

Financial Statements for the year ended December 31, 2010

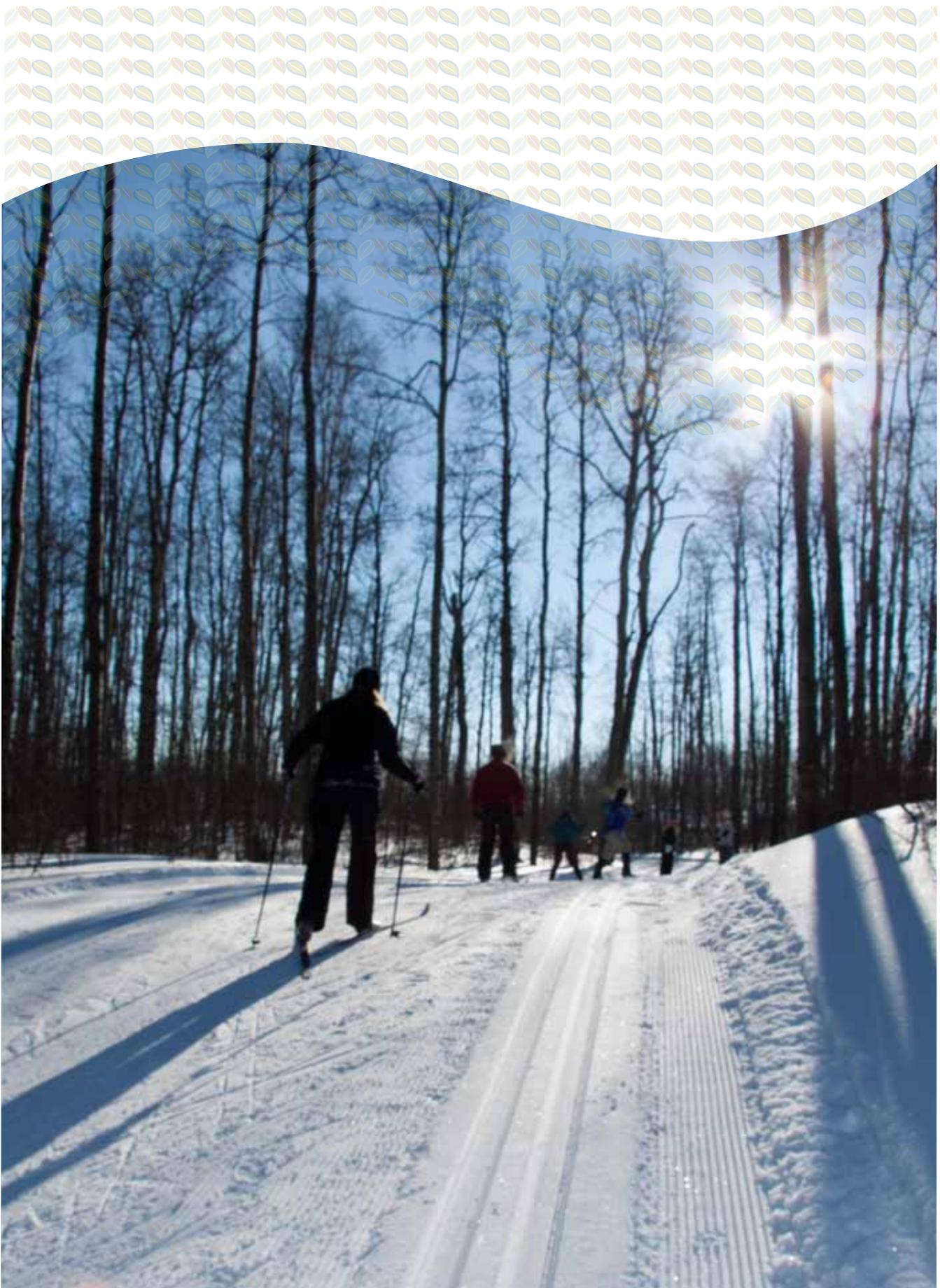
**Strathcona County Alberta, Canada**

## 2010 Annual Report

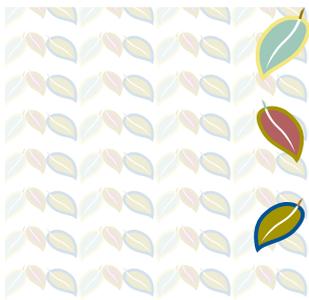
*Building Community...*



**Strathcona**  
County



*Building Community*



# 2010 Annual Report



## Section I

### Messages

Message from your Mayor and Council . . . . .	4
Message from the Chief Commissioner . . . . .	6
Message from the Treasurer . . . . .	8

## Section II

About Strathcona County . . . . .	20
County Council. . . . .	21
Our Strategic Plan . . . . .	22
Organizational structure. . . . .	24
Facts and figures . . . . .	25
2011 Budget highlights. . . . .	27
Building community...highlights of our progress. . . . .	28

## Section III

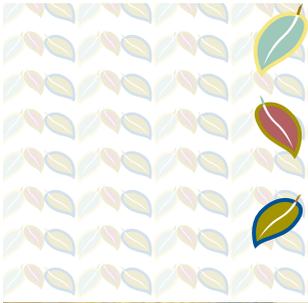
### Consolidated Financial Statements

Year ended December 31, 2010	
Management Report . . . . .	42
Auditors' Report . . . . .	43
Consolidated Statement of Financial Position. . . . .	44
Consolidated Statement of Operations and Accumulated Surplus . . . . .	45
Consolidated Statement of Change in Net Debt . . . . .	46
Consolidated Statement of Cash Flows . . . . .	47
Notes to Consolidated Financial Statements . . . . .	48

*Building Community*

Cover photo: Strathcona County Community Centre – a gathering place for culture, learning, services and celebration. Opened November 1, 2010.





## Section I

### Messages

Message from your Mayor and Council . . . . .	4
Message from the Chief Commissioner . . . . .	6
Message from the Treasurer . . . . .	8

# *Building Community*



## Message from your Mayor and County Council



### **Mayor and Council**

(back row)

Councillor Jason Gariepy (Ward 8),  
Councillor Peter Wlodarczak (Ward 4),  
Councillor Brian Botterill, (Ward 3)

(front row)

Councillor Bonnie Riddell (Ward 7),  
Councillor Roxanne Carr (Ward 2),  
Mayor Linda Osinchuk,  
Councillor Vic Bidzinski (Ward 1),  
Councillor Jacquie Fenske (Ward 5),  
Councillor Linton Delainey (Ward 6)

### **— Building your community**

Building community is accomplished in many ways. Sound fiscal management is one component in building a strong community. Strathcona County's 2010 Annual Report presents our financial activities and fiscal health, and shares highlights of our accomplishments over the past year.

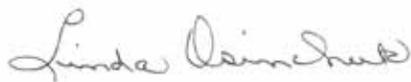
On October 26, 2010, together with my fellow Council colleagues for the 2010-2013 Council term, I was honoured to be sworn in as Mayor of Strathcona County. As one of our first collective efforts, Council established a set of top priorities as shared under *Highlights of our progress* within this report. We believe this focus on Council priorities will heighten the County's ability to move forward and be responsive in meeting community needs.

Another way your County Council helps in building community is advocating for the mutual best interests of residents. From positive representation and participation on the Capital Region Board, to voicing Council's views on matters that affect the health and well-being of Strathconians, such as transmission lines or a community hospital, we are steadfast in working on residents' behalf. In 2010, Strathcona County staff delivered many programs and services that strengthen and build community. From offering programs specific to children, youth and seniors, to a range of other county-wide programs, we work to foster healthy, active living and community connectedness.

Creating new sustainable neighbourhoods, revitalizing older neighbourhoods and existing facilities, and ensuring a good transportation network that considers various modes of travel – all are also important in continuing to build a special and desirable place to live.

Celebration also builds community. Strathconians certainly value and take part in the numerous opportunities to gather and celebrate as a community – to enjoy each other's talents, rally for causes and show our pride and spirit. From the Olympic Torch Run in January, to the grand opening of our wonderful new Community Centre in December – 2010 was a banner year.

Ultimately, it is the people of Strathcona County who build our community. On behalf of County Council, thank you to the volunteers, businesses, groups and individuals who do their part, who get involved in small and big ways, to make our community an outstanding home.



Linda Osinchuk  
Mayor





## Message from the Chief Commissioner



Chief Commissioner  
Robyn Singleton, Q.C.

The year 2010 proved to be, in many ways, as challenging as 2008 but more certain than 2009. Some uncertainty surrounded the Industrial Heartland as several anticipated projects were placed on hold long term. Alberta's Industrial Heartland Association (AIHA) was formed by four municipalities (Strathcona County, Sturgeon County, Lamont County and the City of Fort Saskatchewan) to create and effectively manage an area for upgraders and refineries to locate. The City of Edmonton became a full member of AIHA in 2010. Alberta's Industrial Heartland has become Canada's largest hydrocarbon processing region and one of the world's most attractive locations for petro-chemical, chemical, oil, and gas investment.

The Shell Scotford Complex in Strathcona County is an excellent example of what can be developed in the Heartland. The most recent expansion of Shell Scotford are expected to be in full production by late spring of 2011.

Upgrader and refinery developments are multi-billion dollar projects that generate jobs, spin-off economic development as well as tax revenues for Strathcona County. The tax revenues are very significant and have allowed Strathcona County to develop the tremendous range of services enjoyed by Strathcona County residents. The benefits from such developments flow well beyond our County boundaries.

The upgrader development delay announcements have been somewhat offset by expectations of a pending announcement regarding the proposed Northwest Upgrader development, expected to be located in Sturgeon County, one of our neighbouring municipalities and a fellow AIHA partner. This is a signal for renewed optimism for more Heartland projects in Strathcona County. This optimism will be tested in 2011.

Major development projects such as: the Strathcona County Community Centre, Strathcona Community Hospital (Phase I), Robin Hood Association's Aspen Village, the new Archbishop Jordan High School, and expansions to the Silver Birch Lodge, Millennium Place, Ardrossan Recreation Complex, Broadmoor Arena and

Clubhouse along with the 17<sup>th</sup> Street Water Reservoir and Pump House are all moving towards completion. Other projects such as Fire Station #6 are still in the planning state with construction expected to commence in late 2011.

Our new County Council, elected October 18, 2010, quickly moved into strategic planning and unanimously adopted Strathcona County's first Strategic Priorities Chart, a comprehensive, time sensitive and evolving prioritized schedule to focus our organization on achieving County Council's identified goals. This Priorities Chart will be utilized during 2011 and Quarterly Reports detailing successes and progress on new agenda items will be presented to County Council.

The 2011 budget was passed unanimously by Council in December 2010. Unlike zero per cent for the 2010 budget, a tax dollar increase of approximately 3.45 per cent was approved for 2011. In the 2011 budget, a number of needs and issues, both operational and capital in nature, which I believe to be forward looking, were addressed. Some of these include:

- Within Emergency Services, the addition of two positions in the Fire Prevention and Investigation Branch, and the creation of a new Emergency Management Branch, with two positions, to improve emergency risk management abilities within the County.
- The approval of \$9 million in capital funding for a wastewater sewer main to connect Ardrossan to the Regional Wastewater Treatment Facility, which will allow the hamlet to grow.
- Funding for the redevelopment of the Clover Bar Road/ Baseline Road intersection to improve traffic flow.
- The development of social media use to assist the County in improving communications with residents to foster improved understanding of our various services and programs, and improve public understanding of our budget process.

The budget process for the County, for 2011 and beyond, will continue to emphasize sustainable decision making and a balance between the environmental, economic and social implications of our budget decisions.

As I complete this, my third annual message as Chief Commissioner of Strathcona County, I am amazed at how consistently words such as extraordinary, vibrant and challenging are necessary as descriptors of the County and the environment within which we find ourselves operating. We have a very talented workforce, a dedicated administration and a very skilled County Council, all of whom are striving to deliver the best possible services to our industries, businesses, residents and visitors – each doing their part to help build our community. I am proud to be associated with all of these people.

*Robyn*

Robyn W. Singleton, Q.C. (M.A.)  
Chief Commissioner, Strathcona County





## Message from the Treasurer



George J. Huybregts, CMA  
Associate Commissioner,  
Corporate Services/  
County Treasurer

April 26, 2011

Mayor Linda Osinchuk and  
Members of Strathcona County Council

**Madam Mayor and Members of Council:**

It is my pleasure to present the financial statements of Strathcona County for the year ended December 31, 2010. Strathcona County continues to invest in services and programs for County residents that are essential in building community. These financial statements are a report on the fiscal stewardship of the County in the provision of programs and services to all community groups; residents, businesses and industry.

The financial statements include the Consolidated Statements of Financial Position, Operations and Accumulated Surplus, Change in Net Debt, and Cash Flows. The statements have been prepared in accordance with Canadian public sector accounting standards. The Management of Strathcona County is responsible for the preparation and presentation of the consolidated financial statements. 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. KPMG LLP has audited the consolidated financial statements. External auditors are appointed annually by Council and are responsible to report directly to Council with the results of the audit. The audit report is an integral part of these financial statements.

## Statement Presentation

As of 2009, the Public Sector Accounting Board requires all levels of government in Canada to report their financial results using one financial reporting model. In the past, the County included the operations of Pioneer Housing Foundation (PHF) on a modified equity basis consistent with generally accepted accounting standards at that time. Current Public Sector Accounting Standards require full consolidation of government organizations, such as PHF, which meet the criteria of a government reporting entity. As a result, PHF has been fully consolidated on a line-by-line basis with the County financial statements, retroactive to January 1, 2009.

## Highlights

Strathcona County's financial activities support the program and service delivery objectives approved by Council, with a focus on community sustainability and the achievement of the community vision:

Strathcona County is a safe, caring and autonomous community that treasures its unique blend of urban and rural lifestyles while balancing the natural environment with economic prosperity. Through strong, effective leadership, the County is a vibrant community of choice.

Creating a sustainable community requires balancing the social, economic and environmental dimensions in support of the community vision.

## Community Sustainability



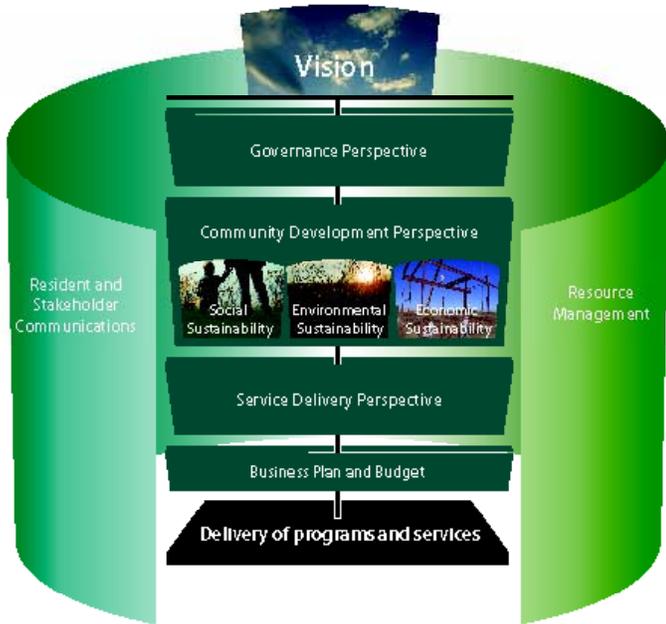
The Strategic Plan continues to be the principal guiding document for governance, community development and service delivery by Strathcona County. It serves as the foundation, outlines the broad direction to be taken by the County, and guides municipal operations through the County's business plan and budget.

The Strategic Plan provides two essential elements for attaining the desired future for the County and its residents:

- 1) a strategic plan framework (Exhibit 1) which ensures the County has in place a sound process for making decisions, and
- 2) a strategic direction that describes the County's vision for the future, its goals, and the strategies for achieving the goals.

**Exhibit 1**

**Strathcona County Strategic Plan Framework**



The Strategic Plan provides the overall direction and framework for the three-year Business Plan and the annual operating and capital budgets that are prepared and approved by Council for municipal, utility and library operations. The Strategic Plan identifies long-term direction and objectives while the Business Plan identifies actions over a one- to three-year period that contribute to the achievement of those objectives. The annual budget allocates the resources necessary to deliver services to the community and undertake the actions identified in the Business Plan.

The 2010-2012 Business Plan included nine initiatives for 2010 that form an integral component of the Business Plan. At December 31, 2010, the status of these initiatives was as follows:

Complete	In Progress	Delayed
Reduction of the contribution to the Traffic and Pedestrian Safety Reserve	Development of an Integrated Transportation Master Plan	Implementation of a Rural Roadside Backsloping Program (pending further policy review)
Increased Spot Spraying to Township Road 534 South	Development of a Transit Master Plan	Implementation of an Electronic Agenda and Meeting Management System (pending further research)
	Implementation of a Print Management Program	
	Construction of a Non-Potable Water Standpipe	
	Development of a Sustainable Utility Infrastructure Funding Strategy	

**Consolidated Statement of Financial Position**

The consolidated statement of financial position highlights four key figures that together describe the financial position of Strathcona County: (a) the financial assets, (b) the net financial assets or debt calculated as the difference between the financial assets and liabilities, (c) the non-financial assets, such as tangible capital assets, held for the provision of services, (d) and the resulting accumulated surplus. The County’s growth in accumulated surplus continues to position the County well for the future.

