

CANADA 150



Celebrating community and the Canadian spirit



2017 Annual Report

Strathcona County
Alberta, Canada
For the Year Ended December 31, 2017



**STRATHCONA
COUNTY**

CANADA 150 

Celebrating community and the Canadian spirit

2017 Annual Report

Strathcona County
Alberta, Canada
For the Year Ended December 31, 2017

Prepared by Strathcona County Corporate Finance and
Communications, with support from County departments.

Strathcona County
Corporate Finance
2001 Sherwood Drive
Sherwood Park, Alberta T8A 3W7
780-464-8053
www.strathcona.ca



**STRATHCONA
COUNTY**

Table of Contents

Introduction

- 2 Message from your Mayor and Council
- 3 Strathcona County Council
- 4 Message from the Chief Commissioner
- 5 Organizational Structure
- 6 Strathcona County — A Specialized Municipality

- 7 **Features**
- 8 Canada 150
- 12 New Social Framework
- 14 Neighbourhood Traffic Safety Action Plan 2017
- 16 Highlights of our Accomplishments
- 22 By the Numbers

Financial Information

- 25 **Financial Statement Discussion and Analysis**

- 49 **Consolidated Financial Statements**
- 50 Index
- 51 Management Report
- 52 Independent Auditors' Report
- 53 Consolidated Statement of Financial Position
- 54 Consolidated Statement of Operations and Accumulated Surplus
- 55 Consolidated Statement of Change in Net Financial Assets
- 56 Consolidated Statement of Cash Flows
- 57 Notes to Consolidated Financial Statements

- 78 **Budget Highlights**

Statistical Information

- 79 **Statistics**





Message from your Mayor and Council

As Mayor of Strathcona County, it brings me great pleasure to speak to the annual financial report for 2017. Your new Council has been hard at work, striving to meet the challenge that comes with balancing the need for fiscal prudence with the growing demand to provide essential services to our residents.

Strathcona County is evolving, not necessarily emerging, out of the worst recession in a generation. This means that while our local economy is ripe with new opportunities, it also faces significant challenges as we face the reality that we will not be simply going back to where we were before.

As our economy continues to evolve, it is important to remember that many of our citizens are still struggling. Challenging times heighten the need to continue to demonstrate fiscal responsibility.

One key economic lever Council has is to hold the line on taxes. I was very proud of our Council and Administration for the work that went in to building the 2018 budget. It will bring a 2.18 per cent decrease to the tax rate to help families, while maintaining the same level and quality of municipal services.

This provides financial stability and predictability to citizens, business and industry, and sends the message that Strathcona County has its eye on the bottom line for the benefit of the community.

Going forward, I am committed to ensuring that Strathcona County continues to sit on a solid fiscal foundation, without sacrificing our ability to deliver the programs and services that support our quality of life. I encourage you, the citizen, to hold me to that standard.

I view the annual financial report for 2017 as a benchmark; to be used to measure the performance of this Council going forward. We are in a strong fiscal position but must be prudent so that all decisions continue to be made with citizens' best interests in mind.

Strathcona County will continue to demonstrate leadership by remaining competitive for industry, business and the citizen and while attending to responsible environmental stewardship; and stay true to the Alberta spirit of making our own way, for this is how we will secure growth and prosperity for generations to come.

Best,
Mayor Rod Frank





Strathcona County Council

Seated, left to right: Councillor Glen Lawrence, Councillor Katie Berghofer, Mayor Rod Frank, Councillor Dave Anderson

Standing, left to right: Councillor Paul Smith, Councillor Robert Parks, Councillor Bill Tonita, Councillor Brian Botterill, Councillor Linton Delainey

Mayor Rod Frank
780-464-8000
Rod.Frank@strathcona.ca

Councillor Robert Parks
■ **Ward 1**
780-464-8005
Robert.Parks@strathcona.ca

Councillor Dave Anderson
■ **Ward 2**
780-464-8002
Dave.Anderson@strathcona.ca

Councillor Brian Botterill
■ **Ward 3**
780-464-8149
Brian.Botterill@strathcona.ca

Councillor Bill Tonita
■ **Ward 4**
780-464-8146
Bill.Tonita@strathcona.ca

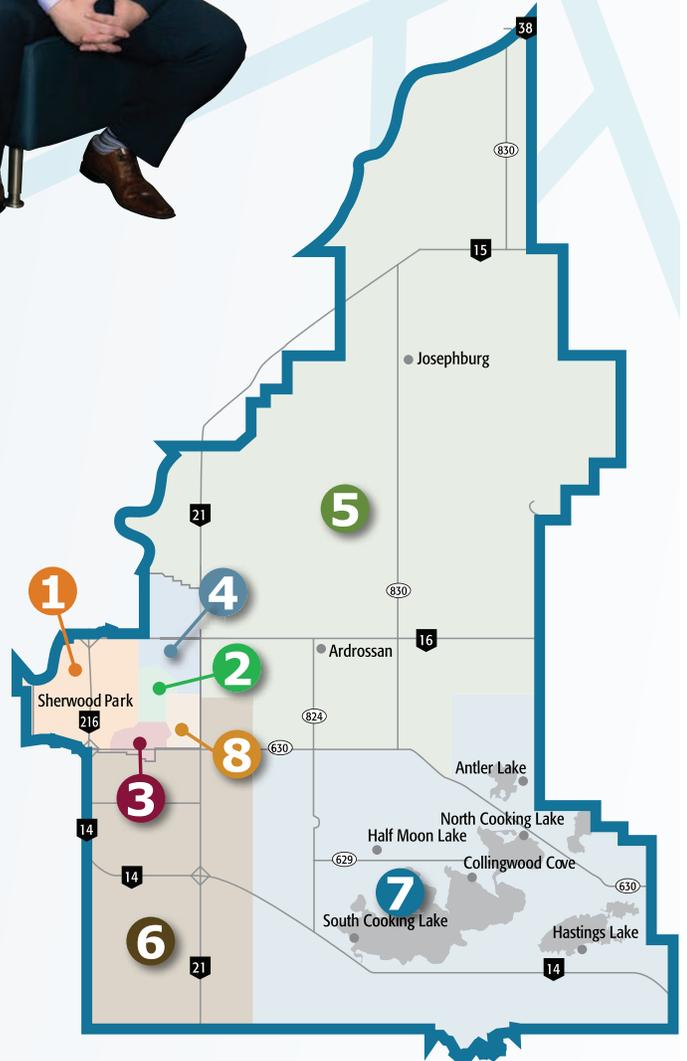
Councillor Paul Smith
■ **Ward 5**
780-464-8147
Paul.Smith@strathcona.ca

Councillor Linton Delainey
■ **Ward 6**
780-464-8206
Linton.Delainey@strathcona.ca

Councillor Glen Lawrence
■ **Ward 7**
780-464-8003
Glen.Lawrence@strathcona.ca

Councillor Katie Berghofer
■ **Ward 8**
780-464-8158
Katie.Berghofer@strathcona.ca

www.strathcona.ca
Fax: 780-464-8051 (Mayor)
Fax: 780-464-8114 (Councillors)



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

Message from the Chief Commissioner

By all accounts, 2017 was a memorable year in the life of Strathcona County.

We marked Canada's sesquicentennial (150) anniversary of confederation by hosting and partnering in a range of community, recreation, sport-tourism and cultural events. These events encouraged physical activity, skill development, social inclusion and voluntarism—and waving our red and white so proudly.

We leveraged our highly engaged and informed citizens to enhance and empower decision-making on a number of key initiatives.

One significant example—approval of a renewed Social Framework, aimed at creating community and inclusivity, while tackling broader social issues. The framework was based on our extensive "Community Talk" public engagement effort.

Also approved, the updated Municipal Development Plan provides a comprehensive land use policy framework to guide future development and growth in the County for the next 20 years. It will ensure development is sustainable and maintains a high quality of life for current and future residents.

And, we implemented the new conventional transit fare strategy that provides new discounted products for seniors and youth, and created a local "Everybody Rides" pass providing more options for lower income residents.

Strathcona County joined the Canadian Coalition of Municipalities against Racism and Discrimination, a network of 72 Canadian municipalities committed to taking action to combat such issues. We are actively working to develop policies, programs and strategies in taking meaningful action toward eliminating racism and discrimination.

We welcomed a new County Council, following the October election.

Regionally, we continued to collaborate with neighbouring municipalities on issues and initiatives of mutual interest and benefit.

As a member of the newly formed Edmonton Metropolitan Region Board (the next and smaller evolution of the Capital Region Board), Strathcona County will have a role in developing a Metro Region

Servicing Plan. When complete, the servicing plan will identify regional services necessary to support the goals and implementation of the updated regional growth plan.

Strathcona County also became a shareholder in the new Edmonton Metropolitan Region Economic Development entity. Global Edmonton's mandate is to take a regional view of economic development and coordinate economic development efforts across municipalities to increase investment and grow industry and business opportunities.

I continue to be proud of the results of our efforts to apply a priority-based lens to our planning and budgeting. By identifying opportunities to improve efficiency and effectiveness, we were able to recommend a tax decrease for a second year. As important, these efforts position us well to meet new requirements for four-year operational and five-year capital budgets, as outlined in the modernized Municipal Government Act (MGA).

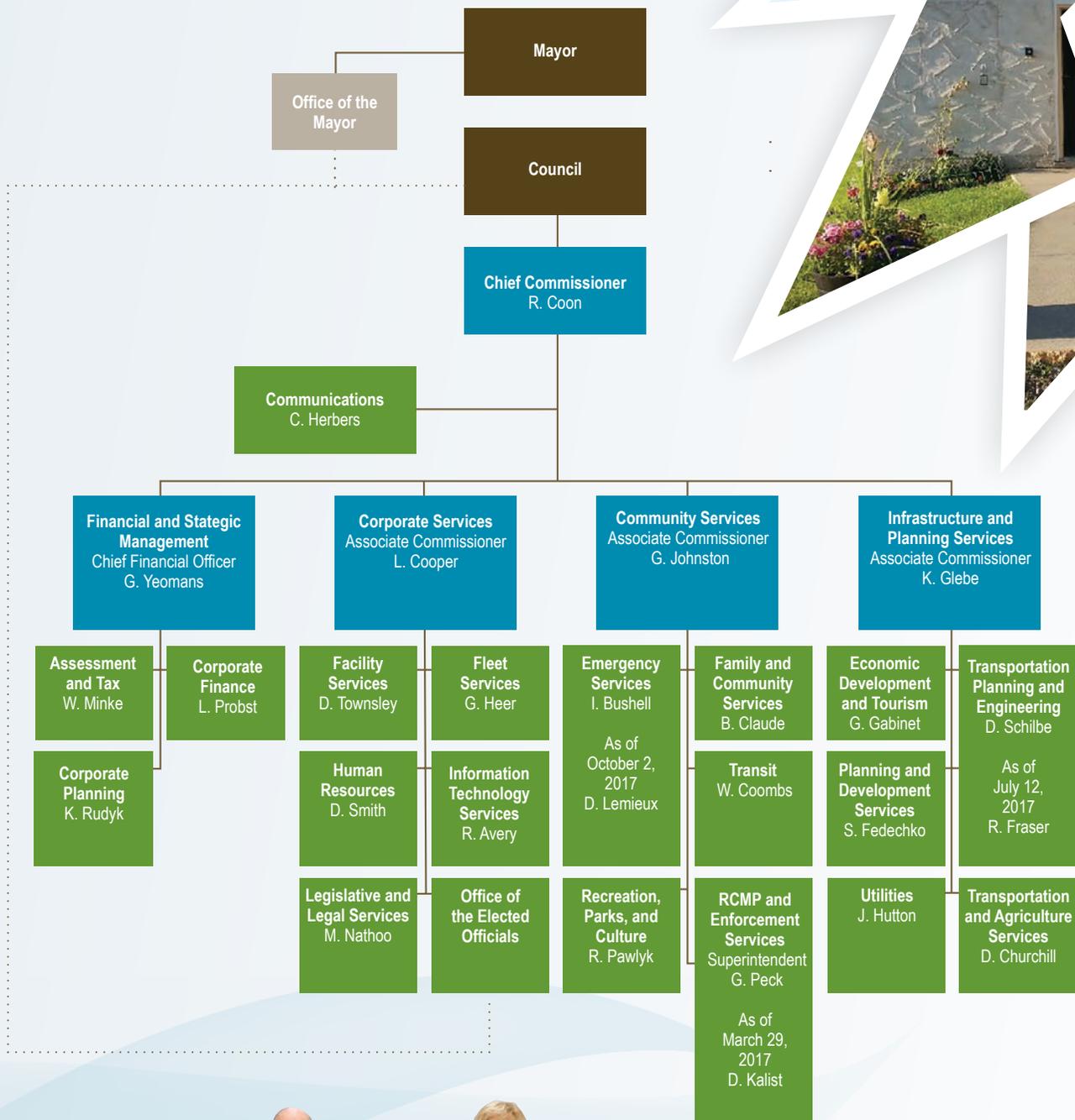
This names only a few of our initiatives and milestones. In this annual report, I trust you will enjoy reading about other Strathcona County accomplishments.

None of which would be possible without the commitment and dedication of our people, and the support of Council. Together, Strathcona County continues to provide excellent service to the residents, businesses and industry who call this County home.

Sincerely,
Chief Commissioner
Rob Coon



Our organizational structure



Strathcona County Executive Team

Left to right: Kevin Glebe, Gord Johnston, Rob Coon, Greg Yeomans, Lori Cooper



Strathcona County - A Specialized Municipality

Effective January 1, 1996, Strathcona County was granted status as a specialized municipality by the Province of Alberta. Prior to this, it was a municipal district. What does this mean?

Strathcona County's classification as a specialized municipality provides for the unique needs of a municipality that includes both the urban area of Sherwood Park and a large rural area with farms, acreages and eight hamlets: Antler Lake, Ardrossan, Collingwood Cove, Half Moon Lake, Hastings Lake, Josephburg, North Cooking Lake and South Cooking Lake.

Our Vision

Living in Strathcona County

Strathcona County, located in the heart of Alberta, is an energetic and thriving community. A leader in North America's petroleum industry and a champion for advancing diverse agricultural business, we use our energy to power our new tomorrow.

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

We are a welcoming place to live and attract people of all ages, cultures and walks of life to join us. Families thrive in our dynamic, caring and safe community.

We strive to be a model of ecological integrity, protecting our environment and preserving our agricultural heritage.

Investment in infrastructure, quality services, cultural and recreational programs, and facilities is a priority and sets us apart.

Becoming Canada's most livable community

Population

2016 Federal Census

TOTAL	98,044
SHERWOOD PARK	70,618
RURAL*	27,426

* acreages, farms, rural hamlets

Between 2012-2017,
our population grew:

7.2%

Between 2007-2017,
our population grew:

17.0%

Average annual
growth rate:

1.7%



Features

Canada 150

New Social Framework

Neighbourhood Traffic Safety Action Plan 2017

Highlights of our Accomplishments



**STRATHCONA
COUNTY**

Strathcona County
Alberta, Canada



Canada 150 - Celebrating community and the Canadian spirit

The celebration of Canada's sesquicentennial (150th) anniversary of confederation was launched to sustain Canadians' sense of pride and connectedness, and to excite Canada's vibrant communities.

In 2017, Strathcona County joined with Canadians across the country to celebrate this milestone in our history. As a community, we imagined, reinvented and hosted various programs and events to celebrate Canada 150 in a meaningful and memorable way. Some highlights...



Federation of Canadian Municipalities (FCM) Ambassadors

Responding to Canadian Heritage Minister's invitation to name a representative to the Canada 150 Community Leaders network, Strathcona County was represented by 26 community leaders, which included members of Council, who assisted with engaging residents and promoting community events.

\$150 Youth Grants

In partnership with Information Volunteer Centre (IVC), the \$150 Youth Grants sparked 16 students to organize six different youth-led projects in the community, including a robotics day camp, Canadian celebrations and pop-up play events to build community and bring youth together.

Family Day - Snow Play Day

On Family Day, 100 per cent of admission fees to Strathcona County recreation facilities went to support Everybody Gets to Play. Snow Play Day activities at the Strathcona Wilderness Centre included painting the Canada 150 logo onto snow, a quiz focused on family life during the past 150 years, and a free photo booth with Canada 150 props and prizes. Then over the year, it was 150th Birthday party time at Everybody Gets to Play—Play Days hosting 800 people, complete with hot dogs and Coke floats thanks to sponsors Investors Group and Shell Canada.





Victory at Vimy

Ted Barris, a noted historian and author, recognized the 100th anniversary of the most commemorated military victory—Battle of Vimy Ridge, and Festival Place hosted a display of World War I memorabilia.



Quilt Exhibit

The Canada 150-themed exhibit was on loan from local quilter, Peggy Fleet, to display quilts with provincial flower themes at the Community Centre ARTtrium.

“Keep it Clean” Pitch-In

The Canada 150 logo brand was applied to Pitch-In bags, garbage bin wraps and gloves. Volunteers removed litter from roads, parks and trails.



Art Collection 30th Anniversary

The Canada 150 theme was incorporated into the 2017 celebrations marking the 30th Anniversary of Strathcona County’s art collection acquisitions. The collection houses over 320 artworks, including 43 works by youth and 36 public art pieces.

Strathcona County Transit Bus

A Canada 150-wrapped Strathcona County Transit bus was unveiled at the Canada Day parade and was visible throughout the community for the balance of the year.



Heritage Garden Party

A traditional afternoon tea was held at the Smeltzer Historic site with 250 visitors enjoying music in the gazebo, poetry readings, building and garden tours, a photo booth, a painting demo, and crafts—and of course, tea, punch, finger sandwiches and pastries.



Community Piano Project

Over 500 people painted the 150-themed community piano on Canada Day. Five young pianists performed to celebrate its creation, with the invitation for all to play the piano at the Community Centre whenever the feeling strikes.

Canada Day 150th Celebrations



Over 30,000 attendees and 250 volunteers joined in spectacular Canada Day 150 Birthday celebration. Highlights included Canadian entertainment, a cabane à sucre (sugar shack), historic re-enactments, old fashioned games and wood carvings. The Ukrainian Cultural Village, Elk Island National Park and military groups added to the historical elements. A Canada 150 rest zone promoted social interaction of attendees. LED Canada 150 wristbands and more grand than ever fireworks topped off the day.





Canada 150 Patio Tables

At the Community Centre, guests indoors and out enjoyed sitting at the eight decorated tables that feature pieces from Strathcona County art collection.



CommuniTea Pond Parties

CommuniTea pond parties over the summer incorporated Canada 150-themed cookies and activities.

Chautauqua Tent

Chautauquas were traveling shows and local assemblies that flourished in the United States and Canada in the late 19th and early 20th centuries. For Canada 150, the Chautauqua Tent hosted a myriad of activities, welcoming 5,000 visitors to celebrate aspects of Canada through artists, businesses, community groups and programs. Over two weeks, 28 blocks of daytime and evening programs — from educational entertainment and lectures to concerts and plays — brought the tent to life.

Canada 150 - Mosaic Mural



During the Chautauqua event, the Mosaic Mural, a nationwide Canada 150 project saw 400 Strathcona County residents paint hundreds of tiles. As part of the national mural, our mural will virtually connect with over 80,000 tiles from provinces and territories across Canada to share stories through art and history. The completed mural hangs in the Community Centre as public art symbolizing our community.



Light in the Land

Photography of Dr. Roberta Bondar, Canada's first female astronaut, along with the works of Canadian Youth, came to Gallery@501. Festival Place was filled to capacity at the speaking engagement of Dr. Bondar's 25th Anniversary of her first flight. The photographic portraits of the lands and seas show the unique and important landscape that is Canada.



Historic Photo Exhibit

Historic photographs of Strathcona County were produced on panels and displayed in the Community Centre's ARTrium. This was a collaborative project between Strathcona County's Heritage Advisory Committee, Strathcona County Museum and Archives and Gallery@501.





Unity Project

Tailored to Canada's history—the Unity Project—an interactive, participatory, art installation at Broadmoor Lake Park saw over 1,200 people share and celebrate their diversity, connections and differences that tie us together. Business, education, health, and many social serving organizations were involved, intertwining red and white yarn, suiting to the occasion.



Celebrate Canada 150 Free Skating Day

The Canada 150 Free Skating Day event was a program initiated through the federal government where communities across Canada would all be skating on the same day to celebrate Canada's 150th Birthday.



New Year's Eve Celebrations

Strathcona County celebrated the ending to Canada's 150th Birthday at the New Year's Eve festival with a host of activities, amazing Canada 150-themed outdoor decorative lighting and enhanced Canada 150 fireworks.

