

2019

Annual Report

Strathcona County
Alberta, Canada
For the Year Ended December 31, 2019



STRATHCONA
COUNTY

2019

Annual Report

Strathcona County
Alberta, Canada

For the Year Ended December 31, 2019

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
strathcona.ca



Table of Contents

Introduction

Message from your Mayor and Council	2
Strathcona County Council	3
Message from the Chief Commissioner	4
Organizational structure	5
Strathcona County — Our Vision	6

Features 7

Winter Freeze Fest / Rogers Hometown Hockey	8
Transit Master Plan	10
Recreation and Culture Strategy	12
Highlights of our accomplishments	14
By the numbers	23

Financial Information

Financial Statement Discussion and Analysis 25

Consolidated Financial Statements 53

Index	54
Management's Responsibility for Financial Reporting	55
Independent Auditor's Report	56
Consolidated Statement of Financial Position	58
Consolidated Statement of Operations and Accumulated Surplus	59
Consolidated Statement of Change in Net Financial Assets	60
Consolidated Statement of Cash Flows	61
Notes to Consolidated Financial Statements	62

2020 Budget Highlights 87

Statistical Information

Statistics 89

Message from your Mayor and Council

As I look back on 2019 from the vantage of early 2020, my thoughts turn to the importance of resiliency. And, to the value of long-term planning and prudent fiscal management in keeping our municipality and community strong in the face of whatever challenges we face.

We are fortunate to have a strong foundation, leading the country in petrochemical and economic diversification, with a thriving agricultural base and dynamic business sector. Over \$12 billion in industrial projects were announced or under construction in the region last year. The County continues to work with and build relationships with local and international industry leaders, Strathcona Industrial Association, Alberta's Industrial Heartland Association and many other partners and associations.

Our efforts extend to regional governance and alliances, as we look to form coalitions with municipalities with similar values to proactively shape the future. This past December, the Government of Alberta approved our negotiated annexation with the City of Fort Saskatchewan. Annexations are challenging and, in addition to finding a collaborative resolution, our sub-regional relationship is stronger as a result.

We remain committed to a citizen-centred focus, and to meaningful engagement with residents on long-range plans that guide how our services evolve as the needs of our community grow and change.

Examples from 2019 include the Recreation and Culture Strategy. The strategy provides a holistic approach to making relevant recreation and cultural opportunities available to all, and will act as our roadmap for the next 12 years. Similarly, the 10-year Transit Master Plan is a customer-focused approach for continuously improving on quality transportation

services. Once updated later this year, the Sustainable Rural Roads Master Plan will continue to guide how all 1,300 kilometres of rural roads are maintained, rehabilitated and improved.

We apply this same long-term thinking to improving our internal processes. An example is the Strathcona County Business Transformation project. This endeavour will create a better way to work, and enable new technology, in the organization's core business functions.

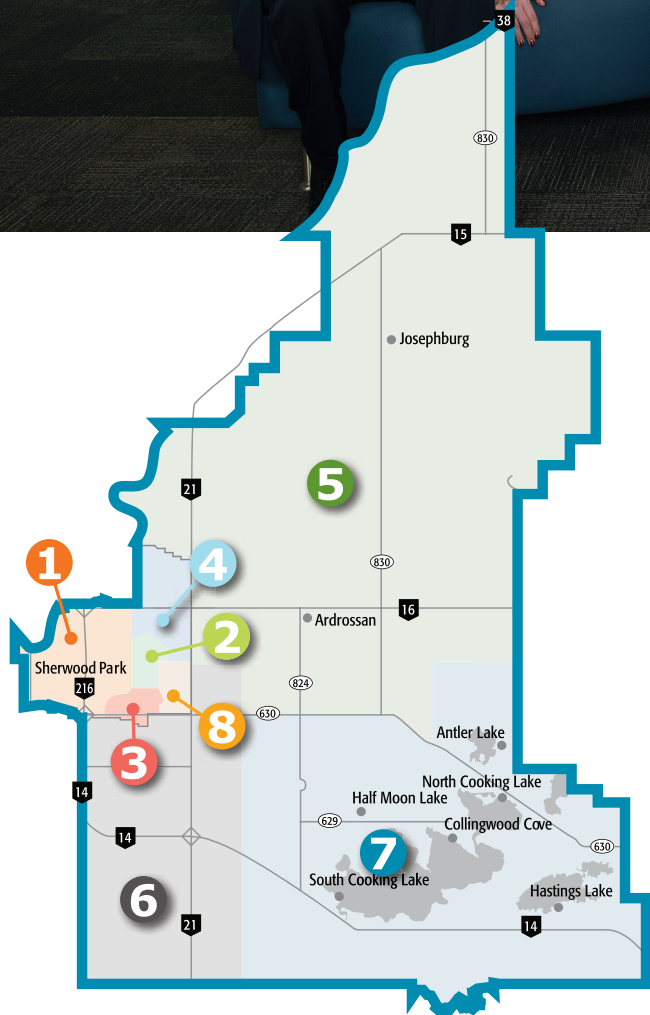
In this annual report you will see many examples of our accomplishments. Along the way, we have both been celebrated and taken the time to celebrate. A highlight for me personally was the successful Winter Freeze Fest/Rogers Hometown Hockey that saw us celebrate our passion for sport, culture and community.

Through these efforts, and in the face of economic challenges and now a worldwide pandemic, Strathcona County continues to deliver quality programs and services. For that, and on behalf of Council, I must thank our County staff for their perseverance. I continue to be impressed by your professionalism, dedication and resiliency in ensuring the needs of our community are met. I also extend appreciation for our community's patience and support.

As we move forward, and face other challenges and opportunities, I am confident we will continue with compassion, leadership and innovation that are trademarks of our community.

Mayor Rod Frank
Strathcona County





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 other hamlets.

Strathcona County Council

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

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

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

strathcona.ca

Fax: 780-464-8051 (Mayor)
Fax: 780-464-8114 (Councillors)

Message from the Chief Commissioner

January 2019 started off with a celebration of all things winter, sport and community. There was something for everyone at the Winter Freeze Fest and Rogers Hometown Hockey events, and a record number of residents came out to enjoy the festivities.

This energetic and uplifting start to the year was possible, in large part, thanks to the quality services and great people we have here in Strathcona County. Whether as part of a special event, or in everyday life, top-notch facilities and programs serve the needs of residents in all ages and stages of life.

In times that call for fiscal restraint and responsible planning, our leadership team has worked hard to maintain the services offered to citizens and businesses.

Strathcona County's four-year Corporate Business Plan (2019-2022) guides the work we do. Aligned with Council's strategic plan, it is critical to ensuring we focus on the needs of our citizens, while charting the course over the next four years.

We continued to work towards the eight long-term goals outlined in Council's vision. This report highlights some of the accomplishments in 2019, such as improving safety through completing road improvement projects, introducing free CPR classes, expanding our community garden program, or finding new and innovative ways to support families in need.

The County remains focused on responsible and strategic planning for the long-term. Writing these words in 2020, as we face challenges, strategic planning and resiliency take on heightened meaning.

I'd like to highlight two important planning pieces completed in 2019: the Recreation and Culture Strategy creates a high-level roadmap for the next 12 years; and the Transit Master Plan provides

direction for customer-focused transportation services for the next decade.

A great deal of community engagement informed these plans. We are fortunate to have involved citizens, who are willing to share their views on a variety of topics and in a variety of ways, in person or online through the Strathcona County Online Opinion Panel (SCOOP).

At the organizational level, important steps were taken toward fulfilling our Corporate Goal to continuously improve the way we work, as one organization, in an agile and sustainable manner. The County is more secure in its business operations thanks to new mandatory IT security awareness training. The Business Transformation project identified areas for improvement in core business functions, in advance of acquiring and implementing new enterprise resource planning (ERP) technology in 2020.

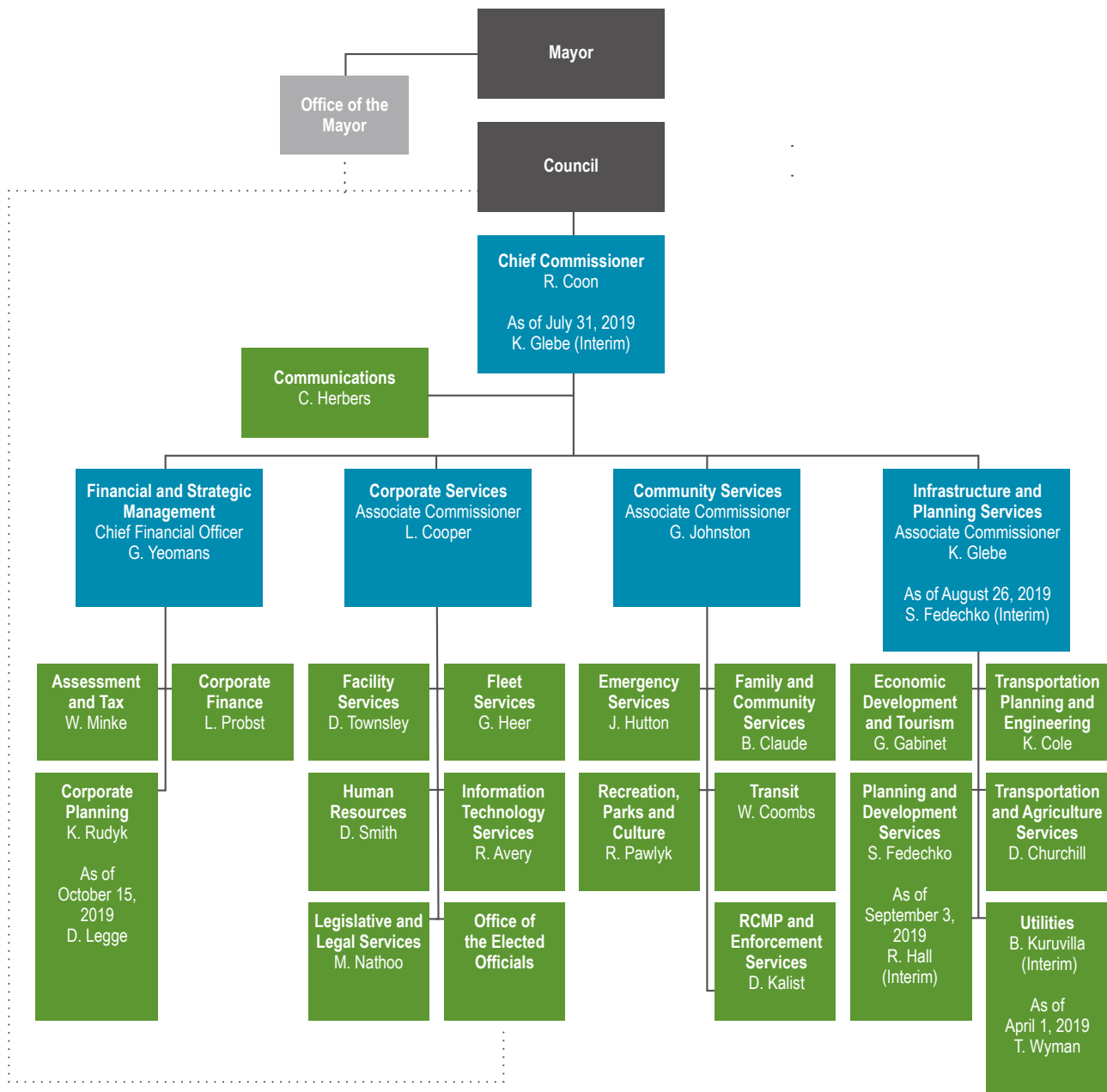
Throughout the year—celebrations and events, day-to-day work out in the field or in the office, careful planning for the future—the passion and dedication of the people in our organization are matched only by that of the individuals, groups and leaders who make up our community.

We take pride in serving the citizens of Strathcona County today, and we remain committed to working together to build our best future.