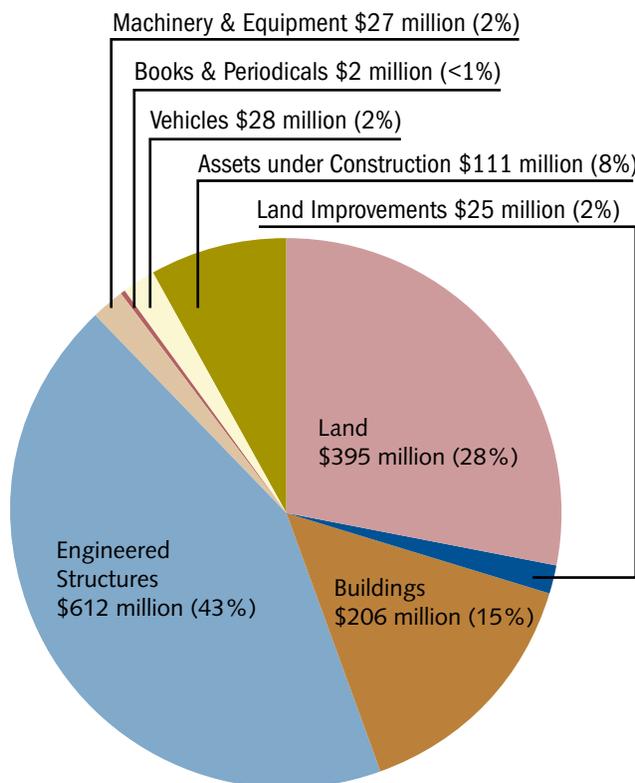
The priority objective of Strathcona County Policy FIN-001-007 “Investments” is the capital preservation of the public funds with which it has been entrusted. Other objectives of the policy include the maintenance of liquidity, rate of return and compliance with the

Municipal Government Act. The objectives of this key policy continue to be met as illustrated by a \$17.1 million increase in financial assets to \$282.2 million (2009 - \$265.1 million), of which \$247.6 million (2009 - \$238.9 million) is represented by cash and temporary investments and long-term investments. While total investments increased by \$8.9 million during the year, trade and other accounts receivable increased by \$9.3 million to \$24.6 million (2009 - \$15.3).

At December 31, 2010, the County’s net book value of its tangible capital assets amounted to \$1.4 billion (2009 - \$1.3 billion) including contributed assets and assets that were either purchased or constructed in the provision of service delivery to County residents, businesses and industry. A breakdown of the County’s assets is categorized in Exhibit 2 as follows:

**Exhibit 2**

**Net Book Value of Tangible Capital Assets  
\$1.4 billion**



In partial support of the \$112.6 million net increase in tangible capital assets, the County’s net financial debt increased by \$44.1 million to \$66.5 million at December 31, 2010 (2009 - \$22.4 million). Future revenues will be required to fund the principal and interest repayments associated with the increase in long-term debt that supported the acquisition of certain tangible capital assets. The County’s external debt will be discussed in greater detail later in the report.

Accumulated surplus at December 31, 2010 totalled \$1.3 billion, which primarily reflects the County’s investment in tangible capital assets. Also included in accumulated surplus is \$102.1 million in reserves, of which \$44.5 million has been committed by Council, \$54.8 million is designated for a purpose Council has approved and \$2.8 million relates to subsidiary surpluses. Strathcona County Policy FIN-001-024 “Municipal Reserves” governs the establishment and use of reserves. Reserves are planned for and held to address the overall current and future initiatives of the County, many of which are specific. The prudent management of reserves is an integral component of the County’s current and long-range planning activities.

**Consolidated Statement of Operations and Accumulated Surplus**

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.

Strathcona County ended 2010 with a surplus of \$68.6 million (2009 - \$112.6 million). This surplus indicated that County departments continue to provide quality services within approved budgets. Of the 2010 surplus, approximately 17% (\$11.6 million) related to an increase in financial resources that can be applied to future spending. The remainder of the surplus was made up of restricted funding and contributed capital assets.

As a result, the County allocated the \$11.6 million of unrestricted surplus to reserves to address the following future initiatives:

Contribution to assist with the funding of the 2011 Capital Budget	\$5.6 million	48%
Contribution to Council Approved Initiatives for infrastructure, replacement and growth reserves to minimize future debt	\$ 5.1 million	44%
Contribution to single purpose reserves	<u>\$ 0.9 million</u>	<u>8%</u>
	<u>\$11.6 million</u>	<u>100%</u>

## Revenues

Consolidated revenues for 2010 were \$309.6 million, a decrease of \$28.5 million from 2009.

Eighty one per cent of consolidated revenues were represented by operating revenues of \$249.5 million (2009 - \$243.1 million) for municipal, utility, library and subsidiary operations and consisted of the following:

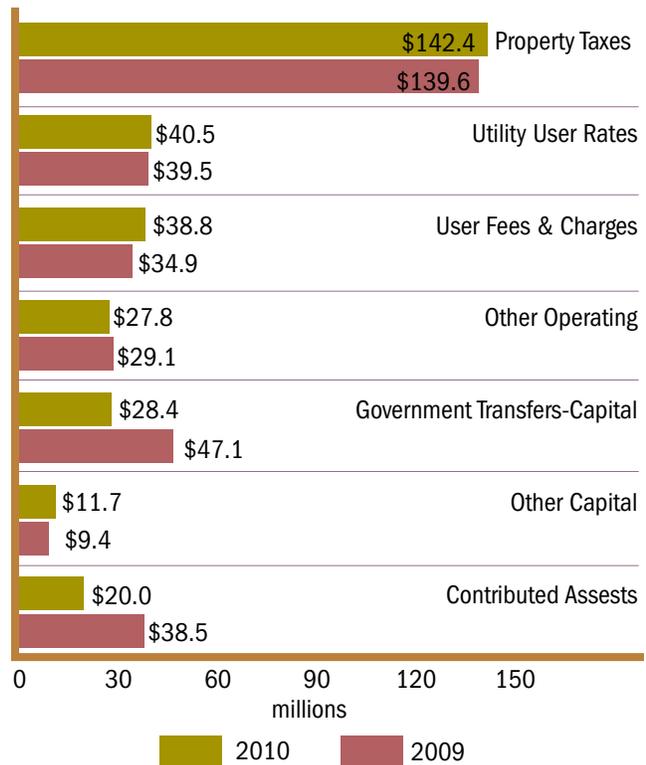
Property Taxes	46%
Utility User Rates	13%
User Fees and Charges	13%
Other Operating (Penalties and Fines, Investment Income, Government Operating Transfers and Other)	9%

Government capital transfers of \$28.4 million (2009 - \$47.1 million) represented a further 9% of consolidated revenues, contributed assets of \$20.0 million (2009 – \$38.5 million) represented 6% and other capital revenues of \$11.7 million (2009 - \$9.4 million) represented 4%.

These revenue sources are compared to 2009 in Exhibit 3. The current year decrease in consolidated revenues is attributable to decreased government transfers in the form of reduced government grant funding applied to capital projects and a lower level of contributed assets.

Exhibit 3

## 2010 Consolidated Revenues \$309.6 million



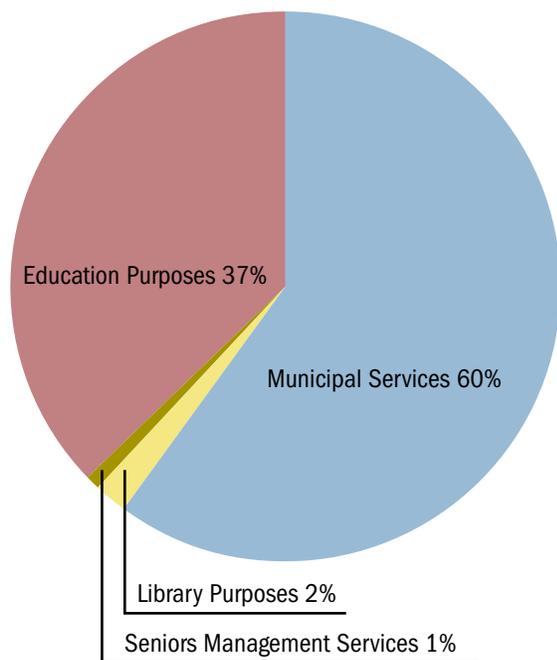
In addition to supporting municipal and library operations, property taxes are levied to meet the provincial education and seniors management services requisitions submitted to the County for payment. For a single family residential property, with an average assessment of \$395,000, total property taxes for 2010 approximated \$2,769. The increase of \$28 (1%) over the previous year was unrelated to municipal programs and services as Council approved a zero general municipal tax dollar increase for 2010 on May 4, 2010.

In 2010, the County levied total property taxes of \$186.4 million (excluding local improvement levies and other taxes), of which \$45.5 million was collected for provincial education purposes and \$1.8 million was collected for seniors management services. Of the total residential property taxes levied (including single family residences, condominiums, apartments, townhouses and manufactured homes), 60% supported municipal services (Exhibit 4).

**Exhibit 4**

**2010 Residential Property Tax Distribution**

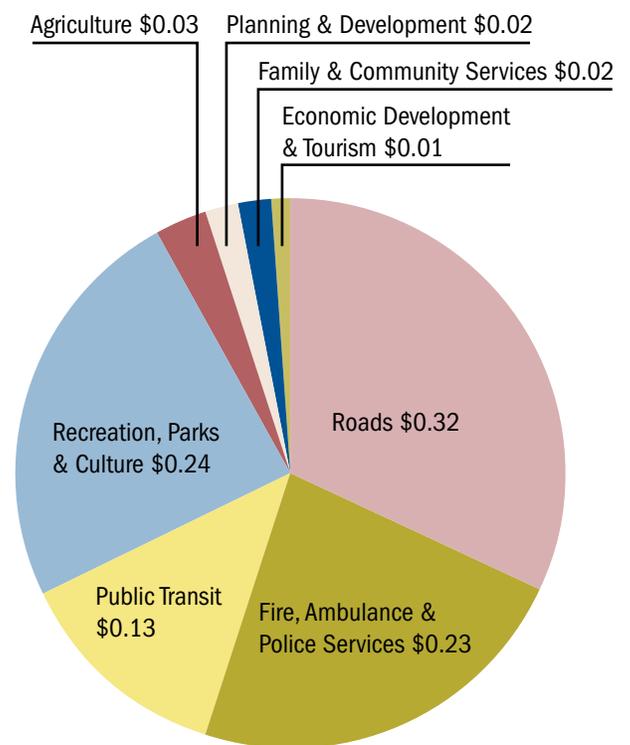
60 per cent of total residential property taxes support municipal services



Approximately 68 cents (2009 – 68 cents) of every municipal tax dollar supported roads, public transit, fire protection, ambulance and police services in 2010 (Exhibit 5). Utility operations are self-sustaining; no property taxes are used to support utility operations, with the exception of the recycling centres and enviroservice events.

**Exhibit 5**

**Where the 2010 Municipal Tax Dollar was spent**



Total consolidated revenues exceeded budget for the year by \$42.3 million (15.8% of budgeted revenues). This favourable position was primarily due to:

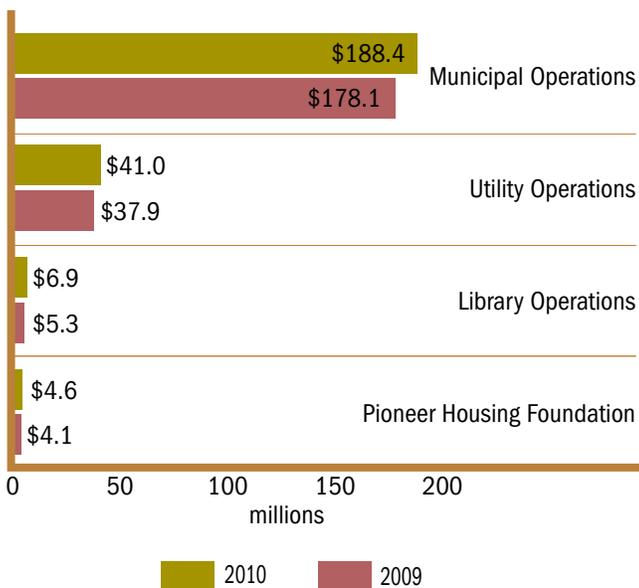
- 1) non-budgeted contributed capital assets
- 2) greater than expected government transfers
- 3) more user fees and charges as a result of increased participation in recreation programs
- 4) higher return on investments.

## Expenses

Consolidated expenses for 2010 amounted to \$240.9 million, an increase of \$15.5 million over the prior year. Consolidated expenses for 2010 include \$188.4 million related to municipal operations, \$41.0 million for utility operations, \$6.9 million as incurred by the Library and \$4.6 million for the Pioneer Housing Foundation (Exhibit 6). Revenue and expenses are also presented by segment in Note 24 of the financial statements for municipal, utility, library and Pioneer Housing Foundation operations.

### Exhibit 6

## 2010 Consolidated Expenses \$240.9 million



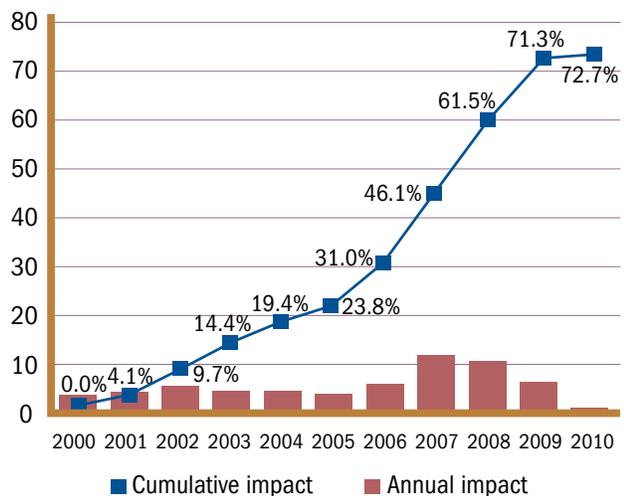
The increase in 2010 operating expenses over 2009 was reflective of several factors:

- 🍃 increased program and service activities (volume);
- 🍃 increased costs of maintaining services and service levels (inflation); and
- 🍃 the cost of continuing to address demand resulting from past and current growth.

While the effect of growth and inflation are less than prior years, they continue to have an impact on County operations. During 2010, the County experienced municipal population growth estimated at 1.6% for the year and municipal price inflation (MPI) budgeted at 0.8% for the year. Since 2000, the County's population has increased approximately 29.0% while cumulative MPI has been approximately 72.7% (Exhibit 7). The County uses MPI to measure the estimated increase in the cost of the County's "basket of goods" (i.e. asphalt, gravel, etc.). The County believes the use of MPI is a more appropriate and representative measure than the Alberta Consumer Price Index to gauge the impact of inflation on the County.

### Exhibit 7

## Impact of Municipal Price Inflation



Total expenses are summarized by operations on the Consolidated Statement of Operations and Accumulated Surplus. The County provides services through three service delivery divisions:

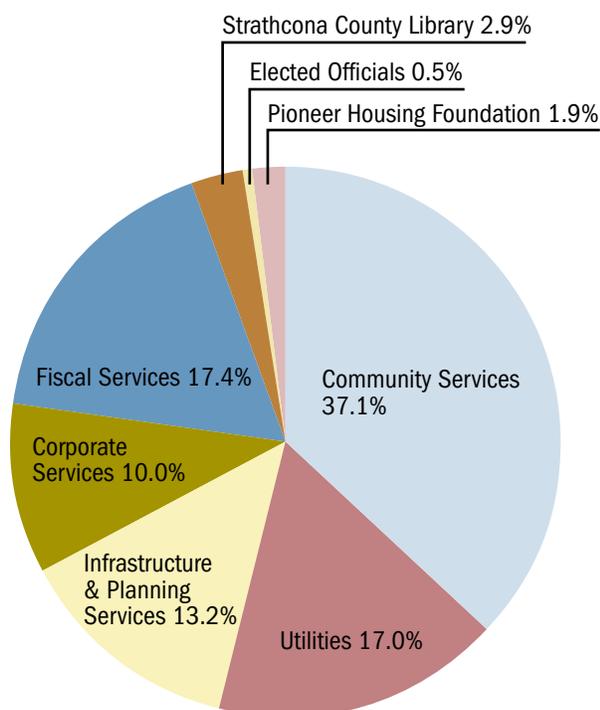
- 🍃 Infrastructure and Planning Services;
- 🍃 Community Services; and
- 🍃 Corporate Services.

Infrastructure and Planning Services include utility operations, which are also presented as an operating segment as the business operations are self-sustaining (ie. do not

receive property tax support) for all program areas with the exception of the recycling centres and enviroservice events. Corporate Services departments provide internal business support to the operating departments.

Senior Administration expenses, including expenses of the Corporate Planning & Intergovernmental Affairs department, and Elected Officials expenses are presented separately on the Consolidated Statement of Operations and Accumulated Surplus. Fiscal Services expenses include revenues and expenses of a corporate nature that are not attributable to a specific operating department. The Strathcona County Library is presented separately since it operates under a separate board and is also considered a separate business segment. The Pioneer Housing Foundation is a subsidiary operation that qualifies as a separate government reporting entity, and is also reported as a separate operating segment. The expenses for each of the separate operations described above is presented by the proportion of the total in Exhibit 8.

**Exhibit 8**  
**2010 Expenses by Operation**



**Capital Projects**

Beginning January 1, 2009 the Public Sector Accounting Board required all Canadian municipalities to identify, value and amortize their tangible capital assets.

Amortization represents the consumption of an asset over its useful life to deliver County programs and services. The useful lives of Strathcona County’s tangible capital assets range from four years for certain pieces of equipment to ninety years for utility infrastructure. Strathcona County amortized \$36.6 million in 2010 (2009 - \$36.7 million).

Strathcona County acquired \$149.8 million (2009 – \$144.5 million) of tangible capital assets in 2010 of which \$129.8 million was constructed or purchased tangible capital assets and the remaining \$20.0 million was comprised of tangible capital assets that were contributed to the County (such as developer constructed roadways and parks). The County began amortizing \$174.1 million of tangible capital assets that were put into service in 2010, and has remaining assets under construction of \$110.6 million. Of the total amount spent on capital projects in 2010, 11% (\$14.1 million) was supported by operations (i.e. property taxes), 22% (\$28.4 million) by government transfers, 43% (\$55.5 million) by the issuance of new debt, with the balance supported by new capital leases, development levies, reserves and various other sources.

In 2010, 36 of the 40 capital projects approved and budgeted for the year were either completed or in progress at year end. Many of these projects are multi-year in nature (i.e. their completion spans more than one year). In addition to the 2010 projects, the County continued to work toward the completion of 188 projects approved by Council in prior years, including the construction of the Community Centre, the initial phase of the Open Space and Recreation Facilities Services revitalization program, and a portion of the Heartland Road Network.

