098	4,863	13,961
Thereafter	109,915	33,786	143,701
	<u>\$ 156,545</u>	<u>\$ 62,195</u>	<u>\$ 218,740</u>

**STRATHCONA COUNTY**  
**Notes to Consolidated Financial Statements**  
Year ended December 31, 2015 (in thousands of dollars)

**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:

	<b>2015</b>	<b>2014</b>
Total debt limit	\$ 511,522	\$ 504,244
Total debt (including capital leases)	156,653	163,970
Percentage used	30.6%	32.5%
Service on debt limit	\$ 85,254	\$ 84,041
Service on debt (including capital leases)	16,312	18,932
Percentage used	19.1%	22.5%

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. CONTAMINATED SITES LIABILITY**

On January 1, 2015, the County adopted PS3260 Liability for Contaminated Sites, which establishes standards on recognition, and measurement of liabilities associated with contaminated sites, and provides requirements for financial statement presentation and disclosure. The County has implemented procedures, and systems to ensure consistent and accurate identification and estimation of liabilities associated with contaminated sites. The standard was applied on a retroactive basis and did not result in any adjustments to the financial liabilities, tangible capital assets or accumulated surplus of the County.

**11. BUDGET DATA**

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

- The 2015 operating budget of \$325,642 (2014 – \$315,627), approved by Council on December 9, 2014.
- The capital budget of \$216,894 (2014 – \$148,130) (cash flowed), as amended, which is comprised of the following:
  - The 2015 capital budget of \$66,355 (2014 – \$100,579) approved by Council on December 9, 2014;
  - 2015 Council approved capital budget amendments of (\$20,345) (2014 – \$75);
  - Unspent prior years budgeted capital expenditures and amendments of \$274,183 (2014 – \$272,118); and
  - Budgeted capital expenditures planned to be incurred after 2015 of (\$103,299) (2014 – (\$224,642)).

**STRATHCONA COUNTY**  
**Notes to Consolidated Financial Statements**  
Year ended December 31, 2015 (in thousands of dollars)

**12. TANGIBLE CAPITAL ASSETS**

<b>Cost</b>	<b>Balance at January 1, 2015</b>	<b>Additions</b>	<b>Contributed Additions</b>	<b>Disposals</b>	<b>Balance at December 31, 2015</b>
Land	\$ 446,022	\$ 3,189	\$ 24,659	\$ -	\$ 473,870
Land Improvements	79,068	14,574	5,817	(952)	98,507
Buildings	369,042	5,212	-	(152)	374,102
Engineered Structures	1,074,869	32,841	29,846	(12,079)	1,125,477
Machinery and Equipment	64,124	8,513	-	(4,288)	68,349
Books and Periodicals	5,267	615	3	(293)	5,592
Vehicles	69,538	2,026	-	(2,160)	69,404
Assets under Construction	45,794	21,893	-	-	67,687
	<u>\$ 2,153,724</u>	<u>\$ 88,863</u>	<u>\$ 60,325</u>	<u>\$ (19,924)</u>	<u>\$ 2,282,988</u>
<b>Accumulated Amortization</b>	<b>Balance at January 1, 2015</b>	<b>Disposals</b>		<b>Amortization Expense</b>	<b>Balance at December 31, 2015</b>
Land	\$ -	\$ -		\$ -	\$ -
Land Improvements	26,318	(890)		4,432	29,860
Buildings	82,039	(63)		8,985	90,961
Engineered Structures	315,355	(11,752)		26,231	329,834
Machinery and Equipment	30,180	(4,081)		5,787	31,886
Books and Periodicals	2,276	(293)		543	2,526
Vehicles	27,276	(2,121)		5,175	30,330
Assets under Construction	-	-		-	-
	<u>\$ 483,444</u>	<u>\$ (19,200)</u>		<u>\$ 51,153</u>	<u>\$ 515,397</u>
<b>Net Book Value</b>					<b>Balance at December 31, 2015</b>
Land					\$ 473,870
Land Improvements					68,647
Buildings					283,141
Engineered Structures					795,643
Machinery and Equipment					36,463
Books and Periodicals					3,066
Vehicles					39,074
Assets under Construction					67,687
					<u>\$ 1,767,591</u>

## STRATHCONA COUNTY

### Notes to Consolidated Financial Statements

Year ended December 31, 2015 (in thousands of dollars)

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

Cost	Balance at		Contributed		Disposals	Balance at				
	January 1,	2014	Additions	Additions						
Land	\$	426,248	\$	6,394	\$	13,380	\$	-	\$	446,022
Land Improvements		59,528		19,119		2,632		(2,211)		79,068
Buildings		360,837		8,890		-		(685)		369,042
Engineered Structures		1,033,395		42,618		12,660		(13,804)		1,074,869
Machinery and Equipment		62,692		5,093		6		(3,667)		64,124
Books and Periodicals		4,894		609		17		(253)		5,267
Vehicles		62,909		12,200		-		(5,571)		69,538
Assets under Construction		50,948		(5,154)		-		-		45,794
	\$	2,061,451	\$	89,769	\$	28,695	\$	(26,191)	\$	2,153,724

Accumulated Amortization	Balance at		Disposals	Amortization	Balance at	
	January 1,	2014				Expense
Land	\$	-	\$	-	\$	-
Land Improvements		26,928		(2,193)		1,583
Buildings		74,526		(685)		8,198
Engineered Structures		302,199		(13,035)		26,191
Machinery and Equipment		28,101		(3,455)		5,534
Books and Periodicals		2,021		(253)		508
Vehicles		26,560		(3,944)		4,660
Assets under Construction		-		-		-
	\$	460,335	\$	(23,565)	\$	46,674

Net Book Value	Balance at
	December 31,
	2014
Land	\$ 446,022
Land Improvements	52,750
Buildings	287,003
Engineered Structures	759,514
Machinery and Equipment	33,944
Books and Periodicals	2,991
Vehicles	42,262
Assets under Construction	45,794
	<u>\$ 1,670,280</u>

## STRATHCONA COUNTY

### Notes to Consolidated Financial Statements

Year ended December 31, 2015 (in thousands of dollars)

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

**a) Assets under Construction**

Assets under construction having a value of \$67,687 (2014 – \$45,794) 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 \$60,325 (2014 – \$28,695).

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

The County did not write down any tangible capital assets in 2015 or 2014.