Kevin Glebe
Interim Chief Commissioner,
Strathcona County



Our organizational structure



Strathcona County Executive Team



Kevin Glebe
Chief Commissioner
(Interim)



Gord Johnston
Associate Commissioner
Community Services



Lori Cooper
Associate Commissioner
Corporate Services



Greg Yeomans
Chief Financial Officer



Stacy Fedechko
Associate Commissioner
Infrastructure and Planning
Services (Interim)



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

2018 Municipal Census

TOTAL	98,381
SHERWOOD PARK	71,332
RURAL*	27,049

* acreages, farms, rural hamlets

Between 2014-2019,
our population grew:

5.2%

Between 2009-2019,
our population grew:

12.9%

Average annual
growth rate:

1.3%

*projected population figures



2019

Annual Report

**Strathcona County
Alberta, Canada**

For the Year Ended December 31, 2019



Features

**Winter Freeze Fest /
Rogers Hometown Hockey**
Celebrating our passion for sport,
culture and community

Transit Master Plan
Customer-focused approach to continuously
improve quality transportation services

Recreation and Culture Strategy
Making relevant recreation and cultural
opportunities available to all



Winter Freeze Fest / Rogers Hometown Hockey Community spirit **heats up winter**

There were so many great reasons to layer on winter gear and head outdoors for action-packed Winter Freeze Fest and New Year's events, followed by an exciting Rogers Hometown Hockey tour stop.

The hardest part was choosing where to start! From December 30, 2018 to January 4, 2019, Winter Freeze Fest activities were held at recreational facilities and community spaces throughout the County. The best part? It was free for everyone to participate, a welcome feature when post-holiday budgets can be tight.

Skating is always a popular choice, and there were many options available. Indoor skates were happening in Sherwood Park, Ardrossan and Josephburg. It's not every day hockey fans get to skate alongside an NHL hero, in this case, Edmonton Oilers alumnus Georges Laraque who skated and played shinny at Ardrossan and Strathcona Athletic Park.

As well, many people enjoyed the new Sin Bin Skate Track at Broadmoor Lake Park, and other skating

pathways including the Cowan Skating Pathway in Emerald Hills Regional Park and at South Cooking Lake.

The fun continued with the County's traditional New Year's Eve and New Year's Day activities at Broadmoor Lake Park, Festival Place and Strathcona Wilderness Centre. Of course, there is more to winter than skating, and festival-goers enjoyed snowshoeing, remote control bobsled races, indoor snowboarding, crafts and entertainment. More than 5,000 people came out on a very cold night for the New Year's Eve celebration.





And it wasn't over yet! Winter activities kept going into the first week of January.

Thanks to partnerships with RE/MAX Elite, Sin Bin Sports and Cowan Graphics, the County hosted the Everybody Gets to Play winter playday at Emerald Hills Regional Park. It was all snow, all the time with snow painting, Tic Tac Snow, snowman building, ice jewel digging and sleigh rides.

New to the County in 2019, the Igloos & Brews licensed heated tent in Broadmoor Lake Park was a fun destination for all ages. It was a great place to catch the Oilers game on TV and enjoy a live music performance by Carling Undercover.

For the grand finale, Strathcona County proudly welcomed Rogers Hometown Hockey, with hosts Ron MacLean and Tara Slone. The family-friendly hockey celebration featured two days of live entertainment, NHL alumni including Glenn

Anderson and Craig MacTavish, as well as homegrown celebrities and hockey-themed activities for all ages.

But it's the locals who ended up being the real stars of the show. Despite the bitter cold, about 10,000 people were in attendance for each of the two days. The County even set a record (at the time) with 102 hockey and ringette teams taking part in the Parade of Champions.

Special mention goes to the Strathcona County staff who made it all happen. Recreation, Parks and Culture played a lead role in putting on the successful winter events, with help from other departments such as Transportation and Agriculture Services for road closures and Communications for event promotion, to name only a few.



Hometown Hockey's national televised broadcast captured a truly special moment— thousands of boys and girls, coaches, family and friends cheering together, sharing their passion for sport and community. And showing that Strathcona County is indeed a most livable community, even on cold winter days.



Transit Master Plan:

a roadmap for the next 10 years

Strathcona County's transit system—24 double-deckers, 52 low-floor buses and 13 mobility buses—collectively travels more than 3.3 million kilometres in a year. We bring people where they need to go, within our community and to connections across the region. Impressive numbers. But it's about much more.

It's about enabling aging residents and those with mobility challenges to live independently, getting to medical appointments or the grocery store, and visiting friends.

It gives students the option to remain at home while pursuing post-secondary education.



Young families can choose to settle down in the County, while continuing to pursue careers in neighbouring municipalities.

We are committed to providing the best service possible to all our customers and a new Transit Master Plan, approved by Council in February 2019, will make this possible. It is our roadmap for the next 10 years.

The plan was developed by looking at industry trends, and in consultation with a diverse range of stakeholders including focus groups, advisory committees and Transit staff. Feedback was gathered at 13 public engagement events, in speaking with more than 250 people and with input from 1,000 online survey responses.

Reaction to the proposed vision was overwhelmingly supportive: about 90 per cent of respondents agreed the plan reflects what they want for the future of transit in Strathcona County.

Some initiatives started in 2019, with others to be rolled out in following years, pending annual budget approvals.

An immediate focus is on supporting accessible transit services. This includes expanding Mobility Bus service in the rural area to weekends and holidays, allowing mandatory attendants to ride free on conventional services, and implementing technologies for enhanced Mobility Bus service such as new scheduling software with additional customer focused modules. Improving



Mobility Bus service in the rural areas, proposed for the short term, will greatly benefit rural seniors.

As community transportation needs continue to evolve, an exciting new feature called Dynamic Transit (on-demand shared transit) is coming soon. In a pilot project planned for 2021, customers will be able to use their smartphone to book, track and pay for their trip.

The mobile app will coordinate use of a Transit vehicle for individual customers planning to travel in a similar area. Dynamic Transit promises to create operational efficiencies while offering a more personalized customer service.

For those who travel for school or work, Transit is looking to add more service to post-secondary institutions, better connections to other major destinations, and improved inter-municipal and local evening and Saturday services. A parking study will look at evaluating current and future parking needs, and potentially expanding the paid parking programs at Bethel and Ordze transit terminals.



Looking down the road to 2024 and beyond, Transit will continue working to expand fixed-route, Mobility Bus and Dynamic Transit, and service new or developing areas including Cambrian Crossing, Ardrossan and Bremner.

A strong foundation is already in place. The 2012 Transit Master Plan has 70 per cent of the recommendations completed or underway. One of these, installing Smart Bus technology with automated stop announcements and real-time bus location tracking, is part of the regional Smart Bus / Smart Fare initiative.

With a new roadmap to guide us over the next 10 years, we are excited about the future of transportation in Strathcona County. One thing we know won't change: our commitment to providing transit service that is customer-focused, accessible, reliable, efficient and safe.



Recreation and Culture Strategy

Building community

For a busy family with active children, a sense of community and well-being are often found at places like the skating rink, outdoor sport field or pool.

For a senior downsizing to life in a condo, community is ever-present through daily walks on nearby pathways, an evening out at the theatre, and opportunities to learn a new hobby or practise an old one.

Strathcona County recognizes that recreation and

culture opportunities are essential to the overall well-being of all individuals and groups in our community. The Recreation and Culture Strategy, approved by Council in October 2019, will serve as our high-level roadmap for providing recreation and culture over the next 12 years.

In a unique approach, the new strategy extends its focus beyond facility development and improvement, to include a more holistic view of recreation, parks



and culture priorities. This includes partnerships, accessibility, inclusion, environmental stewardship and capacity-building.

The forward-looking plan was not only built for the community; it was built with the community. Public engagement took place over almost an entire year, gathering input and hosting conversations with individuals and groups to find out their perspectives.

The Recreation and Culture Strategy was informed by more than 5,000 community responses representing 34,000 people. This was further refined by representatives from 100 community groups.

As well, the County worked with a consultant to gather research on trends and best practices, and to ensure needs of all community members were met. A community advisory committee provided rich insight at all stages of the process.

Implementation of the plan will be developed with short, medium and long-term priorities. The overall delivery of recreation and culture opportunities will be achieved through the County continuing to partner with local non-profit organizations and community groups, and to work with private businesses.

It is not enough to simply provide a service or program. At every step of the way, careful consideration will be made to ensure fair access for all regardless of age, ability, financial circumstance, geography or self-identity.

Accessibility has been a priority in the County's previous work in recreation and culture, as seen in the upgrades at Glen Allan Recreation Complex, universal changerooms installed at many facilities, free playdays offered through Everybody Gets to Play, and more.

The plan for the next 12 years outlines how the County will provide recreation and culture opportunities for the well-being of individuals and groups, as well as create and maintain high-quality recreation, parks and culture spaces. Key to achieving this will be continued collaboration with our community members.

The new strategy builds off the County's existing Open Space and Recreation Facility Strategy (OSRFS). Enhancements realized under this plan include the construction of Emerald Hills Leisure Centre and Sports Pavilion, revitalization of Ardrossan Recreation Complex and Glen Allan Recreation Complex, and the spray parks at Broadmoor Lake Park and Ardrossan Park. The Recreation and Culture Strategy will sustain what is working well and, where relevant, carry forward other initiatives.



Overall well-being can mean something different for everyone. With over 1.2 million visits per year at Strathcona County community facilities, we know opportunities for recreation and culture are important contributors to residents being well.

Together, we are building community through the Recreation and Culture Strategy as we keep moving forward—jogging, strolling, swimming, learning, creating, playing, becoming... Canada's most livable community.



GOAL 1

Build strong communities to support the diverse needs of residents

Counselling and navigation services

Increased community awareness and access to walk-in counselling and navigation support services have contributed to a higher number of participants using these services. Walk-in services reduce barriers by allowing people to access services when they need them. This approach means people can focus on their priorities in a time-efficient manner.

National training accreditation for Transit operators

Transit's new operator training program was accredited by the Motor Carrier Passenger Council of Canada (MCPCC) in spring 2019.

Train whistle cessation

Transportation Planning and Engineering worked with CN Rail and CP Rail to implement train whistle cessation at five crossings: four crossings located along the Highway 630/Wye Road Wainwright rail line; and one crossing, in collaboration with City of Edmonton, at 34th Street south of Baseline Road. Three additional crossings are scheduled for completion in early 2020 and 11 others are under evaluation.

Toys for Tags

During the month of November, Strathcona County Enforcement Services offered individuals who received a \$57 parking violation the opportunity to purchase a \$25 toy in lieu of payment. This initiative was created in collaboration with the Strathcona County Christmas Bureau to help families in need during the holiday season. A total of 131 violations issued were replaced by a toy or gift card delivered to the Christmas Bureau for children and teens across the County.



Cram the Cruiser

On December 10, 2019, Strathcona County Enforcement Services led an initiative to raise food and donations for the Strathcona County Food Bank and Christmas Bureau. The Cram the Cruiser event took place at a local Save-on-Foods location with a Community Peace Officer greeting hundreds of residents who contributed a total 1,307 kilograms of food and essentials and \$560 in cash donations for families in need.



GOAL 2

Manage, invest and plan for sustainable municipal infrastructure

Plan for Bremner community approved

The Bremner and LEA Area Concept Plan (ACP) was approved by Council on September 10, 2019. The Local Employment Area (LEA) will provide rural employment opportunities for local and regional residents. Bremner is a future extension of existing Sherwood Park. The vision for Bremner is that it will be a green, connected and diverse community.



Centre in the Park Parkade opens

Strathcona County partnered with the Savona by Salvi condominium development to build the Centre in the Park Parkade. The County owns and operates this parkade, with the exception of residential tenant parking. Located across from the Community Centre, the Centre in the Park Parkade provides over 300 more underground parking stalls for the public and tenants, and people working in the area. This supports access into this central hub and community gathering place.