Approved 2010 capital projects included, among others:

-  construction of Emergency Services Station 6
-  a melt water treatment facility
-  new library furniture and equipment
-  continuing annual programs, such as:
  - Facility Capital Life Cycle program
  - Residential and Rural Road Overlay programs
  - Rural water and sump pump collection retrofit programs
  - Transit bus and non-transit fleet replacements

Capital spending in 2010 continued to address past demand that has resulted from the growth Strathcona County has experienced. Addressing future capital requirements will continue to pose a challenge for the County in both the short and longer term. The County employs a five-year capital plan to assist with identifying future capital infrastructure requirements. County capital asset management and acquisition is guided by Policy FIN-001-027 “Accounting for Tangible Capital Assets Policy”.

In 2010, the County continued to secure additional operating (base) funding to support annual capital projects. Ultimately, funding for annual capital projects needs to be secured in the annual operating budget in order to reduce and eliminate the requirement for new debt and/or the use of reserve funds (one-time funding) to support these projects. This objective continues to be addressed by the Business Plan.

Strathcona County is dedicated to providing sound asset infrastructure management through efficient, effective and economical processes and systems that support coordinated and accountable decision making for the acquisition and management of capital assets. This approach is consistent with the Strategic Plan and contributes to the achievement of the Community Vision.

## Government Transfers

During the year, the County received new funding of \$27.5 million (2009 - \$16.5 million) under the following government programs:

-  Provincial Basic Capital Grant
-  Provincial Municipal Sustainability Initiative Capital Funding
-  Provincial Municipal Sustainability Initiative Conditional Operating Funding
-  Provincial Municipal Sustainability Initiative Affordable Housing Funding

In addition to the programs listed above, the County has received government transfers under the following programs in prior years:

-  Canada – Alberta Rural Infrastructure Fund
-  Alberta Municipal Infrastructure Program
-  Major Community Facilities Program
-  Federal Gas Tax Fund

At the end of 2010, projects related to all of the above programs remained ongoing. During the year, the County recognized revenue of \$28.4 million (2009 – \$47.1 million) in capital funding and \$9.1 million (2009 – \$14.8 million) in operational funding by meeting the conditions of the government transfers.

At the end of 2010, the County had received \$56.8 million (2009 – \$53.6 million) of government transfers (including earned interest) but had not yet recognized these amounts as revenue. Revenue will be recognized from these past transfers when funds are spent on eligible capital projects and operational activities.

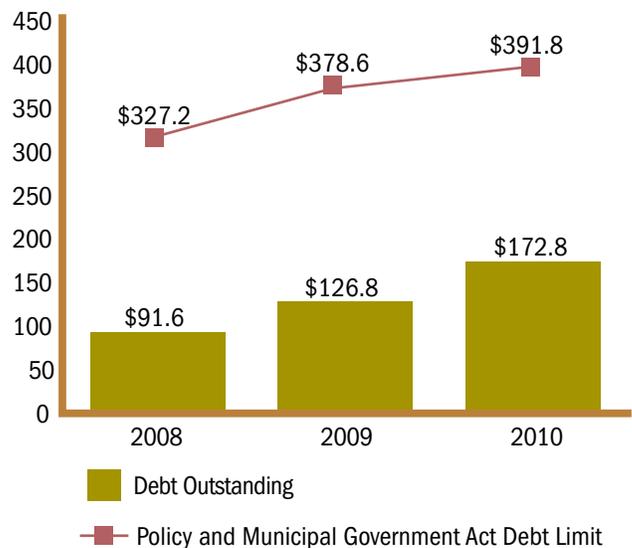
## External Debt

Strathcona County incurs external debt to support priority capital projects consistent with the Strategic Plan direction and objectives approved by Council. Debt is incurred to allow the County to address the protection of existing facility, roadway and underground infrastructure, and the addition of new capital infrastructure resulting from growth and/or changes in service levels (i.e. community demands). Debt is not used to support annual, ongoing operations. The County incurs debt only if it is clearly demonstrated that it supports necessary community infrastructure, future debt servicing requirements are manageable, and the incurrence of debt is an equitable way to spread the cost to include future benefiting users. The use of debt management is a useful and effective tool in the achievement of the overall growth and service provision objectives of the County.

The Provincial Government limits the external debt allowed by a municipality to 1.5 times revenue (as defined by Municipal Government Act regulation). The County's debt management activities are also governed by Policy FIN-001-025 "Debt Management Policy", which states the ceiling amounts of total debt outstanding and municipal tax supported debt outstanding is 100% of the Municipal Government Act debt limit as defined by Alberta Regulation 255/2000. At December 31, 2010, the County's external debt outstanding was 44.1%, or \$172.8 million of the provincially legislated maximum debt limit of \$391.8 million (2009 – 33.5% or \$126.8 million of a \$378.6 million limit). Tax-supported debt outstanding was 18.7% of the limit (2009 – 12.4%). At December 31, 2010, the County was well within the provincial guidelines and its own policy (Exhibit 9).

Exhibit 9

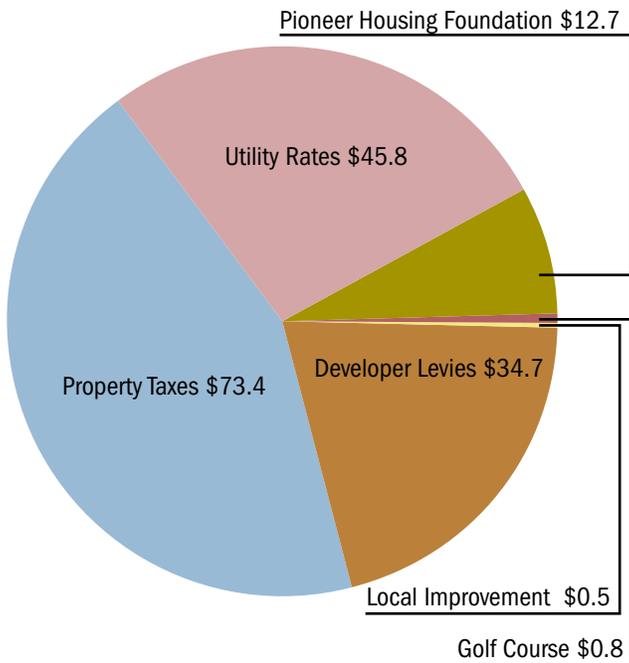
### Debt Outstanding to Debt Limit



During 2010, the County issued new long-term debenture debt of \$55.5 million, including property tax-supported debt of \$30.5 million related to the Community Centre (\$16.9 million) and the Library (\$13.6 million). Additional non property tax-supported debentures of \$25.0 million were issued for the construction of a Strathcona County water supply system (\$14.6 million), a new Pioneer Housing Foundation facility (\$9.5 million) and a local improvement noise attenuation fence (\$0.9 million). The County also made \$8.7 million in debt principal repayments during the year. During 2010, debt of \$1.4 million was incurred through the issuance of new capital leases and \$2.2 million in capital lease payments were made. As a result, overall long-term debt outstanding increased from \$126.8 million at the beginning of the year to \$172.8 million at the end of the year.

As illustrated in Exhibit 10, of the total long-term debenture debt outstanding at December 31, 2010, \$73.4 million (44%) was property tax-supported debt with \$49.4 million related to municipal operations and \$24.0 million related to library operations. The balance of the external debt was supported by other sources (i.e. local improvement levies, development levies, utility charges and user fees). Total debenture debt per capita approximated \$1,879 (2009 - \$1,376); the tax supported component approximated \$821 (2009 - \$532).

**Exhibit 10**  
**\$167.9 million Debenture Debt Support**



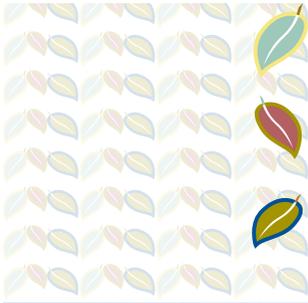
**Summary**

The County’s sound financial practices, combined with timely budget preparation in conjunction with its annual business plan, affords Council the assurance that the County’s financial assets are conserved, its fixed liabilities are minimized, and the need for longer term financial stability, strength and flexibility is recognized and accommodated. Managing financial resources is a key priority of the County’s Strategic Plan and a key contributor to the achievement of the Community Vision.

These financial statements are the result of the cooperation and assistance received from departments and programs. Management appreciates the efforts of all staff involved in the completion of these financial statements.

Respectfully submitted,

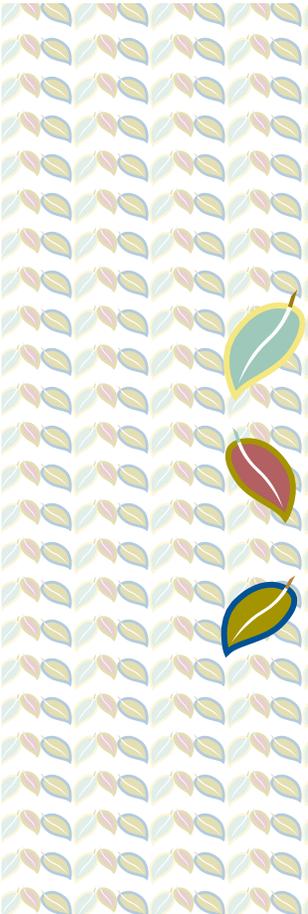
George J. Huybregts, CMA  
 Associate Commissioner, Corporate Services /  
 County Treasurer



## Section II

About Strathcona County . . . . .	20
County Council. . . . .	21
Our Strategic Plan . . . . .	22
Organizational structure. . . . .	24
Facts and figures . . . . .	25
2011 Budget highlights. . . . .	27
Building community...highlights of our progress. . . . .	28

# *Building Community*



## About Strathcona County

**Strathcona County is a dynamic, vibrant and diverse municipality located in Alberta's Capital Region.**

Approximately 88,000 residents proudly call Strathcona County home.

Strathcona County is made up of the urban area of Sherwood Park surrounded by a large rural area of country residential acreages, farms and smaller hamlets, including Antler Lake, Ardrossan, Collingwood Cove, Half Moon Lake, Hastings Lake, Josephburg, North Cooking Lake and South Cooking Lake.

Strathcona is classified as a Specialized Municipality in recognition of its combination of urban and rural areas under one municipal government.





# Strathcona County Council



**Strathcona County**  
Mayor Linda Osinchuk  
780-464-8000  
osinchuk@strathcona.ab.ca



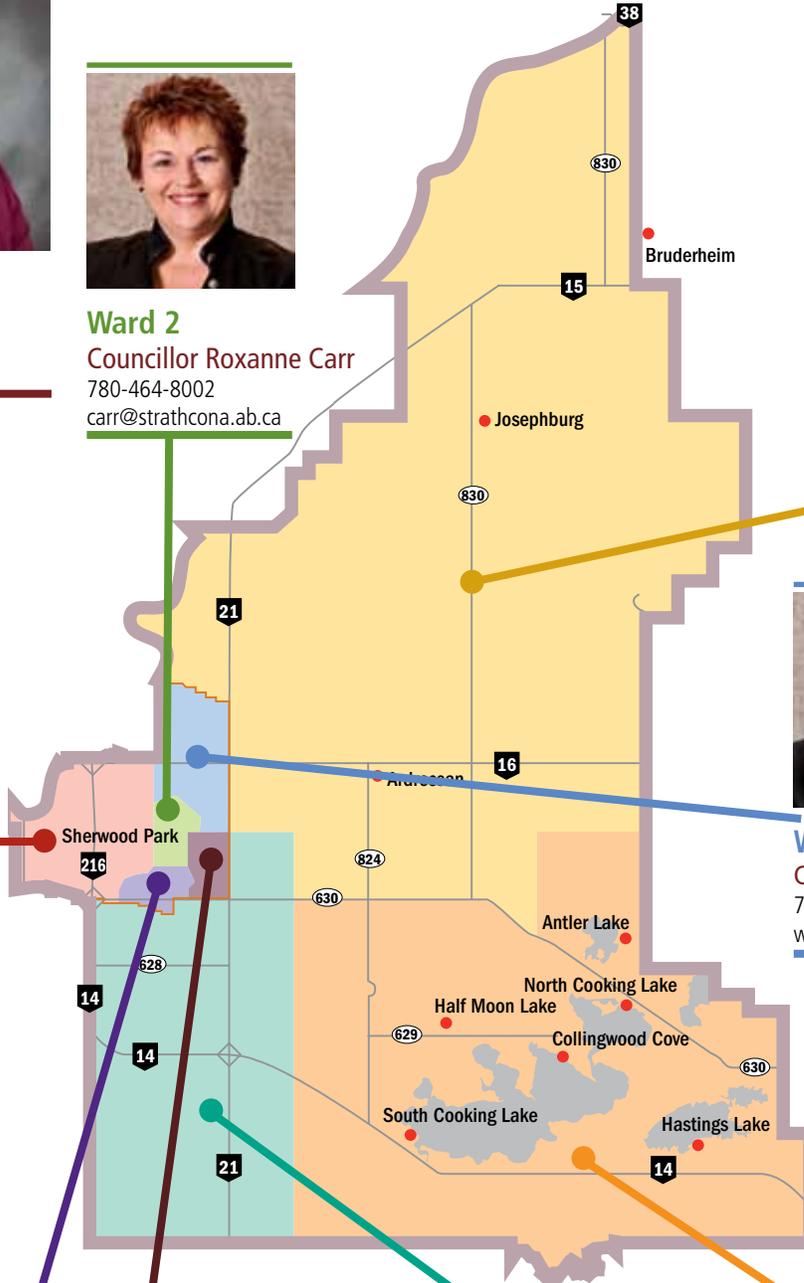
**Ward 2**  
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**Ward 8**  
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**Ward 7**  
Councillor Bonnie Riddell  
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## Our Strategic Plan

### Vision Statement

*Strathcona County is a safe, caring and autonomous community that treasures its unique blend of urban and rural lifestyles while balancing the natural environment with economic prosperity. Through strong, effective leadership, the County is a vibrant community of choice.*



The Strategic Plan focuses on creating and maintaining a prosperous, sustainable community for the long term.

### Strathcona County Strategic Plan direction

#### Governance Perspective

##### Capstone Policy

Strathcona County strives for excellence in effective government.

##### Goals

-  Strathcona County is an autonomous specialized municipality.
-  Strathcona County is governed by a clear municipal mandate.
-  Strathcona County has effective plans and policies that guide the corporation and the community.

#### Community Development Perspective:

##### Social Sustainability

##### Capstone Policy

Strathcona County is a safe and caring community whose residents enjoy opportunities for healthy lifestyles.

##### Goals

-  Strathcona County is a safe community for residents and visitors.
-  Strathcona County is a caring community.
-  Strathcona County offers a broad range of opportunities for healthy lifestyles.

#### Community Development Perspective:

##### Environmental Sustainability

##### Capstone Policy

Strathcona County practises sound environmental stewardship.

##### Goal

-  Strathcona County reflects a natural environment balanced by healthy urban, suburban and rural communities.

## Community Development Perspective: Economic Sustainability

### Capstone Policy

Strathcona County fosters an economy which benefits residents, business and industry.

#### Goals

- Strathcona County supports a healthy economy.
- Strathcona County harbours a viable community of businesses that reflect its rural-urban diversity.
- Residents, business, industry and the County benefit from the County's economic prosperity.

## Service Delivery Perspective

### Capstone Policy

Strathcona County practises excellence in customer service based on the principles of effectiveness, efficiency, economy and equity.

#### Goal

- Customers are satisfied with the quality of County service delivery.

## Resident and Stakeholder Communications

### Capstone Policy

Strathcona County communicates effectively with its stakeholders.

#### Goals

- Strathcona County uses effective mechanisms to facilitate two-way communications with residents and other stakeholders.
- Stakeholders are well informed about and confident in their local government.
- Stakeholders understand the role of the County in governance and service delivery.

## Resource Management

### Capstone Policy

Strathcona County's human, financial and physical resources are managed in a manner that addresses community needs and priorities.

#### Goals

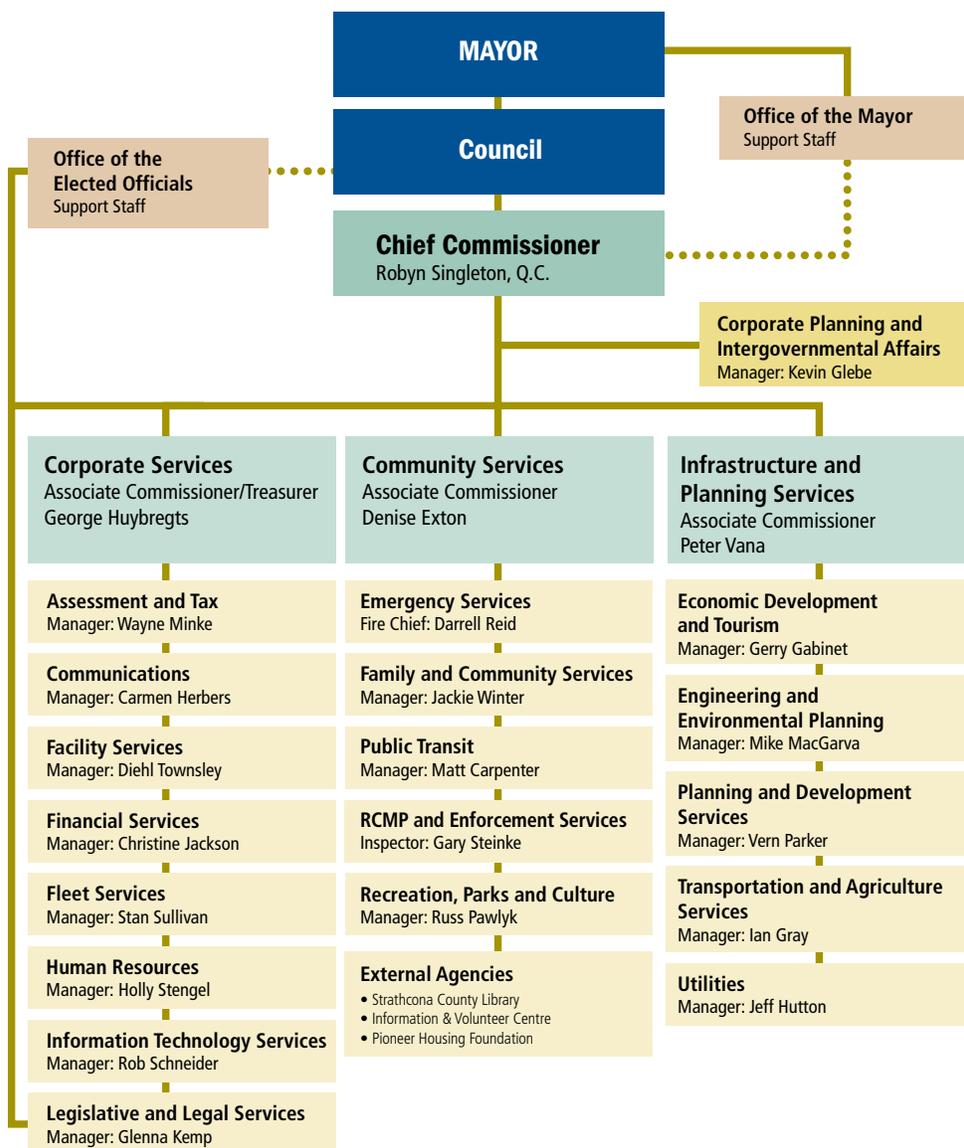
- The County makes full use of its human resource potential.
- The County's financial resources are responsibly managed.
- Life expectancy of municipal and community infrastructure is met.