#### 13. EQUITY IN TANGIBLE CAPITAL ASSETS

	<b>2015</b>	<b>2014</b>
Tangible Capital Assets – Cost (Note 12)	<b>\$ 2,282,988</b>	\$ 2,153,724
Accumulated Amortization (Note 12)	<b>(515,397)</b>	(483,444)
Capital Leases (Note 7)	<b>(108)</b>	(246)
Long-Term Debt (Note 8)	<b>(156,545)</b>	(163,724)
Local Improvements Levies Applicable to Debt (Note 8)	<b>655</b>	694
	<b><u>\$ 1,611,593</u></b>	<b><u>\$ 1,507,004</u></b>

**STRATHCONA COUNTY**  
**Notes to Consolidated Financial Statements**  
Year ended December 31, 2015 (in thousands of dollars)

**14. ACCUMULATED SURPLUS**

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

	<b>2015</b>	<b>2014</b>
<b>Surplus:</b>		
Unrestricted Surplus (Deficit)	\$ (10,330)	\$ (1,373)
Equity in Tangible Capital Assets	<b>1,611,593</b>	1,507,004
	<b>1,601,263</b>	1,505,631
<b>Reserves:</b>		
Stabilization and Contingency	<b>10,638</b>	10,404
Projects	<b>69,449</b>	57,551
Infrastructure Lifecycle, Maintenance and Replacement	<b>106,198</b>	86,057
Special Purpose	<b>32,992</b>	33,515
Library	<b>4,089</b>	3,943
	<b>223,366</b>	191,470
	<b>\$ 1,824,629</b>	\$ 1,697,101

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

**15. PROPERTY TAXES**

	<b>Municipal</b>	<b>Non-Municipal</b>	<b>2015</b>	<b>2014</b>
<b>Property Taxes</b>				
Residential and Farmland	\$ 74,170	\$ 41,105	\$ 115,275	\$ 110,441
Commercial and Industrial	<b>130,028</b>	<b>16,733</b>	<b>146,761</b>	134,919
Electric Power and Pipeline	<b>6,992</b>	<b>2,399</b>	<b>9,391</b>	8,962
Government Grants in Lieu of Taxes	<b>174</b>	<b>54</b>	<b>228</b>	270
Local Improvement Levies	<b>13</b>	-	<b>13</b>	351
	<b>\$ 211,377</b>	<b>\$ 60,291</b>	<b>\$ 271,668</b>	\$ 254,943
<b>Non-Municipal</b>				
Provincial Alberta School Foundation Fund			<b>50,802</b>	47,759
Elk Island CSRD No. 41			<b>6,790</b>	6,582
Heartland Housing Foundation			<b>2,699</b>	2,022
<b>Taxes on Behalf of Non-Municipal Requisitioning Authorities</b>			<b>\$ 60,291</b>	\$ 56,363
<b>Taxes for Provision of Municipal Services</b>			<b>\$ 211,377</b>	\$ 198,580



**STRATHCONA COUNTY**  
**Notes to Consolidated Financial Statements**  
Year ended December 31, 2015 (in thousands of dollars)

**16. GOVERNMENT TRANSFERS**

	<b>2015</b>	<b>2014</b>
<b>Government Transfers for Operations</b>		
Federal Transfers	\$ 126	\$ 290
Provincial Transfers	<b>7,286</b>	7,241
	<b>7,412</b>	7,531
<b>Government Transfers for Capital</b>		
Federal Transfers	<b>2,805</b>	2,971
Provincial Transfers	<b>41,136</b>	24,536
	<b>43,941</b>	27,507
	<b>\$ 51,353</b>	\$ 35,038

The nature of the major government transfers recognized during 2015, include, but are not limited to the following:

The Provincial government introduced the Alberta Municipal Infrastructure Program (AMIP) Grant 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. In 2015, \$647 (2014 – \$393) was recognized in capital transfers, including interest of \$11 (2014 – \$19). The AMIP grant funds have been recognized in full as of December 31, 2015.

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 2015, the County received nil (2014 – nil) under this program, and \$938 (2014 – \$2,860) has been recognized in capital transfers. A total of \$699 (2014 – \$1,612), including interest of \$25 (2014 – \$55), remains deferred to future years.

The Federal government introduced the Federal Gas Tax Fund 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 2015, the County received \$4,621 (2014 – nil) under this program, and \$2,872 (2014 – \$2,723) has been recognized in capital transfers. A total of \$6,713 (2014 – \$4,900), including interest of \$64 (2014 – \$111), remains deferred to future years.

**STRATHCONA COUNTY**  
**Notes to Consolidated Financial Statements**  
Year ended December 31, 2015 (in thousands of dollars)

**16. GOVERNMENT TRANSFERS (CONTINUED)**

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 2015, the County received \$12,626 (2014 – \$25,254) in MSI Capital Funding, and \$31,232 (2014 – \$18,189) has been recognized in capital transfers. A total of \$16,177 (2014 – \$34,242) remains deferred to future years, including interest of \$541 (2014 – \$554).
- In 2015, the County received \$757 (2014 – \$819) in MSI Conditional Operating Funding. During 2015, \$792 (2014 - \$1,763) has been recognized in operating transfers. The MSI Conditional Operating funds have been recognized in full as of December 31, 2015.
- From 2008 to 2010, the County received \$12,387 in MSI Affordable Housing Funding. During 2015, \$88 (2014 – \$49) has been recognized in operating and capital transfers. A total of \$296 (2014 – \$377) of the amounts received since inception of the initiative remains deferred to future years, including interest of \$7 (2014 – \$9).

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 2015, the County received \$nil (2014 – \$896) in GreenTRIP funding, and \$6,438 (2014 – \$2,985) has been recognized in capital transfers. A receivable of \$6,438 (2014 – \$1,999 as a receivable) has been recorded.

**17. OTHER CAPITAL REVENUES**

	<b>2015</b>	<b>2014</b>
Development Levies and Charges	<b>\$ 711</b>	\$ 5,927
Developer Contributions	<b>310</b>	2,593
Other	<b>1,011</b>	3,168
	<b>\$ 2,032</b>	\$ 11,688

**STRATHCONA COUNTY**  
**Notes to Consolidated Financial Statements**  
Year ended December 31, 2015 (in thousands of dollars)

**18. SALARY AND BENEFITS DISCLOSURE**

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

	<u>Salaries</u>	<u>Benefits and Allowances</u>	<u>2015</u>	<u>2014</u>
Elected Officials:				
Mayor	\$ 120	\$ 17	\$ 137	\$ 127
Councillor – Ward 1	71	8	79	76
Councillor – Ward 2	71	15	86	80
Councillor – Ward 3	71	13	84	78
Councillor – Ward 4	71	15	86	80
Councillor – Ward 5	71	15	86	80
Councillor – Ward 6	71	12	83	77
Councillor – Ward 7	71	9	80	73
Councillor – Ward 8	71	12	83	77
	<u>\$ 688</u>	<u>\$ 116</u>	<u>\$ 804</u>	<u>\$ 748</u>
Chief Commissioner	\$ 272	\$ 44	\$ 316	\$ 315

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.