Sustainable Rural Roads Master Plan

Strathcona County initiated an update of the 2010 Sustainable Rural Roads Master Plan—the guide to how all 1,300 kilometres of rural roads are maintained, rehabilitated and improved. As a first step, residents were invited to provide feedback on rural roads through six open houses and an online survey. More than 245 people attended an open house and 504 people completed the survey. Public engagement will continue, with an updated master plan expected in fall 2020.

Range Road 231 and Range Road 232 functional planning study

Functional plans have been developed for future transportation requirements along the two key corridors between Wye Road and Highway 628. Through an extensive public engagement and engineering review, the issues and long-term recommendations have been identified and presented to Priorities Committee.

Wye Road improvements

Wye Road improvements progressed and construction was completed in fall 2019 on the section from Brentwood Boulevard to Estate Drive. Corridor improvements include providing three through-lanes in the eastbound and westbound roadways, paved pedestrian trails and signal upgrades.



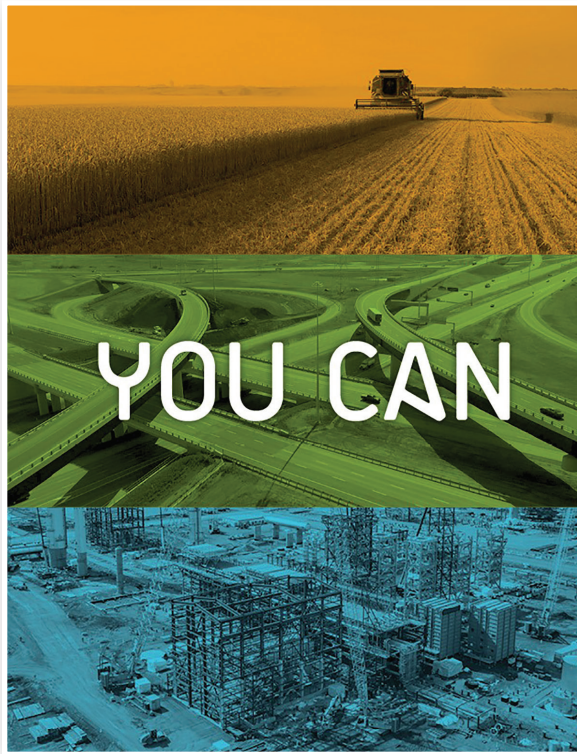
Community Energy System upgrade

In 2019, the Community Energy System added a boiler to maintain system redundancy with the 2018 additions. The additions proactively ensure we can manage emergencies should a boiler fail or require maintenance during peak heating seasons. The Community Energy System also upgraded its communication between buildings and the plant with fiber optics to allow for County-wide integration.



GOAL 3

Cultivate economic diversification, within the petrochemical industry and beyond, through a business-friendly environment



Leader in petrochemical and economic diversification

Strathcona County continues to lead the country in petrochemical and economic diversification. Over \$12 billion in industrial projects are announced or under construction in the region. Economic Development and Tourism continues to work with and build relationships with local and international industry leaders, Alberta's Industrial Heartland Association and many other partners and associations.

Co-hosting national economic development events

Strathcona County co-hosted two significant events in 2019. The Economic Developers Association of Canada (EDAC) Conference in Edmonton brought together economic developers from across the country. At the 2019 Canadian FDI Forum, attendees heard from leading site consultants and industry experts, and participated in presentations, panels and roundtable discussions on the trends influencing corporate site selection and economic development strategy.

GOAL 4

Ensure effective stewardship of water, land, air and energy resources

Water refill stations at community events

Utilities introduced water refill stations at our local community events to promote the County's high-quality tap water, while encouraging reuse of water bottles.

Emissions Reduction Strategy

To define the approach toward reducing greenhouse gas emissions from Strathcona County's fleet, the Emissions Reduction Strategy was completed in 2019. Through a multi-phase approach, implementation will focus on data collection, monitoring and reporting; preventative maintenance; procurement; idling and eco-driving; and explore alternative fuels and autonomous vehicles. Community engagement, and emissions target and policy development are also a part of the strategy.





GOAL 5

Foster collaboration through regional, community and governmental partnerships

Negotiated annexation with the City of Fort Saskatchewan

In December 2019, the Government of Alberta approved our negotiated annexation with the City of Fort Saskatchewan, for the transfer of 952 hectares of land to the City to support its future growth and prosperity. Annexations are challenging and in addition to finding a collaborative resolution, our sub-regional relationship is stronger as a result. Strathcona County and Fort Saskatchewan continue to explore innovative opportunities to more effectively and efficiently serve our citizens.

Framework for drinking water emergency

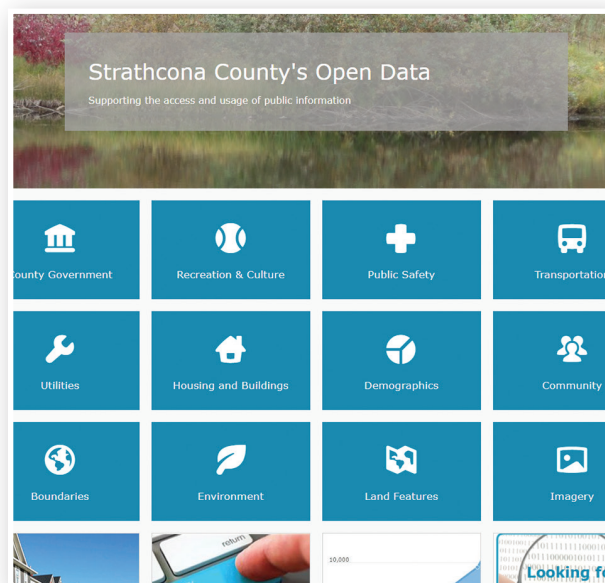
Strathcona County worked with EPCOR, Alberta Health Services and Alberta Environment and Parks to develop an integrated communications framework for a drinking water emergency. This framework will be tested during the provincial emergency exercise in early 2020.

Protocol for increasing new investments

Economic Development and Tourism continued its regional collaboration with Edmonton Global, which led to the creation of a lead sharing protocol to assist with increasing the investment leads into the community and region.

Open data for students

Strathcona County teamed up with Cybera, a not-for-profit technology accelerator, to host the Open Data Hackathon event for local junior high students. Using data from the County's open data portal, the students learned computational thinking and data science skills.





GOAL 6

Provide facilities and services that are available and accessible to residents

Ardrossan Regional Park

The ArrKann Spray Park and Playground in the Ardrossan Regional Park opened on June 15, 2019. This agriculture and nature themed spray park uses a recirculating water system and timers on water toys to support water conservation efforts. Recreation, Parks and Culture worked closely with Transportation Planning and Engineering to create a spray park which has become a destination for families.

Multi-purpose agricultural facility

On December 5, 2019, Council approved moving forward with construction of the multi-purpose agricultural facility. Design features include an indoor arena, warm-up area and stabling, along with both covered and uncovered outdoor arenas. Outdoor amenities include a playground, day-use space and camping. Construction will begin once design phases are complete and is expected to take two and a half years.



Urban agriculture

Transportation and Agriculture Services continued to expand programs and educational opportunities in support of the Urban Agriculture Strategy. In 2019, this included implementing two new school gardens and three new community gardens, as well as two edible planters at Broadmoor Lake Park. The County also hosted a monthly education series that helped 120 participants learn hands-on tips and techniques for maintaining small plot gardens throughout the growing season.

GOAL 7

Provide opportunities for public engagement and communication



Social Summit

On December 9 and 10, 2019, Family and Community Services invited innovators, community members, public health workers and others to come together for the 2019 Social Summit. Inspired by the Strathcona County Social Framework goals of connection and inclusion, the event was an opportunity to bring people together to learn, discuss and explore how to move from isolation to connection.

South Cooking Lake water fill station

Residents from 69 properties in the catchment area attended a public engagement event to determine support for a proposed residential water fill station at South Cooking Lake. The majority were in favour of building the water fill station. Detailed design is currently underway with construction expected to begin in 2020.



Online survey community

The County's online survey community marked its first year in 2019 and continued to grow, reaching 1,700 members. Throughout the year, 39 SCOOP polls generated 23,313 responses from residents. This feedback helps the County make well-informed decisions for program development and delivery.



GOAL 8

Foster an environment for safe communities

Community safety training

Emergency Services introduced monthly no cost, non-certified CPR/AED and choking relief classes. Traditional CPR classes can have barriers to accessibility such as financial, age or mobility. Our training is offered to all residents with a goal to increase the safety of our community.

Heritage Hills community traffic safety review

Transportation Planning and Engineering completed a comprehensive community traffic safety review and public engagement in advance of a new elementary school opening in the area. Traffic safety plans have been developed with implementation starting in 2019 and to be completed in 2020.



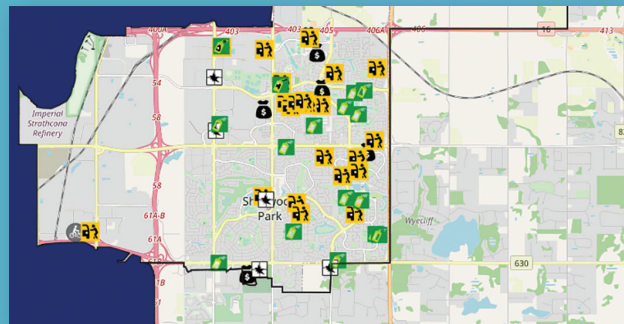
Township Road 522 upgrades

The Township Road 522 project improved the existing road to Class I standard with a wider paved surface and safer side slopes. The last phase of the project—a two kilometre section centred around the Range Road 225 intersection—was completed in 2019.



Crime mapping

As part of its ongoing commitment to foster an environment for safe communities, Strathcona County launched an RCMP crime map that provides residents with information about reported crimes in the County. The online crime mapping feature is an innovative example of working with the community to be leaders in public safety through partnerships.





CORPORATE GOAL

Continuously improving the way we work, as one organization, in an agile and sustainable manner

IT security awareness training

Strathcona County is more secure in its business operations thanks to all County employees completing a mandatory Information Technology (IT) security awareness training. In addition, an information governance program has been initiated.

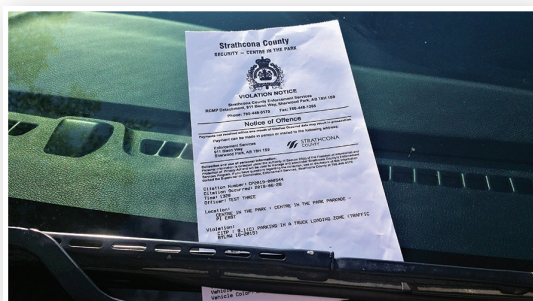
New technology solutions

Information Technology Services provided new technology solutions to help several business programs create a better client experience or become more efficient. For Enforcement Services, this includes proactive patrols and new efficiencies for officers using e-Smart and e-Ticketing solutions. For Transit, the new technology solution improves scheduling, notifications and dispatching for Mobility Bus services.



A more secure and efficient way to print

In February 2019, Facility Services implemented Follow-You Printing software and card readers in the County's fleet of multi-function devices and printers. This initiative establishes a higher level of security and reduces costs and environmental impacts associated with printing and copying.



Business Transformation work progresses

In 2019, the multi-year Strathcona County Business Transformation project identified areas for improvement in the County's core business functions and developed new models for service delivery and organizational design. This work is in advance of acquiring and implementing new enterprise resource planning technology.

Awards

Terry Cavanagh Junior Lifeguard Club for a community of less than 100,000 people

Awarded to the community with the largest Junior Lifeguard Club program for a community of less than 100,000 people. In 2019, 277 junior lifeguard members were registered in Strathcona County.