The full Strategic Plan is available at [www.strathcona.ca](http://www.strathcona.ca)





## Our organizational structure

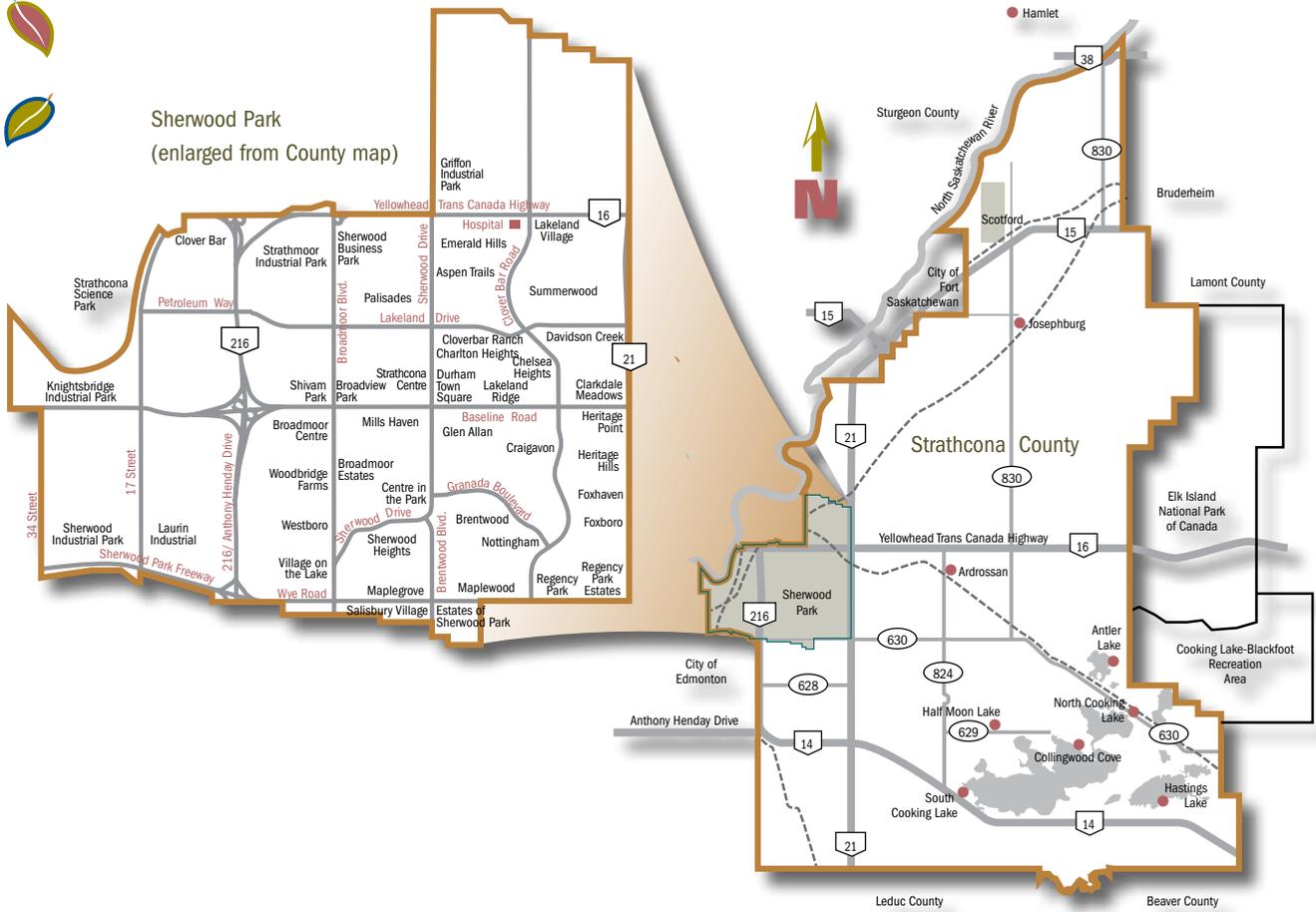


### Strathcona County Executive Team

(left to right) Peter Vana, Denise Exton, George Huybregts and Robyn Singleton



# Facts and figures on Strathcona County



## County-wide area

1,265 square kilometres

Industrial . . . . .	7,451 hectares
Commercial . . . . .	1,753 hectares
Residential . . . . .	15,782 hectares
Agricultural . . . . .	85,335 hectares
Park/recreational/natural . . . . .	3,279 hectares
Other: water bodies, road rights-of-way . . . . .	13,000 hectares

Figures are approximate.

## Population

	Total	Sherwood Park	Suburban and rural*
2009 census	87,998	61,660	26,338
2011 projected	91,285	64,430	26,855
2012 projected	93,188	66,010	27,178

\*Country residential properties on acreages, farms and in rural hamlets

Increase in population, 2009-2010 . . . . .	1.6%
Increase in population, 2000-2010 . . . . .	29.0%
Average annual growth rate, 2010-2011, projected . . . . .	2.1%

## Economic development (2010)

No business licence; no business tax

Businesses and organizations in Strathcona County . . . 7,943  
(Statistics Canada 2010)

Businesses registered in voluntary directory . . . . .	1,707
Manufacturing . . . . .	185
Home-based . . . . .	635
Retail and commercial . . . . .	106
Other . . . . .	686
New businesses registered . . . . .	95

Served by both CN Rail and CP Rail

Four airports within 30 minutes

Market area (Statistics Canada, 2006 Census) . . . . . 1,034,945 people

Market share of new single- and multi-family residential development in the metro region . . . . . 8.2%  
(Canada Mortgage and Housing Corp., January 2011)

\$12.4 billion in major projects announced, under construction and/or recently completed

## Transportation (2010)

Rural roads, County maintained . . . . .	1,302 km
Urban roads, County maintained . . . . .	383 km
Highways, province maintained . . . . .	232 km
Transit buses . . . . .	91
Transit rides . . . . .	2.3 million
Accessible transportation rides (SCAT) . . . . .	14,309
Warren Thomas (Josephburg) Aerodrome . . . . .	30 weekday flights and up to 100 on weekends

## Planning and development services (2010)

Subdivision and rezoning applications . . . . .	55
Development permits . . . . .	1,988
Permits for new residential units . . . . .	1,238
Value of construction for commercial, industrial, institutional and residential developments. . . . .	\$436 million

## Protective services (2010)

Police officers (RCMP) . . . . .	89
Peace officers . . . . .	18
RCMP Victim Services Unit volunteer advocates . . . . .	31
Fire fighters . . . . .	125 full-time, 52 part-time
Fire stations . . . . .	5
Sherwood Park (2), Heartland Hall, South Cooking Lake and Ardrossan	
Emergency calls (fire, ambulance, rescue and dangerous goods) responded to . . . . .	5,527

## Community services (2010)

Counselling . . . . .	1,798 families; 6,828 hours
Homemaker services . . . . .	9,458 visits/month to 265 households
Family day home services . . . . .	182 children/month
Family and Community Services partners with eight agencies providing 4,000 residents with a direct service – ie. Student Health Initiative, Youth Justice, Community Mediation, Family Home Visitation, Big Sisters Big Brothers, Boys and Girls Club of Strathcona County, Parent Link Centre, Community Adult Learning and Adult Literacy Councils.	

## Library (2010)

Library, Bookmobile, online visits. . . . .	961,276
Library resources used . . . . .	1,322,463
Questions answered . . . . .	78,668

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

## Outdoor recreation services (2010)

Sports fields and ball diamonds . . . . .	230
Heritage Parkway Trails . . . . .	110 km
Natural areas . . . . .	1,432 hectares
Parkland (developed parks, school and other institutional sites, playing fields, and utility corridors that may include trails) . . . . .	1,850 hectares
Playgrounds . . . . .	142
Golf courses (municipal) . . . . .	1
Tennis courts . . . . .	19
Outdoor rinks . . . . .	26

## Indoor recreation services (2010)

Recreation and Cultural facilities . . . . .	12
Community halls . . . . .	14
Seniors' centres . . . . .	4
Number of visitors annually at:	
Broadmoor Public Golf Course. . . . .	40,000+ rounds
Glen Allan Recreation Complex . . . . .	340,000
Kinsmen Leisure Centre . . . . .	290,000
Strathcona Wilderness Centre . . . . .	50,000+
Millennium Place . . . . .	2.8 million+
Festival Place . . . . .	285,000
Hours of ice time . . . . .	20,300

## Utility operations (2010)

Water distributed . . . . .	28.4 million litres/day
Water mains maintained . . . . .	456 km
Fire hydrants . . . . .	2,113
Water storage capacity . . . . .	81 million litres
Wastewater treated . . . . .	19.9 million litres/day
Wastewater mains maintained . . . . .	401 km
Stormwater mains maintained . . . . .	229 km

### Green Routine achieved 65% diversion from landfill

Recycling stations . . . . .	5
Residential waste to landfill . . . . .	10,123 tonnes
Organics sent for composting . . . . .	11,484 tonnes
Materials collected for recycling . . . . .	6,943 tonnes
Enviroservice hazardous waste including electronics . . . . .	317 tonnes
Scrap metal collected for recycling . . . . .	174 tonnes

## Did you know?

According to the Information and Volunteer Centre for Strathcona County, residents enjoy a high quality of life thanks to over 400 active community organizations. 51 per cent of Strathcona County residents volunteer. Now, that's building community! [www.ivcstrathcona.org](http://www.ivcstrathcona.org)



## 2011 Budget highlights

### Operating expenditures

2011 Operating expenditures . . . . .	\$269.1 (\$million)
Municipal . . . . .	\$215.4
Utility . . . . .	\$46.3
Library . . . . .	\$7.4

### Capital expenditures

2011 Capital expenditures . . . . .	\$52.7 (\$million)
Municipal . . . . .	\$37.3
Utility . . . . .	\$14.9
Library . . . . .	\$0.5

#### 2011 allocation of each dollar of residential property tax:

Municipal services . . . . .	60.6¢
Education . . . . .	36.1¢
Library . . . . .	2.3¢
Seniors Management Services . . . . .	1.0¢

### 2011 planned distribution of a municipal property tax dollar



Coin image ©2011 Royal Canadian Mint - All Rights Reserved

Transportation (roads) . . . . .	31¢
Fire, ambulance, police . . . . .	24¢
Recreation, parks and culture . . . . .	23¢
Public transit . . . . .	13¢
Planning and development. . . . .	3¢
Agriculture. . . . .	3¢
Family and community services . . . . .	2¢
Economic development and tourism . . . . .	1¢

### 2011 estimated municipal regular property tax

(\$million)

Residential and farmland . . . . .	\$59.2
Industrial machinery and equipment . . . . .	\$53.0
Commercial, other industrial and linear . . . . .	\$27.4
Total projected . . . . .	\$139.6

### Municipal property tax rate structure

The 2011 tax rate structure was approved in April 2011.

Residential and farmland . . . . .	4.0382 mills
Commercial and industrial . . . . .	8.0869 mills
Machinery and equipment . . . . .	8.0869 mills
Linear (power and pipeline) . . . . .	8.0869 mills





## Building community ... highlights of our progress

Here are some initiatives and accomplishments that Strathcona County realized in 2010. These contribute to building community and furthering the strategic direction of our municipality.

### *Building community... through priority setting and effective government*

#### New Council sets priorities

At its first regularly scheduled Council meeting after the 2010 Election, Strathcona County Council established these top priorities:

-  Action the Cuff report by establishing governance policies
-  Review the sign bylaw
-  Complete a job classification review for Strathcona County's non-union employees
-  Establish an Economic Development Committee, including public representation, to guide Strathcona County's activities in the area of business attraction, retention and growth
-  Develop an Advocacy Plan to identify and action those issues requiring the active intervention of the Council on behalf of its citizens

Stemming from what Council members heard from residents during the election campaign, a collective, larger set of items were identified. Following completion of the five actions above, Council will address additional priorities on its list, giving focus and direction to its mandate.

#### Heartland Transmission Project – Council advocates for responsible decision making

With intervener status, Strathcona County began preparing evidence to be presented at the Alberta Utilities Commission (AUC) hearings scheduled for April 2011 on the proposed Heartland Transmission Project. Strathcona County's goal is to ensure the AUC considers public health and environmental concerns in choosing the route and method of construction of high voltage lines.

Two routes have been proposed to take power from coal-fired plants near Wabamum to Alberta's Industrial Heartland. The route identified as preferred by the proponents – AltaLink and EPCOR - would see high-voltage transmission lines running through the transportation utility corridor west of Sherwood Park.

The County advocates that should any portion of the line run adjacent to densely populated areas, it must be constructed underground. As well, as part of Strathcona County's responsibility to represent the best interests of our community, and to provide an outlet for residents to voice their individual concerns, a petition was made available to sign for presentation to the Legislative Assembly of Alberta.



## Economic Sustainability Framework begins to take shape

In early 2010, community input was sought to develop the Economic Sustainability Framework. This framework, together with the Social Sustainability Framework (approved in 2007) and the Environmental Sustainability Framework (approved in 2009), will complete Strathcona County's triple-bottom-line approach to sustainability. The County's Strategic Plan is based on the ideal of having a healthy community in three areas – economic, environment and social.

With public and staff input and other research, development of the Economic Sustainability Framework continued in 2010. The framework will guide decision making to foster and sustain a healthy economy that benefits residents, business and industry.



## Commemorative Names Registry

Council approved the policy: Naming of Development Areas, Roads, Parks, and Public Facilities, which incorporates a Commemorative Names Registry. Managed through Planning and Development Services, the purpose of the registry is to recognize and commemorate significant persons, history, heritage, and natural features of our community.

## Becoming a Light Efficient Community

In July 2010, Strathcona County became the first community in Alberta to pass a Light Efficient Community (LEC) policy. A LEC community is a community that uses light responsibility. It only uses lighting when necessary; and uses the most effective, efficient lighting available to minimize energy waste, energy costs and its carbon footprint. This aids in preserving the natural environment, and ensuring the health, safety and quality of life for residents. Other partners involved in encouraging this effort include the Beaver Hills Initiative, the Beaver Hills Dark Sky Preserve (BHDSP), the Royal Astronomical Society of Canada (RASC) and Light Efficient Communities Inc.





## Building community... through sound planning, development and construction

### Sustainable Rural Roads Master Plan approved

In May 2010, Strathcona County Council approved the Sustainable Rural Roads Master Plan. The plan shifts the emphasis to increasing maintenance of existing roadways, and ends the practice of overlaying paving according to a prescribed amount of kilometres annually, as was required by the former plan. Overlays will now be completed on those roads in need, as identified and prioritized through an annual condition ratings assessment. Priorities can be better set based on actual road condition, traffic volume and safety factors. The new plan recommended no change to the Hamlet road rehabilitation program.

### Integrated Transportation Master Plan development

At the broader level, in late 2010, Strathcona County began to gather resident and stakeholder input to help develop an Integrated Transportation Master Plan. Initial input was used to establish the vision and long-range direction to address transportation needs over the next 30 years.

The master plan will address transportation opportunities for improving access to jobs and services, determining the right balance of roadways, cycling paths or transit services provided, and creating more pedestrian-friendly transportation routes that promote active living. The plan will consider a balanced approach to environmental, social, and economic sustainability. It will look at how best to integrate a choice of transportation modes to meet the needs of a growing community.



### Transit Master Plan to guide service

In the spring of 2010, Strathcona County Transit began work on a Transit Master Plan as a first step in ensuring it is providing appropriate service to a growing community. The plan involved gathering input from the public and other stakeholders, as well as conducting a technical analysis. The Transit Master Plan will provide strategic direction and guiding principles, identify appropriate service levels and service design, and analyze operating and capital costs to improve transit service for residents.

### Sportsfield Strategy approved

Strathcona County's Sportsfield Strategy, approved in June 2010, provides long-term direction for outdoor sportsfield re-development, development and management. The Sportsfield Strategy provides a comprehensive inventory of existing sportsfields and assessment of their use. It also establishes direction for upgrading existing fields over the next 15 years, before building new, with a focus on the higher quality 'A' standard and 'A' premier sportsfields and diamonds. The strategy also promotes the revitalization of sportsfields to appeal to a broader range of users.

### Trails Strategy under way

Development of a new Strathcona County Trails Strategy began in 2010, and includes several opportunities for community input. The strategy will provide a long-range guide to trail planning, design, development and operations over the next 15 years. The strategy will address needs for all types of users, across urban and rural areas. New and emerging trends in trail development and activities will be identified. The strategy will also help set priorities for trail enhancements and provide guidelines on how to best manage trail user conflicts. In addition to examining trail links to parks, natural areas and facilities, the strategy will also look at stronger trail connections to commercial and institutional areas.