**19. PENSION PLAN**

**a) Local Authorities Pension Plan**

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

The County was required to make current service contributions to the Plan of 11.39 per cent (2014 – 11.39 per cent) of pensionable payroll up to the yearly maximum pensionable earnings (YMPE) and 15.84 per cent (2014 – 15.84 per cent) thereafter. Employees of the County are required to make current service contributions of 10.39 per cent (2014 – 10.39 per cent) of pensionable salary up to YMPE, and 14.84 per cent (2014 – 14.84 per cent) thereafter.

Total current service contributions by the County to LAPP in 2015 were \$12,282 (2014 – \$11,461). Total current service contributions by the employees of the County to LAPP in 2015 were \$11,330 (2014 – \$10,634).

As stated in their 2014 Annual Report, LAPP serves 237,612 members and 423 employers. It is financed by employer and employee contributions and investment earnings of the LAPP fund. At December 31, 2014, the plan reported an actuarial deficiency of \$2.45 billion.

# STRATHCONA COUNTY

## Notes to Consolidated Financial Statements

Year ended December 31, 2015 (in thousands of dollars)

### 19. PENSION PLAN (CONTINUED)

#### b) APEX

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

Contributions are made by the prescribed class of employees and Strathcona County. The employees contribute 2.50 per cent and Strathcona County contributes 3.00 per cent of pensionable earnings up to \$141 (2014 - \$139).

Total contributions made by the employees to APEX in 2015 were \$76 (2014 - \$72). Total contributions made by Strathcona County to APEX in 2015 were \$91 (2014 - \$86).

### 20. 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.

### 21. COMMITMENTS AND CONTINGENCIES

#### a) Capital

As at December 31, 2015, authorized costs on capital projects committed through a purchase order or other contractual agreement, but not yet expended, amounted to \$31,034 (2014 - \$58,904).

#### 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:

2016	\$ 874
2017	\$ 775
2018	\$ 598
2019	\$ 569
2020	\$ 452

# STRATHCONA COUNTY

## Notes to Consolidated Financial Statements

Year ended December 31, 2015 (in thousands of dollars)

### 21. COMMITMENTS AND CONTINGENCIES (CONTINUED)

#### c) Legal Disputes

As at December 31, 2015, 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 \$10,908 (2014 – \$37,050) 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 nil (2014 – nil) and letters of credit in the amount of \$3,899 (2014 – \$10,786) 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

The County is currently under agreement with Alberta Health Services to provide emergency medical services to the County and the region until March 31, 2019. This agreement contains a provision for extension of the initial term for up to two additional two year periods.

### 22. 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.

# STRATHCONA COUNTY

## Notes to Consolidated Financial Statements

Year ended December 31, 2015 (in thousands of dollars)

### 22. SEGMENTED INFORMATION (CONTINUED)

	<b>Municipal Operations</b>	<b>Utility Operations</b>	<b>Library Operations</b>	<b>PHF Operations</b>	<b>Eliminations</b>	<b>2015</b>	<b>2015 Budget (Note 11)</b>
<b>OPERATING REVENUE</b>							
Property Taxes	\$ 202,655	\$ 13	\$ 8,709	\$ -	\$ -	\$ 211,377	\$ 207,930
Government Transfers - Operating	6,836	43	533	-	-	7,412	5,457
Utility User Rates	-	52,353	-	-	-	52,353	53,237
User Fees and Charges	38,615	3,089	166	-	-	41,870	39,257
Penalties and Fines	6,738	-	163	-	-	6,901	5,417
Investment Income	6,763	961	121	-	-	7,845	6,157
Other	8,482	209	140	1,254	(678)	9,407	8,187
<b>TOTAL OPERATING REVENUE</b>	<b>270,089</b>	<b>56,668</b>	<b>9,832</b>	<b>1,254</b>	<b>(678)</b>	<b>337,165</b>	<b>325,642</b>
<b>EXPENSES</b>							
Salaries, Wages and Benefits Contracted and General Services	137,062	10,453	5,819	-	-	153,334	153,990
Supplies, Materials and Utilities	42,046	12,263	352	6	-	54,667	59,823
Interest on Long-Term Debt	22,538	21,902	1,175	-	-	45,615	53,698
Grants and Requisitions	3,214	2,625	983	678	(678)	6,822	7,332
Amortization	2,150	-	-	-	-	2,150	1,960
Loss on Asset Transfers and Disposals	42,406	6,405	1,362	980	-	51,153	50,699
Other Expenses	211	88	8	-	-	307	-
<b>TOTAL EXPENSES</b>	<b>251,424</b>	<b>53,823</b>	<b>9,702</b>	<b>1,664</b>	<b>(678)</b>	<b>315,935</b>	<b>328,929</b>
<b>SURPLUS (DEFICIT) BEFORE CAPITAL REVENUE</b>	<b>18,665</b>	<b>2,845</b>	<b>130</b>	<b>(410)</b>	<b>-</b>	<b>21,230</b>	<b>(3,287)</b>
<b>CAPITAL REVENUE</b>							
Contributed Tangible Capital Assets	42,825	17,497	3	-	-	60,325	-
Government Transfers - Capital	41,325	2,616	-	-	-	43,941	48,356
Other Capital Revenues	1,866	166	-	-	-	2,032	38,538
<b>TOTAL CAPITAL REVENUE</b>	<b>86,015</b>	<b>20,279</b>	<b>3</b>	<b>-</b>	<b>-</b>	<b>106,298</b>	<b>86,894</b>
<b>ANNUAL SURPLUS</b>	<b>104,681</b>	<b>23,124</b>	<b>133</b>	<b>(410)</b>	<b>-</b>	<b>127,528</b>	<b>83,607</b>
<b>ACCUMULATED SURPLUS (DEFICIT), BEGINNING OF YEAR</b>	<b>1,389,560</b>	<b>289,613</b>	<b>9,317</b>	<b>16,035</b>	<b>(7,424)</b>	<b>1,697,101</b>	<b>1,697,101</b>
<b>ACCUMULATED SURPLUS (DEFICIT), END OF YEAR</b>	<b>\$ 1,494,241</b>	<b>\$ 312,737</b>	<b>\$ 9,450</b>	<b>\$ 15,625</b>	<b>\$ (7,424)</b>	<b>\$ 1,824,629</b>	<b>\$ 1,780,708</b>

## STRATHCONA COUNTY

### Notes to Consolidated Financial Statements

Year ended December 31, 2015 (in thousands of dollars)