Strathcona County Art Gallery@501 — 150th themed art exhibits

Canadianisms: A Half Decade Inspired

by Canada featured artist, Brandy Saturley of Victoria, BC, who paints Canadian Contemporary Realism.

Oh Canada/I'm Sorry featured artist Diana Thorneycroft of Winnipeg. The exhibit showcased her reproductions of paintings by the Group of Seven and explored and commented on Canadian history.

Exhibit "Retailles" featured internationally renowned Canadian sculptor, Joe Fafard, was on display.

Quiet Stories from Canadian Places combined paintings and audio narratives of collected stories by Heather Cline from Strathcona County residents. Also featured was a performance by Maria Dunn, one of Canada's leading folk singers and story tellers.

During the Chautauqua event, **artworks of Joe Fafard**, a recipient of the Order of Canada for his outstanding contribution to the arts were featured.





New Social Framework – A platform to unlock the ingenuity of the community

Over that last decade, the world—and our community—has changed dramatically. Social and economic challenges have become more complex, and many old strategies no longer address today’s most pressing societal issues effectively. In Strathcona County, it’s time to shift our thinking.

As a community, we strive to balance the needs of a diverse population. But as with any balance, we wondered: what happens when life tips into the unknown and doesn’t go as planned?

So we started a conversation with the community. Nearly 8,000 people who live and work in Strathcona County spoke up, taking part in *Community Talk*—an extensive public engagement effort. Through surveys and conversations, we listened to personal stories of resiliency.

We leaned into hard conversations about meeting basic needs. We collected testimonials of personal success. We paid attention to where people feel disconnected and alone.

The themes emerging from *Community Talk* are: **affordability, access to programs and services, safety, and connectedness and inclusion.**

These outcomes are articulated in Strathcona County’s new Social Framework, approved in May 2017. The framework centres on a series of shifts in the way we think and work together, and approach family and community services in the County:

- From ‘programmatic responses’ to ‘systemic thinking’ to allow for deeper change across multiple issues that impact the collective
- From ‘do for’ to ‘do with’, an empowerment and resiliency view of citizens
- From ‘incremental, organization-level outcomes’ to ‘high aspiration and community-wide outcomes’
- From ‘working in silos’ to ‘collective ownership’, a shared collaborative approach
- From ‘focus on symptoms’ to ‘focus on root causes’, a long-term, proactive and preventative view

This shift in thinking was guided by a steering committee comprised of an unprecedented mix of senior level representatives from business, emergency services, the faith community, the Government of Alberta, several County departments, health, housing, social services organizations, the Strathcona County Library, school boards, local committees and clubs.

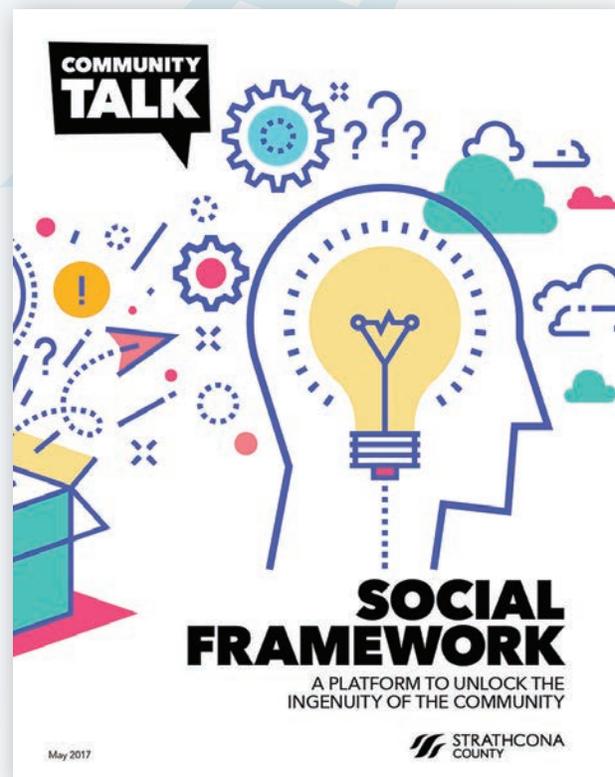
This eclectic combination of interested parties was a powerhouse team that not only imagined better ways of thinking, they provided tangible recommendations that could lead to deeper, more durable, and more sustained impacts than we have seen before in Strathcona County.

The entire framework is based on the precedent that we need to become more intentional in how we engage, connect and partner with one another. While a traditional government service model addresses social change through individual, siloed departments and programs, this can result in inefficient levels of support. By backing up to examine the bigger picture, we can better identify areas for greater, system-wide, collective impact.

The County kicked off its new approach to social issues in a very visual way with the UNITY project, an interactive public art event created by community interaction in Broadmoor Lake Park. For eight weeks, more than 1,200 people shared and celebrated their diversity and connectedness by participating in the art installation. Inspired by UNITY, Pembina Pipeline Corporation invested \$5,000 to support the project and supporting activities.

At the beginning of this journey, we sought to answer how can we best create a community where people feel supported, safe and connected?

The answer is an intentional shift in how we collectively work together on the things that matter in our community, including affordability, access to programs and services, safety, and overall feelings of connectedness and inclusion.



Available at strathcona.ca/socialframework

Through conversations and research, it's clear strong relationships mobilize positive social change. Now we're building upon existing systems and supports to create a new shared network where we can better connect and align our efforts toward a shared vision.

This is what the new social framework in Strathcona County is all about.





Neighbourhood Traffic Safety Action Plan 2017

In Strathcona County, the majority of traffic safety concerns voiced by residents are related to neighbourhood traffic — primarily traffic speeds.

We know neighbourhood traffic safety is important to Strathcona County residents, and it is specifically identified as a strategy area in the County's Traffic Safety Strategic Plan 2020.

Based on the results of traffic safety surveys and various public engagement undertaken, the Neighbourhood Traffic Safety Action Plan (NTSAP) was approved in 2017. It sets out eight specific actions based on resident priority and best practice to address concerns:

Action #1:

Research a residential speed limit decrease, including the results from other jurisdictions who have implemented the practice to recommend a best course of action for our community.

Action #2:

Improve traffic monitoring on residential roads (link to Action #4).

Action #3:

Upgrade pedestrian facilities at multiuse trail crossings, playgrounds, schools and key pedestrian corridors. Include physical traffic calming features (such as raised features, refuge islands, and/or curb extensions) in conjunction with scheduled rehabilitation as appropriate.

Action #4:

Formalize communication between RCMP and Enforcement Services, Transportation Planning and Engineering, and Transportation and Agriculture Services to facilitate data sharing (link to Action #2).

Action #5:

Consider alternative resourcing and delivery models for residential traffic enforcement in a way that is responsive to resident needs while minimizing impacts to arterial enforcement operations.

Action #6:

Expand the Driver Feedback Sign Program and explore new ways to integrate the signs to support data collection and strategic enforcement.

Action #7:

Update the Traffic Safety Communication plan to include a residential traffic safety component. Engage with residents to develop messages and to help with the reach of the education program (link to Action #8).

Action #8:

Engage residents to develop new and innovative ways to get neighbourhoods involved in residential traffic safety (link to Action #7).

These actions have been designed to be realistic, sustainable and actionable by December 2018 and aim to provide measureable improvement in the safety and livability of our neighbourhoods.

Neighbourhood traffic safety action earns early recognition

Strathcona County's neighbourhood traffic safety campaign was selected as a **winner in the Most Innovative Public Education Campaign, presented by the Vision Zero Advocate Institute**. The Vision Zero Advocate Institute is committed to eliminating serious traffic injuries and fatalities.

The Neighbourhood Traffic Safety Campaign was a collaborative effort across three County departments, including Transportation Planning and Engineering, RCMP and Enforcement Services and Transportation and Agriculture Services; as well as support from residents involved with the Community Action on Residential Traffic Safety (CARTS) initiative. The campaign was funded by a grant from the Alberta Traffic Safety Fund.

The goals of the Neighbourhood Traffic Safety Campaign were to build community by bringing residents together to address a common concern, build understanding of the Safe System approach to traffic safety, educate drivers about the importance of slowing down in neighbourhoods and improve driver behaviour on residential roads.

The campaign resulted in the CARTS group Facebook page reaching 114 followers, 500 roadside signs (designed and distributed by CARTS) placed throughout the community, and RCMP and Enforcement Services providing additional policing resources on neighbourhood streets.

During a one-week period in May 2017, drivers receiving speed violation tickets were given the option to attend an "Option 4" presentation in lieu of paying their violation. "Option 4" is an alternate option from the existing three options listed on the back of a violation notice.



The "Option 4" presentations were 90-minutes long and provided a valuable opportunity to provide targeted education to offenders, as well as to learn more about speeding behaviours to bolster the County's efforts in reducing residential speeding.

Given the success of this campaign, Strathcona County will be applying this model to other traffic safety areas, such as intersection safety, distracted driving, etc.

These initiatives support the County's Neighbourhood Traffic Safety Action Plan's goal of improving safety and livability in Strathcona County's residential areas.





Highlights of our accomplishments

Cultivating economic diversification...

Strathcona County has been working with Inter Pipeline for the past eight years to locate a new \$3.5 billion project here that will convert locally sourced, low-cost propane into 525,000 tonnes per year of polypropylene—a high value, easy to transport plastic used in manufacturing of a wide range of finished products. Construction of the **Heartland Petrochemical Complex** continues with completion scheduled for late 2021. This project is the largest “organic growth” project in Inter Pipeline history and will create direct and indirect jobs of 13,000.



Funded by Gibson Energy, and project managed by Strathcona County, roadway improvements were completed in 2017, along 450 metres of **Range Road 212 at the intersection of Highway 15**, to meet the anticipated increase in truck traffic generated by the new **Heartland Sulphur Terminal** development located in Alberta’s Industrial Heartland.



In 2017, **retail and commercial growth** saw the retail sector increase by approximately 250,000 square feet. Also several new office projects were secured including a new 15,000 square foot facility for a 50-staff relocation from Edmonton.

With a focus on economic diversification, the County hosted a successful **Micro-brewery Information Night**.

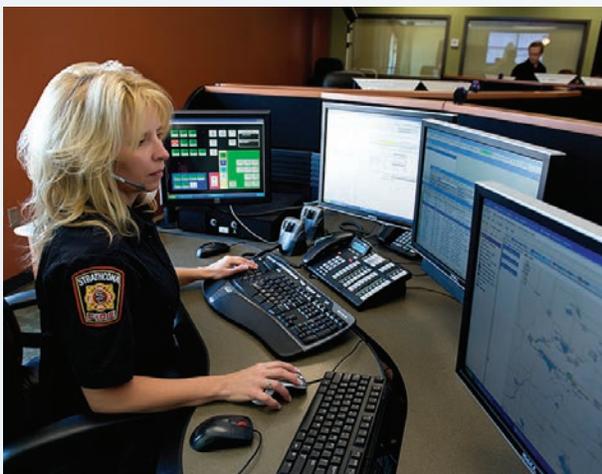
Phase 1 of a **Foreign Direct Investment Campaign** was fully executed. It included a website specific to petrochemical investment opportunities in Strathcona County. A publication was also distributed globally at the European Petrochemical Association (EPCA) – Berlin and at the Gulf Petrochemical Association (GPCA) – Dubai. A social media campaign is also underway targeting specific companies and thought leaders in the petrochemical sector.

Fostering safety...

Making sure our community is safe is a top priority, and that includes our business and commercial sector. **Fire inspections increased 171 per cent** over the previous year. Under the **Post- Neighbourhood Fire Recovery Program**, almost 500 households in 12 neighbourhoods/subdivisions received education after a fire incident within their communities. The **Wildfire Risk Reduction Program** completed **119 residential property inspections** in 2017. The fire prevention **school education program** was delivered to over **3,500 students** in the County.



RCMP and Enforcement Services hosted the grand **re-opening of the RCMP Detachment**, on May 13, 2017. Over 1,000 people attended the event, enjoying guided tours and family friendly activities to celebrate community, and the expansion and renovation of the detachment, completed in 2016. To accommodate growth of the protective services, the project included the addition of a three-story office tower with a basement for storage. The existing main floor was modernized to make it more functional, including a new front entrance for improved service to the public.



As part of its emergency preparedness planning, Strathcona County hosted **Alberta's first Incident Management Team Academy**. This training further assists regional emergency managers and practitioners in preparing, responding and recovering from disasters affecting their community. Students included staff from municipalities in the region, the Province of Alberta and the oil and gas sector.

The County's **Emergency Communications Centre** successfully installed an upgraded **E-911 telephone system** providing for improved current telephony technology and future web-based integration.

A new **Responsible Dog Ownership Bylaw**, approved in 2017, focuses on owner responsibilities through incentives and enforcement. Nearly 2,000 residents provided input into the bylaw. Public engagement explored a number of topics, including dog licencing, enforcement, over-limit permits as well as encouraging respondents to share their descriptions of nuisance and/or aggressive dog concerns.





Building a strong and connected community...

Counselling services transitioned to a **walk-in counselling** model that eliminates wait lists, supports people when the time is right for them and focuses on strengths-based, action-oriented strategies.



The **WOW bus**—Wellness on Wheels took to the road to enhance community connectedness. This mobile summer collaboration shared key strategies for improved mental health, healthy relationships, early learning and care, and community information and family support.

In February 2017, Transit fully implemented the new conventional **transit fare strategy** that provides new discounted products for seniors and youth, and creates a local “Everybody Rides” pass giving more options for lower income residents.

Strathcona County’s **Everybody Gets to Play program** continued to expand to meet the growing

needs of our community. In 2017, there were 1,872 participants in the program. A number of other free opportunities were offered to the community to support families in recreation activities including free swimming, skating, community events and more.

In 2017, installation began for the **“Standing Guard” horses**, the County’s latest public art piece, located on the grounds of the Strathcona County RCMP and Enforcement Services detachment. Canmore artist, Cedar Mueller, creates these beautiful animals from recycled metal including car parts, tools and sheet metal—the art installation to be celebrated in 2018.



Strathcona County was host to the **2017 Horse Industry Association of Alberta Conference**.

Three new community gardens were established—Antler Lake Uncas Community Garden—Colchester Community League Garden—Woodlake Court.



Planning, investing, managing...

An **updated Municipal Development Plan (MDP)** was approved in September 2017. It sets out the guidelines for orderly growth and development in the County over the next 20 years and beyond. The MDP provides a comprehensive long-term land use policy framework as to how projected growth and development may take place. It includes objectives and policies that guide and support land-use decisions, development management and investment in programs and infrastructure aligned to the County's vision.

The County completed an entire **traffic signal network redesign and re-timing** throughout Sherwood Park. It is based upon latest traffic volumes, travel patterns, and collision analysis. Traffic signal timing designs create a safe and accessible transportation network for all road users, while balancing and coordinating traffic flow along primary arterial roads.

In 2017, a new **underground water reservoir** was started as part of the Ardrossan water and wastewater upgrade project. It will increase water storage to 6,838 cubic metres, from 1,358 cubic metres to provide water and increased fire protection needed for new businesses, institutions and residents expected to locate in Ardrossan over the next 10 to 15 years. A **new wastewater system and collection station**, and other facility upgrades also underway, are expected to be completed in 2018.

The County **integrated asset management information and GPS technology** that lead to redirecting resources from water valve turning to the rural flushing program. This has increased system reliability, made it easier to find valves and reduced maintenance resources.

Through the Geographic Information System (GIS), new mapping shows a common operations picture for utility infrastructure. The map allows for **real-time monitoring and evaluation** of events that could potentially impact the water delivery system. It also encourages sharing of information and knowledge between work groups.

Utilities typically signs up 300 customers per year for eBilling. In 2017, **an incentive to plant a tree for new eBilling customers** saw sign-ups surpass 300 in less than a month (June). As a bonus, new eBilling customers also receive a tree in a virtual community forest where they can dedicate a message to loved ones.

The County **constructed an eagle nest** (pole and nesting platform) along the Riverside Nature Trail, revised the Conservation Easement Program and engaged with over 100 residents on wetland, water and wildlife conservation.

The County **enhanced fleet materials management**, improving the parts inventory and organization processes to reduce redundant parts, realize cost savings, and ensure parts are available when needed.

Ordze Transit Centre modifications were completed for double-decker bus access to the parkade.

Strathcona County was the **first in the region to report municipal election results**. Final voter turnout for Election 2017 was 39.1 per cent, an overall increase of two per cent, which may be attributed to the introduction of such innovative ideas as the Vote Bus.



Collaborating and partnering...



In spring 2017, the province allocated \$32.4 million to rebuild the **Clover Bar Lodge** in Sherwood Park for affordable seniors' housing. In partnership with the Heartland Housing Foundation, the County is providing a developable parcel of land for this new seniors' housing facility. The County completed grading and water servicing for the **Centennial Housing Servicing Project** in 2017 for the seniors' housing facility to proceed.

Eight **pickleball courts were opened** in the Sherwood Heights Regional Park in partnership with the Strathcona County Pickleball Association and Government of Alberta. Pickleball was also expanded to run during the off-season at three County facilities.

Strathcona County continued to collaborate with Alberta Transportation and the City of Edmonton to develop an **amalgamated regional transportation model** with consistent data and information.

The County collaborated with the development community (Urban Design Institute) to update the **transportation-related sections** of the **Design and Construction Standards** for transportation network users.



The County partnered Rural Municipalities of Alberta (RMA) to **negotiate rates for fuel and realize cost savings**.

Through a partnership with ESSO **new diesel fuel for Transit** is being tested, looking to **reduce emissions and maintenance costs**.



Award winning...