Choosewell Award for Developing Healthy Policies

Alberta Recreation and Parks Association approved \$1,000 in Healthy Grant Funding to the County to complete Everybody Gets to Play (summer recreation days).

Pool etiquette campaign

Strathcona County's pool etiquette campaign, produced by Recreation, Parks and Culture, was the recipient of the Hermes Creative Communication Award (Platinum) and dotcom International Communication Award (Gold).

Award of Excellence for Opioids Don't Discriminate exhibit

Strathcona County's Community Drug Strategy Committee received an Award of Excellence for the Opioids Don't Discriminate: An Interactive Experience exhibit. The award, presented by Family and Community Support Services Association of Alberta (FCSSAA) is available to municipalities with populations over 85,000.



National award with Economic Developers Association of Canada (EDAC)

Stephen Rausch, Senior Business Development Specialist, Strathcona County Economic Development and Tourism, received a national award with Economic Developers Association of Canada (EDAC) for a published essay titled "Alberta's Digital Oilfield: Technological Opportunities and Benefits for Alberta Companies and Communities."



Nikola Tesla Innovation Award in Higher Education

Tara Voogd won the Nikola Tesla Innovation Award in Higher Education for her presentation 'Investigating the Presence of Aquatic Invasive Species in Strathcona County'. Tara is a pest inspector with Transportation and Agriculture Services and continues to be actively involved in sampling for aquatic invasive species.



Summit Marketing Effectiveness Award

Strathcona County received an international Summit Marketing Effectiveness Award (Platinum) for outstanding marketing strategy and effectiveness with the YOU CAN campaign featuring a series of videos of successful local businesses who chose to start and grow their business in Strathcona County.

Leader in GIS

Strathcona County's Geographic Information System program was ranked seventh (out of 127 in North America) in the Public Sector Digest GIS Maturity Index.

Award for 2018 Annual Report

Strathcona County has earned a Canadian Award for Financial Reporting Achievement for the fifth consecutive year, this time for its 2018 Annual Report. This award is presented by the Government Finance Officers Association of the United States and Canada (GFOA).

Strathcona County

By the numbers (Unaudited)

Economic development (2019)

Business establishments	11,027
- With employees	3,508
- Home-based businesses, holding companies, and other	7,519

(Statistics Canada June 2019 – Business Patterns Data)

Highlighted business categories:

Construction	1,704
Retail & wholesale trade	866
Accommodation and food services	261
Professional, scientific, technical services	1,817
Market area (Edmonton CMA)	1,321,426 people

(Source: Statistics Canada and Government of Alberta)

Market share of regional single housing starts	4.7%
Market share of regional multi-housing starts	2.4%
Market share of regional overall housing starts	3.3%

(Canada Mortgage and Housing Corporation, Residential Construction Digest - Edmonton, December 2019)

Non-residential development in Strathcona County

Value of major projects announced, under construction or recently completed	\$12 billion
---	--------------

(Strathcona County EDT)



Transportation (2019)

Rural roads, County maintained	1,314 km
Urban roads, County maintained	416 km
Highways, province maintained	225 km
Road permits issued	5,912
Roadside cleanup	180 km
Transit buses	89
(Including 24 double-decker buses, 52 low-floor buses, 13 mobility buses)	
Transit ridership	1.72 million
Mobility bus ridership	26,437
Warren Thomas (Josephburg) Aerodrome flights	2,850
Number of units in County fleet	820



Planning and development services (2019)

Subdivision and rezoning applications	16
Development permits	857
Residential Building Permits	1,018
Residential Units Built	361
Value of commercial, industrial, institutional, and residential construction	\$302 million
Customers served by Planning and Development Services	32,118

(In-person, by telephone, email and applications)

RCMP and Enforcement services (2019)

Police officers (RCMP)	96
Peace officers	28
RCMP Victim Services Unit volunteers	26
RCMP Victim Services Unit volunteer hours	7,253
RCMP calls responded to	31,613
Enforcement Services calls responded to	23,885
Firefighters	154 full-time 37 part-time
Fire stations	6
(Sherwood Park (3), Heartland Hall (Josephburg), South Cooking Lake, Ardrossan)	
Emergency calls responded to	8,919
Residents engaged in community safety education	23,625

(Through presentations, events, inspections, etc.)

Agricultural services (2019)

Roadside mowing	3,492 km
Residents hosted through workshops/information sessions	2,263
Properties inspected for noxious weeds	38,444
Wildlife and pest inquiries	594
Dams breached for water mitigation	1,125

Community services (2019)

Counselling participants	1,399
Navigation supports	1,426
Home support visits	93,628
Early childhood participants	3,075
Municipal subsidies to qualified individuals	2,594

Indoor recreation and culture (2019)

Major facilities	12
Cultural facilities (Festival Place, Smeltzer House, Gallery@501)	3
Community halls	14
Senior centres	4

Participation:

Everybody Gets to Play (EGTP)	2,200
Paid visits to recreational facilities	1,282,393
Visits to cultural facilities	110,350
Booked hours (soccer, ice, schools, etc.)	175,000
Program registration (Swimming lessons, fitness, performing and visual arts, outdoor activities)	47,600
Average number of active pass holders (Millennium Card, 10-visit, Try-it, Ski, etc.)	24,760
Festival attendees (approximately) (Canada Day, Celebration of Lights, New Year's Eve)	50,000

Information and technology (2019)

Open data sets	267
WIFI access points	371

Outdoor recreation services (2019)

Sports fields	99
Ball diamonds	85
Athletic tracks	3
Trails	308 km
Playgrounds	138
Spray decks	7
Golf courses (municipal)	1
Tennis courts	13
Outdoor rinks	28
Pickleball courts (indoor, outdoor)	19
Other outdoor courts (basketball, volleyball, one-wall handball)	26

Library (2019)

Library, Bookmobile, online visits	1,049,730
Library resources used	1,346,104
Questions asked	65,440

Visit sclibrary.ab.ca



Utility operations (2019)

Water distributed	37.3 million litres/day
Water mains maintained	609 km
Fire hydrants	2,386
Water storage capacity	119.8 million litres
Wastewater treated	21 million litres/day
Wastewater mains maintained	434 km
Stormwater mains maintained	384 km
Recycling stations	3
Residential waste to landfill	13,661 tonnes
Waste diversion from landfill through Green Routine efforts	60%
Organics sent for composting	14,469 tonnes
Materials collected for recycling	4,778 tonnes
Enviroservice diversion from landfill, including tires	739 tonnes
Mattresses recycled	2,597





2019

Annual Report

**Strathcona County
Alberta, Canada**
For the Year Ended December 31, 2019



Financial Statement Discussion and Analysis

FINANCIAL STATEMENT DISCUSSION AND ANALYSIS

Strathcona County's (the County's) 2019 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) supplements the 2019 Strathcona County Consolidated Financial Statements that are contained in this report.

The FSDA is provided to enhance understanding of the County's 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 and the notes to the Consolidated Financial Statements. Strathcona County administration is responsible for the preparation and presentation of these statements.

Ernst & Young LLP has audited the 2019 Strathcona County Consolidated Financial Statements and provided an unqualified opinion. Council approved the audited 2019 Strathcona County Consolidated Financial Statements on May 26, 2020.

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) financial assets,
- (ii) liabilities,
- (iii) net financial assets or (net debt) calculated as the difference between the financial assets and liabilities,
- (iv) non-financial assets, such as tangible capital assets held for the provision of services, and
- (v) the resulting accumulated surplus.

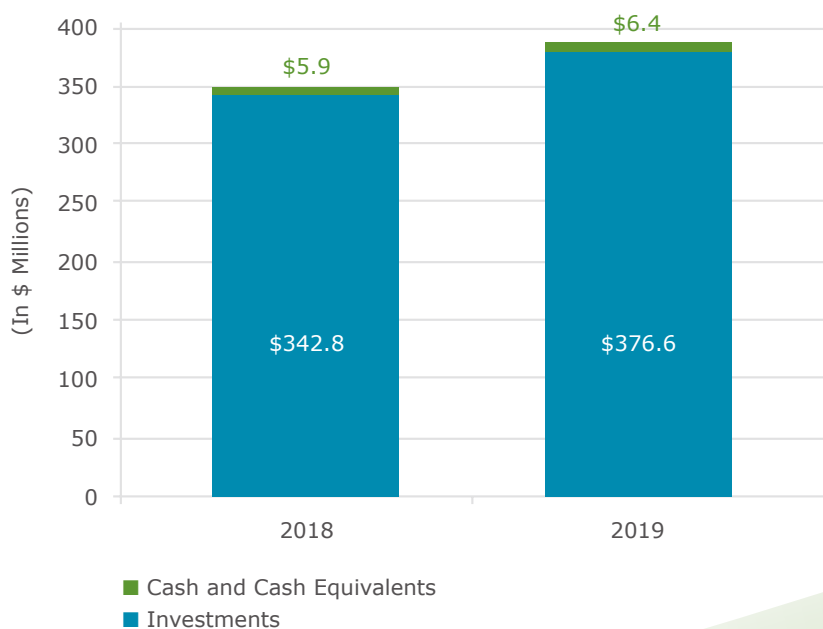
The most significant element of the County's financial position is tangible capital assets (municipal infrastructure). The County continues to invest in municipal infrastructure, which supports the goal outlined in the strategic plan: to manage, invest and plan for sustainable municipal infrastructure. This allows the County to achieve the goals set out in the strategic plan and to become Canada's most livable community.

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 2019, financial assets increased by \$32.2 million to a balance of \$426.0 million (2018: \$393.8 million).

**During 2019,
financial assets
increased by
\$32.2 million...**

Cash and Investments



The County held \$376.6 million in investments as at December 31, 2019 (2018: \$342.8 million). The funds invested are primarily composed of reserves, deferred revenue and deposit liabilities. Investments at the County are managed according to the Investments policy and are held in different types of portfolios. Operating portfolios are used for temporary and short-term investments (less than one year), mid-term portfolios are used for one to ten year long investments and long-term portfolios are used for investments lasting longer than ten years. The length of time the funds are invested for is dependent on the anticipated cash flow needs of the organization. Each portfolio has a schedule of approved investment options that fall in line with the County's requirements for the quality of investments. Further, the Investments policy outlines specific objectives for investments at the County: capital preservation, maintenance of liquidity, rate of return and compliance with the Municipal Government Act (MGA).

Accounts receivable totaled \$43.0 million (2018: \$45.1 million) and is composed of property taxes, government transfers, trade and other, development levies and charges, and investment interest receivable.

The largest source of revenue for the County is property taxes. At the end of 2019, the County's property taxes receivable totaled \$5.4 million (2018: \$7.1 million). The majority of this receivable consists of tax arrears of less than one year, which historically have a very high collection rate.

Government transfers receivable reflects the outstanding balances authorized by other levels of government. This receivable balance decreased by \$3.5 million and fluctuates based on the type of grant programs, eligible approved projects and the timing of capital activity.

Trade and other receivables, which increased by \$1.7 million, relate to general day-to-day activities covering a broad spectrum of services.

Investment interest receivable of \$17.9 million (2018: \$14.9 million) increased compared to the prior year, resulting from interest earned on fixed income investments that has not been collected as of December 31, 2019, due to the dates the investments mature and the scheduled payment dates. An analysis of the investment activity is provided on page 37.

Liabilities

The County's total liabilities at the end of 2019 are \$346.4 million (2018: \$325.9 million), an increase of \$20.5 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 decreased by \$10.3 million (2018: increased by \$7.7 million). The decrease in accounts payable is due in large part to a significant amount of accrued expenses recorded in 2018 for the Community Centre parkade restoration.