#### 22. SEGMENTED INFORMATION (CONTINUED)

	<b>Municipal Operations</b>	<b>Utility Operations</b>	<b>Library Operations</b>	<b>PHF Operations</b>	<b>Eliminations</b>	<b>2014</b>
<b>OPERATING REVENUE</b>						
Property Taxes	\$ 189,807	\$ 351	\$ 8,422	\$ -	\$ -	\$ 198,580
Government Transfers - Operating	6,988	18	525	-	-	7,531
Utility User Rates	-	51,160	-	-	-	51,160
User Fees and Charges	38,830	5,255	172	-	-	44,257
Penalties and Fines	5,891	-	172	-	-	6,063
Investment Income	5,734	982	123	-	-	6,839
Other	9,241	141	148	1,206	(692)	10,044
<b>TOTAL OPERATING REVENUE</b>	<b>256,491</b>	<b>57,907</b>	<b>9,562</b>	<b>1,206</b>	<b>(692)</b>	<b>324,474</b>
<b>EXPENSES</b>						
Salaries, Wages and Benefits	128,904	9,170	5,595	-	-	143,669
Contracted and General Services	43,335	13,438	317	6	-	57,096
Supplies, Materials and Utilities	25,224	21,704	1,106	-	-	48,034
Interest on Long-Term Debt	3,561	2,808	1,013	692	(692)	7,382
Grants and Requisitions	2,165	-	-	-	-	2,165
Amortization	38,010	6,352	1,338	974	-	46,674
Loss on Asset Transfers and Disposals	1,932	-	16	-	-	1,948
Other Expenses	2,017	113	5	-	-	2,135
<b>TOTAL EXPENSES</b>	<b>245,148</b>	<b>53,585</b>	<b>9,390</b>	<b>1,672</b>	<b>(692)</b>	<b>309,103</b>
<b>SURPLUS (DEFICIT) BEFORE CAPITAL REVENUE</b>						
	11,343	4,322	172	(466)	-	15,371
<b>CAPITAL REVENUE</b>						
Contributed Tangible Capital Assets	21,203	7,475	17	-	-	28,695
Government Transfers - Capital	25,265	2,242	-	-	-	27,507
Other Capital Revenues	5,675	6,001	12	-	-	11,688
<b>TOTAL CAPITAL REVENUE</b>	<b>52,143</b>	<b>15,718</b>	<b>29</b>	<b>-</b>	<b>-</b>	<b>67,890</b>
<b>ANNUAL SURPLUS</b>	<b>63,486</b>	<b>20,040</b>	<b>201</b>	<b>(466)</b>	<b>-</b>	<b>83,261</b>
<b>ACCUMULATED SURPLUS (DEFICIT), BEGINNING OF YEAR</b>						
	1,326,074	269,573	9,116	16,501	(7,424)	1,613,840
<b>ACCUMULATED SURPLUS (DEFICIT), END OF YEAR</b>						
	\$ 1,389,560	\$ 289,613	\$ 9,317	\$ 16,035	\$ (7,424)	\$ 1,697,101

#### 23. COMPARATIVE INFORMATION

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



# 2016 Budget Highlights

## 2016 Operating Expenses — Non-Consolidated (Excluding Pioneer Housing Foundation) (\$ Millions)

Municipal .....	\$280.3
Utility .....	\$58.8
Library.....	\$10.2

## 2016 Capital Project Approval (\$ Millions)

Municipal .....	\$72.5
Utility .....	\$21.5
Library.....	\$0.6

## 2016 Allocation of Each Dollar of Residential Property Tax

Municipal services .....	61.7¢
Education.....	34.9¢
Library.....	2.2¢
Heartland Housing Foundation .....	1.2¢

## 2016 Planned Distribution of a Municipal Tax Dollar

Transportation (roads).....	32¢
Fire, ambulance, police.....	28¢
Recreation, parks and culture .....	19¢
Public transit .....	11¢
Planning and development .....	4¢
Agriculture .....	2¢
Family and community services .....	3¢
Economic development and tourism .....	1¢
<b>Total</b> .....	<b>\$1.00</b>

## 2016 Estimated Municipal Regular Property Tax (\$ Millions)

Residential and farmland.....	\$73.4
Industrial machinery and equipment .....	\$87.6
Commercial, other industrial and linear.....	\$49.5
<b>Total projected</b> .....	<b>\$210.5</b>



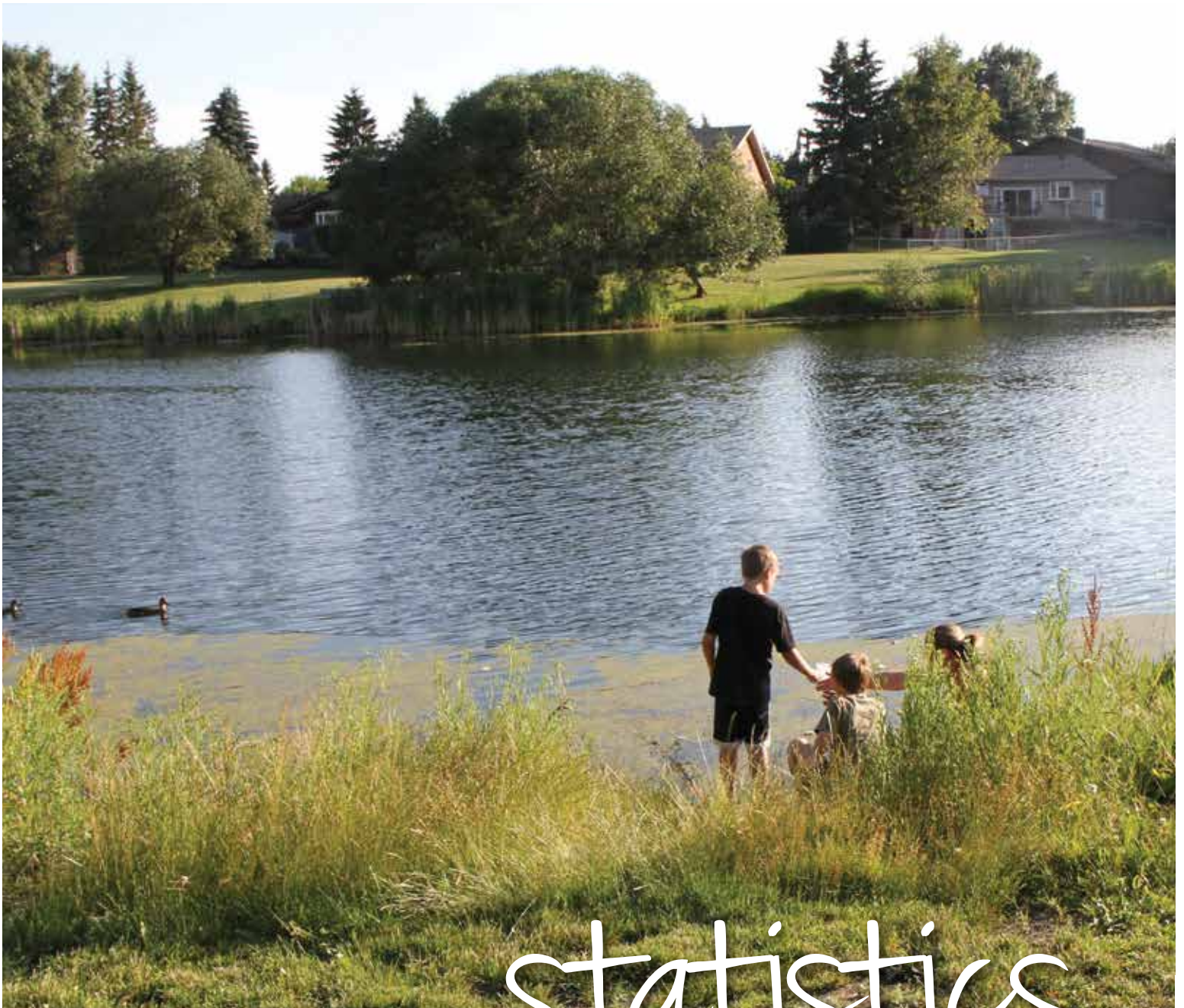
## MUNICIPAL PROPERTY TAX RATES (Note 1)