Strathcona County:

- Earned the **Canadian Association of Municipal Administrators (CAMA) - 2017 Professional Development Award** (20,001 to 100,000 population category) for the County's priority-based budgeting (PBB) approach to business planning and budgeting
 - Earned a third consecutive **Canadian Award for Financial Reporting Achievement**, this time for its **2016 Annual Report: "LEADING. LIVABLE. A new lens to guide us forward"**— awarded by the Government Finance Officers Association of the United States and Canada (GFOA)
 - Earned the **Most Innovative Public Education Campaign** award for our **neighbourhood traffic safety campaign** from the Vision Zero Advocate Institute, an organization dedicated to eliminating serious traffic injuries and fatalities
 - Received a **Platinum International Marcom Award** for its **Community Talk campaign** and a **Gold** winning **Community Talk video award**
 - Won a **Bronze Excellence - Economic Development Award** for our **Economic Directions 2017 magazine** from the International Economic Development Council
 - Won a **Marketing Canada Award** for our **You Can e-newsletter** from the Economic Developers Association of Canada
 - Received an **AEMA Emergency Management Achievement Award for Fostering Partnerships**—recognizing exemplary achievement in Emergency Management, noting remarkable contributions towards building a better prepared and more disaster resilient community
 - Received the **Alberta Professional Planners Institute Award of Merit** for the **Urban Agriculture Strategy**
 - Awarded the **2017 ASET Technical Employer of the Year Award** from the Association of Science and Engineering Technology Professionals of Alberta (ASET). The award recognizes an employer for outstanding contribution to technology that excels at supporting, promoting, utilizing, and rewarding technicians and technologists
- Won the bid to host the **2021 Alberta Special Olympics**
 - The **Emerald Hills Leisure Centre** earned several awards and acknowledgements:
 - Canadian Interiors - **Best of Canadian Design – Interiors** for 2017, recognizing the design firm MJMA
 - Ontario Association of Architects Design Excellence – **Honourable Mention** in a group of 20 finalists
 - Association of Registered Interior Designers - **Award of Merit**
 - CISC Alberta Steel Design Awards 2017 – **Building Communities Winner**
 - Appeared in the digital edition of the **Italian Aquatic magazine Piscine Oggi 180**





Strathcona County

By the Numbers (Unaudited)

Economic development

Business establishments	10,947
- With employees	3,884
- Home based businesses, holding companies, and other	7,063

(Statistics Canada June 2017 – Business Patterns Data)

Highlighted business categories:

Construction	1,737
Retail & wholesale trade	883
Accommodation and food services	238
Professional, scientific, technical services	1,889

Market area (Edmonton)	1,392,600 people
<small>(Statistics Canada, Edmonton Census Metropolitan Area 2016)</small>	
2016 market share of regional single housing starts	5.1%
2016 market share of regional multi-housing starts	3.2%
2016 market share of regional overall housing starts	4.0%
<small>(Canada Mortgage and Housing Corporation, Residential Construction Digest - Edmonton, December 2017)</small>	

Residential development in the metro region

Value of major projects announced, under construction and recently completed	\$10 billion
<small>(Canada Mortgage and Housing Corporation Construction Digest, December 2016)</small>	

Transportation (2017)

Rural roads, County maintained	1,313 km
Urban roads, County maintained	408 km
Highways, province maintained	232 km
Road permits issued	6,900
Roadside cleanup	222 km
Transit buses	89
<small>(Including 19 double-decker buses, 54 low-floor buses, 6 coaches, 10 mobility buses)</small>	
Transit rides	1.6 million
Mobility bus trips	20,152
Warren Thomas (Josephburg)	
Aerodrome flights, annually	3,000

Planning and development services (2017)

Subdivision and rezoning applications	27
Development permits	1,020
Permits for new residential units	1,136
Permits for multi-family units	57
Value of commercial, industrial, institutional, and residential construction	\$348 million
Customers served by	
Planning and Development Services	42,135
<small>(In-person, by telephone, email and applications)</small>	

Protective services (2017)

Police officers (RCMP)	96
Peace officers	28
RCMP Victim Services Unit volunteers	32
RCMP Victim Services Unit volunteer hours	6,855
RCMP calls responded to	28,119
Enforcement Services calls responded to	14,670
Fire fighters	154 full-time 37 part-time
Fire stations	6
<small>(Sherwood Park (3), Heartland Hall (Josephburg), South Cooking Lake, Ardrossan)</small>	
Emergency calls responded to	8,334
Residents engaged in community safety education	22,120
<small>(Through presentations, events, inspections, etc.)</small>	

Agricultural services (2017)

Roadside mowing	4,447 km
Residents hosted through workshops/information sessions	610

Community services (2017)

Counseling services participants	1,147
Outreach Services visits	1,746
Home support and outreach services visits	90,262
Senior households helped by volunteers	227
Community volunteer hours of service	1,364
Parent Link program participants	2,781
Municipal subsidies to qualified individuals	2,360
Senior centres	4

Indoor recreation and culture (2017)

Major facilities	12
Cultural facilities (Festival Place, Smeltzer House, Gallery @501)	3
Community halls	14

Participation:

Everybody Gets to Play (EGTP)	1,872
Paid visits to recreational facilities	1,225,544
Visits to cultural facilities	126,601
Booked hours (soccer, ice, schools, etc.)	166,796
Program registration (Swimming lessons, fitness, performing and visual arts, outdoor activities)	45,578
Average number of active pass holders (Millennium Card, 10-visit, Try-it, Ski, etc.)	26,458
Festival attendees (Canada Day, Celebration of Lights, New Year's Eve)	50,000

Information and technology (2017)

Open data sets	250
WIFI access points	331

Outdoor recreation services (2017)

Sports fields	108
Ball diamonds	90
Athletic tracks	3
Trails	289 km
Playgrounds	147
Spray decks	4
Golf courses (municipal)	1
Tennis courts	15
Outdoor rinks	27
Pickleball courts	19
Other outdoor courts (Basketball, volleyball, one-wall handball)	31
New artificial turf	1



Library (2017)

Library, Bookmobile, online visits	1,490,114
Library resources used	1,698,454
Questions asked	138,100

Visit www.sclibrary.ab.ca

Utility operations (2017)

Water distributed	33.2 million litres/day
Water mains maintained	593 km
Fire hydrants	2,392
Water storage capacity	114.9 million litres
Wastewater treated	20.8 million litres/day
Wastewater mains maintained	431 km
Stormwater mains maintained	370 km
Recycling stations	3
Residential waste to landfill	13,011 tonnes
Waste diversion from landfill through Green Routine efforts	60%
Organics sent for composting	12,679 tonnes
Materials collected for recycling	6,044 tonnes
Enviroservice diversion from landfill, including tires	538 tonnes
Scrap metal collected for recycling	416 tonnes





Financial Statement

DISCUSSION
AND ANALYSIS



STRATHCONA
COUNTY

Strathcona County
Alberta, Canada

FINANCIAL STATEMENT DISCUSSION AND ANALYSIS

Strathcona County's (the County's) 2017 Annual Report provides an opportunity to share our financial performance results with community stakeholders—residents, businesses and industry. This Financial Statement Discussion and Analysis (FSDA) is a supplement to the 2017 Strathcona County Consolidated Financial Statements that are contained in this report. The FSDA is provided to enhance understanding of the County's financial position and enable more informed assessments regarding changes in financial position. The FSDA is also provided in support of transparency and accountability of the County with respect to the management of financial resources used to provide municipal infrastructure, programs and services.

The FSDA should be read in conjunction with the Consolidated Financial Statements and accompanying notes. The Consolidated Financial Statements are prepared in accordance with Canadian Public Sector Accounting Standards (PSAS) and consist of the Statements of Financial Position, Operations and Accumulated Surplus, Change in Net Financial Assets, and Cash Flows. Strathcona County management is responsible for the preparation and presentation of these statements.

During the year the County underwent a minor corporate restructure in order to improve the alignment with current operations. As a result, certain comparative figures were reclassified to align with the current year presentation.

KPMG LLP has audited the 2017 Strathcona County Consolidated Financial Statements and provided an unqualified opinion. Council approved the audited 2017 Strathcona County Consolidated Financial Statements on April 24, 2018.

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



CONSOLIDATED STATEMENT OF FINANCIAL POSITION HIGHLIGHTS

The Consolidated Statement of Financial Position highlights five key figures for the County: (i) the financial assets, (ii) the liabilities, (iii) the net financial assets or net debt calculated as the difference between the financial assets and liabilities, (iv) the non-financial assets, such as tangible capital assets held for the provision of services, and (v) the resulting accumulated surplus. The most significant element of the County's financial position is tangible capital assets (municipal infrastructure). The County continues to invest in municipal infrastructure, which supports the goal outlined in the Strategic Plan: to manage, invest and plan for sustainable municipal infrastructure. This allows the County to continue to meet the program and service delivery needs of the growing community, and contributes to the economy remaining competitive, healthy and vibrant.

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

Financial Assets

Financial assets are held for specific use and are restricted by the condition of the receipt or agreement, or as designated by Council. These assets will be used to fund capital projects and operating programs, as well as to discharge liabilities (including long-term debt). During 2017, financial assets increased by \$44.0 million to a balance of \$397.6 million (2016: \$353.6 million). The increase in financial assets resulted from a higher cash and investments balance of \$351.3 million (2016: \$312.2 million). Investments are mainly held in support of reserves, deferred revenue and deposit liabilities, all of which experienced increases during 2017. An analysis of the investment activity is provided on page 37.

Cash and Investments



Accounts receivable totalled \$46.3 million (2016: \$41.4 million) and is composed of property taxes, government transfers, trade and other receivables, development levies and charges, and investment interest.

The largest source of revenue for the County is property taxes. At the end of 2017, the County's property taxes receivable totalled \$5.3 million (2016: \$4.1 million). The majority of this receivable consists of tax arrears of less than one year.

Government transfers receivable reflect the outstanding balances authorized by other levels of government. This receivable balance increased by \$2.6 million and fluctuates based on the type of grant programs, eligible approved projects and the timing of capital activity completed in the year.

Trade and other receivables, which decreased by \$0.9 million, relate to general day-to-day activities covering a broad spectrum of services. Investment interest receivable of \$10.6 million (2016: \$10.1 million) was consistent with the prior year, and results from interest earned on fixed income investments that had not been collected as of December 31.

Liabilities

The County's total liabilities at the end of 2017 are \$318.5 million (2016: \$289.0 million), an increase of \$29.5 million over the prior year.

Accounts payable and accrued liabilities relate to general day-to-day activities and can fluctuate significantly depending on the timing of invoices received and associated payment processing. In the current year, accounts payable increased by \$12.0 million (2016: decreased by \$3.7 million) due to a number of large recurring goods or services that were received by the County in December 2017 that were not paid for until January 2018. In the prior year, these goods or services were paid for in December 2016. Further, there was a \$3.7 million increase in payables related to capital activity.

The use of deferred revenue of \$82.7 million (2016: \$65.7 million) and deposit liabilities of \$17.3 million (2016: \$16.1 million) remains restricted until the conditions associated with the balances have been satisfied. Deferred revenue includes amounts received in advance of the

County delivering a good or service, or in advance of the County using funds for their intended purposes. Deferred revenue has increased by \$17.0 million (2016: increase of \$1.7 million); the increase is attributable to changes in government transfers: a \$10.7 million increase in the Municipal Sustainability Initiative capital grant funding, new Resource Roads Program funding of \$3.0 million, and an increase in the Federal Gas Tax funding of \$1.2 million.

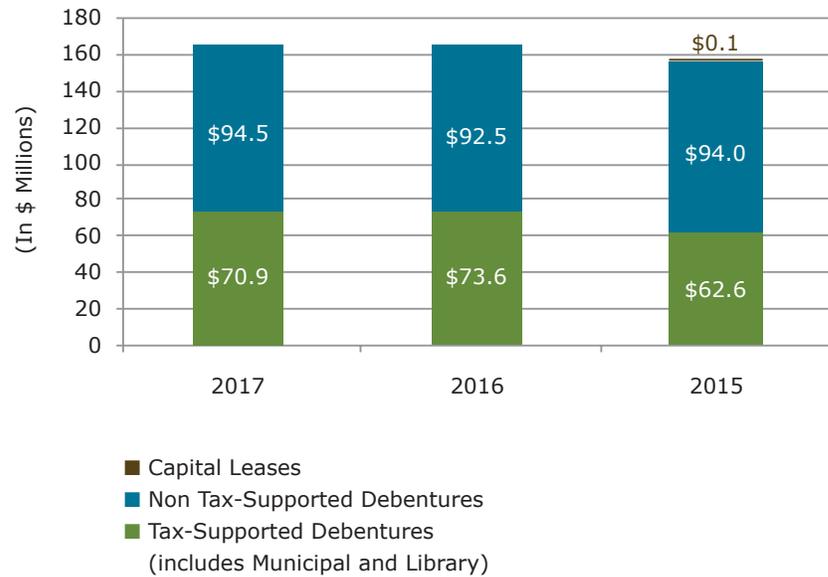
At December 31, 2017, the County had been allocated grants of \$25.1 million (2016: \$33.4 million) that had yet to be applied to approved capital projects and were not recognized as receivables.

Long-term debt is incurred to finance the capital maintenance of existing facility, roadway and underground infrastructure. Debt is also incurred to finance the addition of new capital infrastructure resulting from growth and/or changes in service levels. In 2017, the County incurred new borrowings of \$9.9 million (2016: \$19.3 million) and made debt repayments of \$10.6 million (2016: \$9.9 million). New borrowings were incurred to fund the Silver Birch Haven expansion (\$8.2 million), the Glen Allan Recreation Complex renovation (\$0.7 million), the Emerald Hills Aquatic Centre (\$0.7 million) and the RCMP Building Expansion (\$0.3 million).

The Government of Alberta limits the external debt allowed by a municipality to approximately 1.5 times revenue as defined by the Municipal Government Act. While capital leases have previously been used to a limited extent to finance County capital, all of the County's total debt outstanding of \$165.4 million (2016: \$166.1 million) is debenture debt. All debenture borrowing is obtained from the Alberta Capital Finance Authority which allows the County to leverage the Province's strong debt rating. Interest rates are established at the time of borrowing and remain constant throughout the term of the debenture, mitigating the risk associated with rate fluctuations. The County's debt management activities are also governed by the Debt Management Policy, guiding the County to incur debt only if it is clearly demonstrated that it supports current and future infrastructure requirements, is affordable, and supports the sustainability of the County. The policy also considers fairness and equity, so that those who benefit from the underlying assets pay for the debt. At December 31, 2017, the County was well within the internal policy requirements and provincial debt guidelines.

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

Total Debt Outstanding



Non tax-supported debt is issued to fund capital expenditures by activities or programs which are self-funded, including but not limited to local improvement supported debt and developer levy-supported debt.

Local improvement supported debt is issued for capital improvements that benefit specific properties pursuant to an approved local improvement plan. This debt, including interest, will be repaid from local improvement tax levies on the benefiting properties

Developer levy supported debt is issued for capital expenditures that are related to new development such as arterial roadways or utility infrastructure. This debt, including interest, will be repaid from current and future developer levies.

Tax-supported debt is issued for capital expenditures related to tax-supported operations. This debt, including interest, will be repaid using tax-supported revenue such as property and business taxes, non-utility user fees, fines, permits and investment income.

Total Debt Outstanding Versus Debt Limits



The County has set an internal restriction limiting the maximum amount of debt to 80 per cent of the total legislated debt limit (per the Debt Management Policy).

As of December 31, 2017, the County used 38.7 per cent (2016: 38.1 per cent) of the internal debt limit of \$427.8 million (2016: \$436.2 million), and has capacity to borrow an additional \$262.4 million. The County has committed an additional \$74.2 million (2016: \$72.7 million) of debt capacity, through approved capital projects as at December 31, 2017.

Net Financial Assets

The net financial assets (net debt) figure is the difference between financial assets and liabilities. It is a key indicator of the County's ability to meet its financial commitments and liabilities, as well as to provide funding for future planned and emergent needs. At the end of 2017, the consolidated net financial assets balance is \$79.2 million (2016: \$64.6 million), an increase of \$14.6 million from the prior year. This increase corresponds to the growth in reserves.

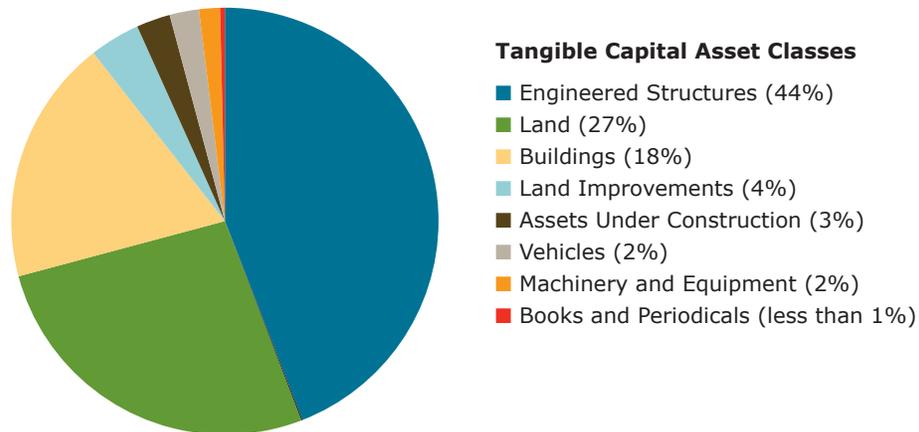
Due to the significance of the County's capital activity, the timing of capital spending is a key contributor to changes in the net financial assets. When funds are invested in tangible capital assets, or acquisitions are financed through debt, net financial assets will decrease (net debt will increase). Conversely, if planned acquisitions are delayed then net financial assets, capital reserves and debt capacity will increase until the investment in tangible capital assets is made.

...the consolidated
net financial
assets balance
is \$79.2 million...

Non-Financial Assets

Non-financial assets totalled \$1,890.0 million at the end of 2017 (2016: \$1,845.1 million). Non-financial assets consist of tangible capital assets of \$1,886.0 million (2016: \$1,841.8 million), prepaid expenses of \$2.9 million (2016: \$2.3 million), and inventories of materials and supplies of \$1.0 million (2016: \$1.0 million). The increase in non-financial assets of \$44.9 million over the prior year resulted mainly from contributed tangible capital assets and tangible capital assets that were purchased or constructed for the provision of service delivery, net of asset transfers, disposals and amortization expense.

Tangible Capital Assets Summary



...the County constructed or purchased tangible capital assets at a total cost of \$84.5 million...

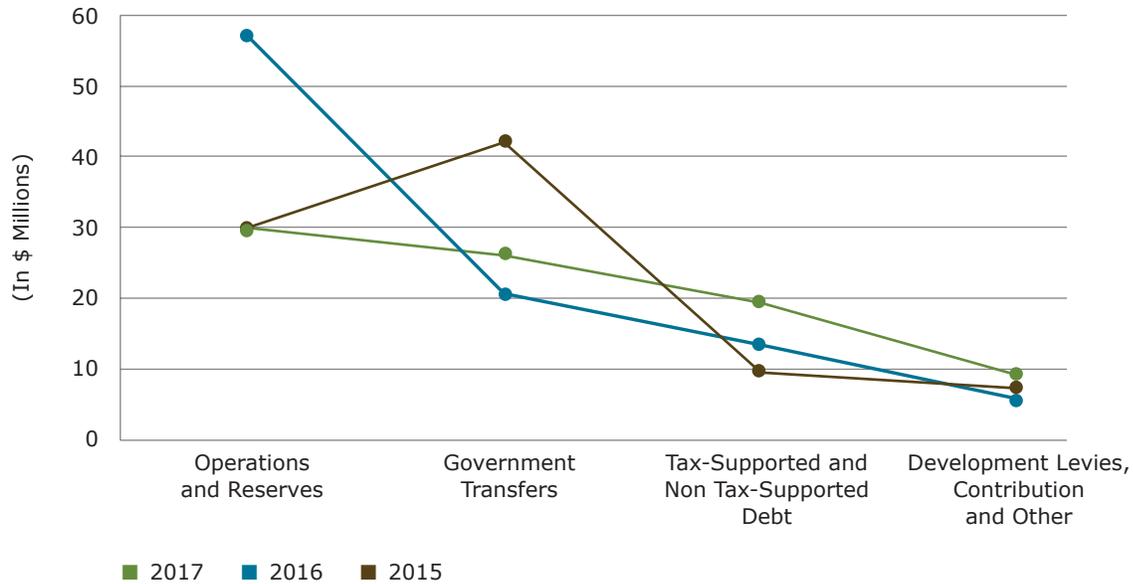
Tangible capital asset classes are summary level groupings of tangible capital assets used for financial statement purposes. Engineered structures are permanent structural works such as roads, bridges, canals, dams, water and sewer systems, utility distribution and transmission systems including plants and substations, etc. Land improvements are all improvements of a permanent nature to land such as surface parking lots, landscaping, lighting, pathways and fences.

During 2017, the County constructed or purchased tangible capital assets at a total cost of \$84.5 million (2016: \$96.9 million). Contributed tangible capital assets, including developer contributed land, roads and utility infrastructure were recognized at a value of \$18.2 million (2016: \$32.7 million). The County began amortizing \$83.9 million (2016: \$155.0 million) of tangible capital assets (excluding land), that were put into service during the year. At the end of 2017, tangible capital assets with a value of \$60.4 million (2016: \$41.8 million) remain under construction.

Of the total amount spent on capital projects in 2017:

- 35 per cent or \$30.0 million (2016: 59 per cent or \$57.1 million) were funded by operations and reserve funding (i.e. property taxes)
- 31 per cent or \$26.0 million (2016: 21 per cent or \$20.7 million) were funded by government transfers (i.e. grants)
- 23 per cent or \$19.4 million (2016: 14 per cent or \$13.4 million) were financed with tax-supported and non tax-supported debt
- 11 per cent or \$9.1 million (2016: 6 per cent or \$5.7 million) were funded by development levies, contributions and other sources

Capital Spending by Funding and Financing Sources



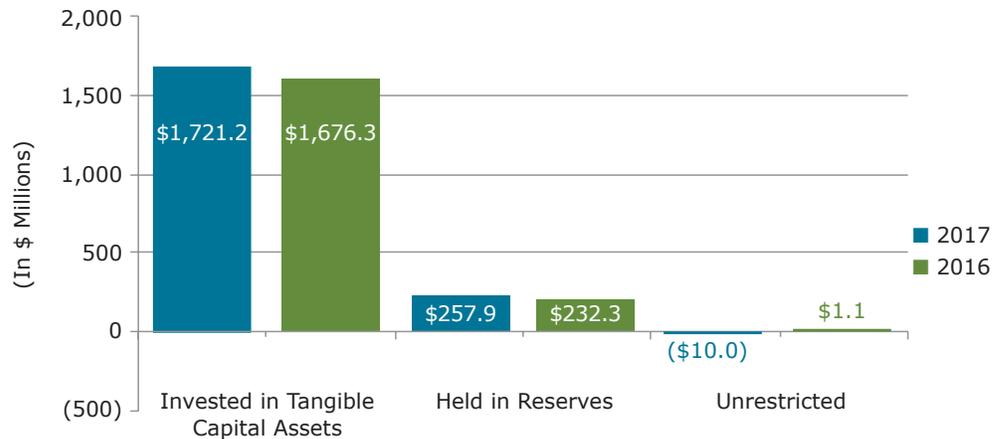
The County's 2017 investment in tangible capital assets to maintain or improve community services included, among others:

- Centre in the Park underground parkade
- County Hall renovation
- Ardrossan water reservoir
- Trans Canada Trail
- Utility infrastructure
- Road infrastructure

Accumulated Surplus

The County's accumulated surplus at December 31, 2017 is \$1,969.1 million (2016: \$1,909.7 million), an increase of \$59.4 million.