## Construction continues on water supply system

The water supply system upgrades continued throughout 2010 and involved several components:

- 🍌 The new 30-million litre **17th Street Reservoir and Pumphouse expansion** neared completion, with upgrades to the existing 17th Street reservoir and pumphouse beginning in 2011.
- 🍌 The 34th Street to 17th Street, 900 mm **water transmission main** from EPCOR, provides a second potable water feed to the 17th Street Reservoir. This project was completed in 2010 and goes through testing processes in 2011.

Other water projects included:

- 🍌 The **Sherwood Drive north watermain** was completed along the east side of Sherwood Drive, connecting to the developer constructed watermain along Emerald Drive. This completed another major loop in our water system that will service the new Catholic high school as well as future neighbourhoods and commercial development.
- 🍌 Preliminary and detailed design of the **Heartland/ Josephburg potable water servicing project** will determine the infrastructure required to service future growth in the Alberta Industrial Heartland (AIH) and Josephburg areas. Multiple stakeholders, who will ultimately be serviced by the facility, were consulted to develop growth projections for the region. The detailed design is expected to be complete in the spring of 2011 to offer “shovel ready” plans should a large-scale customer wish to develop. The first stage of development will be capable of servicing approximately 10 years of expected growth in the region.

## Ardrossan sewer line extension

Council approved a \$9 million sewer line extension to Ardrossan to service anticipated growth of the hamlet.

## Cambrian Crossing

The Cambrian-Strathcona Joint Planning Initiative moved forward in 2010 with Council adopting a new Area Structure Plan for Cambrian Crossing. Joint planning has been under way to create a complete, sustainable and leading-edge community that balances economic viability and vitality, environmental enhancement, and social equity and cultural richness.

Cambrian Crossing’s location is the last significant portion of undeveloped land within the boundaries of Sherwood Park. The location is also a natural stepping stone between this Urban Service Area and the new Urban Growth Node, identified east of Highway 21 and north of Highway 16.



## Open Space Recreation and Facility Strategy progress

### Outdoor

With finishing touches on \$1 million of trails, parks and streetscaping projects, here are some of the outdoor recreation projects to look for:

- new boarded skating rink at McGhan Park
- splash pad and community gardens in Clover Bar Ranch Park
- playground at South Cooking Lake Park
- boardwalk trails in Heritage Hills Wetlands

### Indoor

With \$40 million allocated to major facility revitalization, three projects are now progressing with a lot of construction activity:

- Ardrossan Recreation Complex



- Broadmoor Arena and Clubhouse



- Millennium Place



Planning and design work also started for the Glen Allan Recreation Complex, and planning and strategy development is underway for Festival Place, Emerald Hills, and Aquatics (indoors and outdoors needs, including splash parks).

## Community Centre opens



A place for culture, learning, services and celebration, the new Community Centre is certainly a venue for building community. The Community Centre officially opened on December 5, 2010 in Centre in the Park located in Sherwood Park. Within this year-round hub, the community can enjoy the new library (which opened its doors on November 1, 2010), access municipal services, and host meetings and events in the new spaces available. The building features the beautiful two-story library, the Agora (a large public event space), various flexible meeting rooms, Council Chambers, the Artrium (a corridor and casual setting for art displays), and the Galleria (the interior street linking the entire centre). It also has several adjoining outdoor plazas and links to Festival Place via the Prairie Walk.

## Teaming up to benefit ecologically important lands

Strathcona County has partnered with the Alberta Conservation Association (ACA) to manage a 160-acre parcel situated between the Strathcona Wilderness Centre and Elk Island National Park. The land was acquired by the County as part of the Legacy Lands program, established in 2006 to secure lands and heritage sites with significance to the community. The ecological importance of this property and its close proximity to other conservation locations will provide ample opportunity to showcase the complexity of this habitat through interpretive trails and programs.



## Building community ... through protection and safety

### Crime Prevention Plan

The Strathcona County Community Partners in Action Committee (CPAC) is an interdisciplinary, collaborative group who work together to identify and address social gaps and needs in our community. In 2010, they received a grant from the Safe Communities Innovation Fund to develop a multi-faceted plan to address community safety and the root causes of crime. Priority areas were identified and strategies developed to reduce the overall amount of crime and increase the perception of community safety.

### Policing priorities see results

The RCMP and Strathcona County Enforcement Services' integrated service delivery model has helped make Strathcona County one of the safest communities in Alberta. Three 2010 policing priorities saw:

- Improvements to traffic safety, through the collaborative Strathcona County traffic safety program that includes both enforcement strategies and public education initiatives, resulting in a substantial reduction in fatal and injury collisions.
- Work to reduce the impact of illicit drugs, with the RCMP Drug Unit continuing to target and dismantle some very prominent and highly organized criminal operations. In 2010, 57 drug-related charges were laid against 15 individuals.
- Efforts to reduce "break and enters," which continue to be a challenge with such property crimes often generated out of low-level drug use. There was a marked increase in incidents of break and enters to garages and theft from vehicles. While the dollar value for most of these incidents was quite small, these two areas of property crime combined is more of a problem than the previous year. The RCMP experienced a very successful year in solving many major crime investigations, including arrests in 10 business robberies.

### Driver speed feedback signs explore effectiveness to slow down motorists

Strathcona County purchased five driver speed feedback signs – one for each of the five urban wards. The signs alerted motorists of their speed displayed on a lighted board. Signs were placed on collector roads and also placed in school and playground zones for a period of eight weeks. The first two weeks the sign was in stealth mode gathering speed data on passing cars. The display was then activated. The final two weeks, the sign was once again in stealth mode. Traffic engineers will be analyzing the information to see whether the speed being displayed makes a difference to drivers' speeds.

### Expansion to Fire Station #5

The expansion and renovations to Emergency Services' Fire Station #5 on Clover Bar Road were completed in 2010, helping to increase response capability.

### Fire Station #6 in planning stage

Planning is well in the works for the new Emergency Services' Fire Station #6. It will be located west of the RCMP detachment on Bison Way in Sherwood Park. The new station will provide the emergency response capabilities to serve the needs of a growing municipality. The addition of Fire Station #6 is estimated to improve response to more than 1,000 emergency incidents per year by an average of 2.5 minutes. Its location will enhance emergency response to Sherwood Park, rural Strathcona and industrial areas.

### FireSmart information sessions

In the spring of 2010, information sessions for residents and business owners in rural Strathcona shared ways to protect rural properties from the risk of wildfires. Strathcona County Emergency Services, Shell and Partners in Protection teamed up to host three community information sessions.





## Building community ... through quality programs and services

### Affordable housing progress

2010 saw the completion of many affordable housing projects and the start of new housing programs in Strathcona County:

- 🍃 **Robin Hood Association's Aspen Village** opened in March, and is home to 36 individuals with developmental disabilities.
- 🍃 **Pioneer Housing Foundation** completed Silver Birch Manor, which is connected to Silver Birch Lodge, a building with 60 self-contained apartments for low-income seniors.
- 🍃 **Habitat for Humanity** held a dedication ceremony in December for the two of three completed townhomes in Emerald Hills, now home to two deserving families in Strathcona County.
- 🍃 2010 also saw the start of **The HOME Program**, which provides information and down payment assistance to low-income, first-time homeowners in Strathcona County. To date, this program has provided a total of \$70,000 to 14 individuals and families in the purchase of their first home and will continue running in 2011, along with the **Secondary Suites Grant Program**, which provides grants to homeowners who want to develop an affordable rental suite in their home.



### Older Adults Plan

New initiatives continue to be developed as the result of the approval of the Older Adults Plan in June 2009. Programs supporting seniors living in their own homes remained a priority in 2010:

- 🍃 **Lawn Busters** was introduced to provide lawn mowing assistance to low-income seniors. The program matches eligible seniors with volunteers who will help them with their yard maintenance. Assistance with home maintenance is one of the best ways to help seniors remain in their homes longer.
- 🍃 A kind visit can make a big impact for seniors. **The Friendly Visitor Program** began to assist isolated seniors in continuing to live independently in our community by providing a needed social connection. This program matches caring community volunteers with seniors to provide in-person visits or telephone calls on a regular basis. Social connections help reduce isolation, and enhance health and security for older adults.
- 🍃 A new **Seniors Resource Directory** provides assistance for older adults and their family members to find important information about community programs and services appropriate for them.

### SCRAP — first program of its kind in Canada

The Strathcona County Reduction of Abandoned Products (SCRAP) Program, a new county-wide program launched in 2010, is a flexible program that helps residents organize removal of abandoned products on their own initiative. It offers information on how to safely dispose of, or recycle abandoned products, and contacts for removal services. An increasing amount of abandoned items and metal materials are found on property throughout Strathcona County, and this program shares ways to properly remove the materials to benefit the environment. The first of its kind in Canada, SCRAP was spearheaded through the Strathcona County Environmental Advisory Committee.

## Transit explores new heights with double-decker bus pilot



In September 2010, Strathcona County Transit began to explore if a double-decker is the correct high-capacity bus for the County. A year-long pilot is determining how passengers and operators feel about

this new type of bus. The bus' performance is being tested in a variety of ways, including its handling in extreme weather, capacity and comfort. Transit is looking at different high-capacity bus types for best cost-effectiveness and efficiency to carry more passengers on the high-demand commuter routes.

## Maintaining water levels at Heritage Hills Wetlands

In fall 2010, vegetation management activities were conducted in Heritage Hills to ensure water levels are maintained as originally designed. Heritage Hills Wetlands had a build up of old cattails that created an "organic matt" caused by years of growth and die back. Vegetation removal is a management process that needs to be done about every 10 to 15 years depending on the vegetation growth.



## More water conservation

Low-flush toilets for the department's water rebate program must now meet WaterSense® standards as set by the US Environmental Protection Agency. Climate Change Central will continue to administer the toilet rebate program as well as our front-load washer rebate program. In 2010, a total of 332 toilets and 577 front-load washer rebates were given out for a combined annual water savings of 20,902 cubic metres.

## Equipment that's making a difference

- One new snow blower was added to the Strathcona County fleet in 2010. This addition increased Transportation and Agriculture's arsenal of large loader-mounted snow blowers from four to five units. It loads 3,000 tons of snow per hour.
- Seven new hybrid buses, six new clean-burning diesel buses and four new SCAT buses (which provide senior citizens and persons with disabilities transportation service) arrived in 2010. These additions make our transit system and community even more environmentally responsible and accessible.
- In 2010, Utilities implemented the mobile version of the VUEWorks program that included using Netbooks for field staff to provide immediate and direct access to maps and the history. This offered many efficiencies including streamlined locate requests and meter installation appointments.





## Building community ... through engagement and participation

### Effective public engagement builds strong communities

Recognizing the growing demand for public engagement and the value of public contribution to decision making, Strathcona County created a new policy and accompanying framework for public engagement.

The framework, approved in 2010 and built with community input, guides and supports consistent, coordinated processes and practices regarding all types of public engagement that would be applied throughout the organization.

The public engagement vision: Strathcona County citizens of all ages are meaningfully engaged in civic life where their voices strengthen decisions and their involvement helps build community where they live, work, learn, and play.

### Strathcona County Election

Strathcona County conducted Municipal and School Trustee elections on Monday, October 18, 2010. A small complement of County staff and approximately 250 election workers teamed up to implement a smoothly run election process that saw 36.6 per cent of our residents exercise their right to vote. Local authority elections are held every three years.



### Olympic Torch Run builds community spirit

On January 13, 2010, Strathcona County proudly welcomed the 2010 Olympic Torch Relay as one of the official stops on its journey to Vancouver. To build excitement for the arrival of the official Olympic Flame, local schools teamed up with Recreation, Parks and Culture to create a torch relay of their own to show Olympic spirit and Canadian pride. From January 5 to 13, more than 8,000 elementary students in Strathcona County connected with each other to take part in the School's Torch Relay.



### Neighbour Day celebrated

September 16, 2010 was Neighbour Day. This special day is to recognize everyday ways that neighbours enhance our lives and to encourage residents to get to know their neighbours because it helps foster a safer, healthier community. This was the second year that Neighbour Day has been celebrated in Strathcona County. The concept of Neighbour Day originally began in Australia in 2003.



## Everybody Gets to Play™ ever stronger



A number of community events were held in 2010, in connection with Everybody Gets to Play™:

- 🍃 Four Play Day events took place: Strathcona Wilderness Centre on Family Day, Ministik School in May and Broadmoor Lake Park in July and August.
- 🍂 More than 65 youth attended the first Youth Plug In event. This was a collaborative effort that involved a number of youth oriented agencies including the Everybody Gets to Play™ initiative designed to increase awareness about resources available for youth in Strathcona County. Air Products Canada is a founding partner, committed to sponsoring Everybody Gets to Play™ in Strathcona County for the next three years. The Sherwood Park Elks are committed to a five-year sponsorship. Servus Credit Union brought Play Day to Millennium Place in November 2010, which included a community donation campaign that raised \$6,200 for Everybody Gets to Play™.

**Everybody gets to play®**  
Recreation without barriers





## Building community... 2010 awards and congratulations

### KEYS earns two partnership awards

Keys to Empowering Youth to Succeed (KEYS), a mental health promotion and prevention program, received two partnership awards in 2010:

- 🍃 The Excellence in Learning Partnerships Award from The Alberta School Councils' Association
- 🍃 The Canadian Mental Health Association Edmonton Region award for demonstrating leadership in making mental health matter, and promoting mental health in a positive way that reduces stigma.

### First Canadian community to earn Celebration Award

Strathcona County Recreation, Parks and Culture received the Celebration Award from the Arbor Day Foundation. The foundation honours tree planters, conservation groups and organizations through its National Arbor Day Awards. This is the first time a Canadian community has been recognized.

### County blooms big again

Strathcona County was a participant in the Circle of Excellence category in the 2010 National Edition of Communities in Bloom. The County received a five-bloom rating with a special mention for cooperative efforts of all sectors. Strathcona County also received the Sustainable Development Award, presented by Canada Lands Company.



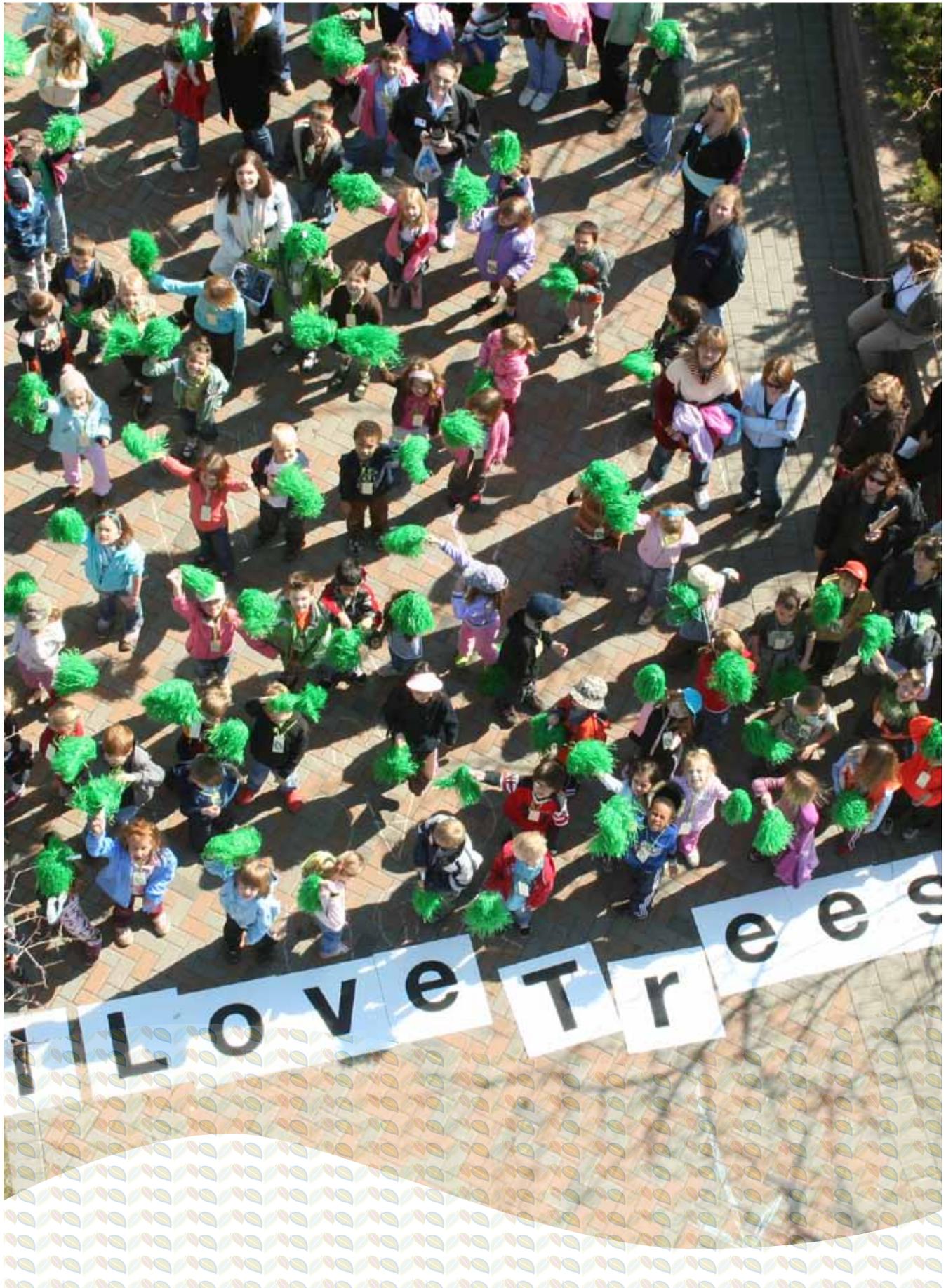
### 2010 Provincial Agricultural Service Board Tour

Strathcona County hosted the 2010 Provincial Agricultural Service Board Tour in July. Approximately 400 Agricultural Service Board members, consisting of Municipal Councillors and agricultural representatives from rural municipalities throughout Alberta, attended the four-day event. This event focused on agriculture and agri-business opportunities within Strathcona County. Despite the down pour weather, congratulations to Transportation and Agriculture Services for its leadership in coordinating a tremendously successful tour.