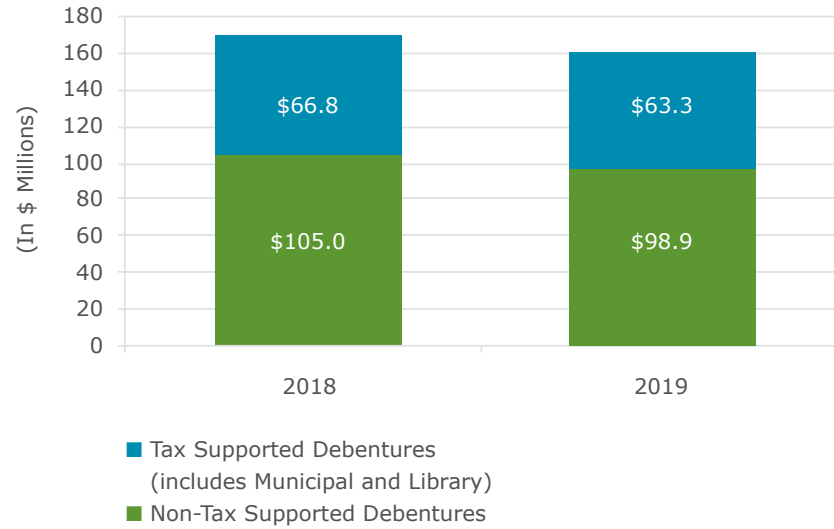
The use of deferred revenue of \$115.2 million (2018: \$77.6 million) and deposit liabilities of \$18.7 million (2018: \$15.8 million) remains restricted until the conditions associated with the balances have been satisfied. Deferred revenue includes amounts received in advance of the County delivering a good or service, or in advance of the County using funds for their intended purposes. Deferred revenue increased significantly by \$37.6 million (2018: decrease of \$5.1 million) because the County received payment of the remaining 2017 and 2018 Municipal Sustainability Initiative (MSI) allotments. These amounts are deferred until the associated spending has been incurred. The increase in deferred revenue can also be attributed to the decreased capital spending in the year.

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 2019, the County incurred new borrowings of \$1.8 million (2018: \$17.6 million) and made debt repayments of \$11.4 million (2018: \$11.2 million). New borrowings were incurred mainly to finance a strategic land purchase (\$0.6 million) and the Strathcona water supply system repair (\$0.5 million).

The Government of Alberta limits the external debt allowed by a municipality to approximately 1.5 times revenue as defined by the MGA. All of the County's total debt outstanding of \$162.2 million (2018: \$171.8 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 are fixed throughout the term of the debenture, mitigating the risk associated with rate fluctuations. Debenture debt bears interest at rates ranging from 2.13 to 7.63 per cent (2018: 2.13 to 7.63 per cent) and the weighted average borrowing rate for the year is 3.83 per cent (2018: 3.85 per cent). 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 infrastructure requirements, is affordable, and 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, 2019, 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



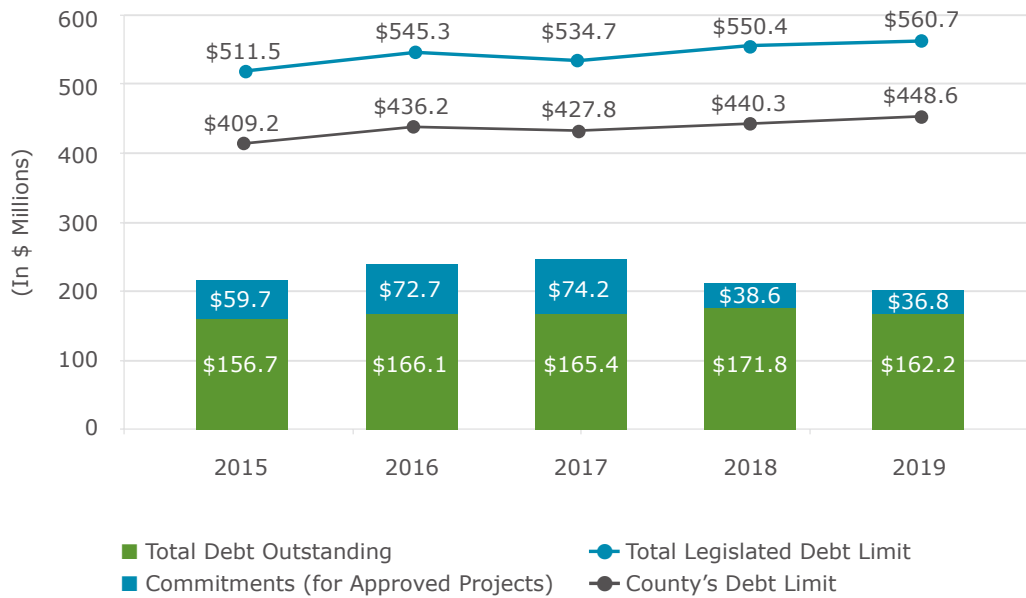
Non-tax supported debt is issued to fund capital expenditures by activities or programs which are self-funded, including but not limited to, local improvement supported debt and developer levy supported debt.

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 development 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 committed an additional \$36.8 million (2018: \$38.6 million) of debt capacity, through approved capital projects as at December 31, 2019. While total debt outstanding has not had any significant fluctuations year-over-year, commitments for approved projects has decreased to \$36.8 million as at December 31, 2019, a \$37.4 million decrease compared to the December 31, 2017 total of \$74.2 million. The decrease is primarily a result of no new debenture borrowing approvals since 2017, a large reduction in prior year borrowing approvals in 2018 (\$18.0 million), and significant amount of new borrowings in 2018 (\$17.6 million).

The County has set an internal restriction limiting the maximum amount of debt to 80.00 per cent of the total legislated debt limit (per the Debt Management Policy).

As of December 31, 2019, the County used 36.15 per cent (2018: 39.02 per cent) of the internal debt limit of \$448.6 million (2018: \$440.3 million) and has capacity to borrow an additional \$286.4 million (2018: \$268.5 million).

**...the consolidated
net financial
assets balance
is \$79.5 million...**

Net Financial Assets

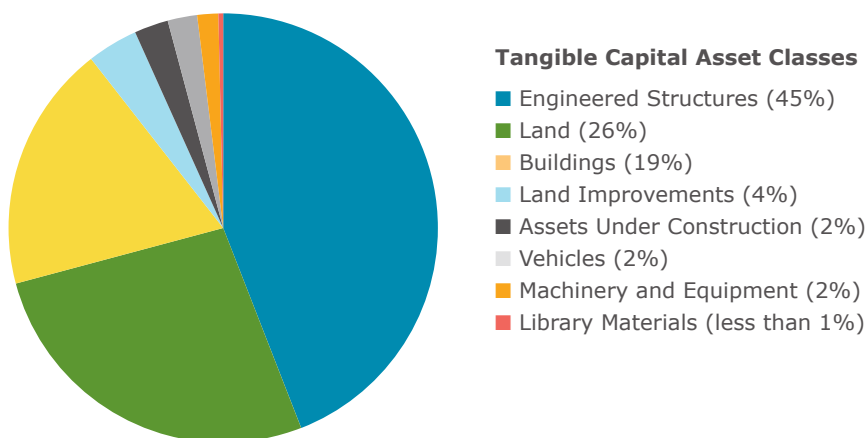
The net financial assets (net debt) figure is the difference between financial assets and liabilities. It is a key indicator of the County's ability to meet its financial commitments and liabilities, as well as to provide funding for future planned and emergent needs. At the end of 2019, the consolidated net financial assets balance is \$79.5 million (2018: \$67.9 million), an increase of \$11.6 million from the prior year. This increase in net financial assets is primarily due to lower amounts of long-term debt used to finance the acquisition of tangible capital assets.

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.

Non-Financial Assets

Non-financial assets totaled \$1,951.2 million at the end of 2019 (2018: \$1,939.0 million). Non-financial assets consist of tangible capital assets of \$1,946.2 million (2018: \$1,935.4 million), prepaid expenses of \$4.0 million (2018: \$2.6 million), and inventories of materials and supplies of \$1.0 million (2018: \$1.0 million). The increase in non-financial assets of \$12.2 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 disposals and amortization expense.

Tangible Capital Assets Summary



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 2019, the County constructed or purchased assets at a total cost of \$51.5 million (2018: \$90.3 million). Contributed tangible capital assets, including developer contributed land, roads and utility infrastructure, were recognized at a value of \$21.4 million (2018: \$19.6 million). The County began amortizing \$79.2 million (2018: \$113.4 million) of tangible capital assets (excluding land), that were put into service during the year. At the end of 2019, tangible capital assets with a value of \$30.6 million (2018: \$45.8 million) remain under construction.

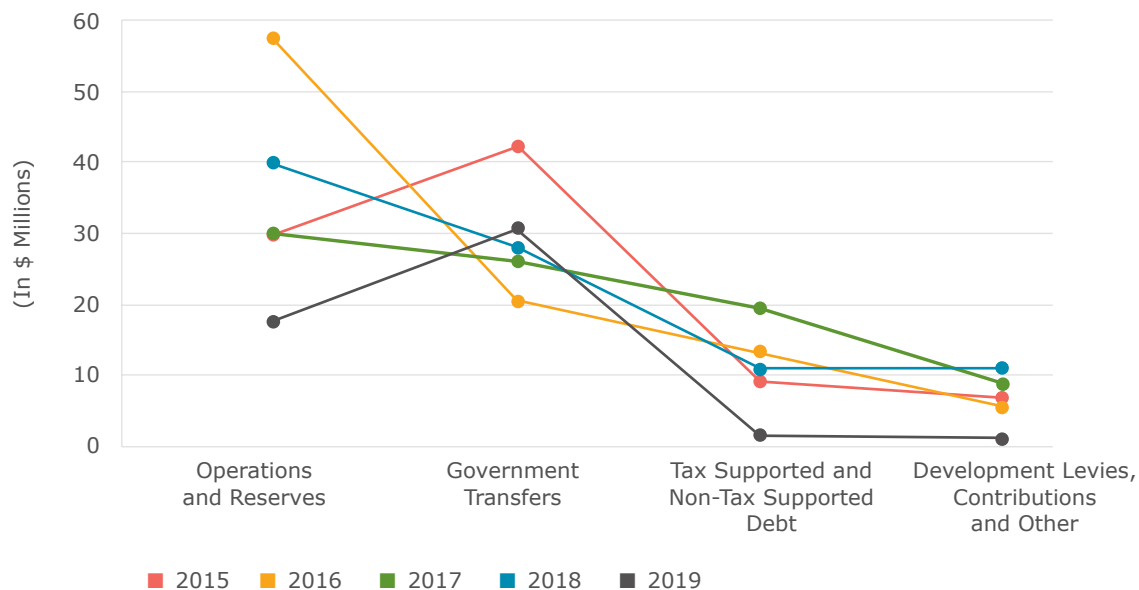
...the County constructed or purchased tangible capital assets at a total cost of \$51.5 million...

Capital Projects

In 2019, the County invested \$51.5 million in capital projects. Of the total amount spent on capital projects in 2019:

- 34.37 per cent or \$17.7 million (2018: 43.97 per cent or \$39.7 million) were funded by operations and reserves funding (i.e. property taxes)
- 59.42 per cent or \$30.6 million (2018: 31.12 per cent or \$28.1 million) were funded by government transfers (i.e. grants)
- 3.30 per cent or \$1.7 million (2018: 12.40 per cent or \$11.2 million) were financed with tax supported and non-tax supported debt
- 2.91 per cent or \$1.5 million (2018: 12.51 per cent or \$11.3 million) were funded by development levies, contributions and other sources

Capital Spending by Funding and Financing Sources

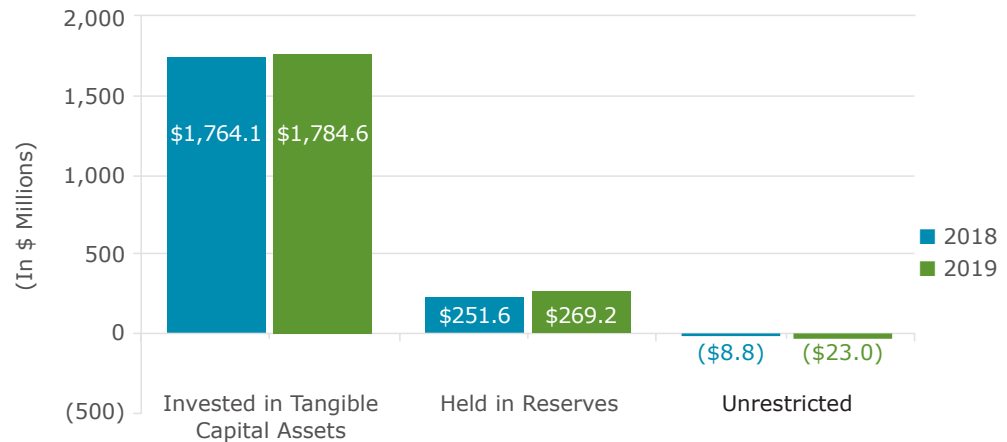


The funding and financing sources of the revenue vary from year to year which is anticipated as the sources vary based on the type and volume of capital activity.