The Property Tax Rate Bylaw 17-2016 was approved in May 2016

Residential and farmland.....	4.2657
Commercial and industrial.....	8.6593
Machinery and equipment .....	8.6593
Linear (power and pipeline).....	8.6593

Note 1 — Per thousand dollars of taxable assessed value.





# statistics

STRATHCONA COUNTY  
ALBERTA, CANADA



## General Statistical Information

For the Years Ended December 31, 2011 - 2015

Unaudited

	2015	2014	2013	2012	2011
<b>Population (Note 1)</b>	95,597	92,490	92,490	92,490	92,490
<b>Number of Dwelling Units (Note 2)</b>	36,350	35,964	35,525	34,729	33,631
<b>County-wide area</b>					
<b>(figures are approximate)</b>					
Municipal Area (square kilometres)	1,265	1,265	1,265	1,265	1,265
Industrial (hectares)	7,816	7,683	7,490	7,490	7,495
Commercial (hectares)	1,941	1,917	1,910	1,910	1,815
Residential (hectares)	16,051	15,955	15,850	15,850	15,789
Agricultural (hectares)	84,200	84,463	84,390	84,390	85,204
Park, recreation, natural (hectares)	3,522	3,499	3,430	3,430	3,317
Other: water bodies, roads, right-of-ways (hectares)	13,103	12,983	12,980	12,980	13,000
<b>Building Permits</b>					
Total Issued	1,304	1,440	1,450	1,460	1,331
Value of Annual Permits Issued (000s)	365,524	402,323	315,246	346,318	299,215
<b>Strathcona County Employees</b>					
<b>(Note 3)</b>					
Regular employee positions	1,204	1,175	1,147	1,095	1,056
Irregular employee positions	239	173	171	169	147
<b>Roads (in Km)</b>					
Rural roads, County maintained	1,308	1,308	1,308	1,308	1,308
Urban roads, County maintained	397	394	394	394	372
<b>Utility Operations</b>					
Water distributed (million litres per day)	33.7	23.1	22.0	21.8	31.3
Water mains maintained (km)	582	566	560	539	424
Wastewater mains maintained (km)	400	388	388	382	370
Stormwater mains maintained (km)	347	342	338	322	311
<b>Parkland (in hectares) (Note 4)</b>	1,944	1,927	1,914	1,850	1,850
<b>Natural area (in hectares)</b>	1,521	1,521	1,518	1,432	1,432

Notes:

1. Population - 2015 population figure based on municipal census, and 2011 to 2014 population figures are per 2011 Federal Census.
2. Number of "Dwelling Units" based on Assessment and Tax Roll data.
3. Regular employees work either on a full-time or part-time basis in authorized positions. Irregular employees work irregular, non-standard hours on an as required basis. In addition to regular and irregular employees, Strathcona County also has temporary, seasonal and casual staff that provide service to residents, business and industry as required.
4. Parkland includes developed parks, school and other institutional sites, playing field, and utility corridors that may include trails.

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

For the Years Ended December 31, 2011 - 2015 (in thousands of dollars)

Unaudited

	2015	2014	2013	2012	2011
<b>Operating Revenue by Source</b>					
Property Taxes	211,377	198,580	188,845	182,133	162,796
Government Transfers - Operating	7,412	7,531	7,311	7,816	8,357
Utility User Rates	52,353	51,160	48,467	44,954	42,590
User Fees and Charges	41,870	44,257	40,252	41,158	43,220
Penalties and Fines	6,901	6,063	4,907	6,969	5,956
Investment Income	7,845	6,839	9,130	9,094	5,703
Other (Note 1)	9,407	10,044	12,094	9,382	10,020
<b>Operating Total Revenue by Source</b>	<b>337,165</b>	<b>324,474</b>	<b>311,006</b>	<b>301,506</b>	<b>278,642</b>
<b>Expenses by Function</b>					
Utilities	53,823	53,585	57,276	45,282	47,225
Protective Services	53,525	52,005	47,762	44,859	41,093
Recreation, Parks and Culture	49,109	49,234	46,911	45,086	41,719
Transportation Services	44,474	46,905	44,905	39,684	39,210
Fiscal Services (Note 2)	50,394	46,707	44,412	100,516	42,336
Corporate Services (Note 3)	29,282	26,677	25,965	24,017	27,997
General Government and Other (Note 4)	18,407	17,380	19,781	21,345	16,313
Planning and Development Services	9,509	9,443	9,073	8,168	7,401
Family and Community Services	7,412	7,167	7,393	7,035	6,538
<b>Total Expenses by Function</b>	<b>315,935</b>	<b>309,103</b>	<b>303,478</b>	<b>335,992</b>	<b>269,832</b>
<b>Expenses by Object</b>					
Salaries, Wages and Benefits	153,334	143,669	134,934	127,899	119,701
Contracted and General Services	54,667	57,096	54,019	51,256	52,279
Supplies, Materials and Utilities	45,615	48,034	44,498	44,724	41,362
Interest on Long-term Debt	6,822	7,382	7,669	7,987	8,137
Grants and Requisitions	2,150	2,165	2,758	2,345	3,142
Amortization	51,153	46,674	45,800	44,960	41,629
Loss on Asset Transfers and Disposals	307	1,948	11,799	54,995	1,320
Other Expenses	1,887	2,135	2,001	1,826	2,262
	<b>315,935</b>	<b>309,103</b>	<b>303,478</b>	<b>335,992</b>	<b>269,832</b>
<b>Surplus (Deficit) Before Capital Revenue</b>	<b>21,230</b>	<b>15,371</b>	<b>7,528</b>	<b>(34,486)</b>	<b>8,810</b>
<b>Capital Revenue by Source</b>					
Contributed Tangible Capital Assets	60,325	28,695	33,528	15,213	12,309
Government Transfers - Capital	43,941	27,507	39,628	40,777	39,989
Other Capital Revenues (Note 5)	2,032	11,688	12,944	11,783	15,359
<b>Total Capital Revenue by Source</b>	<b>106,298</b>	<b>67,890</b>	<b>86,100</b>	<b>67,773</b>	<b>67,657</b>
<b>Annual Surplus</b>	<b>127,528</b>	<b>83,261</b>	<b>93,628</b>	<b>33,287</b>	<b>76,467</b>
<b>Segmented Annual Surplus (Deficit)</b>					
Municipal	104,681	63,486	85,700	21,398	64,693
Utilities	23,124	20,040	10,256	6,691	10,820
Library	133	201	377	469	758
Pioneer Housing Foundation	(410)	(466)	(2,705)	4,729	196
<b>Annual Surplus</b>	<b>127,528</b>	<b>83,261</b>	<b>93,628</b>	<b>33,287</b>	<b>76,467</b>
<b>Accumulated Surplus, Beginning of Period</b>	<b>1,697,101</b>	1,613,840	1,520,212	1,486,925	1,410,458
<b>Accumulated Surplus, End of Period</b>	<b>1,824,629</b>	1,697,101	1,613,840	1,520,212	1,486,925