Composition of Accumulated Surplus



The unrestricted balance of (\$10.0) million is mainly attributed to a timing difference from financing activities. At December 31, a number of capital projects incurred expenses that were approved to be funded by debt; however, the amounts had not yet been borrowed.

Reserves

The Financial Reserves Policy provides direction and guidance to Council and administration to enhance the County's financial strength, flexibility, cash flow management and ability to achieve the Council vision and Strategic Plan priorities.

Reserves are separately reported in the notes to the Consolidated Financial Statements, as they are a key area in the financial management and operations of the County. Council establishes reserves by setting aside financial assets to:

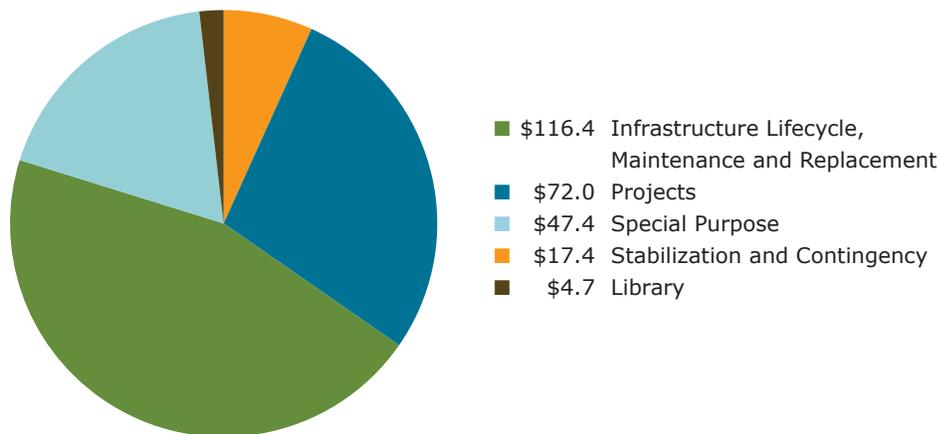
- maintain and improve Strathcona County's working capital requirements
- provide for future funding requirements
- provide stabilization for fluctuations in operating and capital activities

These reserves are used to fund operating and capital expenditures as approved by Council.

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

Composition of Reserves

(In \$ Millions)



Total reserves at
December 31, 2017
amounted to
\$257.9 million.

As described in the Financial Reserves Policy, reserves have been grouped into the following categories and are to be used for the following purpose:

Infrastructure Lifecycle, Maintenance and Replacement Reserves – provide funding for infrastructure lifecycle, maintenance and replacement of Strathcona County tangible capital assets.

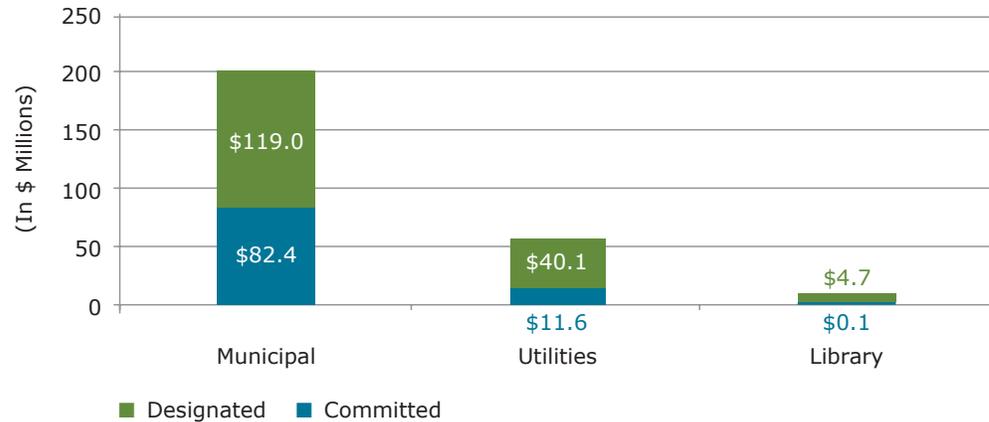
Projects Reserves – provide funding for non-cyclical needs of departments including operating and capital projects.

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

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

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

2017 Reserve Balances



Designated Balances – funding designated to reserves for a specific purpose, which has not yet been approved by Council to be applied towards specific expenditures.

Committed Balances – funding approved per the Financial Reserves Policy to be applied towards specific expenditures.

Total reserves at December 31, 2017 amounted to \$257.9 million (2016: \$232.3 million). Of this amount, approximately \$94.1 million or 36 per cent (2016: \$60.5 million or 26 per cent) is committed to be applied towards specific expenditures as approved by Council. The remaining designated balance is approximately \$163.8 million or 64 per cent (2016: \$171.8 million or 74 per cent).

CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS HIGHLIGHTS

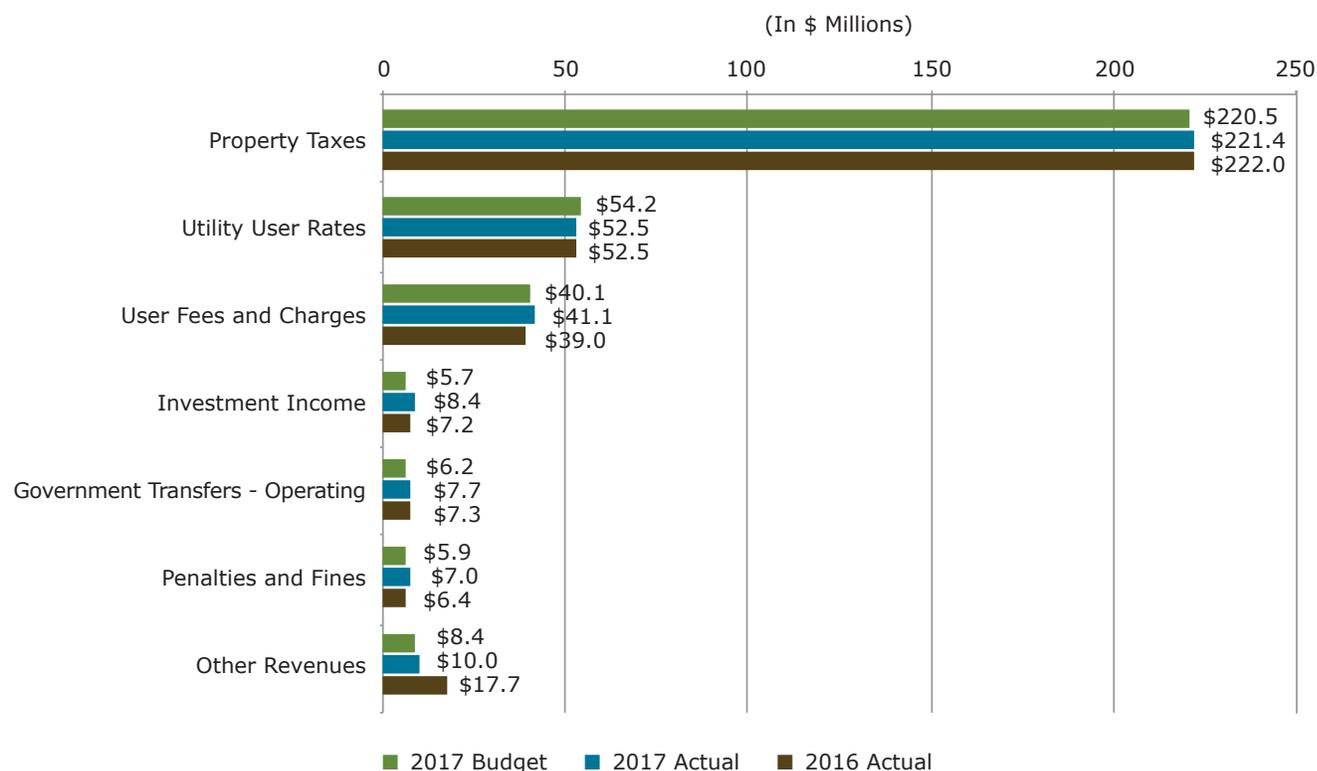
The Consolidated Statement of Operations and Accumulated Surplus reports the change in accumulated surplus during the year. The statement details the revenue earned less the cost of services provided to County residents.

Revenue

Consolidated revenue for 2017 is \$401.3 million (2016: \$417.0 million), a decrease of \$15.8 million or 3.8 per cent from the prior year. Consolidated revenue includes both operating and capital revenue.

Consolidated
revenue
for 2017 is
\$401.3 million...

Consolidated Operating Revenue by Source



The 2017 consolidated actual operating revenue of \$348.1 million was higher than the current year consolidated budgeted operating revenue of \$340.9 million. Total 2017 consolidated revenue is consistent with 2016 consolidated revenue, with the exception of 'other revenues' as the 2016 value included a significant one-time land sale as a part of the Centre in the Park development. Consolidated operating revenue for 2017 of \$348.1 million (2016: \$352.1 million) decreased \$4.0 million or 1.1 per cent from the prior year.

Property tax revenue has decreased by \$0.6 million to \$221.4 million (2016: \$222.0 million) primarily due to a 2.62 per cent municipal tax decrease, partially offset by assessment growth. Property tax revenue represents the primary revenue source for municipal and library operations.

Investment income exceeded the budget by \$2.7 million due to \$1.8 million (2016: \$1.1 million) from higher rates and volumes than anticipated, and \$0.9 million (2016: \$0.7 million) of gains that were realized from the sale of investments prior to maturity. Gains on the disposal of investments are transferred to reserve in accordance with the Financial Reserves Policy.

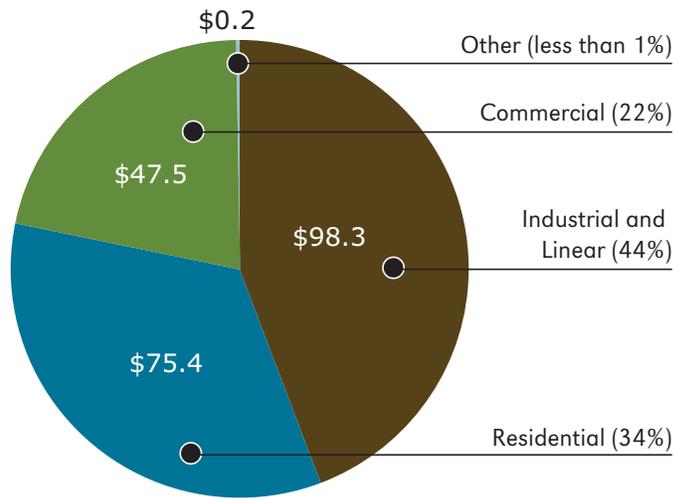
Prior to the allocation of interest to liabilities, the County earned \$8.6 million (2016: \$7.5 million) in investment income, which was 27 per cent higher than budgeted. This favourable variance was due to the 2.45 per cent year-to-date weighted average return on investments (Note 1) exceeding the 2.18 per cent budgeted return, and a 14 per cent higher than anticipated volume of investments.

Note:

1. The weighted average return on investment excludes unrealized gains or losses from market values. The carrying amount of the County's investments exceeded the market value by \$1.3 million at December 31, 2017; however, these declines are considered to be temporary in nature and not a permanent impairment.

2017 Municipal Property Tax Revenue

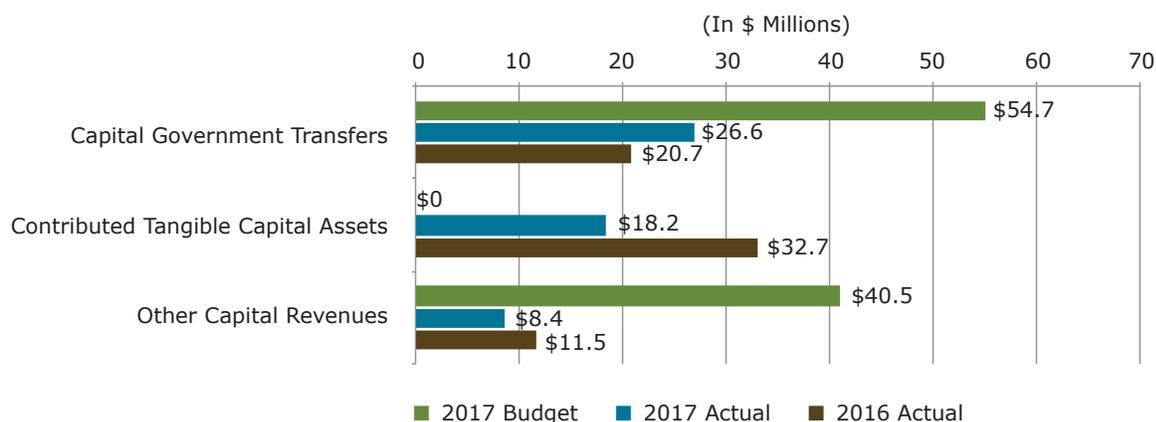
(In \$ Millions)



In 2017, the County had total municipal property tax revenue of \$221.4 million (2016: \$222.0 million). Property tax revenue is collected from various different property classes.

Of the total municipal property tax revenue, \$98.3 million (2016: \$98.9 million) was from industrial and linear property, \$75.4 million (2016: \$76.2 million) was from residential property and \$47.5 million (2016: \$46.9 million) was from commercial property. Other represents \$0.2 million (2016: \$0.0 million) of government grants in lieu of taxes and local improvement levies.

Consolidated Capital Revenue by Source



Consolidated capital revenue for 2017 is \$53.2 million (2016: \$64.9 million), a decrease of \$11.7 million or 18.0 per cent from the prior year. Consolidated capital revenue fluctuates annually based on the type and volume of capital activity. The decrease from prior year was due to lower development activity and the timing of project completion. The decrease was partially offset by higher government transfer (grant) revenue for major capital expenditures including Trans Canada Trail and the Annual Road Rehabilitation programs.

Government transfers for capital are usually non-discretionary and have imposed eligibility criteria and stipulations, which result in these amounts being recorded as deferred revenue. These funds are recognized as revenue as the related expenses are incurred. Government transfers applied to capital were \$26.6 million (2016: \$20.7 million), an increase of \$5.9 million or 28.5 per cent from the prior year.

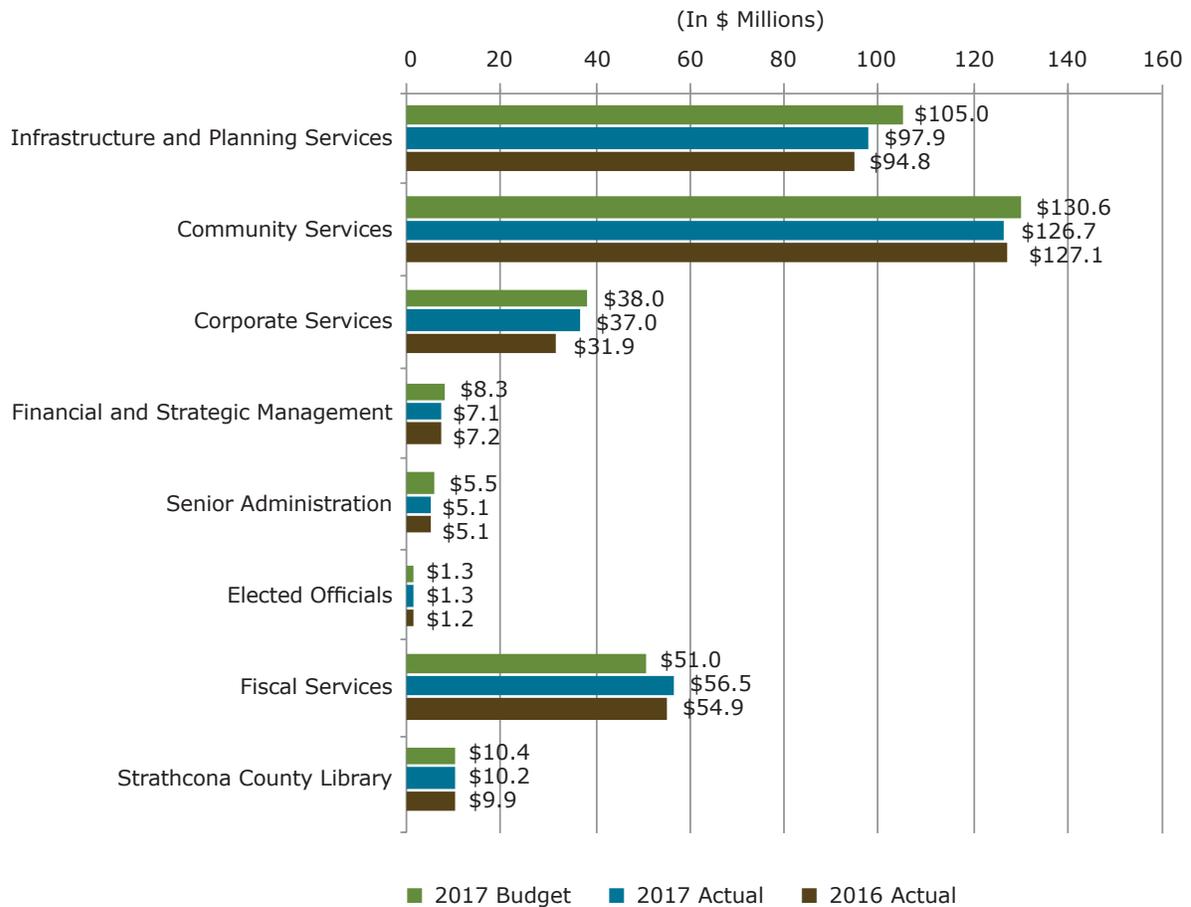
Contributed tangible capital assets are received as contributions from developers and external parties. Examples include road and utility infrastructure. It is difficult to budget for contributed tangible capital assets for a number of reasons, including the complexities of multi-stage developments and the unpredictability of the construction season in Alberta. Rather than include an unreliable budget figure, the County has chosen not to budget for contributed tangible capital assets.

Other capital revenue includes developer levies and contributions from third parties (excluding other levels of governments).

Expenses

Consolidated expenses for 2017 were \$341.9 million (2016: \$332.0 million), an increase of \$9.9 million or 3.0 per cent from the prior year.

Consolidated Expenses by Function



Infrastructure and Planning Services includes the following departments or service lines – Economic Development and Tourism; Planning and Development Services; Transportation and Agriculture Services; Transportation Planning and Engineering; and Utilities.

Community Services includes the following departments or service lines – Emergency Services; Family and Community Services; RCMP and Enforcement Services; Recreation, Parks and Culture; and Transit.

Corporate Services includes the following departments or service lines – Facility Services; Fleet Services; Information Technology Services; Human Resources; and Legislative and Legal Services.

Financial and Strategic Management includes the following departments or service lines – Assessment and Tax; Corporate Finance; Corporate Planning; and Procurement Services.

Senior Administration includes the Chief Commissioner's Office; Communications; Intergovernmental Affairs; and the Office of the Elected Officials.

Elected Officials includes the Mayor and Council.