### Youth Council celebrated 20th Anniversary

The Strathcona County Youth Council, the longest running Youth Council in Alberta, kicked off its 20th anniversary celebrations with an event in November 2010. Since its inception in 1990, the council has had over 250 members, who have contributed more than 25,000 volunteer hours and completed over 150 youth projects and activities. The celebrations will continue into 2011.









### Section III

#### Consolidated Financial Statements

Year ended December 31, 2010

Management Report . . . . .	42
Auditors' Report . . . . .	43
Consolidated Statement of Financial Position. . . . .	44
Consolidated Statement of Operations and Accumulated Surplus . . . . .	45
Consolidated Statement of Change in Net Debt . . . . .	46
Consolidated Statement of Cash Flows . . . . .	47
Notes to Consolidated Financial Statements . . . . .	48

*Building Community*

## Management Report

The accompanying consolidated financial statements and other information in the Financial Report are the responsibility of the management of Strathcona County.

These consolidated financial statements have been prepared by management. Financial statements are not precise since they include certain amounts based on estimates and judgements. Management has determined such amounts within reasonable limits of materiality in order to ensure that the financial statements are presented fairly in all material respects.

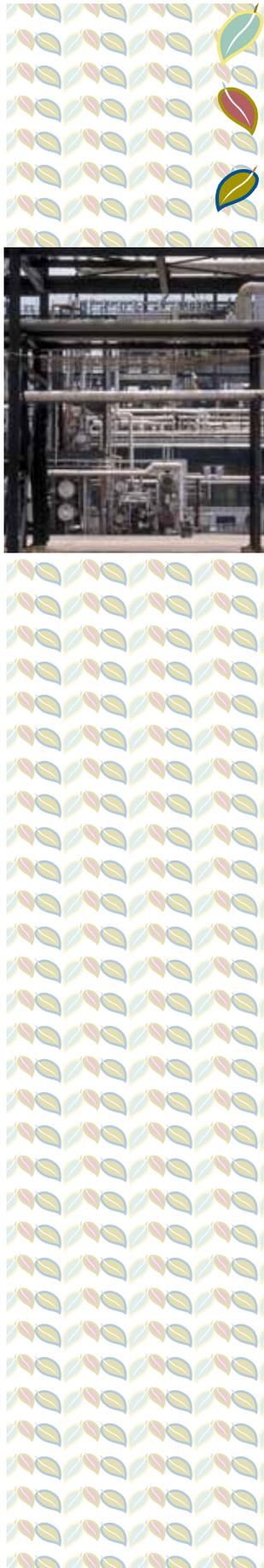
The County maintains systems of internal accounting and administrative controls that are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and that the County's assets are properly accounted for and adequately safeguarded.

The elected Council of Strathcona County is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the financial statements. Council generally meets twice a year with management and the external auditors, to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, and to satisfy itself that each party is properly discharging its responsibilities. Council approves the engagement or reappointment of the external auditors. In addition to the above, quarterly financial reports are presented to Council.

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



George J. Huybregts, CMA  
Associate Commissioner, Corporate Services/County  
Treasurer  
April 26, 2011



## Independent Auditors' Report

### To the Mayor and Members of Council of Strathcona County

We have audited the accompanying consolidated financial statements of Strathcona County ("the County"), which comprise the consolidated statement of financial position as at December 31, 2010, the consolidated statements of operations and accumulated surplus, change in net debt and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

#### Management's responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

#### 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 the County as at December 31, 2010, and its consolidated results of operations and its consolidated change in its net debt and cash flows for the year then ended in accordance with Canadian public sector accounting standards.



KPMG LLP

Chartered Accountants

April 26, 2011

Edmonton, Canada



# Strathcona County

## Consolidated Statement of Financial Position

As at December 31, 2010 (in thousands of dollars)

	<u>2010</u>	<u>2009</u>
		(Restated - Notes 2, 26)
<b>Financial Assets</b>		
Cash and Temporary Investments (Note 3)	\$ 17,195	\$ 10,513
Accounts Receivable		
Property Taxes	3,156	2,753
Government Transfers	348	3,297
Trade and Other	24,578	15,314
Development Levies and Charges	3,876	2,098
Land Held for Resale (Note 5)	2,630	2,688
Investments (Note 6)	230,429	228,413
	<u>282,212</u>	<u>265,076</u>
<b>Financial Liabilities</b>		
Accounts Payable and Accrued Liabilities	50,892	44,080
Deposit Liabilities (Note 7)	23,827	17,733
Deferred Revenue (Note 8)	101,072	98,607
Provision for Landfill Post-Closure Costs (Note 9)	146	300
Capital Leases (Note 10)	4,893	5,710
Long-Term Debt (Note 11)	167,908	121,082
	<u>348,738</u>	<u>287,512</u>
<b>Net Debt</b>	<u>(66,526)</u>	<u>(22,436)</u>
<b>Non-Financial Assets</b>		
Tangible Capital Assets (Note 13)	1,405,630	1,292,992
Inventories of Supplies	554	547
Prepaid Expenses	1,672	1,578
	<u>1,407,856</u>	<u>1,295,117</u>
<b>Accumulated Surplus</b> (Note 15)	<u>\$ 1,341,330</u>	<u>\$ 1,272,681</u>

Commitments and Contingencies (Note 22)

See accompanying Notes to Consolidated Financial Statements.



# Strathcona County

## Consolidated Statement of Operations and Accumulated Surplus

Year ended December 31, 2010 (in thousands of dollars)

	Budget (Unaudited - Note 25)	2010	2009 (Restated - Notes 2, 26)
<b>Revenue</b>			
Property Taxes (Note 16)	\$ 142,055	\$ 142,431	\$ 139,572
Government Transfers (Note 17)	21,127	37,512	61,860
Utility User Rates	41,456	40,547	39,504
User Fees and Charges	35,465	38,787	34,885
Penalties and Fines	5,825	5,480	5,373
Investment Income	1,950	4,030	2,282
Other Capital Revenues (Note 18)	11,716	11,715	9,357
Contributed Tangible Capital Assets	—	19,999	38,533
Other	7,693	9,131	6,733
<b>Total Revenue</b>	<b>267,287</b>	<b>309,632</b>	<b>338,099</b>
<b>Expenses</b>			
<b>Infrastructure and Planning Services</b>			
Economic Development and Tourism	863	851	741
Engineering and Environmental Planning	4,891	5,324	5,011
Planning and Development Services	6,299	5,503	5,912
Transportation and Agriculture Services	19,408	20,017	18,450
Utilities	40,859	41,033	37,929
	<b>72,320</b>	<b>72,728</b>	<b>68,043</b>
<b>Community Services</b>			
Emergency Services	20,421	21,171	20,713
Family and Community Services	5,776	6,216	5,799
Strathcona Transit	15,113	13,755	12,607
RCMP and Enforcement Services	16,242	15,189	13,925
Recreation, Parks and Culture	32,787	33,080	30,621
	<b>90,339</b>	<b>89,411</b>	<b>83,665</b>
<b>Corporate Services</b>	<b>26,565</b>	<b>24,210</b>	<b>24,035</b>
Senior Administration	3,503	4,093	3,691
Elected Officials	1,150	1,087	1,083
Fiscal Services	36,617	37,870	35,786
Strathcona County Library	7,224	6,940	5,303
Pioneer Housing Foundation	3,923	4,644	3,848
	<b>78,982</b>	<b>78,844</b>	<b>73,746</b>
<b>Total Expenses</b>	<b>241,641</b>	<b>240,983</b>	<b>225,454</b>
<b>Annual Surplus</b> (Note 26)	<b>25,646</b>	<b>68,649</b>	<b>112,645</b>
<b>Accumulated Surplus, Beginning Of Year</b> (Note 26)	<b>1,266,261</b>	<b>1,272,681</b>	<b>1,160,036</b>
<b>Accumulated Surplus, End Of Year</b>	<b>\$ 1,291,907</b>	<b>\$ 1,341,330</b>	<b>\$ 1,272,681</b>

See accompanying Notes to Consolidated Financial Statements.



# Strathcona County

## Consolidated Statement of Change in Net Debt

Year ended December 31, 2010 (in thousands of dollars)

	Budget (Unaudited - Note 25)	2010	2009 (Restated - Notes 2, 26)
<b>Annual Surplus</b>	\$ 25,646	\$ 68,649	\$ 112,645
Acquisition of Tangible Capital Assets	(66,411)	(129,767)	(105,959)
Contributed Tangible Capital Assets	—	(19,999)	(38,533)
Amortization of Tangible Capital Assets	35,690	36,561	36,694
Loss (Gain) on Sale of Tangible Capital Assets	—	190	(641)
Proceeds on Sale of Tangible Capital Assets	—	377	862
	<u>(5,075)</u>	<u>(43,989)</u>	<u>5,068</u>
Acquisition of Inventory of Supplies	(900)	(991)	(698)
Acquisition of Prepaid Expenses	(1,000)	(2,664)	(1,792)
Use of Inventory of Supplies	900	984	683
Use of Prepaid Expenses	1,000	2,570	1,549
	<u>—</u>	<u>(101)</u>	<u>(258)</u>
<b>Decrease (Increase) in Net Debt</b>	(5,075)	(44,090)	4,810
<b>Net Debt, Beginning of Year</b>	(17,621)	(22,436)	(27,246)
<b>Net Debt, End of Year</b>	<u>\$ (22,696)</u>	<u>\$ (66,526)</u>	<u>\$ (22,436)</u>

See accompanying Notes to Consolidated Financial Statements.



# Strathcona County

## Consolidated Statement of Cash Flows

Year ended December 31, 2010 (in thousands of dollars)

	2010	2009
		(Restated - Notes 2, 26)
<b>Net Inflow (Outflow) of Cash Related to the Following Activities:</b>		
<b>Operating</b>		
Annual Surplus	\$ 68,649	\$ 112,645
Items Not Involving Cash:		
Contributed Tangible Capital Assets	(19,999)	(38,533)
Amortization Expense	36,561	36,694
Amortization of Premium on Investments	193	163
Loss (Gain) on Disposal of Tangible Capital Assets	190	(641)
Loss (Gain) On Disposal of Investments	(809)	35
Changes to Non-Cash Assets and Liabilities:		
Property Taxes Receivable	(403)	360
Government Transfers Receivable	2,949	(813)
Trade and Other Receivables	(9,264)	(2,196)
Development Levies and Charges	(1,778)	1,441
Land Held for Resale	58	(184)
Accounts Payable and Accrued Liabilities	6,812	11,560
Deposit Liabilities	6,094	(1,106)
Deferred Revenue	2,465	(2,724)
Provision for Landfill Post-Closure Costs	(154)	(1,621)
Inventories of Supplies	(7)	(15)
Prepaid Expenses	(94)	(243)
Cash Provided by Operating Activities	91,463	114,822
<b>Capital</b>		
Proceeds from sale of Tangible Capital Assets	377	862
Acquisition of Tangible Capital Assets	(129,767)	(105,959)
Cash Applied to Capital Activities	(129,390)	(105,097)
<b>Investing</b>		
Decrease in Loans Receivable	—	1,500
Purchase of New Investments	(189,461)	(481,835)
Proceeds from Investments Matured/ Sold	188,061	295,886
Cash Applied to Investing Activities	(1,400)	(184,449)
<b>Financing</b>		
Demand Loan Repaid	—	(10)
Capital Leases Issued	1,367	2,549
Long-Term Debt Issued	55,526	41,762
Capital Leases Repaid	(2,184)	(1,887)
Long-Term Debt Repaid	(8,700)	(7,256)
Cash Provided by Financing Activities	46,009	35,158
<b>Increase (Decrease) in Cash and Temporary Investments</b>	6,682	(139,566)
<b>Cash and Temporary Investments, Beginning of Year</b>	10,513	150,079
<b>Cash and Temporary Investments, End of Year</b>	\$ 17,195	\$ 10,513
Cash Paid for Interest	\$ 7,156	\$ 5,105
Cash Received from Interest	\$ 4,240	\$ 4,141

See accompanying Notes to Consolidated Financial Statements.



# Strathcona County

## Notes to Consolidated Financial Statements

Year ended December 31, 2010 (in thousands of dollars)

Strathcona 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 Strathcona County (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) Basis of Consolidation

##### i) Consolidated Entities

The consolidated financial statements reflect the assets, liabilities, revenues, expenses, and change in net debt of the reporting entity which includes the Strathcona County Library (the Library) and Pioneer Housing Foundation (PHF). Interdepartmental and interorganizational transactions and balances between the County, the Library and PHF have been eliminated. The Library and PHF are held accountable for the administration of their financial affairs and resources to Strathcona County Council.

##### ii) Accounting for Housing Management Bodies and School Board Transactions

The taxation, other revenues, expenses, assets and liabilities with respect to the operations of housing management bodies and the school boards are not reflected in these consolidated financial statements.

#### b) Related Entities

The County is the sole member of Seniors Management Services (incorporated as a management body pursuant to the provisions of the Alberta Housing Act). The nature of the incorporation of this management body is such that the profits, if any, or any other income of the management body is applied to promoting its objects, and the payment of any dividend or, in certain cases, a return of assets to the member of the management body is prohibited. A summary of the financial information for this management body is provided for information.

The County is a member of The Festival Place Society (incorporated as a Society under the Alberta Societies Act). In accordance with the bylaws of the Society, two members of Strathcona County Council shall be appointed to the board of directors of The Festival Place Society.

The County is also a member of various utility commissions. Under regulation, the Province of Alberta has established these commissions pursuant to the provisions of the MGA. The nature of the establishment and operation of these commissions is such that profits, if any, or any other income of the commissions are retained by the commissions. Further, section 602.4 of the MGA provides that the Lieutenant Governor in Council, on the recommendation of the Minister, may make regulations disestablishing a commission and respecting its winding-up.

All financial transactions with related entities that the County is a member of are recognized and recorded in the audited consolidated financial statements of the County. These transactions are in the normal course of operations and are measured at the exchange amounts, which is the amount of consideration established and agreed to by the related parties.



# Strathcona County

## Notes to Consolidated Financial Statements

Year ended December 31, 2010 (in thousands of dollars)

### 1. Significant Accounting Policies (continued)

#### c) 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.

#### d) Use of Estimates

The preparation of consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and 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. Where measurement uncertainty exists, the consolidated financial statements have been prepared within reasonable limits of materiality.

In addition, the County's implementation of PSAB 3150 has required management to make estimates of historical cost and useful lives of tangible capital assets.

Actual results could differ from those estimates.

#### e) 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.

#### f) 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 that is 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 the funding government or related Act, investment income earned on deferred revenue is added to the investment and forms part of the deferred revenue balance.

#### g) Requisition Overlevies and Underlevies

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

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

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



# Strathcona County

## Notes to Consolidated Financial Statements

Year ended December 31, 2010 (in thousands of dollars)

### 1. Significant Accounting Policies (continued)

#### h) Prepaid 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.

Where a taxpayer has elected to prepay the outstanding local improvement charges, such amounts are recorded as deferred revenue. Deferred revenue is amortized to revenue on a straight line basis over the remaining term of the related borrowings. In the event that the prepaid amounts are applied against the related borrowings, the deferred revenue is amortized to revenue by the amount equal to the debt repayment.

#### i) Deferred Revenue

Deferred revenue consists of conditional government transfers, unearned revenue and development levies. These amounts are recognized as revenues in the fiscal year when the related expenses are incurred, services performed or the tangible capital assets are acquired.

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.

#### j) Pension Expenses

Contributions for current and past service pension benefits are recorded as expenses in the year in which they become due.

#### k) Provision for Landfill Post-Closure Costs

Pursuant to the Alberta Environment Protection and Enhancement Act, the County is required to fund the closure and post-closure care of its landfill sites. Closure and post-closure activities include environmental analysis and risk management studies; the landfill cover, landscaping and wetland remediation; and annual surface and ground water monitoring, leachate control, and visual inspection.

#### l) Government Transfers

Government transfers are recognized in the consolidated financial statements as revenues in the period that the events giving rise to the transfer occurred, provided the transfers are authorized, reasonable estimates of the amounts can be made, and for conditional grants that any eligibility criteria have been met.

#### 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.



# Strathcona County

## Notes to Consolidated Financial Statements

Year ended December 31, 2010 (in thousands of dollars)

### 1. Significant Accounting Policies (continued)

#### 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 cost, less residual value of the tangible capital assets excluding land, is amortized on a straight-line basis over the estimated useful lives as follows:

Asset	Useful Life - Years
Land Improvements	15 — 25
Buildings	10 — 50
Engineered structures	
Roadway system	10 — 50
Water distribution system	35 — 90
Wastewater treatment system	25 — 75
Storm sewer system	25 — 75
Other engineered structures	5 — 40
Machinery and equipment	4 — 40
Books and periodicals	10
Vehicles	4 — 20

One-half of the annual amortization is charged in the year of acquisition and in the year of disposal. 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 at the date of receipt and are also recorded as revenue.

#### iii) Leased Tangible Capital Assets

Leases which transfer substantially all of 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 Supplies

Inventories of supplies includes roadway maintenance materials; vehicle, equipment and facility parts; supplies and materials; and print shop materials. Inventories of materials and supplies are valued at the lower of cost or replacement cost with cost determined by the average cost method.

#### v) Cultural and Historical Assets

Works of art for display and historical assets are not recorded as assets in these financial statements.



# Strathcona County

## Notes to Consolidated Financial Statements

Year ended December 31, 2010 (in thousands of dollars)

### 2. Changes In Accounting Policies

The County has implemented the transitional provisions of PSAB Section PS 1300 Government Reporting Entity. PS 1300 defines the scope of the government reporting entity in terms of the organizations whose financial affairs and resources would be included in government financial statements and establishes standards on how to account for and disclose those organizations in government financial statements.

PHF meets the criteria of a Government Not-for-Profit organization requiring line-by-line consolidation into the County’s consolidated financial statements. In prior years, PHF was accounted for on a modified equity basis.

This change had been applied retroactively and prior periods have been restated. The impact of this change in accounting policy resulted in a \$2,315 increase in the December 31, 2008 accumulated surplus, a \$4,105 increase in the 2009 annual surplus, and a \$6,420 increase in the accumulated surplus as at December 31, 2009 (Note 26).