Accumulated Surplus

The County's accumulated surplus at December 31, 2019 is \$2,030.8 million (2018: \$2,006.9 million), an increase of \$23.9 million.

Composition of Accumulated Surplus



The unrestricted balance of (\$23.0 million) (2018: (\$8.8 million)) is mainly attributed to the timing of funding and financing for capital activities. At December 31, 2019 a number of capital projects incurred expenses that were approved by Council to be funded by government grants but the timing of funding with those government grants was delayed, and by debt that 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:

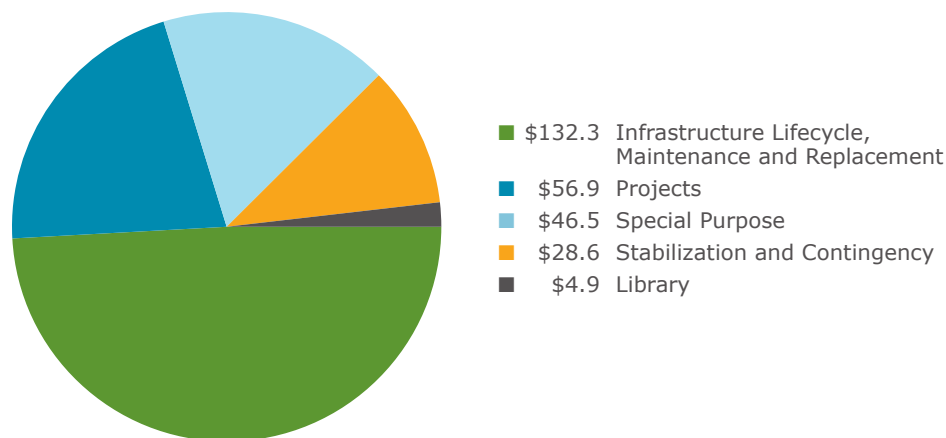
- maintain and improve Strathcona County's working capital requirements
- provide for future funding requirements
- provide stabilization for fluctuations in operating and capital activities

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)



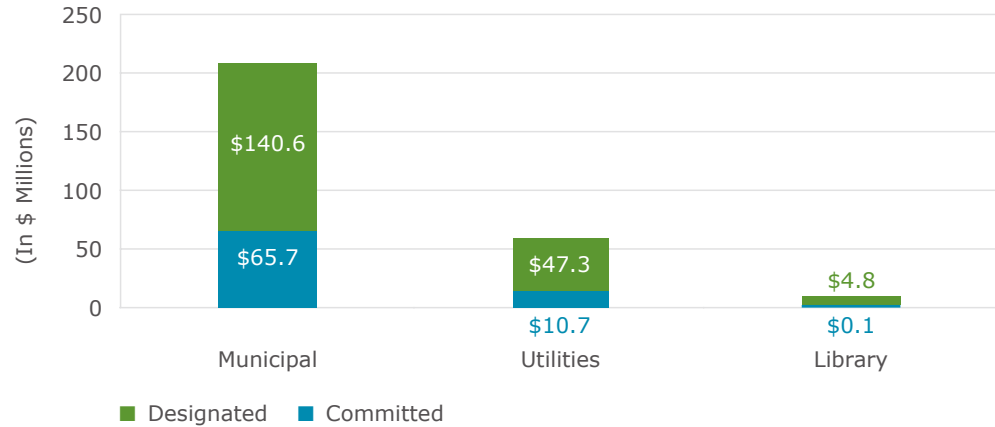
As described in the Financial Reserves Policy, reserves have been grouped into the following categories and are to be used for the following purpose:

- **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.

Council is proud to have established a special purpose reserve to set aside funds for future road investment in Alberta's Industrial Heartland and this reserve will be used to fund 25.00 per cent of the cost of roads required for establishing new infrastructure assets in the Heartland.

- **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.

2019 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, 2019 amounts to \$269.2 million (2018: \$251.6 million). Of this amount, \$76.5 million or 28.42 per cent (2018: \$86.1 million or 34.22 per cent) is committed to be applied towards specific expenditures as approved by Council. The remaining designated balance is \$192.7 million or 71.58 per cent (2018: \$165.5 million or 65.78 per cent).

**Consolidated
revenue
for 2019 is
\$410.1 million...**

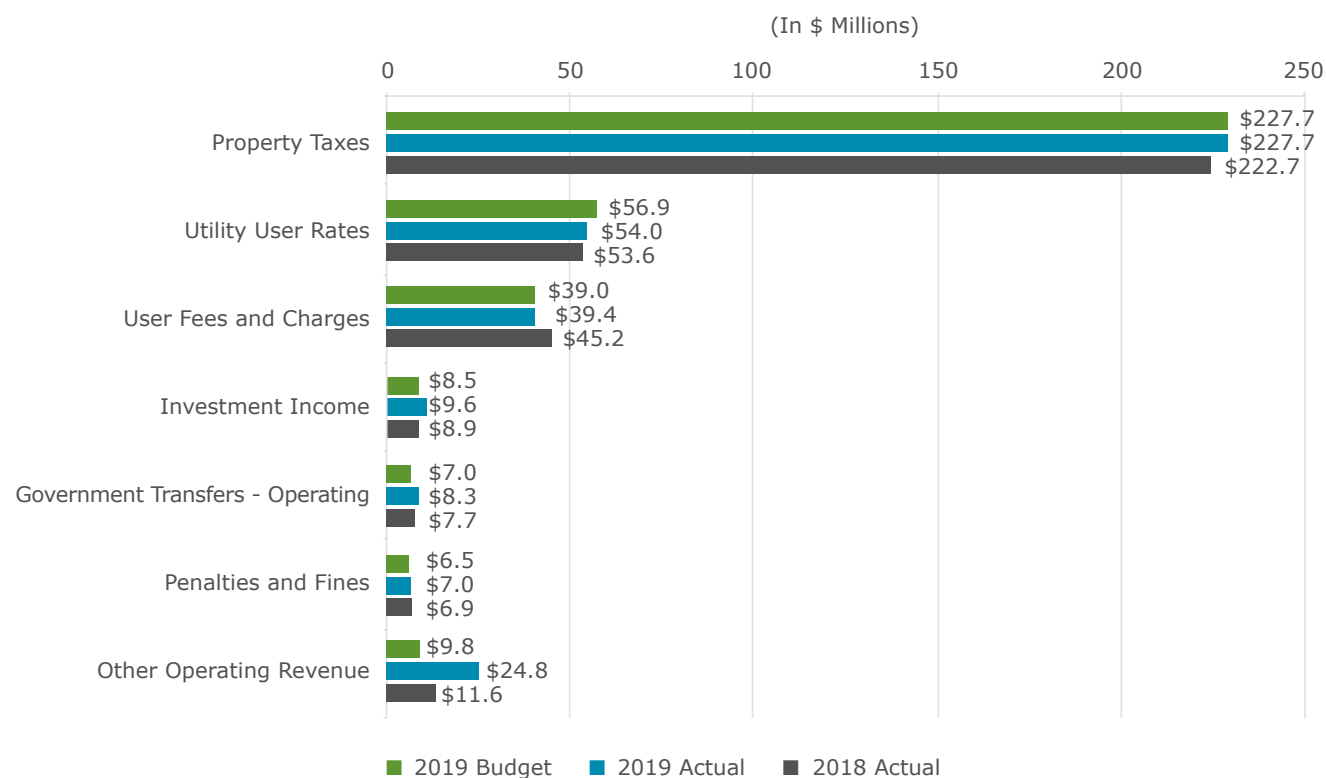
CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS HIGHLIGHTS

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 2019 is \$410.1 million (2018: \$410.3 million), a decrease of \$0.2 million or 0.05 per cent from prior year. Consolidated revenue includes both operating and capital revenue.

Consolidated Operating Revenue by Source



The 2019 consolidated actual operating revenue of \$370.8 million (2018: \$356.6 million) was higher than the current year consolidated budgeted operating revenue of \$355.4 million. Consolidated operating revenue for 2019 increased by \$14.2 million or 3.98 per cent from the prior year.

Property tax revenue has increased by \$5.0 million to \$227.7 million (2018: \$222.7 million) primarily due to increased taxes from the residential and machinery and equipment assessment classes. This increase was included in the 2019 budget; therefore, property tax revenue remained very close to budget despite the large increase from prior year. Property tax revenue represents the primary revenue source for municipal and library operations.

Investment income exceeded the budget by \$1.1 million in 2019 (2018: \$2.1 million). Realized gains from the sale of investments prior to maturity were nil (2018: nil). Gains on the disposal of investments, if any, are transferred to reserve in accordance with the Financial Reserves Policy.

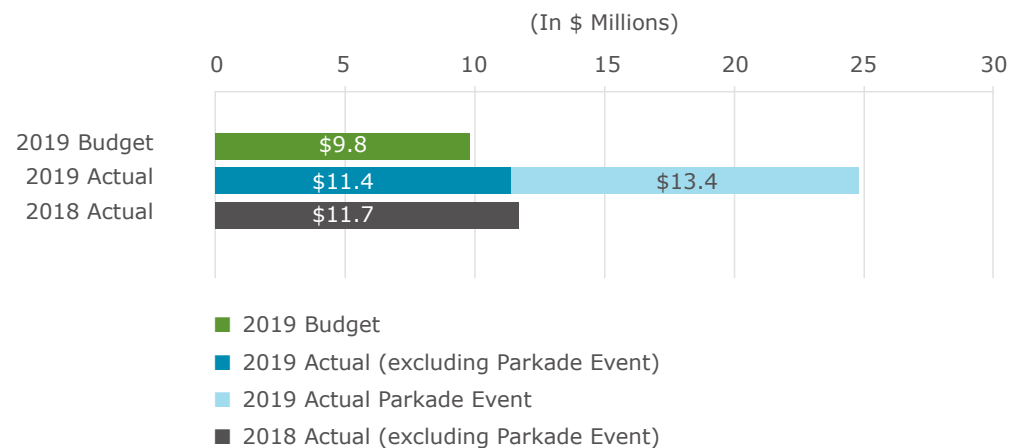
Prior to the allocation of interest to liabilities, the County earned \$11.6 million (2018: \$10.3 million) in investment income, which was \$1.7 million or 17.17 per cent higher than budgeted. This favourable variance was due to the 2.83 per cent year-to-date weighted average return on investments (2018: 2.68 per cent) (Note 1) exceeding the 2.67 per cent budgeted return (2018: 2.38 per cent), and a 10.75 per cent higher than anticipated volume of investments (2018: 16.51 per cent).

Consolidated Operating Revenue by Source (continued)

Note 1 - The weighted average return on investment excludes unrealized gains or losses from market values. The carrying amount of the County's investments was lower than the market value by \$3.4 million at December 31, 2019 (2018: exceeded market value by \$1.9 million at December 31, 2018). Certain investments have a market value below cost at year end. The County considers these declines in value to be temporary in nature.