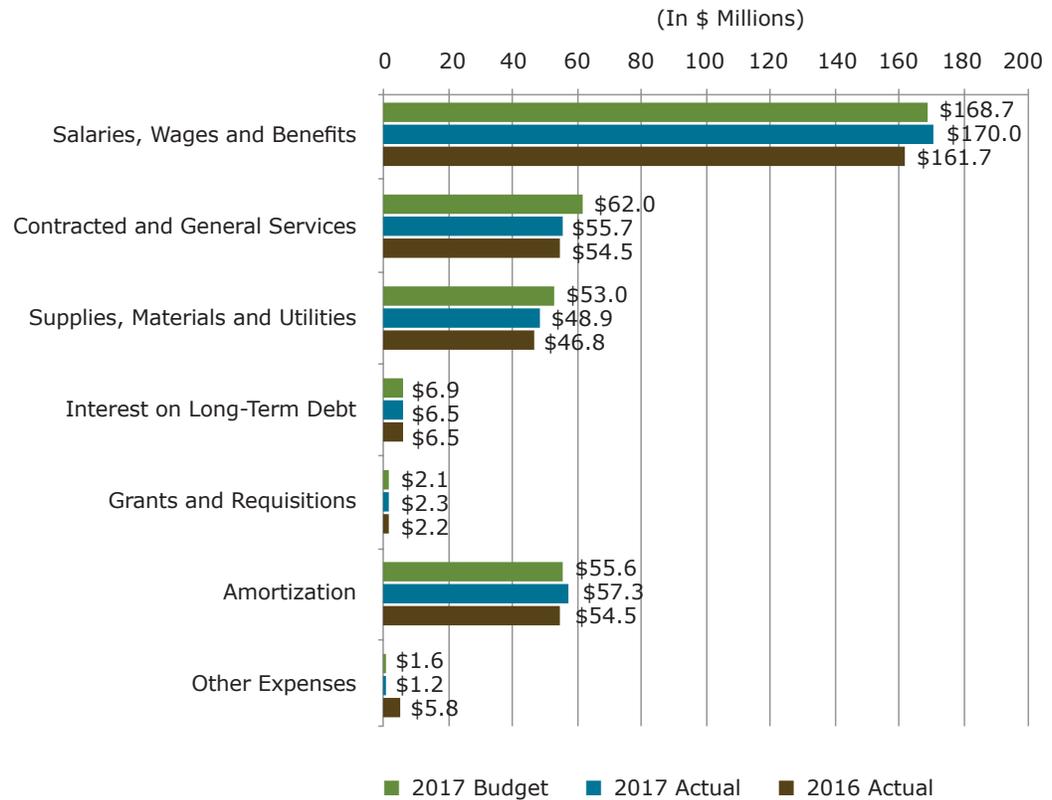
Fiscal Services is a separate department that includes corporate expenses that are not specific to an individual department including: grants, requisitions, amortization and debt servicing costs. It also includes expenses relating to Pioneer Housing Foundation which is a not-for-profit organization controlled by the County which holds land and buildings for the purpose of providing affordable housing. The administration and service delivery of affordable housing are provided by Heartland Housing Foundation through a management service agreement.

Strathcona County Library is a separate legal entity incorporated under the Alberta Libraries Act, which states that public library service in Alberta is a municipal service that must be provided at arms-length from the municipality. Strathcona County Council appoints members to the library board and approves the budget requisition. Under the Act, the library board is charged with providing comprehensive and efficient library services that meet the needs of the community.

The following are notable highlights of the significant expense changes:

- **Infrastructure and Planning Services** – under budget due to \$3.6 million savings in winter road maintenance and \$1.6 million savings in general road maintenance
- **Community Services** – under budget due to \$1.4 million in savings in RCMP contract costs
- **Corporate Services** – Fleet Services incorporated new and innovative ideas which resulted in efficiencies valued at approximately \$1.0 million
- **Fiscal Services** – over budget due to \$1.6 million of Strathcona County Business Transformation Project costs that were originally budgeted for as capital but were determined to be operating costs. The remaining difference is due to an adjustment to the budget at the corporate level to offset projected surpluses based on historical trends. This is accounted for at the corporate level, rather than the department level, since these surpluses are inconsistent in where they may occur from year to year

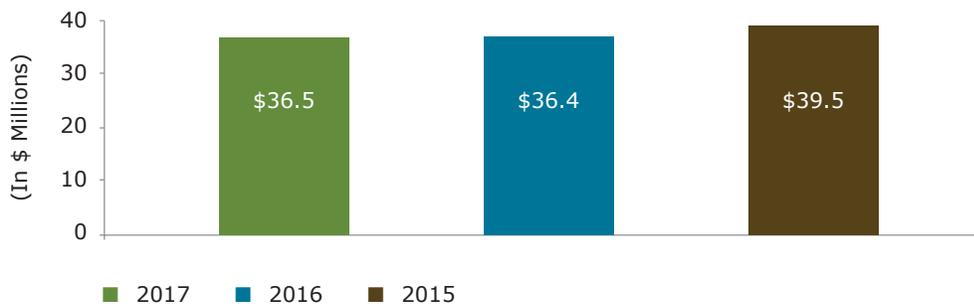
Consolidated Expenses by Object



Growth in the County's labour force is required to provide quality services to the increasing number of community stakeholders. In 2017, salaries, wages and benefits totalled \$170.0 million (2016: \$161.7 million), an increase of \$8.3 million. A total of 1,285 full-time equivalent (FTE) regular employee positions (2016: 1,267 FTE's); plus employees who work irregular, non-standard hours equivalent to 319 FTE's (2016: 237 FTE's); and temporary, seasonal and casual staff, provided service delivery on a daily basis to residents, business and industry in Strathcona County.

Amortization of tangible capital assets in 2017 was \$57.3 million (2016: \$54.5 million), an increase of \$2.8 million from the prior year. Most tangible capital assets, with the exception of land, have limited useful lives. This is recognized by amortizing the cost of tangible capital assets in a rational and systematic manner over their estimated useful lives, ranging from four to 90 years. Amortization expense is an important part of the cost associated with providing government services, and can be used as a high level indicator of current and future rehabilitation and replacement requirements. To support the strategic plan goal to manage, invest and plan for sustainable municipal infrastructure, it is important that the County continually reinvest in its municipal infrastructure. To address this need, the County's annual capital budget includes amounts for the rehabilitation and replacement of tangible capital assets.

Funds Approved for Asset Rehabilitation and Replacement



...committed to
maintaining and
replacing tangible
capital assets as
they age.

The County is committed to maintaining and replacing tangible capital assets as they age. Funds are being set aside specifically for this purpose and are an estimate of future need. Amortization is an indicator for the amount needed in the future; however, amortization is based on historical cost and best estimates of useful life. The amounts that are set aside to fund asset rehabilitation and replacement are based on different assumptions including, but not limited to:

- Updated estimated useful lives of tangible capital assets
- Amortization policy and recorded amortization amounts
- Anticipated replacement costs
- Visual Condition Index (helps determine which roads need repairs)
- Quality of tangible capital assets and emergent circumstances (i.e. items degrading faster or slower than anticipated).

Annual Operating and Capital Budget

The 2017 Consolidated Operating Budget, approved by Council on November 28, 2016, is prepared on a cash flow basis, as required by the MGA. This differs from PSAS reporting used to prepare the financial statements, as capital transactions are excluded, and financing activities, such as debt repayment expenditures, and transfers to and from reserves are included. The budgets are the same in both cases, but there are two different presentations – one to align with the MGA and one to align with PSAS. The associated consolidated surplus (deficit) is determined on a basis consistent with the presented budgets.

A comparison of the Council approved consolidated operating budget prepared on a cash flow basis and the consolidated budget reported in the financial statements in accordance with PSAS has been provided, as follows:

(In \$ Millions)	2017 Cash Flow Budget (as approved by Council, November 28, 2016)	2017 PSAS Budget (as reported in the Financial Statements)
Operating Revenue	\$ 340.9	\$ 340.9
Expenses (including amortization)	350.1	350.1
Subtotal	(9.1)	(9.1)
Add back Amortization Expense (non-cash item)	55.6	
Net Reserve Activity (excluding capital)	(36.0)	
Debt Repayment (principal)	(10.4)	
2017 Breakeven Budgeted		
Operating Surplus	\$ -	
Capital Revenue		95.2
2017 PSAS Budgeted Annual Surplus		\$ 86.1

The 2017 Consolidated Capital Budget provided the authority to fund and finance \$65.6 million of capital spending in 2017 and future years. The consolidated capital budget reported in the financial statements only includes budgeted capital spending which is planned to be incurred in 2017. Amounts planned to be incurred in future years (future planned spending) are excluded, and unspent prior year(s) amounts are included. As reported on the Consolidated Statement of Net Financial Assets the planned capital spending for 2017 totalled \$190.7 million. The composition of this amount is detailed on page 69 in note 12 of the Consolidated Financial Statements.

Annual Surplus

The County realized a consolidated PSAS surplus before capital revenue of \$6.2 million (2016: \$20.1 million). With additional capital revenue of \$53.2 million (2016: \$64.9 million), the County ended 2017 with a consolidated PSAS surplus of \$59.4 million (2016: \$85.0 million). Of the 2017 consolidated PSAS surplus: \$25.6 million (2016: \$8.9 million) was designated to reserves; \$44.8 million (2016: \$64.7 million) was invested in tangible capital assets; and the \$11.0 million was drawn from (2016: \$11.4 million was contributed to) unrestricted surplus.

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

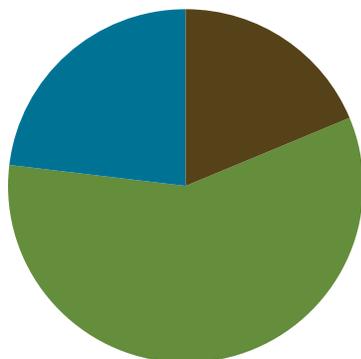
...\$44.8 million was invested in tangible capital assets...

(In \$ Millions)	2017 Cash Flow Annual Surplus	2017 PSAS Annual Surplus (as reported in the Financial Statements)
Operating Revenue	\$ 348.1	\$ 348.1
Expenses (including amortization)	341.9	341.9
Subtotal	6.2	6.2
Add back Amortization Expense (non-cash item)	57.3	
Net Reserve Activity (excluding capital)	39.6	
Debt Repayment	(10.6)	
2017 Annual Operating Surplus for Tax Purposes	\$ 13.3	
Capital Revenue		53.2
2017 PSAS Annual Surplus		\$ 59.4

The 2017 annual operating surplus for tax purposes is allocated in accordance with the Allocation of Year-End Operating Surplus for Tax Purposes policy. The annual operating surplus for tax purposes will be consistent with achieving Council's vision and the areas of strategic priority. The 2017 surplus was allocated to fund one-time items in the 2018 budget and to replenish and contribute to reserves. The surplus or deficit from self-sustaining operations was retained by those operational areas.

Allocation of 2017 Annual Operating Surplus for Tax Purposes

(In \$ Millions)



- \$7.7 Reserve Replenishment and Contributions
- \$3.1 Self-sustaining Operations
- \$2.5 2018 Budget (one-time items)

FINANCIAL CONTROL AND ACCOUNTABILITY

Financial Governance

The County's Financial Reporting policy requires a review of quarterly financial results and a review of key financial indicators to assess the operational performance and management of the County's financial resources.

Council's key oversight responsibilities in the area of financial resource management include: approval of the annual operating and capital budget as well as subsequent amendments, quarterly review of financial results compared to budget, approval of financial policies, appointment of the external auditors, and approval of the annual audited consolidated financial statements.

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

Budgeting and Financial Reporting

The strategic plan provides the overall direction for the corporate business plan and the annual operating and capital budgets that are prepared and approved by Council. The strategic plan identifies long-term direction, while the business plan identifies goals and objectives over a four-year period that contributes to the achievement and success of the priorities identified in the strategic plan. In 2017, the County continued with the implementation of the business plan and budget process, with an enhanced focus on community priorities and the development of Priority-Based Budgeting. The corporate business plan focuses on Council's priorities and is used to establish annual budgets. The annual budget allocates the resources necessary to deliver services to the community and undertake the initiatives identified in the corporate business plan. Departments use the strategic plan and corporate business plan to guide their individual business plans and provide direction.

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

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

...with an enhanced focus on community priorities and the development of Priority-Based Budgeting.

Controls and Accounting Process

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

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

Auditing Process

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

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

SUMMARY

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

This Financial Statement Discussion and Analysis and the following Consolidated Financial Statements are the result of the cooperation and assistance received from departments, the Strathcona County Library and Pioneer Housing Foundation. Management greatly appreciates the efforts of all staff involved in the completion of these financial statements.

Respectfully submitted,

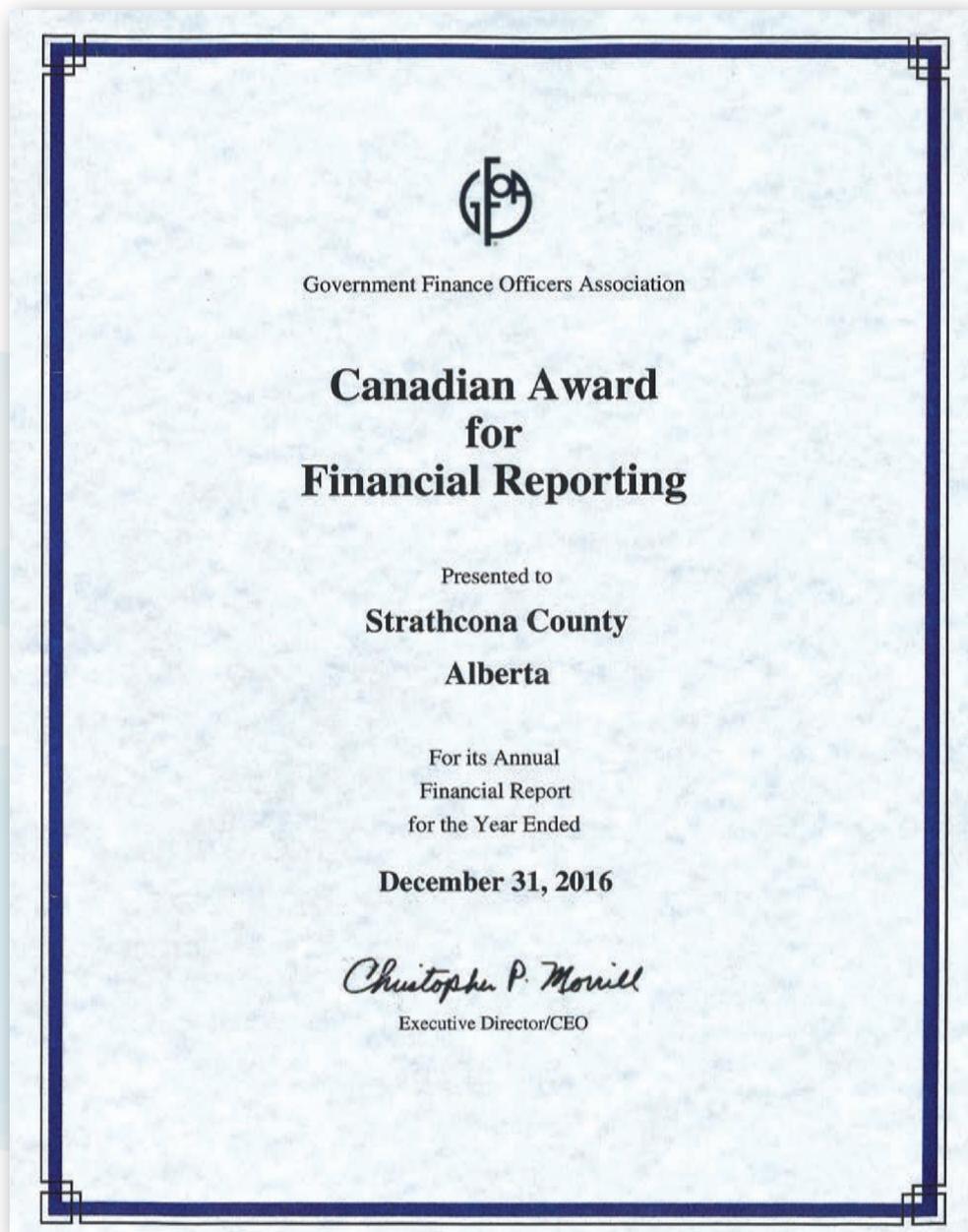


Gregory J. Yeomans, CPA, CGA, MBA
Chief Financial Officer
April 24, 2018

RECOGNITION OF ACHIEVEMENT

Strathcona County was awarded the **Canadian Award for Financial Reporting** from the Government Finance Officer's Association of the United States and Canada (GFOA) for its 2016 Annual Financial Report. The Canadian Award for Financial Reporting program was established to encourage municipal governments throughout Canada to publish high quality financial reports and to provide peer recognition and technical guidance for officials preparing these reports.

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





Consolidated Financial Statements



**STRATHCONA
COUNTY**

Strathcona County
Alberta, Canada

STRATHCONA COUNTY
Consolidated Financial Statements
Year ended December 31, 2017

INDEX

Management Report _____	51
Independent Auditors' Report _____	52
Consolidated Statement of Financial Position _____	53
Consolidated Statement of Operations and Accumulated Surplus _____	54
Consolidated Statement of Change in Net Financial Assets _____	55
Consolidated Statement of Cash Flows _____	56
Notes to Consolidated Financial Statements _____	57 - 77

MANAGEMENT REPORT

The accompanying consolidated financial statements are the responsibility of the management of Strathcona County.

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

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

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

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



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

April 24, 2018



KPMG LLP
2200, 10175 - 101 Street
Edmonton AB T5J 0H3
Canada
Telephone (780) 429-7300
Fax (780) 429-7379

INDEPENDENT AUDITORS' REPORT

To the Mayor and Members of Council of Strathcona County

We have audited the accompanying consolidated financial statements of Strathcona County, which comprise the consolidated statement of financial position as at December 31, 2017, the consolidated statements of operations and accumulated surplus, change in net financial assets and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Strathcona County as at December 31, 2017, and its consolidated results of operations, its consolidated change in its net financial assets and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Chartered Professional Accountants

April 24, 2018
Edmonton, Canada

KPMG LLP is a Canadian limited liability partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity. KPMG Canada provides services to KPMG LLP.

STRATHCONA COUNTY
Consolidated Statement of Financial Position
As at December 31, 2017 (in thousands of dollars)

	2017	2016
FINANCIAL ASSETS		
Cash and Cash Equivalents	\$ 7,042	\$ 5,718
Accounts Receivable		
Property Taxes	5,262	4,050
Government Transfers	12,117	9,510
Trade and Other	15,191	16,114
Development Levies and Charges	3,190	1,617
Investments (Note 2)	344,256	306,498
Investment Interest Receivable	10,589	10,071
	397,647	353,578
LIABILITIES		
Accounts Payable and Accrued Liabilities (Note 3)	53,023	41,047
Deposit Liabilities	17,325	16,082
Deferred Revenue (Note 4)	82,712	65,747
Long-Term Debt (Note 5)	165,423	166,140
	318,483	289,016
NET FINANCIAL ASSETS	79,164	64,562
NON-FINANCIAL ASSETS		
Tangible Capital Assets (Note 7)	1,886,035	1,841,834
Inventories of Materials and Supplies	1,028	947
Prepaid Expenses	2,903	2,329
	1,889,966	1,845,110
ACCUMULATED SURPLUS (Note 9)	\$ 1,969,130	\$ 1,909,672

Operating and Acquisition Lines of Credit (Note 10)
Commitments and Contingencies (Note 11)

See accompanying Notes to Consolidated Financial Statements.

STRATHCONA COUNTY

Consolidated Statement of Operations and Accumulated Surplus

Year ended December 31, 2017 (in thousands of dollars)

	2017 Budget (Note 12)	2017	2016
OPERATING REVENUE			
Property Taxes (Note 13)	\$ 220,530	\$ 221,359	\$ 221,963
Utility User Rates	54,184	52,521	52,553
User Fees and Charges	40,071	41,099	39,055
Investment Income	5,691	8,385	7,168
Government Transfers – Operating (Note 14)	6,190	7,717	7,282
Penalties and Fines	5,862	7,001	6,372
Other	8,383	10,039	17,742
TOTAL OPERATING REVENUE	340,911	348,121	352,135
EXPENSES			
Infrastructure and Planning Services			
Economic Development and Tourism	1,557	1,590	1,486
Planning and Development Services	10,175	9,451	9,036
Transportation and Agriculture Services	31,671	27,346	25,683
Transportation Planning and Engineering	4,273	4,675	4,028
Utilities	57,350	54,854	54,520
	105,026	97,916	94,753
Community Services			
Emergency Services	34,732	33,546	33,486
Family and Community Services	8,393	8,650	8,364
RCMP and Enforcement Services	24,632	23,504	25,461
Recreation, Parks and Culture	43,733	42,946	41,920
Strathcona Transit	19,069	18,048	17,914
	130,559	126,694	127,145
Corporate Services	37,981	37,024	31,865
Elected Officials	1,348	1,280	1,170
Financial and Strategic Management	8,271	7,149	7,190
Fiscal Services	50,966	56,484	54,907
Senior Administration	5,470	5,085	5,065
Strathcona County Library	10,435	10,224	9,942
	114,471	117,246	110,139
TOTAL EXPENSES	350,056	341,856	332,037
SURPLUS (DEFICIT) BEFORE CAPITAL REVENUE	(9,145)	6,265	20,098
CAPITAL REVENUE			
Government Transfers – Capital (Note 14)	54,748	26,648	20,740
Contributed Tangible Capital Assets (Note 7)	-	18,167	32,711
Other Capital Revenue (Note 15)	40,503	8,378	11,494
TOTAL CAPITAL REVENUE	95,251	53,193	64,945
ANNUAL SURPLUS	86,106	59,458	85,043
ACCUMULATED SURPLUS, BEGINNING OF YEAR	1,909,672	1,909,672	1,824,629
ACCUMULATED SURPLUS, END OF YEAR (Note 9)	\$ 1,995,778	\$ 1,969,130	\$ 1,909,672

See accompanying Notes to Consolidated Financial Statements.