### 3. Cash And Temporary Investments

	<u>2010</u>	<u>2009</u> (Restated - Note 2)
Cash	\$ 2,825	\$ 3,075
Temporary Investments	<u>14,370</u>	<u>7,438</u>
	<u>\$ 17,195</u>	<u>\$ 10,513</u>

Temporary investments are comprised of term deposits with effective interest rates of 1.33 to 1.37 per cent (2009 – 0.59 to 3.25 per cent) and mature in 90 days or less from the date of acquisition. Temporary investments also consist of a highly liquid pooled deposit portfolio which earns income varying rates.

### 4. Available Credit Facilities

The County has an operating line of credit available for use, up to a maximum of \$5,000 (2009 – \$10,000), bearing interest at prime rate minus 0.25 per cent and is secured by the County at large. As at December 31, 2010, nil (2009 – 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, bearing interest at prime minus 0.25 per cent and is secured by the County at large. As at December 31, 2010, nil (2009 – nil) was drawn against the available acquisition line of credit.

Pioneer Housing Foundation has available a \$100,000 demand overdraft with interest payable at prime plus 1.00% with security provided by a \$100,000 overdraft protection agreement, general security agreement and a first charge and interest in the organization’s subsequently held term deposits in the amount of \$100,000.



# Strathcona County

## Notes to Consolidated Financial Statements

Year ended December 31, 2010 (in thousands of dollars)

### 5. Land Held For Resale

The County has entered into a master sales agreement for the sale and development of land held for resale, which includes performance criteria and default provisions. Upon the occurrence of an event of default, the County may terminate the agreement, wherein all monies paid by the developer to the County would be forfeited. Government transfers received related to the project, together with proceeds from the sale of the land, net of development costs, are held in reserve for future use.

	<u>2010</u>	<u>2009</u>
Land Held for Resale	\$ <u>2,630</u>	\$ <u>2,688</u>

### 6. Investments

	<u>2010</u>		<u>2009</u>	
	Carrying Amount	Market Value	Carrying Amount Restated	Market Value Restated
Fixed Income:				
Term Deposits and Notes	\$ 113,214	\$ 113,161	\$ 160,427	\$ 160,426
Government Guaranteed Bonds	117,215	122,155	64,384	66,261
Corporate Bonds	—	—	3,602	3,755
	<u>\$ 230,429</u>	<u>\$ 235,316</u>	<u>\$ 228,413</u>	<u>\$ 230,442</u>

Term deposits and notes, government guaranteed bonds and corporate bonds have effective interest rates of 1.17 to 4.75 per cent (2009 – 0.91 to 5.64 per cent) with maturity dates from January 2011 to February 2027 (2009 – March 2010 to June 2037).

The market value of the bonds is based on quoted market values. The market value of the bonds fluctuates with changes in market interest rates. When there has been a loss in value that is other than a temporary decline, the respective investment is written down to recognize the loss. Market values are based on market conditions at a certain point in time and as such, may not be reflective of future fair values. The carrying amounts exclude accrued interest receivable in the amount of \$4,814 (2009 – \$3,026) which has been included in Trade and Other Receivables.

### 7. Deposit Liabilities

	<u>2010</u>	<u>2009</u>
Security Deposits	\$ 21,396	\$ 15,075
Overlevies	230	38
Damage Deposits	75	85
Land Deposits	1	5
Other Deposits	2,125	2,530
	<u>\$ 23,827</u>	<u>\$ 17,733</u>



# Strathcona County

## Notes to Consolidated Financial Statements

Year ended December 31, 2010 (in thousands of dollars)

### 8. Deferred Revenue

Deferred revenue comprises the funds noted below, the use of which, together with any earnings thereon, is externally restricted. These funds are recognized as revenue in the period they are used for the purpose specified.

	Balance at December 31 2009 <small>(Restated - Note 2)</small>	Contributions	Interest Earned	Contributions Used	Balance at December 31 2010
Deferred Capital Grants	\$ 47,935	\$ 27,862	\$ 1,088	\$ (28,407)	\$ 48,478
Deferred Operating Grants	5,640	11,657	152	(9,105)	8,344
Development Levies	42,659	1,872	821	(3,905)	41,447
Other	2,373	7,776	—	(7,346)	2,803
	<u>\$ 98,607</u>	<u>\$ 49,167</u>	<u>\$ 2,061</u>	<u>\$ (48,763)</u>	<u>\$ 101,072</u>

### 9. Provision For Landfill Post-Closure Costs

Alberta environmental law requires closure and post-closure care of its landfill sites, which includes landscaping and ongoing environmental monitoring, site inspections and maintenance. The liability for the closure and post-closure care of one County decommissioned landfill site is estimated to amount to \$146 (2009 – \$300).

The estimated post-closure care costs will be funded from current operations and reserve funds as determined by the County's business plan and budget process.

### 10. Capital Leases

	2010	2009
Capital Leases	<u>\$ 4,893</u>	<u>\$ 5,710</u>

Capital leases have been issued on the credit and security of the County at large. Capital leases bear interest at rates ranging from 3.62 to 6.78 per cent (2009 – 3.62 to 6.78 per cent) and mature in periods 2010 to 2014.

Capital lease principal and interest payments are due as follows:

	Principal	Interest	Total
2011	\$ 2,024	\$ 204	\$ 2,228
2012	1,605	105	1,710
2013	804	42	846
2014	460	11	471
	<u>\$ 4,893</u>	<u>\$ 362</u>	<u>\$5,255</u>



# Strathcona County

## Notes to Consolidated Financial Statements

Year ended December 31, 2010 (in thousands of dollars)

### 11. Long-Term Debt

	2010	2009
Tax-supported Debentures - Municipal	\$ 49,432	\$ 36,139
Tax-supported Debentures - Library	23,941	10,635
	<u>73,373</u>	<u>46,774</u>
Non Tax-supported Debentures - Municipal	29,738	32,070
Non Tax-supported Debentures - Utilities	52,070	38,790
Non Tax-supported Debentures - Pioneer Housing Foundation	12,727	3,448
	<u>94,535</u>	<u>74,308</u>
	<u>\$ 167,908</u>	<u>\$ 121,082</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 3.973 to 9.125 per cent (before Provincial subsidy), and matures in periods 2012 through 2035. Sixty one debentures have been issued for terms exceeding 15 years. The balance, including all tax supported debentures, has been issued for terms of 15 years or less. Through the Municipal Debenture Interest Rebate Program, the Province of Alberta rebates 60 per cent of interest in excess of 8 per cent for qualifying debentures.

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

	Principal	Interest	Total
2011	\$ 9,932	\$ 8,030	\$ 17,962
2012	10,465	7,497	17,962
2013	10,747	6,935	17,682
2014	11,101	6,359	17,460
2015	10,329	5,785	16,114
Thereafter	115,334	47,859	163,193
	<u>\$ 167,908</u>	<u>\$ 82,465</u>	<u>\$ 250,373</u>

### 12. 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:

	2010	2009
Total Debt Limit	\$ 391,840	\$ 378,616
Total Debt	172,801	126,792
Percentage Used	44.1%	33.5%
Service on Debt Limit	\$65,307	\$63,103
Service on Debt	20,190	16,571
Percentage Used	30.9%	26.3%

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 financial statements must be interpreted as a whole.



# Strathcona County

## Notes to Consolidated Financial Statements

Year ended December 31, 2010 (in thousands of dollars)

### 13. Tangible Capital Assets

	Balance at December 31 2009	Additions	Disposals	Balance at December 31 2010
<b>Cost</b>	(Restated - Notes 2, 26)			
Land	\$ 386,321	\$ 8,554	\$ (29)	\$ 394,846
Land Improvements	43,175	3,001	(388)	45,788
Buildings	153,355	106,448	(1,511)	258,292
Engineered Structures	847,932	40,646	(17,029)	871,549
Machinery and Equipment	38,195	8,943	(1,862)	45,276
Books and Periodicals	3,039	1,015	(251)	3,803
Vehicles	47,981	5,524	(2,867)	50,638
Assets under Construction	134,930	(24,365)	—	110,565
<b>Total</b>	<b>\$ 1,654,928</b>	<b>\$ 149,766</b>	<b>\$ (23,937)</b>	<b>\$ 1,780,757</b>
	Balance at December 31 2009	Disposals	Amortization Expenses	Balance at December 31 2010
<b>Accumulated Amortization</b>	(Restated - Notes 2, 26)			
Land	\$ —	\$ —	\$ —	\$ —
Land Improvements	18,890	(377)	2,094	20,607
Buildings	49,597	(1,512)	4,054	52,139
Engineered Structures	254,738	(17,029)	22,407	260,116
Machinery and Equipment	15,309	(1,746)	4,250	17,813
Books and Periodicals	1,324	(251)	382	1,455
Vehicles	22,078	(2,455)	3,374	22,997
Assets under Construction	—	—	—	—
<b>Total</b>	<b>\$ 361,936</b>	<b>\$ (23,370)</b>	<b>\$ 36,561</b>	<b>\$ 375,127</b>
	Net Book Value December 31 2009			Net Book Value December 31 2010
<b>Land</b>	(Restated - Notes 2, 26)			
Land	\$ 386,321			\$ 394,846
Land Improvements	24,285			25,181
Buildings	103,758			206,153
Engineered Structures	593,194			611,433
Machinery and Equipment	22,886			27,463
Books and Periodicals	1,715			2,348
Vehicles	25,903			27,641
Assets under Construction	134,930			110,565
<b>Total</b>	<b>\$ 1,292,992</b>			<b>\$ 1,405,630</b>



# Strathcona County

## Notes to Consolidated Financial Statements

Year ended December 31, 2010 (in thousands of dollars)

### 13. Tangible Capital Assets (continued)

	Balance at December 31 2008	Additions	Disposals	Balance at December 31 2009
<b>Cost</b>	(Restated - Notes 2, 26)			
Land	\$ 361,777	\$ 24,544	\$ —	\$ 386,321
Land Improvements	41,913	2,038	(776)	43,175
Buildings	150,595	2,760	—	153,355
Engineered Structures	813,074	39,119	(4,261)	847,932
Machinery and Equipment	34,217	6,265	(2,287)	38,195
Books and Periodicals	2,499	540	—	3,039
Vehicles	47,609	2,161	(1,789)	47,981
Assets under Construction	67,865	67,065	—	134,930
<b>Total</b>	<b>\$ 1,519,549</b>	<b>\$ 144,492</b>	<b>\$ (9,113)</b>	<b>\$ 1,654,928</b>

	Balance at December 31 2008	Disposal	Amortization Expenses	Balance at December 31 2009
<b>Accumulated Amortization</b>	(Restated - Notes 2, 26)			
Land	\$ —	\$ —	\$ —	\$ —
Land Improvements	17,655	(776)	2,011	18,890
Buildings	44,618	—	4,979	49,597
Engineered Structures	236,226	(4,261)	22,773	254,738
Machinery and Equipment	14,188	(2,162)	3,283	15,309
Books and Periodicals	1,047	—	277	1,324
Vehicles	20,400	(1,693)	3,371	22,078
Assets under Construction	—	—	—	—
<b>Total</b>	<b>\$ 334,134</b>	<b>\$ (8,892)</b>	<b>\$ 36,694</b>	<b>\$ 361,936</b>

	Balance at December 31 2008	Net Book Value December 31 2009
<b>Land</b>	(Restated - Notes 2, 26)	
Land	\$ 361,777	\$ 386,321
Land Improvements	24,258	24,285
Buildings	105,977	103,758
Engineered Structures	576,848	593,194
Machinery and Equipment	20,029	22,886
Books and Periodicals	1,452	1,715
Vehicles	27,209	25,903
Assets under Construction	67,865	134,930
<b>Total</b>	<b>\$ 1,185,415</b>	<b>\$ 1,292,992</b>



# Strathcona County

## Notes to Consolidated Financial Statements

Year ended December 31, 2010 (in thousands of dollars)

### 13. Tangible Capital Assets (continued)

#### a) Assets under Construction

Assets under construction having a value of \$110,565 (2009 – \$134,930) have not been amortized. Amortization of these assets will commence when the asset is put into service.

#### b) Contributed Tangible Capital Assets

Contributed assets are recognized at fair market value at the date of contribution. The value of contributed assets received during the year is \$19,999 (2009 – \$38,533) comprised of roads infrastructure in the amount of \$6,882 (2009 - \$15,094), water and wastewater infrastructure in the amount of \$4,523 (2009 – \$1,372), land in the amount of \$8,539 (2009 – \$21,607), land improvements in the amount of \$55 (2009 - \$328), and machinery & equipment in the amount of nil (2009 – \$132).

#### c) Tangible Capital Assets Disclosed at Nominal Values

Where an estimate of fair value could not be made, the tangible capital asset is recognized at a nominal value. The County has not assigned nominal values to any assets.

#### d) 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 public display areas. These assets are not recorded as tangible capital assets and are not amortized.

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

The County did not write down any tangible capital assets in 2010 or 2009.

### 14. Invested In Tangible Capital Assets

	2010	2009 (Restated - Notes 2, 26)
Tangible Capital Assets - cost	\$ 1,780,757	\$ 1,654,928
Accumulated Amortization	(375,127)	(361,936)
Capital Leases	(4,893)	(5,710)
Long-Term Debt	(167,908)	(121,082)
	<u>\$ 1,232,829</u>	<u>\$ 1,166,200</u>

### 15. Accumulated Surplus

Accumulated surplus consists of unrestricted surplus, invested in tangible capital assets and reserves as follows:

	2010	2009 (Restated - Notes 2, 26)
<b>Surplus:</b>		
Unrestricted Surplus	\$ 6,400	\$ 7,365
Invested in Tangible Capital Assets	1,232,829	1,166,200
	<u>1,239,229</u>	<u>1,173,565</u>
<b>Reserves:</b>		
Operating Reserves	27,849	27,584
Capital Reserves	74,252	71,532
	<u>102,101</u>	<u>99,116</u>
	<u>\$ 1,341,330</u>	<u>\$ 1,272,681</u>



# Strathcona County

## Notes to Consolidated Financial Statements

Year ended December 31, 2010 (in thousands of dollars)

### 16. Property Taxes

	Municipal	Provincial	2010	2009
<b>Property Taxation</b>				
Residential and Farmland	\$ 59,151	\$ 34,520	\$ 93,671	\$ 91,216
Commercial and Industrial	76,099	8,857	84,956	82,857
Electric Power and Pipeline	5,712	2,103	7,815	7,126
Government Grants in Lieu of Taxes	176	54	230	231
Local Improvement Levies	140	—	140	272
Other	1,165	—	1,165	1,181
	<u>\$ 142,443</u>	<u>\$ 45,534</u>	<u>\$ 187,977</u>	<u>\$ 182,883</u>

#### Taxes Collected on Behalf of Requisitioning Authorities

Provincial Alberta School Foundation Fund	39,625	37,649
Elk Island CSRD No. 14	5,909	5,687
Provincial Requisitions	45,534	43,336
Seniors Management Services-change in underlevy/ (overlevy)	12	(25)
	<u>45,546</u>	<u>43,311</u>
	<u>\$ 142,431</u>	<u>\$ 139,572</u>

### 17. Government Transfers

	2010	2009
<b>Government Transfers for Operations</b>		
Federal Transfers	\$ 157	\$ 117
Provincial Transfers	8,948	14,664
	<u>9,105</u>	<u>14,781</u>
<b>Government Transfers for Capital</b>		
Federal Transfers		
Shared-Cost - CAMRIF	1,060	—
Other Transfers	1,820	2
Provincial Transfers		
Shared-Cost - CAMRIF	1,060	—
Other Transfers	24,467	47,077
	<u>28,407</u>	<u>47,079</u>
	<u>\$ 37,512</u>	<u>\$ 61,860</u>

The shared-cost agreement government transfers were received pursuant to the County's participation in the Canada – Alberta Rural Infrastructure Fund (CAMRIF). CAMRIF is a cost-shared partnership with each level of government (federal, provincial and local) contributing a one-third share toward the funding of eligible capital projects. Under CAMRIF, the County is eligible for \$3,000 of Federal funding and \$3,000 of Provincial funding over the life of the program (2006 – 2010). The County will contribute \$4,076 (including 100 per cent of related GST) towards one project with a total estimated value of \$10,982.



# Strathcona County

## Notes to Consolidated Financial Statements

Year ended December 31, 2010 (in thousands of dollars)

### 17. Government Transfers (continued)

The Provincial Government introduced the Alberta Municipal Infrastructure Program (AMIP) Grant in 2005 to assist municipalities in addressing capital infrastructure needs. In 2009, the County received its final per capital transfer allocation of \$14,452 under this program. During the year \$2,815 (2009 – \$28,326), which consists of amounts that had been deferred from prior years, was recognized in Provincial transfers for capital. At December 31, 2010, \$4,397 (2009 – \$7,089), including interest of \$124 (2009 – \$319), was deferred to future years.

The Major Community Facilities Program (MCFP) assists communities to plan, upgrade and develop large community-use facilities and places in order to enhance community life and citizen well being. In 2009, Strathcona County received \$5,270, of which \$4,511 has been recognized in capital transfers in 2010. A total of \$891 (2009 – \$5,293), including interest of \$109 (2009 – \$23) remains deferred to future years.

The Provincial government provides annual per capita funding, known as the Basic Capital Grant, for eligible capital transportation projects. In 2010, Strathcona County received \$3,700 (2009 – \$3,565). \$5,539 (2009 – \$2,477) has been recognized in capital transfers with a total of \$5,174 (2009 – \$6,857), including interest of \$156 (2009 – \$122) remaining deferred to future years.

The Federal government introduced the Federal Gas Tax Fund (formerly, the New Deal for Cities & Communities initiative) in 2005 to transfer federal gas tax revenue to the Province of Alberta to assist in reducing the backlog of necessary sustainable capital municipal infrastructure projects that have been deferred. In 2009, Strathcona County received \$4,628, of which \$839 (2009 – \$2,355) has been recognized in capital transfers in 2010. A total of \$9,984 (2009 - \$10,608), including interest of \$216 (2009 – \$223) remains deferred to future years.

