

STRATHCONA COUNTY
CONSOLIDATED
FINANCIAL STATEMENTS
Year ended December 31, 2015

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 Professional Accountants
10125 – 102 Street
Edmonton AB T5J 3V8
Canada

Telephone (780) 429-7300
Fax (780) 429-7379
Internet www.kpmg.ca

INDEPENDENT AUDITORS' REPORT

To the Mayor and Members of Council of Strathcona County

We have audited the accompanying consolidated financial statements of Strathcona County, which comprise the consolidated statement of financial position as at December 31, 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 its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Chartered Professional Accountants

April 26, 2016
Edmonton, Canada

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

	2015	2014
FINANCIAL ASSETS		
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
	337,482	323,905
LIABILITIES		
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
	284,157	300,262
NET FINANCIAL ASSETS	53,325	23,643
NON-FINANCIAL ASSETS		
Tangible Capital Assets (Note 12)	1,767,591	1,670,280
Inventories of Materials and Supplies	975	850
Prepaid Expenses	2,738	2,328
	1,771,304	1,673,458
ACCUMULATED SURPLUS (Note 14)	\$ 1,824,629	\$ 1,697,101

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)

	2015 Budget (Note 11)	2015	2014
OPERATING REVENUE			
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
TOTAL OPERATING REVENUE	325,642	337,165	324,474
EXPENSES			
Infrastructure and Planning Services			
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
	101,645	94,528	96,511
Community Services			
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
	122,686	118,155	116,705
Corporate Services			
Chief Financial Officer	5,848	5,503	4,937
Senior Administration	6,381	6,260	6,035
Elected Officials	1,233	1,125	1,161
Fiscal Services	47,493	50,394	46,707
Strathcona County Library	9,758	9,702	9,390
Pioneer Housing Foundation	991	986	980
	104,598	103,252	95,887
TOTAL EXPENSES	328,929	315,935	309,103
SURPLUS (DEFICIT) BEFORE CAPITAL REVENUE	(3,287)	21,230	15,371
CAPITAL REVENUE			
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
TOTAL CAPITAL REVENUE	86,894	106,298	67,890
ANNUAL SURPLUS	83,607	127,528	83,261
ACCUMULATED SURPLUS, BEGINNING OF YEAR	1,697,101	1,697,101	1,613,840
ACCUMULATED SURPLUS, END OF YEAR (Note 14)	\$ 1,780,708	\$ 1,824,629	\$ 1,697,101

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)

	2015 Budget (Note 11)	2015	2014
ANNUAL SURPLUS	\$ 83,607	\$ 127,528	\$ 83,261
Acquisition of Tangible Capital Assets	(216,894)	(88,863)	(89,769)
Contributed Tangible Capital Assets	-	(60,325)	(28,695)
Amortization of Tangible Capital Assets	50,699	51,153	46,674
Loss on Tangible Capital Asset Transfers and Disposals	-	307	1,948
Proceeds from Transfers and Disposals of Tangible Capital Assets	-	417	678
	<u>(82,588)</u>	<u>30,217</u>	<u>14,097</u>
Acquisition of Inventories of Materials and Supplies	-	(1,908)	(557)
Acquisition of Prepaid Expenses	-	(3,608)	(2,733)
Use of Inventories of Materials and Supplies	-	1,783	359
Use of Prepaid Expenses	-	3,198	2,054
	<u>-</u>	<u>(535)</u>	<u>(877)</u>
INCREASE (DECREASE) IN NET FINANCIAL ASSETS (NET DEBT)	(82,588)	29,682	13,220
NET FINANCIAL ASSETS, BEGINNING OF YEAR	<u>23,643</u>	<u>23,643</u>	<u>10,423</u>
NET FINANCIAL ASSETS (NET DEBT), END OF YEAR	<u>\$ (58,945)</u>	<u>\$ 53,325</u>	<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
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:		
OPERATING		
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>
CAPITAL		
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>
INVESTING		
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>
FINANCING		
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>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	7,678	(12,287)
CASH AND CASH EQUIVALENTS (CHEQUES ISSUED IN EXCESS OF CASH), BEGINNING OF YEAR	(3,464)	8,823
CASH AND CASH EQUIVALENTS (CHEQUES ISSUED IN EXCESS OF CASH), END OF YEAR	\$ 4,214	\$ (3,464)
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.

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.

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

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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:

<u>Asset</u>	<u>Useful Life - Years</u>
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.

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.

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

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

Public Sector Accounting Standard	Name	Effective date (fiscal years beginning on or after...)
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

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

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

	2015		2014	
	Carrying Amount	Market Value	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
	\$ 291,293	\$ 297,850	\$ 286,988	\$ 295,748

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.

4. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

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

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

5. DEPOSIT LIABILITIES

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

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.

	Balance at December 31, 2014	Externally Restricted Contributions	Interest Earned	Contributions Recognized as Revenue	Balance at December 31, 2015
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
	\$ 79,058	\$ 46,416	\$ 1,054	\$ (62,440)	\$ 64,088

7. CAPITAL LEASES

	2015	2014
Capital Leases	\$ 108	\$ 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:

	Principal	Interest	Total
2016	\$ 108	\$ 1	\$ 109

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

8. LONG-TERM DEBT

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

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:

	Principal	Interest	Total
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
	\$ 156,545	\$ 62,195	\$ 218,740

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:

	2015	2014
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.