STRATHCONA COUNTY

Consolidated Statement of Change in Net Financial Assets

Year ended December 31, 2017 (in thousands of dollars)

	2017 Budget (Note 12)	2017	2016
ANNUAL SURPLUS	\$ 86,106	\$ 59,458	\$ 85,043
Acquisition of Tangible Capital Assets	(190,730)	(84,518)	(96,906)
Contributed Tangible Capital Assets	-	(18,167)	(32,711)
Amortization of Tangible Capital Assets	55,592	57,292	54,469
(Gain) Loss on Disposal of Tangible Capital Assets	-	(1,110)	661
Proceeds from Disposal of Tangible Capital Assets	-	2,302	244
	(49,032)	15,257	10,800
Acquisition of Inventories of Materials and Supplies	-	(1,798)	(1,359)
Acquisition of Prepaid Expenses	-	(3,437)	(3,439)
Use of Inventories of Materials and Supplies	-	1,717	1,387
Use of Prepaid Expenses	-	2,863	3,848
	-	(655)	437
INCREASE (DECREASE) IN NET FINANCIAL ASSETS	(49,032)	14,602	11,237
NET FINANCIAL ASSETS, BEGINNING OF YEAR	64,562	64,562	53,325
NET FINANCIAL ASSETS, END OF YEAR	\$ 15,530	\$ 79,164	\$ 64,562

See accompanying Notes to Consolidated Financial Statements.

STRATHCONA COUNTY

Consolidated Statement of Cash Flows

Year ended December 31, 2017 (in thousands of dollars)

	2017	2016
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:		
OPERATING		
Annual Surplus	\$ 59,458	\$ 85,043
Items Not Involving Cash:		
Contributed Tangible Capital Assets	(18,167)	(32,711)
Amortization of Tangible Capital Assets	57,292	54,469
Amortization of Premium on Investments	64	65
(Gain) Loss on Disposal of Tangible Capital Assets	(1,110)	661
Gain on Disposal of Investments	(944)	(732)
Changes to Non-Cash Assets and Liabilities:		
Property Taxes Receivable	(1,212)	777
Government Transfers Receivable	(2,607)	343
Trade and Other Receivables	923	(2,484)
Development Levies and Charges Receivable	(1,573)	1,199
Land Held for Resale	-	2,632
Accounts Payable and Accrued Liabilities	11,976	(3,730)
Deposit Liabilities	1,243	(2,557)
Deferred Revenue	16,965	1,659
Inventories of Materials and Supplies	(81)	28
Prepaid Expenses	(574)	409
Cash Provided by Operating Activities	121,653	105,071
CAPITAL		
Proceeds from Disposal of Tangible Capital Assets	2,302	244
Acquisition of Tangible Capital Assets	(84,518)	(96,906)
Cash Applied to Capital Activities	(82,216)	(96,662)
INVESTING		
Purchase of Investments	(257,256)	(274,454)
Proceeds from Sale/Maturity of Investments	220,378	259,916
Change to Investment Interest Receivable	(518)	(1,854)
Cash Applied to Investing Activities	(37,396)	(16,392)
FINANCING		
Long-Term Debt Issued	9,850	19,347
Capital Leases Repaid	-	(108)
Long-Term Debt Repaid	(10,567)	(9,752)
Cash (Applied to) Provided by Financing Activities	(717)	9,487
INCREASE IN CASH AND CASH EQUIVALENTS	1,324	1,504
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	5,718	4,214
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 7,042	\$ 5,718
Cash Paid for Interest	\$ 6,603	\$ 6,570
Cash Received from Interest	\$ 8,241	\$ 5,729

See accompanying Notes to Consolidated Financial Statements.

STRATHCONA COUNTY

Notes to Consolidated Financial Statements

Year ended December 31, 2017 (in thousands of dollars)

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

1. SIGNIFICANT ACCOUNTING POLICIES

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

a) Reporting Entity

The consolidated financial statements reflect the assets, liabilities, revenues, expenses, and accumulated surplus of the reporting entity. The reporting entity is comprised of all organizations which are owned or controlled by the County, and are, therefore, accountable for the administration of their financial affairs and resources.

The reporting entity includes all divisions and departments that comprise County operations, the Strathcona County Library Board (Library) and the Pioneer Housing Foundation. Inter-organizational transactions and balances between these entities have been eliminated. The County is associated with various other boards, commissions and other organizations that are not part of the government reporting entity.

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

b) Basis of Accounting

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

c) Property Taxes

Property tax revenue is based on approved annual budget and requisition requirements. Property tax rates, per class, are determined by the total revenue requirements divided by the total taxable assessment, which are comprised of market value and regulated value assessments. Taxation revenues are recorded at the time the tax rates are authorized by Council and the tax notices are issued.

d) Government Transfers

Government transfers are recognized in the consolidated financial statements as revenues in the period the events giving rise to the transfer have occurred; provided that the transfer is authorized, eligibility criteria have been met, and reasonable estimates of the amount can be made. Stipulations are terms imposed by a transferring government regarding the use of transferred resources or the actions that must be performed in order to keep a transfer. Any unfulfilled stipulations related to a government transfer would preclude recognition of revenue until such time that all stipulations have been met.

e) Development Levies

Development levies are collected pursuant to agreements between the County and developers. Development levies are recognized in the consolidated financial statements as revenues in the period the off-site levies are collectible, and the amounts are applied to leviable infrastructure.

STRATHCONA COUNTY

Notes to Consolidated Financial Statements

Year ended December 31, 2017 (in thousands of dollars)

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

f) Local Improvements

Construction and borrowing costs associated with local improvement projects are recovered through annual special assessments during the period of the related borrowings. These levies are collectible from property owners for work performed by the County.

Local improvement levies represent funds from external parties that are restricted by legislation, and are accounted for as deferred revenue until the special assessments are authorized by Council, issued to the property owners, and the funds are used for the purpose specified.

g) Requisition Overlevies and Underlevies

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

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

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

h) Deferred Revenue

Deferred revenue consists of conditional government transfers, unearned revenue, and development levies. Funds from external parties and earnings thereon restricted by agreement or legislation are accounted for as deferred revenue until used for the purpose specified.

i) Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand and temporary investments that are highly liquid and mature within 90 days of purchase.

j) Investments

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

Investment income is reported as revenue in the period earned. When required by agreement or legislation, investment income earned on deferred revenue is added to the deferred revenue balance based on the County's average rate of return on investments.

k) Employee Benefit Obligations

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

STRATHCONA COUNTY
Notes to Consolidated Financial Statements
 Year ended December 31, 2017 (in thousands of dollars)

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

l) Contaminated Sites Liability

Contaminated sites are a result of contamination being introduced into soil, water or sediment of a chemical, organic or radioactive material or live organism that exceeds an environmental standard. A liability is recognized when a site is not in productive use and recorded net of any expected recoveries. The liability for remediation of a contaminated site reflects the County's estimated costs to meet environmental standards.

m) Non-Financial Assets

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

i. Tangible Capital Assets

Tangible capital assets are recorded at cost, which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The tangible capital asset cost, less residual value, excluding land, is amortized on a straight-line basis over the estimated useful life, as follows:

Asset	Useful Life - Years
Land Improvements	10 - 30
Buildings	10 - 50
Engineered Structures	
Roadway System	10 - 80
Water Distribution System	35 - 90
Wastewater Treatment System	35 - 75
Storm Sewer System	15 - 75
Other Engineered Structures	5 - 40
Machinery and Equipment	4 - 40
Library Collection	10
Vehicles	4 - 20

In the year the asset is available for productive use and in the year of disposal, only one-half of the annual amortization is charged. Assets under construction are not amortized until the asset is available for productive use.

STRATHCONA COUNTY

Notes to Consolidated Financial Statements

Year ended December 31, 2017 (in thousands of dollars)

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

ii. Contributions of Tangible Capital Assets

Tangible capital assets received as contributions are recorded at fair value on the date of receipt and are also recorded as contributed tangible capital asset revenues in the Consolidated Statement of Operations and Accumulated Surplus.

iii. Leases

Leases are classified as capital or operating leases. Leases which transfer substantially all the benefits and risks incidental to ownership of property are accounted for as capital leases. All other leases are accounted for as operating leases and the related lease payments are charged to expenses as incurred.

iv. Inventories of Materials and Supplies

Inventories of materials and supplies include roadway maintenance materials, vehicle equipment and facility parts, and print shop materials. Inventories of materials and supplies are valued at the lower of average cost or replacement cost.

v. Works of Art and Historical Artifacts

The County manages and controls various works of art and historical artifacts that are not recognized as tangible capital assets.

n) Reserves for Future Expenditures

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

o) Equity in Tangible Capital Assets

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

p) Use of Estimates

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

Estimates have been used to determine provisions for accrued liabilities, liabilities for contaminated sites, useful lives of tangible capital assets, historic costs of certain tangible capital assets, fair values of contributed tangible capital assets, and provisions made for allowances for doubtful receivable accounts.

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

STRATHCONA COUNTY

Notes to Consolidated Financial Statements

Year ended December 31, 2017 (in thousands of dollars)

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

q) Future Accounting Standard Pronouncements

The following table summarizes prospective changes to Canadian Public Sector Accounting Standards, and while the timing of standard adoption can vary, certain standards must be adopted concurrently. The requirements in Financial Statement Presentation (PS1201), Portfolio Investments (PS3041), Foreign Currency Translations (PS2601) and Financial Instruments (PS3450) must be implemented at the same time. Related Party Disclosures (PS2200) and Inter-Entity Transactions (PS3420) also require concurrent adoption.

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

The County has assessed the applicability of new standards to the consolidated financial statements, effective for fiscal years beginning on or after April 1, 2017, and has determined no changes or reclassifications are anticipated as a result of their adoption. The County anticipates increased disclosures to comply with these standards. In 2018, the County will continue to assess the impact of the remaining future accounting standards and prepare for their adoption.

STRATHCONA COUNTY
Notes to Consolidated Financial Statements
Year ended December 31, 2017 (in thousands of dollars)

2. INVESTMENTS

	2017		2016	
	Carrying Amount	Market Value	Carrying Amount	Market Value
Term Deposits and Notes	\$ 206,150	\$ 205,663	\$ 175,626	\$ 175,755
Government Guaranteed Bonds	114,304	113,479	102,474	101,743
Corporate Bonds	23,802	23,818	28,398	28,510
	\$ 344,256	\$ 342,960	\$ 306,498	\$ 306,008

Term deposits and notes, government guaranteed bonds and corporate bonds have effective interest rates of 1.70 to 3.66 per cent (2016 – 1.58 to 3.66 per cent) with maturity dates from February 2018 to August 2031 (2016 – January 2017 to August 2031).

The market value of investments is based on quoted market values at a certain point in time, and as such, may not be reflective of future fair values.

Certain investments have a market value below cost at year end. The County considers these declines in value to be temporary in nature.

3. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2017	2016
Trade	\$ 38,395	\$ 26,556
Employee Benefit Obligations	8,979	9,374
Payroll and Remittances	4,412	3,817
Interest	1,237	1,300
	\$ 53,023	\$ 41,047

4. DEFERRED REVENUE

Deferred revenue comprises the amounts noted below, the use of which, together with any earnings thereon, is externally restricted. Externally restricted amounts include allocated interest of \$1,009 (2016 – \$841). Certain deferred revenues relate to government transfers as further described in Note 14.

	Balance at January 1, 2017	Externally Restricted Amounts	Amounts Recognized as Revenue	Balance at December 31, 2017
Government Transfers – Capital	\$ 29,805	\$ 42,134	\$ (26,648)	\$ 45,291
Government Transfers – Operating	948	7,845	(7,717)	1,076
Development Levies	16,540	1,407	(164)	17,783
Other	18,454	17,107	(16,999)	18,562
	\$ 65,747	\$ 68,493	\$ (51,528)	\$ 82,712

STRATHCONA COUNTY
Notes to Consolidated Financial Statements
Year ended December 31, 2017 (in thousands of dollars)

5. LONG-TERM DEBT

	2017	2016
Tax-supported Debentures	\$ 70,886	\$ 73,615
Non Tax-supported Debentures – Development Levies	22,351	24,897
Non Tax-supported Debentures – Utility Rates	46,456	49,245
Non Tax-supported Debentures – Other	25,730	18,383
	\$ 165,423	\$ 166,140

Debenture debt has been issued on the credit and security of the County at large. Debenture debt is repayable to the Alberta Capital Finance Authority and bears interest at rates ranging from 2.13 to 9.13 per cent (2016 – 2.13 to 9.13) and matures in periods 2018 through 2042 (2016 – periods 2017 through 2041).

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

	Principal	Interest	Total
2018	\$ 4,480	\$ 2,699	\$ 7,179
2019	3,912	2,522	6,434
2020	3,897	2,378	6,275
2021	3,985	2,235	6,220
2022	4,093	2,087	6,180
Thereafter	50,519	12,709	63,228
	\$ 70,886	\$ 24,630	\$ 95,516

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

	Principal	Interest	Total
2018	\$ 6,647	\$ 3,715	\$ 10,362
2019	6,627	3,427	10,054
2020	6,797	3,143	9,940
2021	6,779	2,855	9,634
2022	6,608	2,566	9,174
Thereafter	61,079	16,644	77,723
	\$ 94,537	\$ 32,350	\$ 126,887

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

	Principal	Interest	Total
2018	\$ 11,127	\$ 6,414	\$ 17,541
2019	10,539	5,949	16,488
2020	10,694	5,521	16,215
2021	10,764	5,090	15,854
2022	10,701	4,653	15,354
Thereafter	111,598	29,353	140,951
	\$ 165,423	\$ 56,980	\$ 222,403

STRATHCONA COUNTY
Notes to Consolidated Financial Statements
Year ended December 31, 2017 (in thousands of dollars)

6. 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:

	2017	2016
Total Debt Limit	\$ 534,749	\$ 545,262
Total Debt	165,423	166,140
Percentage Used	30.9%	30.5%
Service on Debt Limit	\$ 89,125	\$ 90,877
Service on Debt	17,542	17,086
Percentage Used	19.7%	18.8%

The total debt limit is calculated at 1.5 times the revenue of the County (as defined in Alberta Regulation 255/2000), and the service on debt limit is calculated at 0.25 times such revenue. Incurring debt beyond these limitations requires approval by the Minister of Municipal Affairs. These thresholds are a conservative guideline used by Alberta Municipal Affairs to identify municipalities which could be at financial risk if further debt is acquired. The calculation taken alone does not represent the financial stability of the municipality. Rather, the consolidated financial statements must be interpreted as a whole.

STRATHCONA COUNTY

Notes to Consolidated Financial Statements

Year ended December 31, 2017 (in thousands of dollars)

7. TANGIBLE CAPITAL ASSETS

Cost	Balance at January 1, 2017	Purchased Additions	Contributed Additions	Disposals	Balance at December 31, 2017
Land	\$ 491,112	\$ 176	\$ 8,334	\$ (92)	\$ 499,530
Land Improvements	106,236	7,151	2,561	(522)	115,426
Buildings	445,163	11,395	-	(577)	455,981
Engineered Structures	1,159,091	38,540	7,253	(11,019)	1,193,865
Machinery and Equipment	71,774	5,493	-	(3,099)	74,168
Books and Periodicals	5,841	623	19	(351)	6,132
Vehicles	75,516	2,547	-	(2,000)	76,063
Assets under Construction	41,784	18,593	-	-	60,377
	\$ 2,396,517	\$ 84,518	\$ 18,167	\$ (17,660)	\$ 2,481,542

Accumulated Amortization	Balance at January 1, 2017	Disposals	Amortization	Balance at December 31, 2017
Land Improvements	\$ 34,002	\$ (492)	\$ 5,054	\$ 38,564
Buildings	100,410	(149)	11,218	111,479
Engineered Structures	346,276	(11,019)	28,562	363,819
Machinery and Equipment	37,225	(2,485)	6,200	40,940
Books and Periodicals	2,717	(351)	599	2,965
Vehicles	34,053	(1,972)	5,659	37,740
	\$ 554,683	\$ (16,468)	\$ 57,292	\$ 595,507

Net Book Value	Balance at December 31, 2017
Land	\$ 499,530
Land Improvements	76,862
Buildings	344,502
Engineered Structures	830,046
Machinery and Equipment	33,228
Books and Periodicals	3,167
Vehicles	38,323
Assets under Construction	60,377
	\$ 1,886,035

STRATHCONA COUNTY

Notes to Consolidated Financial Statements

Year ended December 31, 2017 (in thousands of dollars)

7. TANGIBLE CAPITAL ASSETS (CONTINUED)

Cost	Balance at January 1, 2016	Purchased Additions	Contributed Additions	Disposals	Balance at December 31, 2016
Land	\$ 473,870	\$ 522	\$ 16,731	\$ (11)	\$ 491,112
Land Improvements	98,507	5,726	2,568	(565)	106,236
Buildings	374,102	71,098	-	(37)	445,163
Engineered Structures	1,125,477	32,273	13,412	(12,071)	1,159,091
Machinery and Equipment	68,349	4,229	-	(804)	71,774
Books and Periodicals	5,592	630	-	(381)	5,841
Vehicles	69,404	8,331	-	(2,219)	75,516
Assets under Construction	67,687	(25,903)	-	-	41,784
	\$ 2,282,988	\$ 96,906	\$ 32,711	\$ (16,088)	\$ 2,396,517

Accumulated Amortization	Balance at January 1, 2016	Disposals	Amortization	Balance at December 31, 2016
Land Improvements	\$ 29,860	\$ (553)	\$ 4,695	\$ 34,002
Buildings	90,961	(37)	9,486	100,410
Engineered Structures	329,834	(11,622)	28,064	346,276
Machinery and Equipment	31,886	(793)	6,132	37,225
Books and Periodicals	2,526	(381)	572	2,717
Vehicles	30,330	(1,797)	5,520	34,053
	\$ 515,397	\$ (15,183)	\$ 54,469	\$ 554,683

Net Book Value	Balance at December 31, 2016
Land	\$ 491,112
Land Improvements	72,234
Buildings	344,753
Engineered Structures	812,815
Machinery and Equipment	34,549
Books and Periodicals	3,124
Vehicles	41,463
Assets under Construction	41,784
	\$ 1,841,834

STRATHCONA COUNTY
Notes to Consolidated Financial Statements
Year ended December 31, 2017 (in thousands of dollars)

7. TANGIBLE CAPITAL ASSETS (CONTINUED)

a) Assets under Construction

Assets under construction having a value of \$60,377 (2016 – \$41,784) have not been amortized.

b) Contributed Tangible Capital Assets

Contributed tangible capital assets are recognized at fair value at the date of contribution. A total of \$18,167 in land, land improvements, engineered structures and books and periodicals was contributed to the County in 2017 (2016 – \$32,711).

c) Write-down of Tangible Capital Assets

The County did not write down any tangible capital assets in 2017 or 2016.

8. EQUITY IN TANGIBLE CAPITAL ASSETS

	2017	2016
Tangible Capital Assets – Cost (Note 7)	\$ 2,481,542	\$ 2,396,517
Accumulated Amortization (Note 7)	(595,507)	(554,683)
Long-Term Debt (Note 5)	(165,423)	(166,140)
Local Improvements Levies Applicable to Debt	570	614
	\$ 1,721,182	\$ 1,676,308

9. ACCUMULATED SURPLUS

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

	2017	2016
Unrestricted (Deficit) Surplus	\$ (9,957)	\$ 1,065
Equity in Tangible Capital Assets	1,721,182	1,676,308
	1,711,225	1,677,373
Reserves:		
Stabilization and Contingency	17,413	13,867
Projects	71,998	61,195
Infrastructure Lifecycle, Maintenance and Replacement	116,413	113,208
Special Purpose	47,355	39,631
Library	4,726	4,398
	257,905	232,299
	\$ 1,969,130	\$ 1,909,672

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

STRATHCONA COUNTY

Notes to Consolidated Financial Statements

Year ended December 31, 2017 (in thousands of dollars)

10. OPERATING AND ACQUISITION LINES OF CREDIT

The County has an operating line of credit available for use, up to a maximum of \$5,000 (2016 – \$5,000), bearing interest at prime rate minus 0.5 per cent (2016 – 0.5 per cent) and is secured by the County at large. As at December 31, 2017, nil (2016 – 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 (2016 – \$2,449), bearing interest at prime minus 0.5 per cent (2016 – 0.5 per cent) and is secured by the County at large. As at December 31, 2017, nil (2016 – nil) was drawn against the available acquisition line of credit.