Notes:

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

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

For the Years Ended December 31, 2011 - 2015 (in thousands of dollars)

Unaudited

	2015	2014	2013	2012	2011
<b>Consolidated Annual Surplus</b>	<b>127,528</b>	<b>83,261</b>	<b>93,628</b>	<b>33,287</b>	<b>76,467</b>
Capital Revenues (Note 1)	(106,298)	(67,890)	(86,100)	(67,773)	(67,657)
Amortization	51,153	46,674	45,800	44,960	41,629
Loss (Gain) on Asset Transfers and Disposals	307	1,948	11,799	54,995	1,320
Net Non-capital Reserve Transactions	(39,710)	(37,569)	(36,854)	(39,545)	(32,103)
Debt Repayment (Note 2)	(11,917)	(12,946)	(12,435)	(12,529)	(11,335)
<b>Annual Operating Surplus for Tax Purposes</b>	<b>21,063</b>	<b>13,478</b>	<b>15,838</b>	<b>13,395</b>	<b>8,321</b>

Notes:

1. Capital Revenues - includes government transfers, developer and third party contributions, and contributed assets.
2. Debt Repayment - includes repayment of long-term debt and capital leases.
3. The "Annual Operating Surplus for Tax Purposes" is the excess of revenues over expenditures net of Budgeted Carryover Items, including non-operational items, such as reserve transfers and debt payments (per Financial Services policy FIN-001-008).

## Key Components of Financial Position

For the Years Ended December 31, 2011 - 2015 (in thousands of dollars)

Unaudited

Key Components of Financial Position	2015	2014	2013	2012	2011
Total Financial Assets	337,482	323,905	306,256	306,276	268,759
Total Liabilities	284,157	300,262	295,833	313,749	299,454
<b>Net Financial Assets (Net Debt)</b>	<b>53,325</b>	<b>23,643</b>	<b>10,423</b>	<b>(7,473)</b>	<b>(30,695)</b>
Total Non-financial Assets	1,771,304	1,673,458	1,603,417	1,527,685	1,517,620
<b>Accumulated Surplus</b>	<b>1,824,629</b>	<b>1,697,101</b>	<b>1,613,840</b>	<b>1,520,212</b>	<b>1,486,925</b>
<b>Key Components of Financial Assets Include:</b>					
Cash and Cash Equivalents	4,214	-	8,823	2,300	16,687
Investments	291,293	286,988	267,679	276,772	216,782
<b>Key Components of Liabilities Include:</b>					
Long-term Debt	156,545	163,724	171,666	171,157	162,250
<b>Key Components of Non-Financial Assets Include:</b>					
Tangible Capital Assets	1,767,591	1,670,280	1,601,116	1,524,695	1,515,212
<b>Key Components of Accumulated Surplus Include:</b>					
Equity in Tangible Capital Assets	1,611,593	1,507,004	1,429,003	1,352,181	1,349,902
Reserves	223,366	191,470	188,300	167,769	144,449

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

## Reserves

For the Years Ended December 31, 2011 - 2015 (in thousands of dollars)

Unaudited

<b>Reserves</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>
Stabilization and Contingency	10,638	10,404	10,386	-	-
Projects	69,449	57,551	61,507	-	-
Infrastructure Lifecycle, Maintenance and Replacement	106,198	86,057	78,021	-	-
Special Purpose	32,992	33,515	34,668	-	-
Library	4,089	3,943	3,718	-	-
<b>Subtotal</b>	<b>223,366</b>	<b>191,470</b>	<b>188,300</b>	-	-
Operating Reserves	-	-	-	39,358	31,175
Capital Reserves (Note 1)	-	-	-	128,411	113,274
<b>Subtotal</b>	-	-	-	<b>167,769</b>	<b>144,449</b>
<b>Total Reserves</b>	<b>223,366</b>	<b>191,470</b>	<b>188,300</b>	<b>167,769</b>	<b>144,449</b>

Notes:

- The 2014 reserve balances and 2013 comparative figures have been reclassified and reported in accordance with the Council approved update to Policy: FIN-001-024 Municipal Reserves on July 8, 2014. 2012 and prior years reflect the reserve structure in place at the end of each year respectively. Designated and committed reserve balances for 2014 and 2015 are provided on page 30.