User fees and charges revenue was lower than the prior year actual amount by \$5.8 million, but only had a \$0.4 million variance to budget. Utility Operations earned decreased revenue compared to prior year due to unplanned repair work in 2018 required to meet the County's obligations under the operation and maintenance contract with the Alberta Capital Region Wastewater Commission.

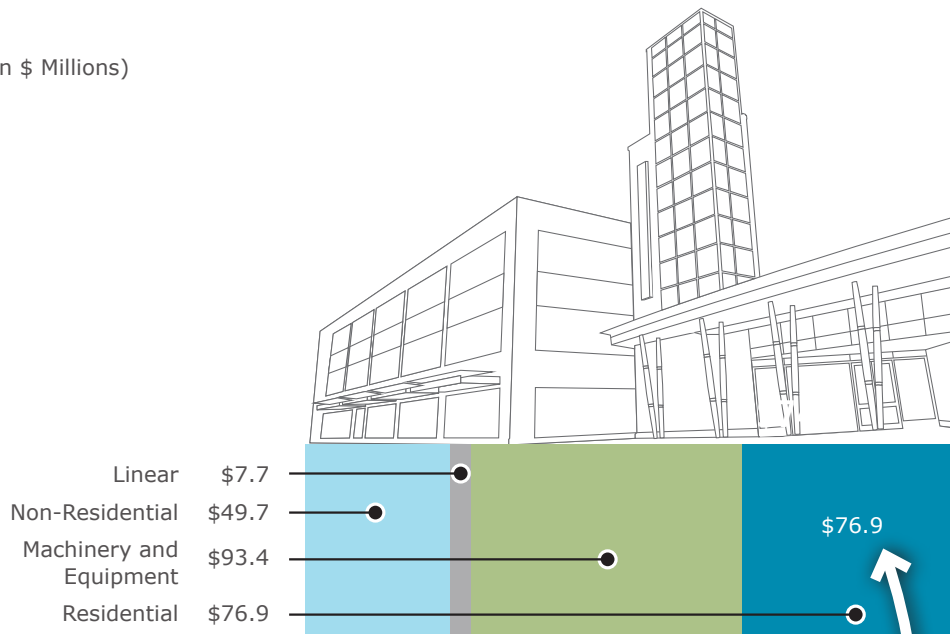
Breakdown of Other Operating Revenue



Other operating revenue has increased significantly by \$13.1 million from prior year (2018: \$1.7 million) and has exceeded the budget by \$15.0 million. This variance was mainly attributable to \$13.4 million of parkade event insurance proceeds that were recognized in 2019.

2019 Municipal Property Tax Revenue \$227.7 million

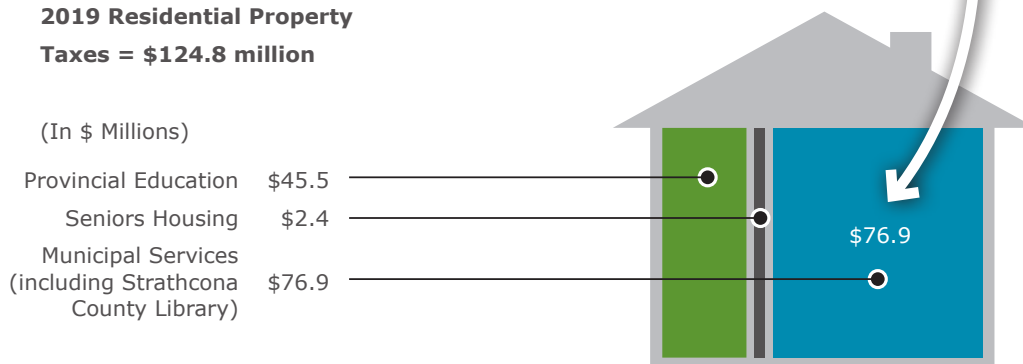
(In \$ Millions)



Residential Property Tax Distribution

2019 Residential Property Taxes = \$124.8 million

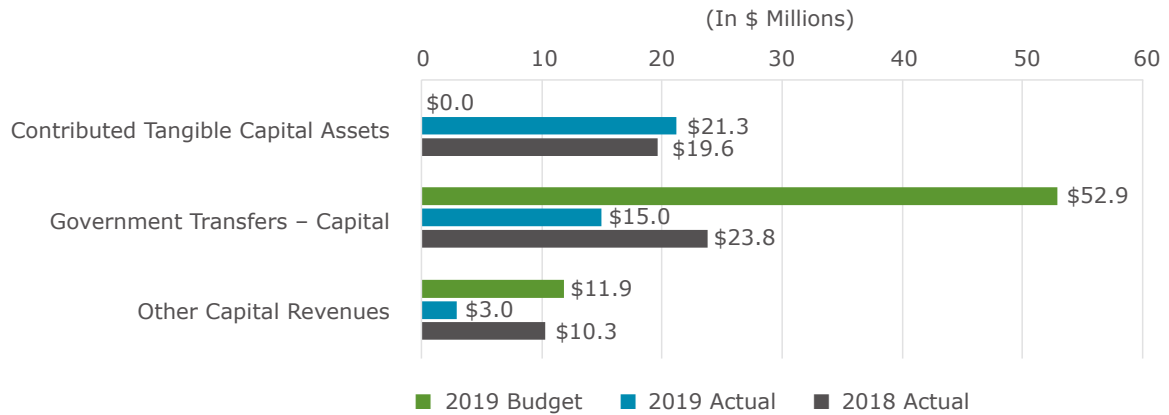
(In \$ Millions)



In 2019, the County had total municipal property tax revenue of \$227.7 million (2018: \$222.7 million). Property tax revenue is collected from various different assessment classes.

Of the total municipal property tax revenue, \$76.9 million (2018: \$74.9 million) was from the residential assessment class, \$49.7 million (2018: \$49.9 million) was from the non-residential assessment class, \$7.7 million (2018: \$6.9 million) was from the linear assessment class and \$93.4 million (2018: \$91.0 million) was from the machinery and equipment assessment class.

Consolidated Capital Revenue by Source



Consolidated capital revenue is composed of government transfers, contributed tangible capital assets and other capital revenue. For 2019, consolidated capital revenue is \$39.3 million (2018: \$53.7 million), which is lower than prior year due to less capital activity primarily resulting from unexpected findings, external influences and environmental impacts. The sources of the revenue also fluctuated in 2019, which is anticipated as consolidated capital revenue varies based on the type and volume of capital activity.

Government transfers for capital are usually non-discretionary and have imposed eligibility criteria and stipulations, resulting 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 \$15.0 million (2018: \$23.8 million), a decrease of \$8.8 million or 36.97 per cent from the prior year. This decrease is attributable to less capital activity in 2019.

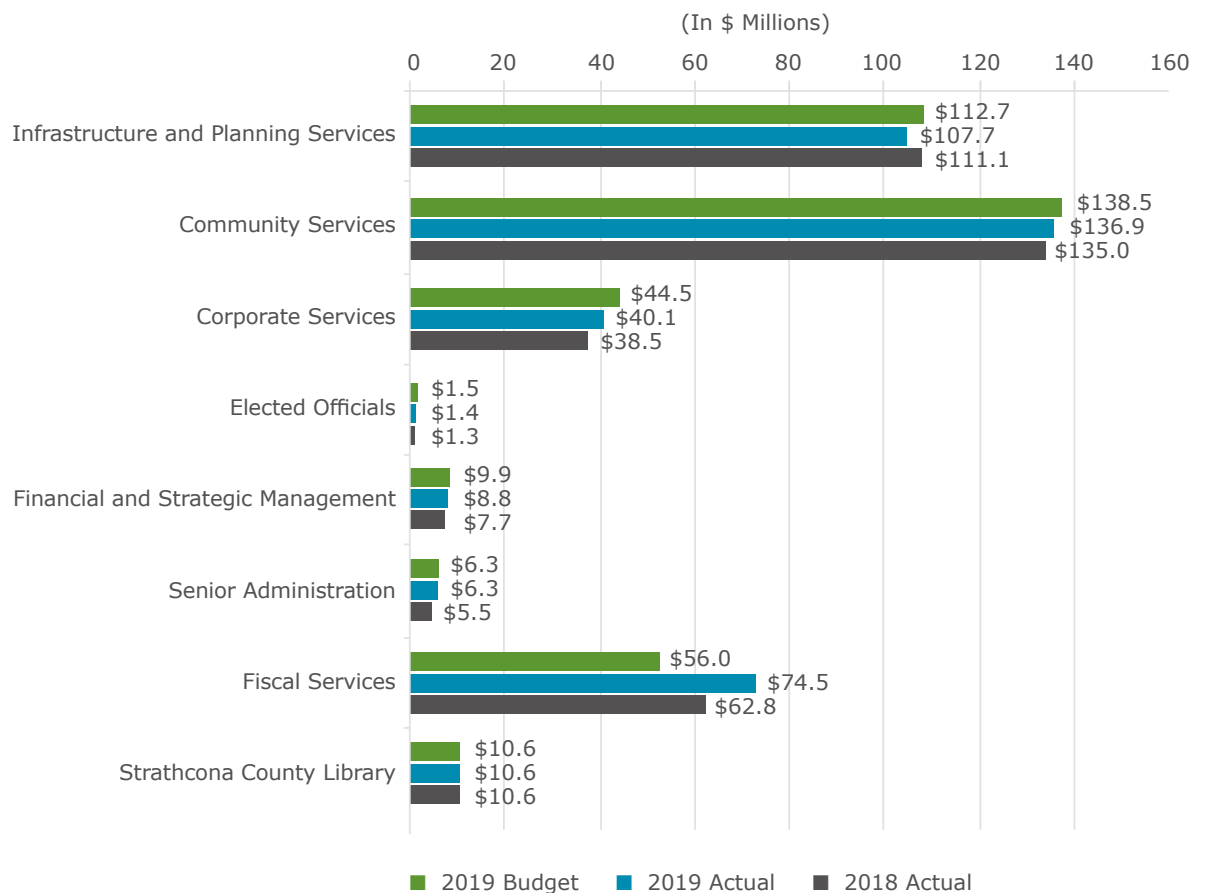
Contributed tangible capital assets are received as contributions from developers and external parties. Examples include road and utility infrastructure. It is difficult to budget for contributed tangible capital assets for a number of reasons, including the complexities of multi-stage developments and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

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

Expenses

Consolidated expenses for 2019 were \$386.3 million (2018: \$372.5 million), an increase of \$13.8 million or 3.70 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 Utility Operations.

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

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

Elected Officials includes the Mayor and Council.

Consolidated Expenses by Function (continued)

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; and Intergovernmental Affairs.

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 Libraries Act, the library board is charged with providing comprehensive and efficient library services that meet the needs of the community.