11. COMMITMENTS AND CONTINGENCIES

a) Capital

As at December 31, 2017, authorized costs for capital projects committed through a purchase order or other contractual agreement, but not yet expended, amounted to \$24,633 (2016 – \$20,607).

b) Leases

The County has ongoing operating leases for building space, office equipment and other miscellaneous equipment.

The future minimum lease payments are as follows:

2018	\$ 635
2019	\$ 588
2020	\$ 487
2021	\$ 487
2022	\$ 435
Thereafter	\$ 973

c) Legal Disputes

As at December 31, 2017, the County was involved in various legal disputes. While it is not possible to estimate the outcome of these disputes, management believes that there will be no significant adverse effects on the financial position of the County.

d) Development Agreements

Developers have entered into agreements with the County in the amount of approximately \$20,588 (2016 – \$8,495) and are committed to the installation and construction of certain works to serve development of lands within the County. The County has taken performance securities from developers in the form of deposit liabilities in the amount of \$227 (2016 – \$38) and letters of credit in the amount of \$5,655 (2016 – \$4,429) to ensure performance by the developers under the agreements. Security taken by the County is reduced accordingly as the above-noted works are constructed.

e) Contaminated Sites

The County has implemented procedures and systems for the recognition and measurement of liabilities associated with contaminated sites to ensure consistent and accurate identification. The County did not identify any contaminated sites meeting the applicable criteria, and did not recognize any financial liabilities as at December 31, 2017.

STRATHCONA COUNTY
Notes to Consolidated Financial Statements
Year ended December 31, 2017 (in thousands of dollars)

12. BUDGET DATA

The 2017 Operating Budget, approved by Council November 28, 2016 (2016 – December 8, 2015), is reported on the accrual basis in accordance with Canadian Public Sector Accounting Standards, which excludes the repayment of long-term debt and reserve transactions. The Capital Budget reports the planned activity for the year ended December 31, 2017, as follows:

	2017	2016
2017 Capital Budget approved by Council on November 28, 2016	\$ 65,555	\$ 94,613
2017 Approved Capital Budget Amendments	21,804	3,190
Unspent Prior Years Budgeted Capital Expenditures and Amendments	222,396	226,153
Budgeted Capital Expenditures planned to be incurred after 2017	(119,025)	(83,751)
Capital Budget for Acquisition of Tangible Capital Assets	\$ 190,730	\$ 240,205

13. PROPERTY TAXES

	Municipal	Non-Municipal	2017	2016
Property Taxes				
Residential and Farmland	\$ 75,414	\$ 44,674	\$ 120,088	\$ 119,268
Commercial and Industrial	139,083	20,526	159,609	157,509
Electric Power and Pipeline	6,701	2,578	9,279	9,787
Government Grants in Lieu of Taxes	149	40	189	180
Local Improvement Levies	12	-	12	12
	\$ 221,359	\$ 67,818	\$ 289,177	\$ 286,756
Non-Municipal				
Provincial Alberta School Foundation Fund			57,589	54,807
Elk Island CSRD No. 41			7,289	7,116
Heartland Housing Foundation			2,940	2,870
Taxes on Behalf of Non-Municipal Requisitioning Authorities			\$ 67,818	\$ 64,793
			2017 Budget	
Taxes for Provision of Municipal Services		\$ 220,530	\$ 221,359	\$ 221,963

STRATHCONA COUNTY
Notes to Consolidated Financial Statements
Year ended December 31, 2017 (in thousands of dollars)

14. GOVERNMENT TRANSFERS

	2017 Budget	2017	2016
Government Transfers for Operations			
Federal Transfers	\$ 100	\$ 144	\$ 162
Provincial Transfers	6,090	7,573	7,120
	6,190	7,717	7,282
Government Transfers for Capital			
Federal Transfers	5,931	5,278	9,976
Provincial Transfers	48,817	21,370	10,764
	54,748	26,648	20,740
	\$ 60,938	\$ 34,365	\$ 28,022

The nature of the major government transfers recognized during 2017, include, but are not limited to the following:

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

- In 2017, the County obtained authorization of \$30,286 (2016 – \$12,626) in MSI Capital Funding. During 2017, \$20,042 (2016 – \$8,471) has been recognized in capital transfers. A total of \$31,449 (2016 – \$20,709) remains deferred to future years, including interest of \$496 (2016 – \$377). As at December 31, 2017, \$6,007 (2016 – nil) has been recognized as receivable under this program.
- In 2017, the County obtained authorization of \$813 (2016 – \$808) in MSI Conditional Operating Funding. During 2017, \$813 (2016 – \$808) has been recognized in operating transfers.
- From 2008 to 2010, the County obtained authorization of \$12,387 in MSI Affordable Housing Funding. During 2017, \$45 (2016 – \$120) has been recognized in operating and capital transfers. A total of \$138 (2016 – \$181) of the amounts received since inception of the initiative remains deferred to future years, including interest of \$3 (2016 – \$5).

The Federal government introduced the Federal Gas Tax Fund to transfer federal gas tax revenue to the Province of Alberta to assist in reducing the backlog of necessary sustainable capital municipal infrastructure projects that have been deferred. In 2017, the County obtained authorization of \$4,658 (2016 – \$8,672) in Federal Gas Tax Funding, and \$3,565 (2016 – \$7,066) has been recognized in capital transfers. A total of \$9,555 (2016 – \$8,330), including interest of \$132 (2016 – \$42) remains deferred to future years. As at December 31, 2017, \$1,336 (2016 – \$6,681) has been recognized as receivable under this program.

In 2016, the County was approved to receive funding from the Federal and Provincial government for Public Transit Infrastructure Fund (PTIF). PTIF funding will help accelerate municipal investments to support the rehabilitation of transit systems, new capital projects, and planning and studies for future transit expansion to foster long-term transit plans. In 2017, the County obtained authorization of \$1,170 (2016 – nil) in PTIF Funding and \$1,170 (2016 – nil) has been recognized in capital transfers. As at December 31, 2017, \$1,170 (2016 – nil) has been recognized as receivable under this program.

STRATHCONA COUNTY
Notes to Consolidated Financial Statements
Year ended December 31, 2017 (in thousands of dollars)

14. GOVERNMENT TRANSFERS (CONTINUED)

The Resource Road Program (RRP) is a Provincial program that provides funding to municipalities to construct or rehabilitate road infrastructure that supports this industrial growth. The Provincial government has allocated \$7,000 in RRP funding for 2017-18 to rural municipalities. The County received authorization of \$3,000 (2016 – nil) in RRP funding, and nil (2016 – nil) has been recognized in capital transfers. As at December 31, 2017, \$3,000 (2016 – nil) has been recognized as receivable under this program.

The Provincial government announced the Green Transit Incentives Program (GreenTRIP) in July 2008. GreenTRIP supports new public transit projects that will lead to a reduction of greenhouse gas emissions and traffic congestion by decreasing the number of vehicles on the roads. In 2017, the County received authorization of \$973 (2016 – \$1,987) in GreenTRIP funding, and \$973 (2016 – \$1,987) has been recognized in capital transfers. As at December 31, 2017, \$465 (2016 – \$1,987) has been recognized as receivable under this program.

In 2014, the Federal government designated funds to support infrastructure projects in Alberta communities with a population up to 100,000. The Small Communities Fund (SCF) focuses on supporting local priorities that contribute to economic growth, a cleaner environment and stronger communities. In 2017, the County received authorization of \$478 (2016 – \$2,576) and \$478 (2016 – \$2,576) has been recognized in capital transfers.

15. OTHER CAPITAL REVENUES

	2017 Budget	2017	2016
Development Levies and Charges	\$ 17,742	\$ (88)	\$ 6,985
Developer and Other Third Party Contributions	22,761	8,466	4,509
	\$ 40,503	\$ 8,378	\$ 11,494

STRATHCONA COUNTY
Notes to Consolidated Financial Statements
Year ended December 31, 2017 (in thousands of dollars)

16. SALARY AND BENEFITS DISCLOSURE

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

	Salaries	Benefits and Allowances	2017	2016
Elected Officials:				
Mayor – Jan - Oct	\$ 101	\$ 35	\$ 136	\$ 140
Mayor – Oct - Dec	25	5	30	-
Councillor – Ward 1 – Jan - Sept	51	6	57	81
Councillor – Ward 1 – Oct - Dec	14	3	17	-
Councillor – Ward 2	72	18	90	89
Councillor – Ward 3	72	16	88	88
Councillor – Ward 4 – Jan - Oct	59	27	86	89
Councillor – Ward 4 – Oct - Dec	14	3	17	-
Councillor – Ward 5	72	19	91	89
Councillor – Ward 6	72	9	81	81
Councillor – Ward 7 – Jan - Oct	59	21	80	83
Councillor – Ward 7 – Oct - Dec	14	2	16	-
Councillor – Ward 8 – Jan - Oct	59	24	83	87
Councillor – Ward 8 – Oct - Dec	14	3	17	-
	\$ 698	\$ 191	\$ 889	\$ 827
Chief Commissioner	\$ 292	\$ 49	\$ 341	\$ 322

Benefits and allowances include the County's share of Canada Pension Plan, Workers' Compensation Board, retirement contributions, group insurance, extended health care, dental benefits, accidental death and dismemberment, long-term disability insurance, car allowance and transition allowance. Benefits also include the County's share of employment insurance for the Chief Commissioner.

17. PENSION PLAN

a) Local Authorities Pension Plan

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

The County was required to make current service contributions to the Plan of 11.39 per cent (2016 – 11.39 per cent) of pensionable payroll up to the yearly maximum pensionable earnings (YMPE) and 15.84 per cent (2016 – 15.84 per cent) thereafter. Employees of the County are required to make current service contributions of 10.39 per cent (2016 – 10.39 per cent) of pensionable salary up to YMPE, and 14.84 per cent (2016 – 14.84 per cent) thereafter.

Total current service contributions by the County to LAPP in 2017 were \$13,634 (2016 – \$13,263). Total current service contributions by the employees of the County to LAPP in 2017 were \$12,576 (2016 – \$12,237).

STRATHCONA COUNTY

Notes to Consolidated Financial Statements

Year ended December 31, 2017 (in thousands of dollars)

17. PENSION PLAN (CONTINUED)

As stated in their 2016 Annual Report, LAPP serves 253,862 members and 417 employers. It is financed by employer and employee contributions and investment earnings of the LAPP fund. At December 31, 2016, the plan reported an actuarial deficiency of (\$637) million.

b) APEX

The APEX supplementary pension plan, an Alberta Urban Municipalities Association (AUMA) sponsored defined benefit pension plan covered under the provisions of the Alberta Employment Pension Plans Act, commenced on January 1, 2004; managers became eligible as of January 14, 2016. This plan provides supplementary pension benefits to a prescribed class of employees and supplements LAPP.

Contributions are made by the prescribed class of employees and the County. The employees contribute 2.84 per cent (2016 – 2.50 per cent) and the County contributes 3.78 per cent (2016 – 3.00 per cent) of pensionable earnings up to \$146 (2016 – \$145).

Total contributions made by the employees to APEX in 2017 were \$292 (2016 – \$237). Total contributions made by the County to APEX in 2017 were \$388 (2016 – \$285).

18. FINANCIAL INSTRUMENTS

The County's financial instruments consist of cash and cash equivalents, accounts receivable, investments, accounts payable and accrued liabilities, deposit liabilities, and long-term debt. It is management's opinion that the County is not exposed to significant interest, currency, or credit risk arising from these financial instruments. Unless otherwise noted, the fair values of these financial instruments approximate their carrying values.

19. COMPARATIVE INFORMATION

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

20. SEGMENTED INFORMATION

Segmented information has been identified based on the types of services provided by the County to its residents. The types of services are identified in the Consolidated Statement of Operations and Accumulated Surplus. Certain allocation methodologies are used in the preparation of segmented financial information. Taxation revenues and payments in lieu of taxes are allocated to the segments based on the segment's budgeted net expenditures. User charges and other revenue have been allocated to the segments based on the segment that generated the revenue. Government transfers have been allocated to the segment based on the purpose for which the transfer was made. Development charges earned and developer contributions received were allocated to the segment for which the charge was collected.

The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements as disclosed in Note 1.

STRATHCONA COUNTY

Notes to Consolidated Financial Statements

Year ended December 31, 2017 (in thousands of dollars)

20. SEGMENTED INFORMATION (CONTINUED)

	Municipal Operations				
	Infrastructure and Planning Services	Community Services	Corporate Services	Financial and Strategic Management	Senior Administration
OPERATING REVENUE					
Property Taxes	\$ 42,198	\$ 85,126	\$ 37,214	\$ 7,896	\$ 5,347
Utility User Rates	-	-	-	-	-
User Fees and Charges	4,421	29,316	739	345	123
Investment Income	-	-	-	-	-
Government Transfer –					
Operating	247	6,021	-	26	2
Penalties and Fines	80	5,231	-	-	-
Other	651	6,669	405	115	14
TOTAL OPERATING REVENUE	47,597	132,363	38,358	8,382	5,486
EXPENSES					
Salaries, Wages and Benefits	28,035	88,021	22,614	6,821	4,432
Contracted and General Services	6,712	21,179	11,961	796	442
Supplies, Materials and Utilities	7,825	16,126	2,269	(517)	165
Interest on Long-Term Debt	-	-	-	-	-
Grants and Requisitions	118	879	82	-	46
Amortization	-	-	-	-	-
(Gain) Loss on Asset Disposal	-	-	-	-	-
Other Expenses	372	489	98	49	-
TOTAL EXPENSES	43,062	126,694	37,024	7,149	5,085
SURPLUS (DEFICIT)					
BEFORE CAPITAL REVENUE	4,535	5,669	1,334	1,233	401
CAPITAL REVENUE					
Government Transfers – Capital	-	-	-	-	-
Contributed Tangible Capital					
Assets	-	-	-	-	-
Other Capital Revenue	-	-	-	-	-
TOTAL CAPITAL REVENUE	-	-	-	-	-
ANNUAL SURPLUS	\$ 4,535	\$ 5,669	\$ 1,334	\$ 1,233	\$ 401

Elected Officials	Fiscal Services	Total Municipal Operations	Utility Operations	Library Operations	2017	2017 Budget (Note 12)
\$ 1,348	\$ 32,746	\$ 211,875	\$ 12	\$ 9,472	\$ 221,359	\$ 220,530
-	-	-	52,521	-	52,521	54,184
-	3,795	38,739	2,291	69	41,099	40,071
-	7,123	7,123	1,117	145	8,385	5,691
-	812	7,108	39	570	7,717	6,190
-	1,527	6,838	-	163	7,001	5,862
-	1,583	9,437	457	145	10,039	8,383
1,348	47,586	281,120	56,437	10,564	348,121	340,911
1,088	2,030	153,041	10,748	6,247	170,036	168,709
135	2,823	44,048	11,182	332	55,562	62,046
57	(962)	24,963	22,634	1,317	48,914	53,032
-	3,269	3,269	2,353	919	6,541	6,942
-	1,039	2,164	115	-	2,279	2,104
-	48,518	48,518	7,371	1,403	57,292	55,592
-	(1,483)	(1,483)	373	-	(1,110)	-
-	1,250	2,258	78	6	2,342	1,631
1,280	56,484	276,778	54,854	10,224	341,856	350,056
68	(8,898)	4,342	1,583	340	6,265	(9,145)
-	26,666	26,666	(18)	-	26,648	54,748
-	13,520	13,520	4,628	19	18,167	-
-	8,008	8,008	361	9	8,378	40,503
-	48,194	48,194	4,971	28	53,193	95,251
\$ 68	\$ 39,296	\$ 52,536	\$ 6,554	\$ 368	\$ 59,458	\$ 86,106

STRATHCONA COUNTY

Notes to Consolidated Financial Statements

Year ended December 31, 2017 (in thousands of dollars)

20. SEGMENTED INFORMATION (CONTINUED)

	Municipal Operations				
	Infrastructure and Planning Services	Community Services	Corporate Services	Financial and Strategic Management	Senior Administration
OPERATING REVENUE					
Property Taxes	\$ 42,890	\$ 82,508	\$ 36,369	\$ 7,583	\$ 5,157
Utility User Rates	-	-	-	-	-
User Fees and Charges	4,537	28,914	485	292	122
Government Transfer – Operating	228	5,527	-	116	-
Investment Income	-	-	-	-	-
Penalties and Fines	64	4,862	-	-	-
Other	823	7,889	335	79	10
TOTAL OPERATING REVENUE	48,542	129,700	37,189	8,070	5,289
EXPENSES					
Salaries, Wages and Benefits	26,372	85,208	21,304	6,435	4,410
Contracted and General Services	6,191	24,337	8,916	1,009	530
Supplies, Materials and Utilities	7,322	15,969	1,486	(396)	125
Interest on Long-Term Debt	-	35	-	-	-
Grants and Requisitions	52	913	82	90	-
Amortization	-	190	-	-	-
Loss on Asset Disposal	-	-	-	-	-
Other Expenses	296	493	77	52	-
TOTAL EXPENSES	40,233	127,145	31,865	7,190	5,065
SURPLUS (DEFICIT)					
BEFORE CAPITAL REVENUE	8,309	2,555	5,324	880	224
CAPITAL REVENUE					
Contributed Tangible Capital Assets	-	-	-	-	-
Government Transfers – Capital	-	-	-	-	-
Other Capital Revenue	-	-	-	-	-
TOTAL CAPITAL REVENUE	-	-	-	-	-
ANNUAL SURPLUS	\$ 8,309	\$ 2,555	\$ 5,324	\$ 880	\$ 224

Elected Officials	Fiscal Services	Total Municipal Operations	Utility Operations	Library Operations	2016	2016 Budget (Note 12)
\$ 1,303	\$ 36,969	\$ 212,779	\$ 12	\$ 9,172	\$ 221,963	\$ 219,958
-	-	-	52,553	-	52,553	54,084
-	3,299	37,649	1,348	58	39,055	40,270
-	808	6,679	33	570	7,282	5,202
-	6,090	6,090	966	112	7,168	6,093
-	1,271	6,197	-	175	6,372	5,830
-	8,084	17,220	362	160	17,742	7,904
1,303	56,521	286,614	55,274	10,247	352,135	339,341
984	138	144,851	10,749	6,102	161,702	164,043
127	1,940	43,050	11,183	330	54,563	62,609
59	(1,319)	23,246	22,413	1,177	46,836	54,625
-	3,093	3,128	2,468	952	6,548	6,869
-	923	2,060	101	-	2,161	2,050
-	45,819	46,009	7,083	1,377	54,469	53,287
-	211	211	450	-	661	-
-	4,102	5,020	73	4	5,097	1,516
1,170	54,907	267,575	54,520	9,942	332,037	344,999
133	1,614	19,039	754	305	20,098	(5,658)
-	25,153	25,153	7,558	-	32,711	-
-	20,262	20,262	478	-	20,740	41,381
-	10,679	10,679	812	3	11,494	58,638
-	56,094	56,094	8,848	3	64,945	100,019
\$ 133	\$ 57,708	\$ 75,133	\$ 9,602	\$ 308	\$ 85,043	\$ 94,361





Budget Highlights



**STRATHCONA
COUNTY**

Strathcona County
Alberta, Canada



Budget Highlights (Unaudited)

2018 Operating Expenses - Non-Consolidated (Excluding Pioneer Housing Foundation) (In \$ Millions)

Municipal	\$291.6
Utilities	\$59.4
Library	\$10.5
Total	\$361.5

2018 Capital Project Approval (In \$ Millions)

Municipal	\$65.1
Utilities	\$3.4
Library	\$0.6
Total	\$69.1

2018 Allocation of Each Dollar of Residential Property Tax

Municipal Services	60¢
Education	36¢
Library	2¢
Heartland Housing Foundation	2¢



2018 Planned Distribution of a Municipal Tax Dollar

Transportation (Roads)	30¢
Fire, Ambulance and Police	29¢
Recreation, Parks and Culture	20¢
Public Transit	11¢
Planning and Development	4¢
Family and Community Services	3¢
Agriculture	2¢
Economic Development and Tourism	1¢

2018 Estimated Municipal Regular Property Tax (In \$ Millions)

Residential and Farmland	\$72.2
Industrial Machinery and Equipment	\$87.8
Commercial, Other Industrial and Linear	\$51.6
Total	\$211.6

Municipal Property Tax Rates (Note 1)

The Property Tax Rate Bylaw 20-2018 was approved in April 2018

Residential and Farmland	4.1681
Commercial and Industrial (Non Residential)	8.5192
Machinery and Equipment	8.5192
Linear (Power and Pipeline)	8.5192

Note 1 - Per thousand dollars of taxable assessed value.