## Addition of Tangible Capital Assets

For the Years Ended December 31, 2011 - 2015 (in thousands of dollars)

Unaudited

<b>Addition of Tangible Capital Assets</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>
Land	3,189	6,394	8,859	481	5,541
Land Improvements	14,574	19,119	6,728	2,144	5,561
Buildings	5,212	8,890	32,352	25,271	44,922
Engineered Structures	32,841	42,618	55,457	45,973	76,694
Machinery and Equipment	8,513	5,093	6,966	8,847	7,255
Books and Periodicals	615	609	620	609	597
Vehicles	2,026	12,200	8,143	1,737	12,209
Assets under Construction	21,893	(5,154)	(20,024)	9,725	(49,318)
<b>Total Tangible Capital Asset Additions (Note 1)</b>	<b>88,863</b>	<b>89,769</b>	<b>99,101</b>	<b>94,787</b>	<b>103,461</b>
<b>Capital Funding/Financing Source</b>					
Debt (Tax and Non-Tax Supported)	9,471	2,893	13,268	9,822	10,789
Grants	42,114	28,537	39,469	39,811	40,199
Reserves	29,968	50,630	33,268	32,793	37,972
Developer Levies, Contributions, Other	7,311	7,709	13,097	12,361	14,501
<b>Total Capital Funding/Financing</b>	<b>88,863</b>	<b>89,769</b>	<b>99,101</b>	<b>94,787</b>	<b>103,461</b>
<b>Contributed Assets (Note 2)</b>	<b>60,325</b>	<b>28,695</b>	<b>33,528</b>	<b>15,213</b>	<b>12,309</b>

Notes:

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

## Debt and Debt Service Limits

For the Years Ended December 31, 2011 - 2015 (in thousands of dollars)

Unaudited

	2015	2014	2013	2012	2011
<b>Total Adjusted Revenue per MGA</b>	341,015	336,163	323,950	313,289	293,985
<b>Total Debt Limit (1.5 times Revenue per MGA)</b>	511,522	504,244	485,926	469,933	440,978
<b>Debt</b>					
Tax-supported Municipal	40,059	39,857	41,998	42,074	46,269
Tax-supported Library	21,522	22,207	22,863	23,490	24,090
<b>Total Tax-Supported Debt</b>	<b>61,581</b>	<b>62,064</b>	<b>64,861</b>	<b>65,564</b>	<b>70,359</b>
Non tax-supported Local Improvement	655	694	393	419	456
Non tax supported Municipal	16,877	19,630	22,539	25,304	32,759
Non tax supported Utilities	62,570	65,909	69,327	67,893	46,314
Non tax supported PHF	14,862	15,427	14,546	11,977	12,362
<b>Total Non Tax-Supported Debt</b>	<b>94,964</b>	<b>101,660</b>	<b>106,805</b>	<b>105,593</b>	<b>91,891</b>
<b>Total</b>	<b>156,545</b>	<b>163,724</b>	<b>171,666</b>	<b>171,157</b>	<b>162,250</b>
<b>Capital Leases</b>	108	246	840	1,776	3,516
<b>Total Debt per Municipal Government Act</b>	<b>156,653</b>	<b>163,970</b>	<b>172,506</b>	<b>172,933</b>	<b>165,766</b>
<b>Percentage of Total Debt Limit Used</b>	30.6%	32.5%	35.5%	36.8%	37.6%
<b>Service on Debt Limit (25% of Total Adjusted Revenue)</b>	85,254	84,041	80,988	78,322	73,496
<b>Debenture and Capital Lease Payments</b>	16,312	18,932	20,441	20,109	20,099
<b>Service on Debt (Percentage Used)</b>	19.1%	22.5%	25.2%	25.7%	27.3%
<b>Total Debt per Capita (in dollars)</b>	1,639	1,775	1,867	1,872	1,792
<b>Municipal Tax Supported Debt per Capita (in dollars)</b>	419	431	455	455	500

Notes:

1. Population - 2015 population figure based on municipal census, and 2011 to 2014 figures are per 2011 Federal Census.

## Assessment and Tax Levy

For the Years Ended December 31, 2011 - 2015 (in thousands of dollars)

Unaudited

	2015	2014	2013	2012	2011
<b>Assessment (Note 1)</b>					
Residential / Farmland	16,658,922	15,821,096	15,099,519	14,727,678	14,695,781
Non-Residential	4,777,942	4,143,324	3,650,040	3,206,879	2,873,697
Machinery and Equipment	9,500,729	9,496,135	9,327,314	9,075,905	6,459,349
Linear (Note 2)	771,141	742,354	692,926	687,429	673,819
<b>Total Taxable Assessment</b>	<b>31,708,734</b>	<b>30,202,909</b>	<b>28,769,799</b>	<b>27,697,892</b>	<b>24,702,646</b>
<b>Rates of taxation (Note 3)</b>					
Residential / Farmland	6.9187	6.9755	7.1994	7.1737	6.6969
Non-residential	12.2407	12.1869	12.3590	12.2306	11.8936
Machinery and Equipment	9.0346	8.8784	8.8263	8.8873	8.5789
Linear	12.2407	12.1869	12.3590	12.2306	11.8936
<b>Residential / Farmland rates (Note 3)</b>					
Municipal Operations	4.3026	4.3328	4.3752	4.2915	4.0382
Library Operations	0.1526	0.1563	0.1609	0.1588	0.1544
Heartland Housing Foundation Requisitions	0.0843	0.0668	0.0682	0.0675	0.0696
Education Requisitions	2.3792	2.4196	2.5951	2.6559	2.4347
<b>Total Residential / Farmland</b>	<b>6.9187</b>	<b>6.9755</b>	<b>7.1994</b>	<b>7.1737</b>	<b>6.6969</b>
<b>Non-residential rates (Note 3)</b>					
Municipal Operations	8.5373	8.3983	8.3395	8.3957	8.0869
Library Operations	0.4130	0.4133	0.4186	0.4241	0.4224
Heartland Housing Foundation Requisitions	0.0843	0.0668	0.0682	0.0675	0.0696
Education Requisitions	3.2061	3.3085	3.5327	3.3433	3.3147
<b>Total Non-residential</b>	<b>12.2407</b>	<b>12.1869</b>	<b>12.3590</b>	<b>12.2306</b>	<b>11.8936</b>
<b>Machinery and Equipment rates (Note 3)</b>					
Municipal Operations	8.5373	8.3983	8.3395	8.3957	8.0869
Library Operations	0.4130	0.4133	0.4186	0.4241	0.4224
Heartland Housing Foundation Requisitions	0.0843	0.0668	0.0682	0.0675	0.0696
Education Requisitions	-	-	-	-	-
<b>Total Machinery and Equipment</b>	<b>9.0346</b>	<b>8.8784</b>	<b>8.8263</b>	<b>8.8873</b>	<b>8.5789</b>
<b>Linear rates (Note 3)</b>					
Municipal Operations	8.5373	8.3983	8.3395	8.3957	8.0869
Library Operations	0.4130	0.4133	0.4186	0.4241	0.4224
Heartland Housing Foundation Requisitions	0.0843	0.0668	0.0682	0.0675	0.0696
Education Requisitions	3.2061	3.3085	3.5327	3.3433	3.3147
<b>Total Linear</b>	<b>12.2407</b>	<b>12.1869</b>	<b>12.3590</b>	<b>12.2306</b>	<b>11.8936</b>

Notes:

1. Assessment values are based on the annual tax rate bylaw approved by Council.
2. Linear assessments are for properties which have distribution lines or other facilities, and may cross municipal boundaries. Linear properties include oil and gas wells, pipelines, electric power systems, telecommunication systems and cable systems. Linear property is assessed by the assessor designated by the Province of Alberta, Minister of Municipal Affairs.
3. Taxation Rates — are applied to every thousand dollars of taxable assessed value.