The Municipal Sustainability Initiative (MSI) is the Province of Alberta's ten-year funding commitment (2007/08 - 2016/17) to assist municipalities in meeting growth-related challenges and enhancing long-term sustainability.

- In 2010, Strathcona County received \$18,896 (2009 – \$7,619) in MSI Capital Funding, of which \$8,381 (2009 – \$5,608) has been recognized in capital transfers. A total of \$25,930 (2009 – \$14,994), including interest of \$420 (2009 – \$252) has been deferred to future years.
- In 2010, Strathcona County received \$1,458 (2009 - \$1,462) in MSI Conditional Operating Funding. During the year, \$1,344 (2009 – \$1,322) which consists of amounts that had been deferred from prior years plus amounts received in 2010 has been recognized in operating and capital transfers. A total of \$889 (2009 - \$753), including interest of \$21 (2009 – \$14) has been deferred to future years.
- In 2010, Strathcona County received \$3,413 (2009 – \$3,877) in MSI Affordable Housing Funding, of which \$730 (2009 – \$4,800) has been recognized in operating transfers. A total of \$6,869 (2009 – \$4,062), including interest of \$124 (2009 – \$71) has been deferred to future years.



# Strathcona County

## Notes to Consolidated Financial Statements

Year ended December 31, 2010 (in thousands of dollars)

### 18. Other Capital Revenues

	<u>2010</u>	<u>2009</u>
Investment Income	\$ 1,502	\$ 1,405
Development Levies and Charges	5,140	5,949
Developer Contributions	3,905	23
Other	1,168	1,980
	<u>\$ 11,715</u>	<u>\$ 9,357</u>

### 19. Salaries and Benefits Disclosure

The following salaries and benefits are disclosed as required by Alberta Regulation 313/2000:

	<u>Salaries</u>	<u>Benefits &amp; Allowances</u>	<u>2010</u>	<u>2009</u>
Elected Officials:				
Mayor	\$ 110	\$ 18	\$ 128	\$ 126
Councillor - Ward 1	61	11	72	73
Councillor - Ward 2	61	13	74	73
Councillor - Ward 3	61	14	75	75
Councillor - Ward 4	61	11	72	73
Councillor - Ward 5	61	12	73	73
Councillor - Ward 6	62	14	76	75
Councillor - Ward 7	71	8	79	70
Councillor - Ward 8	61	14	75	74
	<u>\$ 609</u>	<u>\$ 115</u>	<u>\$ 724</u>	<u>\$ 712</u>
Chief Commissioner	<u>\$ 209</u>	<u>\$ 33</u>	<u>\$ 242</u>	<u>\$ 246</u>

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.

### 20. 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 9.06 per cent (2009 – 8.46 per cent) of pensionable payroll up to the yearly maximum pensionable earnings (YMPE) and 12.53 per cent (2009 – 11.66 per cent) thereafter. Employees of the County are required to make current service contributions of 8.06 per cent (2009 – 7.46 per cent) of pensionable salary up to YMPE, and 11.53 per cent (2009 – 10.66 per cent) thereafter.



# Strathcona County

## Notes to Consolidated Financial Statements

Year ended December 31, 2010 (in thousands of dollars)

### 20. Pension Plan (continued)

Total current service contributions by Strathcona County to LAPP in 2010 were \$6,496 (2009 – \$5,577). Total current service contributions by the employees of Strathcona County to LAPP in 2010 were \$5,849 (2009 - \$4,962).

As stated in their 2009 Annual Report, LAPP serves 199,849 (2008 – 189,149) members and 418 (2008 – 411) employers. It is financed by employer and employee contributions and investment earnings of the LAPP fund. At December 31, 2009, the Plan reported an actuarial deficiency of \$4.0 billion (2008 – \$4.4 billion). The Local Authorities Pension Plan contribution rates will increase by a total of 0.93 per cent of pensionable salary in 2011 (2010 – 1.33 per cent).

### 21. Financial Instruments

The County’s financial instruments consist of cash and temporary investments, accounts receivable, investments, 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 value of these financial instruments approximates their carrying values.

### 22. Commitments And Contingencies

#### a) Capital

As at December 31, 2010, authorized costs on capital projects committed but not expended amounted to \$41,967 (2009 – \$60,551).

#### 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:

2011	\$	351
2012	\$	80
2013	\$	12
2014	\$	11

Pioneer Housing Foundation has a lease agreement expiring December 2058, for a nominal value, with respect to its land and is committed to use the land only for affordable housing.

#### c) Legal Disputes

As at December 31, 2010, 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

Significant growth within the County has resulted in increased development activities. Developers have entered into agreements with the County in the amount of approximately \$41,526 (2009 – \$64,495) and are committed to installing and constructing certain works to serve the development



# Strathcona County

## Notes to Consolidated Financial Statements

Year ended December 31, 2010 (in thousands of dollars)

### 22. Commitments And Contingencies (continued)

of lands within the County. The County has taken security from developers in the form of deposit liabilities in the amount of \$4,051 (2009 – \$5,228) and letters of credit in the amount of \$13,188 (2009 – \$20,275) to ensure performance by the developers under the agreements. Security taken by the County is reduced accordingly as the above noted works are constructed.

The County has also entered into development agreements in which they have agreed to reimburse certain Developers for a proportionate share of construction costs of specific projects stated within these agreements. Reimbursements to the Developers are not committed until such time as Council approves the project through the budgetary process. The County's proportionate share of these costs is estimated at \$nil (2009 – \$480).

#### e) Alberta Health Services

Effective April 1, 2009, the County entered into a two-year agreement with Alberta Health Services to provide emergency medical services to the County and the region. Furthermore, the County entered into a second two-year agreement to provide dispatch services for the County and the "Central Emergency Medical Region" of Alberta for eighteen to twenty-four months. The "Central Emergency Medical Services Region" includes areas surrounding Edmonton east to the Saskatchewan border.

### 23. Related Entities Financial Information

#### a) Seniors Management Services

Seniors Management Services is a management body created by Ministerial Order and governed by the Alberta Housing Act to operate and maintain social housing accommodations in the County. Seniors Management Services, through an operating agreement with Pioneer Housing Foundation, operates 288 low and modest income seniors housing units located at Silver Birch Lodge, Clover Bar Lodge, Lakeside Legion Manor and Kiwanis Apple Blossom Manor in Sherwood Park, and Josephburg Homestead Place.

The following information was extracted from the statement of financial position and statement of operations of Seniors Management Services that have been prepared for the purpose of reporting to Alberta Housing and Urban Affairs for the year ended December 31, 2010, which comprise the individual financial statements of Lakeside Legion Manor, Kiwanis Apple Blossom Manor and Josephburg Homestead Place. The information excludes Silver Birch Lodge and Clover Bar Lodge, whose financial results have been included in the financial statements of Pioneer Housing Foundation.

	2010	2009
Total Assets	\$ 684	\$ 154
Total Liabilities	(683)	(153)
Net Assets	\$ 1	\$ 1
Included in net assets are net assets invested in capital assets of \$1 (2009 - \$1).		
Total Revenue	\$ 814	\$ 687
Total Expenditures	(689)	(656)
Excess of Revenue Over Expenditures	\$ 125	\$ 31



# Strathcona County

## Notes to Consolidated Financial Statements

Year ended December 31, 2010 (in thousands of dollars)

### 23. Related Entities Financial Information (continued)

All financial transactions with Seniors Management Services are recognized in the consolidated financial statements of the County and in the financial statements of Seniors Management Services that have been prepared for the purpose of reporting to Alberta Housing and Urban Affairs.

### 24. Segmented Information

Segmented information has been identified based upon types of services provided by the County to its residents. The service types 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	Pioneer Housing Foundation	2010	Budget (Unaudited - Note 25)
<b>Revenue</b>						
Property Taxes	\$ 134,393	\$ 86	\$ 6,206	\$ 1,746	\$ 142,431	\$ 142,055
Government Transfers	32,741	3,568	664	538	37,512	21,127
Utility User Rates	—	40,547	—	—	40,547	41,456
User Fees and Charges	34,881	1,040	136	2,730	38,787	35,465
Penalties and Fines	5,334	—	146	—	5,480	5,825
Investment Income	3,833	96	54	47	4,030	1,950
Capital Revenues	9,479	2,173	64	—	11,715	11,716
Contributed Assets	15,476	4,523	—	—	19,999	—
Other	7,972	487	652	20	9,131	7,693
<b>Total Revenues</b>	<b>244,109</b>	<b>52,520</b>	<b>7,922</b>	<b>5,081</b>	<b>309,632</b>	<b>267,287</b>
<b>Expenses</b>						
Salaries, Wages and Benefits	94,953	6,535	3,946	2,638	108,072	108,338
Contracted and General Services	37,047	9,017	845	324	47,233	47,934
Supplies, Materials and Utilities	20,873	14,851	208	865	36,797	38,465
Interest on Long-Term Debt	4,099	2,147	830	452	7,528	7,571
Grants and Requisitions	2,779	—	(8)	—	2,771	1,701
Amortization	30,764	4,629	868	300	36,561	35,690
Loss (Gain) on Asset Disposals	227	(37)	—	—	190	—
Other Expenses	(2,376)	3,891	251	65	1,831	1,942
<b>Total Expenses</b>	<b>188,366</b>	<b>41,033</b>	<b>6,940</b>	<b>4,644</b>	<b>240,983</b>	<b>241,641</b>
<b>Annual Surplus</b>	<b>55,743</b>	<b>11,487</b>	<b>982</b>	<b>437</b>	<b>68,649</b>	<b>25,646</b>
<b>Accumulated Surplus,</b>						
<b>Beginning Of Year</b> (Note 26)	<b>1,030,996</b>	<b>225,561</b>	<b>6,530</b>	<b>9,594</b>	<b>1,272,681</b>	<b>1,266,261</b>
<b>Accumulated Surplus,</b>						
<b>End of Year</b>	<b>\$1,086,739</b>	<b>\$ 237,048</b>	<b>\$ 7,512</b>	<b>\$ 10,031</b>	<b>\$1,341,330</b>	<b>\$1,291,907</b>



# Strathcona County

## Notes to Consolidated Financial Statements

Year ended December 31, 2010 (in thousands of dollars)

### 24. Segmented Information (continued)

(Restated Notes - 2, 26)

	Municipal Operations	Utility Operations	Library Operations	Pioneer Housing Foundation	2009
<b>Revenue</b>					
Property Taxes	\$ 131,896	\$ 86	\$ 5,919	\$ 1,671	\$ 139,572
Government Transfers	46,194	7,394	496	7,776	61,860
Utility User Rates	-	39,504	—	—	39,504
User Fees and Charges	30,413	1,691	142	2,639	34,885
Penalties and Fines	5,226	—	147	—	5,373
Investment Income	2,148	56	29	49	2,282
Capital Revenues	9,090	221	46	—	9,357
Contributed Assets	37,161	1,372	—	—	38,533
Other	6,120	167	390	56	6,733
<b>Total Revenues</b>	<b>268,248</b>	<b>50,491</b>	<b>7,169</b>	<b>12,191</b>	<b>338,099</b>
<b>Expenses</b>					
Salaries, Wages and Benefits	86,677	6,050	3,415	2,392	98,534
Contracted and General Services	35,866	7,604	1,020	234	44,724
Supplies, Materials and Utilities	21,068	14,429	215	884	36,596
Interest on Long-Term Debt	3,468	1,503	82	221	5,274
Grants and Requisitions	2,426	—	(2)	-	2,424
Amortization	31,087	4,817	496	293	36,694
Loss (Gain) on Asset Disposals	(536)	(103)	—	(1)	(641)
Other Expenses	(1,911)	3,627	77	56	1,849
<b>Total Expenses</b>	<b>178,145</b>	<b>37,927</b>	<b>5,303</b>	<b>4,079</b>	<b>225,454</b>
Annual Surplus	90,103	12,564	1,866	8,112	112,645
<b>Accumulated Surplus, Beginning of Year</b> (Note 26)	<b>937,393</b>	<b>212,248</b>	<b>4,664</b>	<b>5,731</b>	<b>1,160,036</b>
<b>Accumulated Surplus, End Of Year</b>	<b>\$ 1,027,496</b>	<b>\$ 224,812</b>	<b>\$ 6,530</b>	<b>\$ 13,843</b>	<b>\$1,272,681</b>

### 25. Budget Data

The unaudited budget data presented in these statements is based on the 2010 operating and capital budget approved by Council on December 15, 2009. Contributed tangible capital assets and gain or loss on sale of tangible capital assets were not contemplated on development of the budget and, as such, have not been included.

### 26. Restatement

#### a) Tangible Capital Assets

In 2009, the County implemented PSAB section 3150 Tangible Capital Assets which required governments to record and amortize their tangible capital assets in their financial statements. When the County implemented this accounting policy change, 2008 contributed assets related to land under roads totalling \$7,898 was inadvertently excluded. The effect of this correction was to add \$7,898 of costs to land and \$7,898 to Accumulated Surplus effective January 1, 2009.



# Strathcona County

## Notes to Consolidated Financial Statements

Year ended December 31, 2010 (in thousands of dollars)

### 26. Restatement (continued)

#### b) Pioneer Housing Foundation

The accumulated surplus and annual surplus are included in the respective consolidated amounts (Note 2).

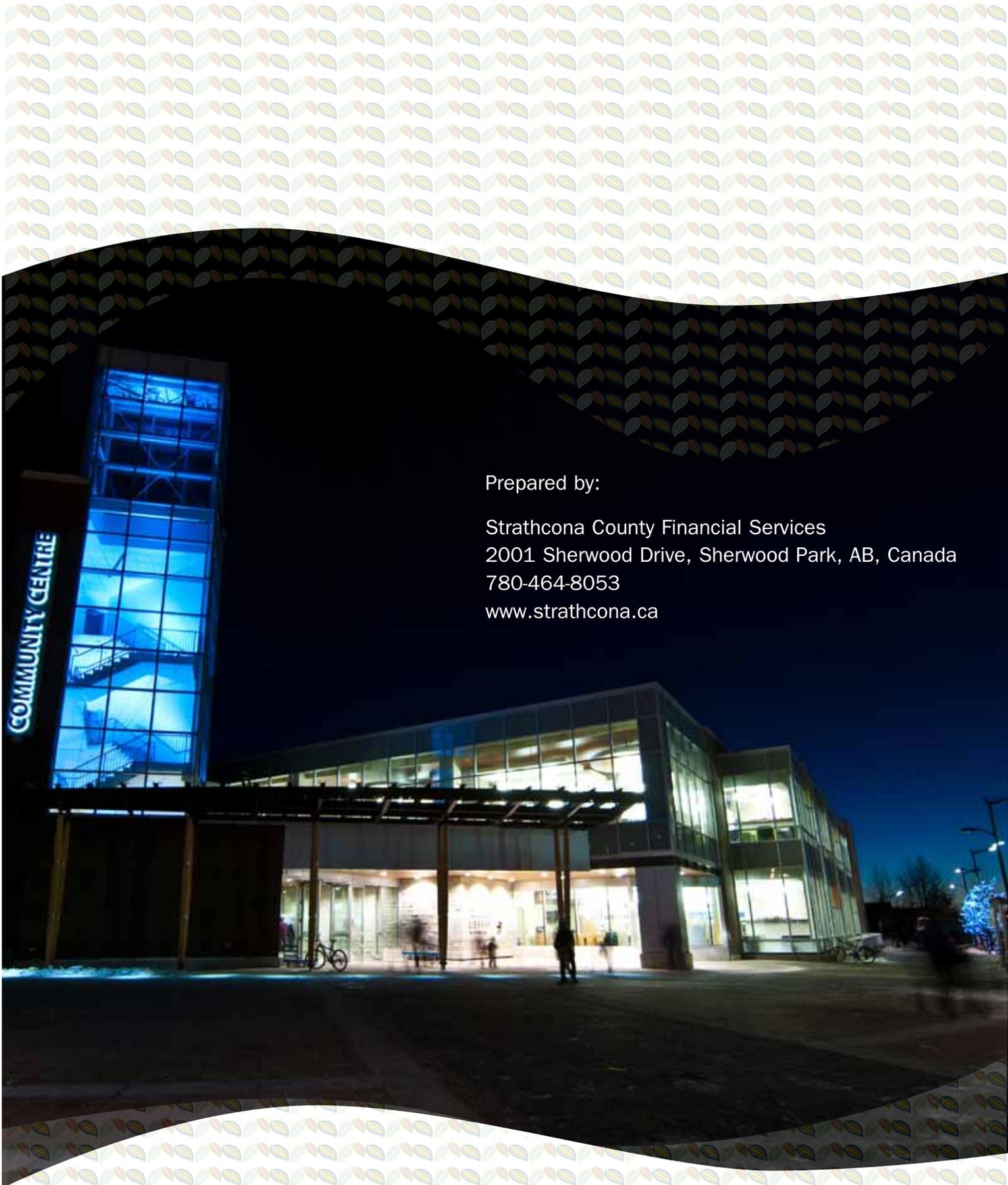
#### c) Restatement Summary

	<u>2008</u>
<b>Accumulated Surplus at December 31, 2008</b>	
Accumulated surplus, as previously reported	\$ 1,149,823
Change in accounting policy (Note 2)	2,315
Restatement to Tangible Capital Assets	<u>7,898</u>
Accumulated surplus at December 31, 2008, as restated	<u>\$ 1,160,036</u>
<b>Accumulated Surplus at December 31, 2009</b>	<b><u>2009</u></b>
Accumulated surplus, as previously reported	\$ 1,258,363
Change in accounting policy (Note 2)	6,420
Restatement to Tangible Capital Assets	<u>7,898</u>
Accumulated surplus at December 31, 2009, as restated	<u>\$ 1,272,681</u>
<b>Annual Surplus for 2009</b>	<b><u>2009</u></b>
Annual surplus, as previously reported	\$ 108,540
Deduct subsidiary earnings as previously reported	(4,008)
Add unspent Grant to PHF	3,060
Add PHF annual surplus	<u>5,053</u>
Annual surplus as restated	<u>\$ 112,645</u>

### 27. Comparative Figures

Certain comparative figures have been restated to conform to the current year's presentation.





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**Strathcona**  
County