Statistics



**STRATHCONA
COUNTY**

Strathcona County
Alberta, Canada

General Statistical Information

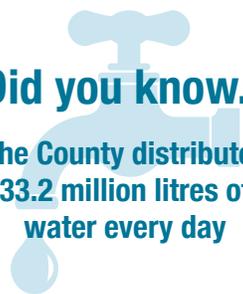
For the Years Ended December 31, 2013 - 2017

Unaudited



2017
Number of
dwelling units:
37,559

Did you know...



The County distributes
33.2 million litres of
water every day



2017
County maintained
roads:
1,721 km

	2017	2016	2015	2014	2013
Population (Note 1)	98,044	98,044	95,597	92,490	92,490
Number of Dwelling Units (Note 2)	37,559	36,352	35,965	35,558	35,148
County-Wide Area (Note 3) (figures are approximate)					
Municipal Area (square kilometres)	1,265	1,265	1,265	1,265	1,265
Industrial (hectares)	9,063	9,052	7,816	7,683	7,490
Commercial (hectares)	2,081	2,078	1,941	1,917	1,910
Residential (hectares)	18,677	18,542	16,051	15,955	15,850
Agricultural (hectares)	87,364	87,502	84,200	84,463	84,390
Park, recreation, natural (hectares)	3,704	3,701	3,522	3,499	3,430
Urban Village (hectares)*	66	66	-	-	-
Other: water bodies, roads, right-of-ways (hectares)	5,666	5,679	13,103	12,983	12,980
Roads (Km)					
Rural roads, County maintained	1,313	1,308	1,308	1,308	1,308
Urban roads, County maintained	408	403	397	394	394
Utility Operations					
Water distributed (million litres per day)	33.2	33.2	33.7	23.1	22.0
Water mains maintained (km)	598	593	582	566	560
Wastewater mains maintained (km)	431	420	400	388	388
Stormwater mains maintained (km)	370	363	347	342	338

*New zoning type added in 2016 - includes mix of residential and commercial

General Statistical Information (Continued)

For the Years Ended December 31, 2013 - 2017

Unaudited

	2017	2016	2015	2014	2013
Building Permits					
Total Issued	1,047	1,400	1,304	1,440	1,450
Value of Annual Permits Issued (In \$ Thousands)	348,451	342,677	365,524	402,323	315,246
Strathcona County Employees (Note 4)					
Regular employee positions	1,285	1,267	1,204	1,175	1,147
Irregular employee positions	319	237	239	173	171
Parkland (hectares) (Note 3, 5)	1,945	1,944	1,944	1,927	1,914
Natural area (hectares)	1,759	1,757	1,521	1,521	1,518

Notes:

1. Population - 2017 to 2015 population figures based on municipal census; 2013 and 2014 population figures are per 2011 Federal Census.
2. Number of Dwelling Units based on Assessment and Tax Roll data.
3. The 2017 and 2016 County-Wide, Parkland and Natural area information is presented using the new methodology approved in the Land Use Bylaw.
4. Regular employees work either on a full-time or part-time basis in authorized positions. Irregular employees work irregular, non-standard hours on an as required basis. In addition to regular and irregular employees, Strathcona County also has temporary, seasonal and casual staff that provide service to residents, business and industry as required.
5. Parkland includes developed parks, school and other institutional sites, playing field, and utility corridors that may include trails.

Unemployment Rates

Strathcona County 2016* Unemployment Rate: 6.5%

	2017	2016	2015	2014	2013
Alberta**	7.8%	8.1%	6.0%	4.7%	4.6%
Canada**	6.3%	7.0%	6.9%	6.9%	7.1%

* Strathcona County 2016 unemployment rate per the Government of Alberta.

** Alberta and Canada unemployment rates per Statistics Canada.

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

For the Years Ended December 31, 2013 - 2017 (in thousands of dollars)

Unaudited

Operating Revenue by Source	2017	2016	2015	2014	2013
Property Taxes	221,359	221,963	211,377	198,580	188,845
Utility User Rates	52,521	52,553	52,353	51,160	48,467
User Fees and Charges	41,099	39,055	41,870	44,257	40,252
Investment Income	8,385	7,168	7,845	6,839	9,130
Government Transfers	7,717	7,282	7,412	7,531	7,311
Penalties and Fines	7,001	6,372	6,901	6,063	4,907
Other (Note 1)	10,039	17,742	9,407	10,044	12,094
Total Operating Revenue by Source	348,121	352,135	337,165	324,474	311,006
Expenses by Function					
Protective Services (Note 2)	57,050	58,947	53,525	52,005	47,762
Utilities	54,854	54,520	53,823	53,585	57,276
Recreation, Parks and Culture	53,170	51,862	49,109	49,234	46,911
Transportation Services	45,394	43,597	44,474	46,905	44,905
Fiscal Services (Note 3)	56,484	54,907	50,394	46,707	44,412
Corporate Services (Note 4)	37,024	31,865	29,282	26,677	25,965
General Government and Other (Note 5)	19,779	18,939	18,407	17,380	19,781
Planning and Development Services	9,451	9,036	9,509	9,443	9,073
Family and Community Services	8,650	8,364	7,412	7,167	7,393
Total Expenses by Function	341,856	332,037	315,935	309,103	303,478
Expenses by Object					
Salaries, Wages and Benefits	170,036	161,702	153,334	143,669	134,934
Contracted and General Services	55,562	54,563	54,667	57,096	54,019
Supplies, Materials and Utilities	48,914	46,836	45,615	48,034	44,498
Interest on Long-Term Debt	6,541	6,548	6,822	7,382	7,669
Grants and Requisitions	2,279	2,161	2,150	2,165	2,758
Amortization	57,292	54,469	51,153	46,674	45,800
(Gain) Loss on Asset Transfers and Disposals	(1,110)	661	307	1,948	11,799
Other Expenses	2,342	5,097	1,887	2,135	2,001
Total Expenses by Object	341,856	332,037	315,935	309,103	303,478
Surplus Before Capital Revenue	6,265	20,098	21,230	15,371	7,528
Capital Revenue by Source					
Government Transfers	26,648	20,740	43,941	27,507	39,628
Contributed Tangible Capital Assets	18,167	32,711	60,325	28,695	33,528
Other Capital Revenue (Note 6)	8,378	11,494	2,032	11,688	12,944
Total Capital Revenue by Source	53,193	64,945	106,298	67,890	86,100
Annual Surplus	59,458	85,043	127,528	83,261	93,628

Revenue by Source, Expense by Function and Object, Annual Surplus and Accumulated Surplus (continued)

For the Years Ended December 31, 2013 - 2017 (in thousands of dollars)

Unaudited

Annual Surplus by Segment	2017	2016	2015	2014	2013
Municipal	52,536	75,133	104,271	63,020	82,995
Utilities	6,554	9,602	23,124	20,040	10,256
Library	368	308	133	201	377
Total Annual Surplus	59,458	85,043	127,528	83,261	93,628
Accumulated Surplus, Beginning of Period	1,909,672	1,824,629	1,697,101	1,613,840	1,520,212
Accumulated Surplus, End of Period	1,969,130	1,909,672	1,824,629	1,697,101	1,613,840

Notes:

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

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

For the Years Ended December 31, 2013 - 2017 (in thousands of dollars)

Unaudited

The Annual Operating Surplus for Tax Purposes evaluates the results using the same method used to prepare the Operating Budget, in accordance with the Municipal Government Act (MGA). This method includes debt repayment expenditures and reserve transactions, and excludes amortization expense, gains/losses on asset disposals, and capital revenues, unlike the Consolidated PSAS surplus used to prepare the financial statements.

	2017	2016	2015	2014	2013
Consolidated PSAS Annual Surplus	59,458	85,043	127,528	83,261	93,628
Capital Revenues (Note 1)	(53,193)	(64,945)	(106,298)	(67,890)	(86,100)
Amortization	57,292	54,469	51,153	46,674	45,800
(Gain) Loss on Asset Transfers and Disposals	(1,110)	661	307	1,948	11,799
Net Non-Capital Reserve Transactions	(38,536)	(43,607)	(39,710)	(37,569)	(36,854)
Debt Repayment (Note 2)	(10,567)	(9,860)	(11,917)	(12,946)	(12,435)
Annual Operating Surplus for Tax Purposes (Note 3)	13,344	21,761	21,063	13,478	15,838

Notes:

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

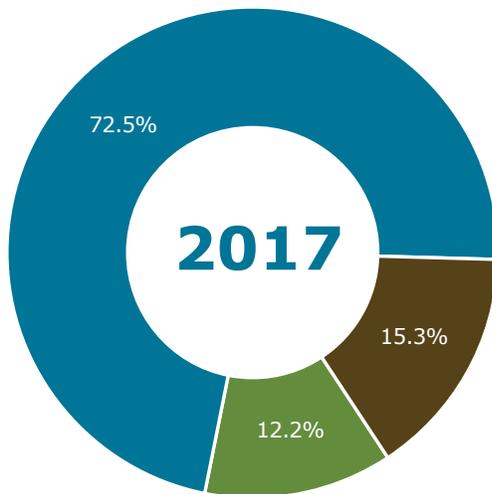
Key Components of Financial Position

For the Years Ended December 31, 2013 - 2017 (in thousands of dollars)

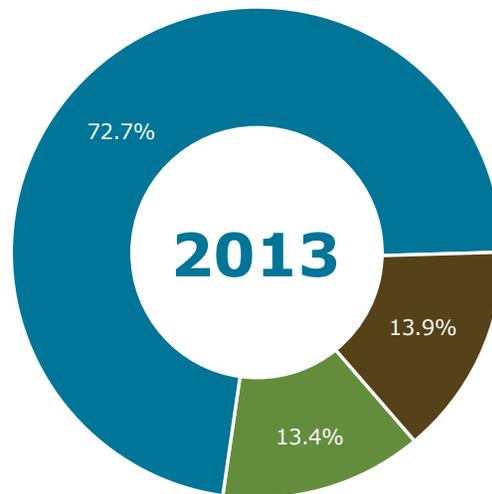
Unaudited

Key Components of Financial Position	2017	2016	2015	2014	2013
Total Financial Assets	397,647	353,578	337,482	323,905	306,256
Total Liabilities	318,483	289,016	284,157	300,262	295,833
Net Financial Assets	79,164	64,562	53,325	23,643	10,423
Total Non-Financial Assets	1,889,966	1,845,110	1,771,304	1,673,458	1,603,417
Accumulated Surplus	1,969,130	1,909,672	1,824,629	1,697,101	1,613,840
Key Components of Financial Assets Include:					
Cash and Cash Equivalents	7,042	5,718	4,214	-	8,823
Investments	344,256	306,498	291,293	286,988	267,679
Key Components of Liabilities Include:					
Long-Term Debt	165,423	166,140	156,545	163,724	171,666
Key Components of Non-Financial Assets Include:					
Tangible Capital Assets	1,886,035	1,841,834	1,767,591	1,670,280	1,601,116
Key Components of Accumulated Surplus Include:					
Equity in Tangible Capital Assets	1,721,182	1,676,308	1,611,593	1,507,004	1,429,003
Reserves	257,905	232,299	223,366	191,470	188,300

Components of Financial Position



- Total Financial Assets
- Total Liabilities
- Total Non-Financial Assets



- Total Financial Assets
- Total Liabilities
- Total Non-Financial Assets

Reserves

For the Years Ended December 31, 2013 - 2017 (in thousands of dollars)

Unaudited

Reserves	2017	2016	2015	2014	2013
Stabilization and Contingency	17,413	13,867	10,638	10,404	10,386
Projects	71,998	61,195	69,449	57,551	61,507
Infrastructure Lifecycle, Maintenance and Replacement	116,413	113,208	106,198	86,057	78,021
Special Purpose	47,355	39,631	32,992	33,515	34,668
Library	4,726	4,398	4,089	3,943	3,718
Total Reserves	257,905	232,299	223,366	191,470	188,300

Addition of Tangible Capital Assets

For the Years Ended December 31, 2013 - 2017 (in thousands of dollars)

Unaudited



Additions of Tangible Capital Assets	2017	2016	2015	2014	2013
Land	176	522	3,189	6,394	8,859
Land Improvements	7,151	5,726	14,574	19,119	6,728
Buildings	11,395	71,098	5,212	8,890	32,352
Engineered Structures	38,540	32,273	32,841	42,618	55,457
Machinery and Equipment	5,493	4,229	8,513	5,093	6,966
Books and Periodicals	623	630	615	609	620
Vehicles	2,547	8,331	2,026	12,200	8,143
Assets Under Construction	18,593	(25,903)	21,893	(5,154)	(20,024)
Total Tangible Capital Asset Additions (Note 1)	84,518	96,906	88,863	89,769	99,101
Capital Funding/Financing Source					
Debt (Tax and Non Tax-Supported)	19,383	13,352	9,471	2,893	13,268
Grants	26,033	20,740	42,114	28,537	39,469
Reserves	30,049	57,111	29,968	50,630	33,268
Developer Levies, Contributions, Other	9,053	5,703	7,311	7,709	13,097
Total Capital Funding/Financing Source	84,518	96,906	88,863	89,769	99,101
Contributed Tangible Capital Assets (Note 2)	18,167	32,711	60,325	28,695	33,528

Notes:

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

Debt and Debt Service Limits

For the Years Ended December 31, 2013 - 2017 (in thousands of dollars)

Unaudited

	2017	2016	2015	2014	2013
Total Adjusted Revenue per MGA	356,499	363,508	341,015	336,163	323,950
Debt					
Tax-Supported Municipal	50,829	52,809	41,037	39,857	41,998
Tax-Supported Library	20,057	20,806	21,522	22,207	22,863
Total Tax-Supported Debt	70,886	73,615	62,559	62,064	64,861
Non Tax-Supported Local Improvement	570	614	655	694	393
Non Tax-Supported Municipal	12,094	13,989	15,899	19,630	22,539
Non Tax-Supported Utilities	56,713	60,152	62,570	65,909	69,327
Non Tax-Supported Pioneer Housing Foundation	25,160	17,770	14,862	15,427	14,546
Total Non Tax-Supported Debt	94,537	92,525	93,986	101,660	106,805
Total Debt Excluding Capital Leases	165,423	166,140	156,545	163,724	171,666
Capital Leases	-	-	108	246	840
Total Debt Including Capital Leases per MGA	165,423	166,140	156,653	163,970	172,506
Total Debt Limit per MGA (1.5 times Revenue per MGA)	534,749	545,262	511,522	504,244	485,926
Percentage of Total Debt Limit per MGA Used	30.9%	30.5%	30.6%	32.5%	35.5%
Service on Debt Limit (25% of Total Adjusted Revenue)	89,125	90,877	85,254	84,041	80,988
Service on Debt (Note 1)	17,542	17,086	16,312	18,932	20,441
Percentage of Service on Debt	19.7%	18.8%	19.1%	22.5%	25.2%
Population (Note 2)	98,044	98,044	95,597	92,403	92,403
Total Debt per Capita	1,687	1,695	1,639	1,775	1,867
Municipal Tax-Supported Debt per Capita	518	539	429	431	455

Notes:

1. Service on Debt — debenture and capital lease payments.
2. Population — 2017 to 2015 population figures based on municipal census; 2013 and 2014 population figures are per 2011 Federal Census.

Assessment and Tax Levy

For the Years Ended December 31, 2013 - 2017

Unaudited

	2017	2016	2015	2014	2013
Assessment (In \$ Thousands) (Note 1)					
Residential and Farmland	16,888,532	17,240,654	16,658,922	15,821,096	15,099,519
Non-Residential	5,292,929	5,196,526	4,777,942	4,143,324	3,650,040
Machinery and Equipment	9,927,901	9,916,128	9,500,729	9,496,135	9,327,314
Linear (Note 2)	728,202	781,712	771,141	742,354	692,926
Total Taxable Assessment	32,837,564	33,135,020	31,708,734	30,202,909	28,769,799
Rates of Taxation (Note 3)					
Residential and Farmland	7.1011	6.9133	6.9187	6.9755	7.1994
Non-Residential	12.7701	12.5686	12.2407	12.1869	12.3590
Machinery and Equipment	9.1405	9.1615	9.0346	8.8784	8.8263
Linear	12.7701	12.5686	12.2407	12.1869	12.3590
Residential and Farmland Rates (Note 3)					
Municipal Operations	4.3042	4.2657	4.3026	4.3328	4.3752
Library Operations	0.1558	0.1503	0.1526	0.1563	0.1609
Heartland Housing Foundation Requisitions	0.0890	0.0861	0.0843	0.0668	0.0682
Education Requisitions	2.5521	2.4112	2.3792	2.4196	2.5951
Total Residential and Farmland Rates	7.1011	6.9133	6.9187	6.9755	7.1994
Non-Residential Rates (Note 3)					
Municipal Operations	8.6258	8.6593	8.5373	8.3983	8.3395
Library Operations	0.4257	0.4161	0.4130	0.4133	0.4186
Heartland Housing Foundation Requisitions	0.0890	0.0861	0.0843	0.0668	0.0682
Education Requisitions	3.6296	3.4071	3.2061	3.3085	3.5327
Total Non-Residential Rates	12.7701	12.5686	12.2407	12.1869	12.3590
Machinery and Equipment Rates (Note 3)					
Municipal Operations	8.6258	8.6593	8.5373	8.3983	8.3395
Library Operations	0.4257	0.4161	0.4130	0.4133	0.4186
Heartland Housing Foundation Requisitions	0.0890	0.0861	0.0843	0.0668	0.0682
Education Requisitions	-	-	-	-	-
Total Machinery and Equipment Rates	9.1405	9.1615	9.0346	8.8784	8.8263
Linear Rates (Note 3)					
Municipal Operations	8.6258	8.6593	8.5373	8.3983	8.3395
Library Operations	0.4257	0.4161	0.4130	0.4133	0.4186
Heartland Housing Foundation Requisitions	0.0890	0.0861	0.0843	0.0668	0.0682
Education Requisitions	3.6296	3.4071	3.2061	3.3085	3.5327
Total Linear Rates	12.7701	12.5686	12.2407	12.1869	12.3590

Notes:

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

Assessment and Tax Levy (Continued)

For the Years Ended December 31, 2013 - 2017 (in thousands of dollars)

Unaudited

Taxation and Requisitions	2017	2016	2015	2014	2013
Municipal and Library					
Residential and Farmland	75,414	76,145	74,170	71,069	68,578
Commercial and Industrial (Note 1)	139,083	138,467	130,028	120,329	113,912
Electric Power and Pipeline (Linear)	6,701	7,193	6,992	6,613	6,155
Government Grants in Lieu of Taxes	149	146	174	218	200
Local Improvement Levies	12	12	13	351	-
Taxes for Provision of Municipal and Library Services	221,359	221,963	211,377	198,580	188,845
Taxes for Requisitioning Authorities					
Provincial Alberta School Foundation Fund	57,589	54,807	50,802	47,759	47,598
Elk Island CSRD No. 41	7,289	7,116	6,790	6,582	6,794
Heartland Housing Foundation	2,940	2,870	2,699	2,022	1,969
Taxes on Behalf of Requisitioning Authorities	67,818	64,793	60,291	56,363	56,361
Total Property Taxes	289,177	286,756	271,668	254,943	245,206
Total Property Taxes Receivable (Note 2)	5,262	4,050	4,827	3,299	3,865
Current	4,271	3,020	4,234	2,638	2,867
Current — as a per cent	81.2%	74.6%	87.7%	80.0%	74.2%
In arrears for more than one year	991	1,029	593	661	998
In arrears for more than one year — as a per cent	18.8%	25.4%	12.3%	20.0%	25.8%
Tax Revenue from Principal Taxpayers (Note 3)	48.3%	46.6%	45.7%	46.9%	48.6%
Education Requisition	64,878	61,923	57,592	54,341	54,392
As a percentage of total tax	22.4%	21.6%	21.2%	21.3%	22.2%

Notes:

1. Includes the machinery and equipment, and non-residential assessment classes in accordance with the MGA.
2. Includes other types of receivables related to property taxes (e.g. fees, penalties etc.).
3. Includes the ten highest taxpayers (excluding education requisition).





STRATHCONA
COUNTY

CANADA 150 

Celebrating community and the Canadian spirit

2017
Annual Report

Strathcona County
Alberta, Canada
For the Year Ended December 31, 2017



STRATHCONA
COUNTY