## Assessment and Tax Levy (Continued)

For the Years Ended December 31, 2011 - 2015 (in thousands of dollars)

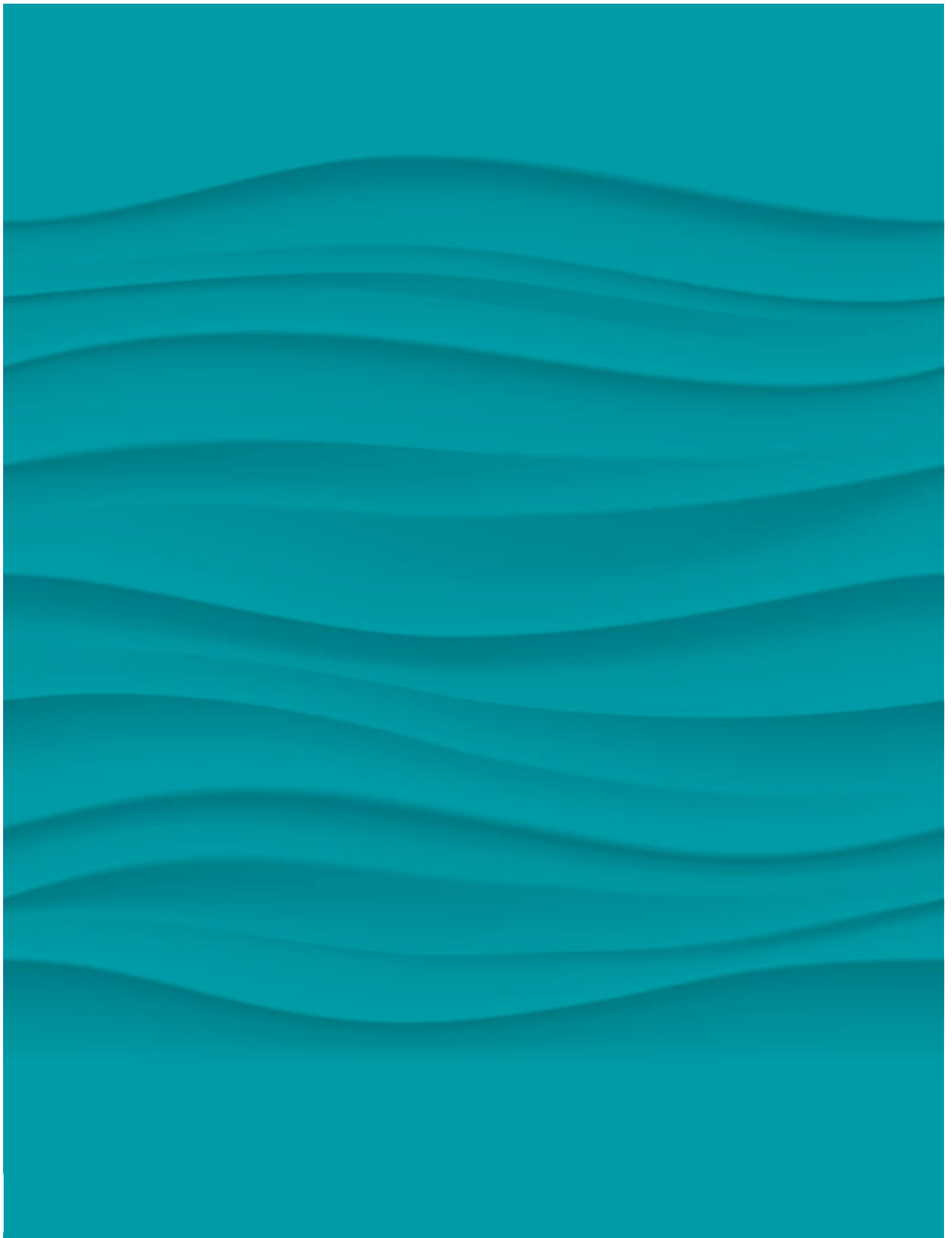
Unaudited

<b>Taxation and Requisitions</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>
<b>Municipal</b>					
Residential and Farmland	74,170	71,069	68,578	66,603	62,670
Commercial and Industrial	130,028	120,329	113,912	109,151	93,358
Electric Power and Pipeline	6,992	6,613	6,155	6,186	5,852
Government Grants in Lieu of Taxes	174	218	200	193	242
Local Improvement Levies	13	351	-	-	661
Other	-	-	-	-	13
<b>Taxes for Provision of Municipal and Library Services</b>	<b>211,377</b>	<b>198,580</b>	<b>188,845</b>	<b>182,133</b>	<b>162,796</b>
<b>Taxes for Requisition Authorities</b>					
Provincial Alberta School Foundation Fund	50,802	47,759	47,598	45,316	41,710
Elk Island CSRD No. 41	6,790	6,582	6,794	6,739	6,176
Heartland Housing Foundation	2,699	2,022	1,969	-	-
<b>Taxes on Behalf of Requisitioning Authorities</b>	<b>60,291</b>	<b>56,363</b>	<b>56,361</b>	<b>52,055</b>	<b>47,886</b>
<b>Total Property Taxes</b>	<b>271,668</b>	<b>254,943</b>	<b>245,206</b>	<b>234,188</b>	<b>210,682</b>
<b>Total Property Taxes Receivable</b>	4,827	3,299	3,865	3,394	3,019
Current	4,767	3,227	3,733	3,290	2,955
Current (%)	98.8%	97.8%	96.6%	96.9%	97.9%
In Arrears for More than one year	59	72	132	104	65
In Arrears for More than one year (%)	1.2%	2.2%	3.4%	3.1%	2.1%
<b>Tax Revenue for Principal Taxpayers (Note 1)</b>	45.7%	46.9%	48.6%	48.9%	38.6%
<b>Education Requisition</b>	57,592	54,341	54,392	52,055	47,886
As percentage of Total Tax (%)	21%	21%	22%	22%	23%

Notes:

1. Includes the ten highest taxpayers (excluding education requisition).





# 2015

## ANNUAL REPORT

STRATHCONA COUNTY  
ALBERTA, CANADA  
For the year ended December 31, 2015