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

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

Cost	Balance at January 1, 2015	Additions	Contributed Additions	Disposals	Balance at December 31, 2015
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
	\$ 2,153,724	\$ 88,863	\$ 60,325	\$ (19,924)	\$ 2,282,988

Accumulated Amortization	Balance at January 1, 2015	Disposals	Amortization Expense	Balance at December 31, 2015
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	-	-	-	-
	\$ 483,444	\$ (19,200)	\$ 51,153	\$ 515,397

Net Book Value	Balance at December 31, 2015
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
	\$ 1,767,591

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

12. TANGIBLE CAPITAL ASSETS (CONTINUED)

Cost	Balance at January 1, 2014	Additions	Contributed Additions	Disposals	Balance at December 31, 2014
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 January 1, 2014	Disposals	Amortization Expense	Balance at December 31, 2014
Land	\$ -	\$ -	\$ -	\$ -
Land Improvements	26,928	(2,193)	1,583	26,318
Buildings	74,526	(685)	8,198	82,039
Engineered Structures	302,199	(13,035)	26,191	315,355
Machinery and Equipment	28,101	(3,455)	5,534	30,180
Books and Periodicals	2,021	(253)	508	2,276
Vehicles	26,560	(3,944)	4,660	27,276
Assets under Construction	-	-	-	-
	\$ 460,335	\$ (23,565)	\$ 46,674	\$ 483,444

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
	\$ 1,670,280

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.

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

12. TANGIBLE CAPITAL ASSETS (CONTINUED)

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

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

14. ACCUMULATED SURPLUS

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

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

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

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

15. PROPERTY TAXES

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

16. GOVERNMENT TRANSFERS

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

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

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

18. SALARIES AND BENEFITS DISCLOSURE

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

	Salaries	Benefits & Allowances	2015	2014
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
	\$ 688	\$ 116	\$ 804	\$ 748
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

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.

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

21. COMMITMENTS AND CONTINGENCIES (CONTINUED)

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.

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

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.

	Municipal Operations	Utility Operations	Library Operations	PHF Operations	Eliminations	2015	2015 Budget (Note 11)
OPERATING REVENUE							
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
TOTAL OPERATING REVENUE	270,089	56,668	9,832	1,254	(678)	337,165	325,642
EXPENSES							
Salaries, Wages and Benefits	137,062	10,453	5,819	-	-	153,334	153,990
Contracted and General Services	42,046	12,263	352	6	-	54,667	59,823
Supplies, Materials and Utilities	22,538	21,902	1,175	-	-	45,615	53,698
Interest on Long-Term Debt	3,214	2,625	983	678	(678)	6,822	7,332
Grants and Requisitions	2,150	-	-	-	-	2,150	1,960
Amortization	42,406	6,405	1,362	980	-	51,153	50,699
Loss on Asset Transfers and Disposals	211	88	8	-	-	307	-
Other Expenses	1,797	87	3	-	-	1,887	1,427
TOTAL EXPENSES	251,424	53,823	9,702	1,664	(678)	315,935	328,929
SURPLUS (DEFICIT) BEFORE CAPITAL REVENUE	18,665	2,845	130	(410)	-	21,230	(3,287)
CAPITAL REVENUE							
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
TOTAL CAPITAL REVENUE	86,015	20,279	3	-	-	106,298	86,894
ANNUAL SURPLUS	104,681	23,124	133	(410)	-	127,528	83,607
ACCUMULATED SURPLUS (DEFICIT), BEGINNING OF YEAR	1,389,560	289,613	9,317	16,035	(7,424)	1,697,101	1,697,101
ACCUMULATED SURPLUS (DEFICIT), END OF YEAR	\$1,494,241	\$ 312,737	\$ 9,450	\$ 15,625	\$ (7,424)	\$1,824,629	\$1,780,708

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

22. SEGMENTED INFORMATION (CONTINUED)

	Municipal Operations	Utility Operations	Library Operations	PHF Operations	Eliminations	2014
OPERATING REVENUE						
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
TOTAL OPERATING REVENUE	<u>256,491</u>	<u>57,907</u>	<u>9,562</u>	<u>1,206</u>	<u>(692)</u>	<u>324,474</u>
EXPENSES						
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
TOTAL EXPENSES	<u>245,148</u>	<u>53,585</u>	<u>9,390</u>	<u>1,672</u>	<u>(692)</u>	<u>309,103</u>
SURPLUS (DEFICIT) BEFORE CAPITAL REVENUE	11,343	4,322	172	(466)	-	15,371
CAPITAL REVENUE						
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
TOTAL CAPITAL REVENUE	<u>52,143</u>	<u>15,718</u>	<u>29</u>	<u>-</u>	<u>-</u>	<u>67,890</u>
ANNUAL SURPLUS	63,486	20,040	201	(466)	-	83,261
ACCUMULATED SURPLUS (DEFICIT), BEGINNING OF YEAR	<u>1,326,074</u>	<u>269,573</u>	<u>9,116</u>	<u>16,501</u>	<u>(7,424)</u>	<u>1,613,840</u>
ACCUMULATED SURPLUS (DEFICIT), END OF YEAR	<u>\$1,389,560</u>	<u>\$ 289,613</u>	<u>\$ 9,317</u>	<u>\$ 16,035</u>	<u>\$ (7,424)</u>	<u>\$1,697,101</u>

23. COMPARATIVE INFORMATION

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