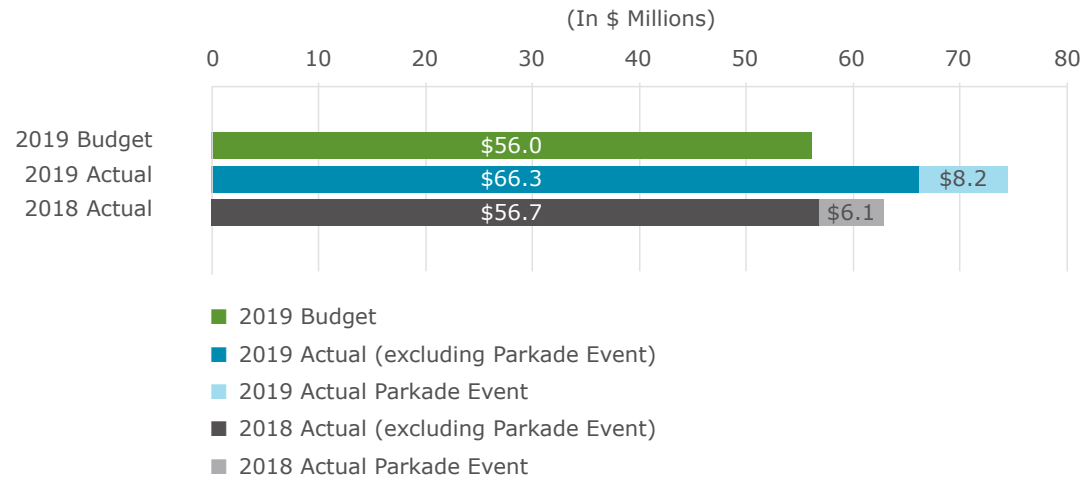
The following are notable highlights of the significant expense changes:

- **Infrastructure and Planning Services** – Infrastructure and Planning Services was under budget by \$5.0 million mainly due to savings within Utility Operations. The Solid Waste, Wastewater, and Storm Sewer Services programs ended with favorable results, which were partially offset by an unfavorable result in the Water program. Significant variances impacting the favorable results were found in the Solid Waste program in contracted services. There were also other general savings across multiple areas throughout Utility Operations. These favorable variances were partially offset by a loss in Water Services mainly due to unanticipated significant repairs for water main breaks.
- **Community Services** – this division was \$1.6 million under budget at the end of the 2019 year primarily due to savings in salaries and benefits, fuel and utilities.
- **Corporate Services** – this division was \$4.4 million under budget for the 2019 year. Savings are due to decreased repairs and maintenance (due to building closures from the parkade event) and savings in fuel due to lower rates and the removal of the provincial carbon tax.
- **Fiscal Services** – expenses were over budget by \$18.5 million due in part to unplanned restoration costs of \$8.2 million for the Community Centre parkade, as shown in the chart below. The majority of 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.

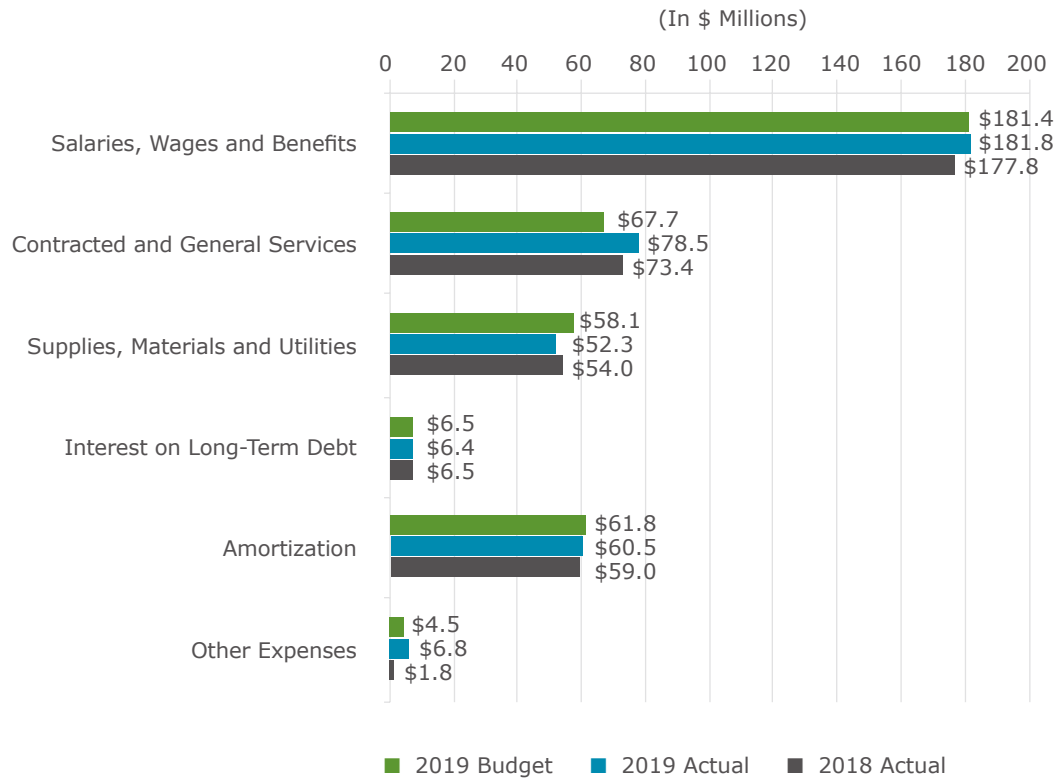
...comprehensive
and efficient library
services that meet
the needs of the
community.

Consolidated Expenses by Function (continued)

Breakdown of Fiscal Services



Consolidated Expenses by Object

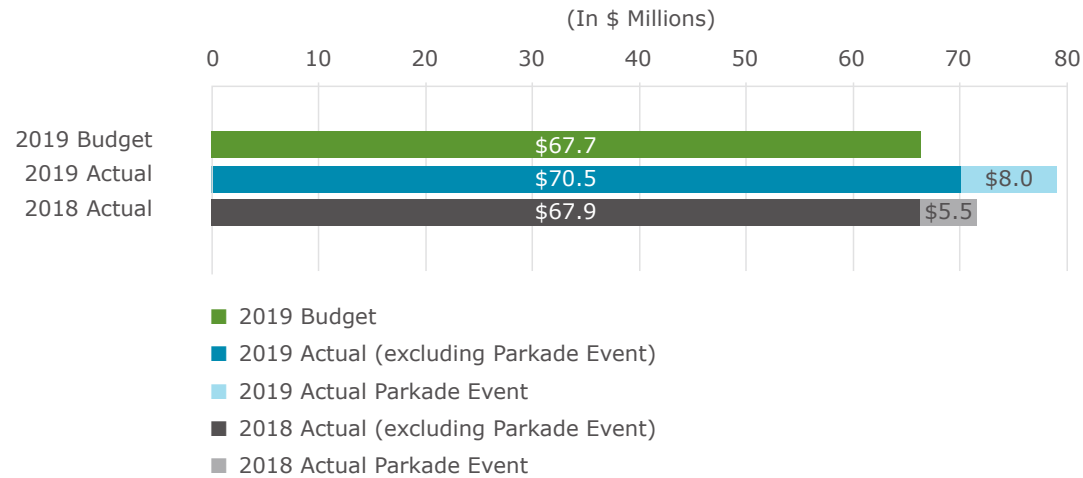


In 2019, salaries, wages and benefits totaled \$181.8 million (2018: \$177.8 million), an increase of \$4.0 million. A total of 1,336 full-time equivalent (FTE) regular employee positions (2018: 1,300 FTEs); plus employees who work irregular, non-standard hours equivalent to 341 FTEs (2018: 333 FTEs); 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 2019 was \$60.5 million (2018: \$59.0 million), an increase of \$1.5 million from the prior year. Most tangible capital assets, with the exception of land, have limited useful lives. This is recognized by amortizing the cost of tangible capital assets in a rational and systematic manner over their estimated useful lives, ranging from two to 90 years. Amortization expense is an important part of the cost associated with providing government services, and can be used as an indicator of current and future rehabilitation and replacement requirements. To support the strategic plan's 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.

The 2019 supplies and materials expense of \$52.3 million (2018: \$54.0 million) was \$5.8 million lower than the budget of \$58.1 million. This variance is partly attributable to savings in fuel costs, due to lower rates.

Breakdown of Contracted and General Services



Contracted and general services in 2019 was \$78.5 million (2018: \$73.4 million), an increase of \$5.1 million or 6.95 per cent from prior year. Furthermore, contracted and general services was \$10.8 million over budget in 2019, primarily due to \$8.0 million in restoration costs from the parkade event, as shown above.

Annual Operating and Capital Budget

The 2019 Consolidated Operating Budget, approved by Council on December 6, 2018, uses funding sources such as property tax revenue, user fees and charges, reserve transfers and government transfers to fund operating programs and services. It is prepared in accordance with the MGA requirements and for that reason, certain key items are accounted for on a cash flow basis. Additionally, reserve activity, that is similar to contributions to and from a savings account, is included. The capital budget is prepared and approved separately.

PSAS reporting, which is the basis used to prepare the financial statements, is done on an accrual basis, including both operating and capital transactions. 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 surplus (deficit) is determined on a basis consistent with the presented budgets.

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

(In \$ Millions)		2019 Budget (as approved by Council, December 6, 2018)	2019 PSAS Budget (as reported in the Consolidated Financial Statements)
Operating Revenue	\$	355.4	\$ 355.4
Expenses (including amortization)		(380.0)	(380.0)
Subtotal		(24.6)	(24.6)
Amortization Expense (non-cash item)		61.8	
Net Reserve Activity (excluding capital)		(26.4)	
Debt Repayment (principal portion only)		(10.8)	
2019 Breakeven Budgeted			
Operating Surplus	\$	0.0	
Capital Revenue			64.8
2019 PSAS Budgeted Annual Surplus			\$ 40.2

...provided the authority to fund and finance \$64.5 million of capital spending in 2019 and future years.

The 2019 Consolidated Capital Budget provided the authority to fund and finance \$64.5 million of capital spending in 2019 and future years. The Consolidated Capital Budget reported in the financial statements only includes budgeted capital spending which is planned to be incurred in 2019. Amounts planned to be incurred in future years (future planned spending) are excluded, and planned spending from prior years is included. As reported on the Consolidated Statement of Net Financial Assets, the planned capital spending for 2019 totaled \$113.5 million.

Annual Surplus

The County realized a consolidated PSAS (deficit) before capital revenue of (\$15.4 million) (2018: (\$15.9 million)). With additional capital revenue of \$39.3 million (2018: \$53.7 million) the County ended 2019 with a consolidated PSAS surplus of \$23.9 million (2018: \$37.8 million).

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 (deficit) for tax purposes.

...the County ended 2019 with a consolidated PSAS surplus of \$23.9 million...

(In \$ Millions)	2019 Annual Operating Surplus for Tax Purposes	2019 PSAS Annual Surplus (as reported in the Consolidated Financial Statements)
Operating Revenue	\$ 370.8	\$ 370.8
Expenses (including amortization)	(386.2)	(386.2)
Subtotal	(15.4)	(15.4)
Amortization Expense (non-cash item)	60.5	
Loss on Disposals or Write-Downs of Tangible Capital Assets	1.1	
Net Reserve Activity (excluding capital)	(32.7)	
Debt Repayment (principle portion only)	(11.4)	
2019 Annual Operating Surplus for Tax Purposes	\$ 2.1	
Capital Revenue		39.3
2019 PSAS Annual Surplus		\$ 23.9

The 2019 annual operating surplus for tax purposes is allocated in accordance with the Allocation of Year-End Operating Surplus for Tax Purposes Policy. The County's final result was very close to budget in 2019. Funds in the amount of \$0.5 million were contributed to reserve (2018: nil). The minimal surplus was anticipated and was the result of continued strategic use of reserves, improved alignment with historic trends (budget to actuals) and being less conservative by accepting more risk and budgeting contingencies more modestly. The 2019 surplus of \$1.6 million (2018: \$1.0 million) from self-sustaining operations was retained by those operational areas.

FINANCIAL CONTROL AND ACCOUNTABILITY

Financial Governance

Council's key oversight responsibilities in the area of financial resource management include: approval of the annual operating and capital budgets as well as subsequent amendments, review of financial results compared to budget, approval of financial policies, and approval of the annual audited Consolidated Financial Statements.

Furthermore, external auditors are appointed annually by Council, as legislated by the MGA. The external auditors are responsible to report directly to Council with the results of the audit of the Consolidated Financial Statements.

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 contribute to the achievement and success of the priorities identified in the strategic plan. In 2019, the County continued with the implementation of the business plan and budget process, with an enhanced focus on community priorities and the continued use 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.

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

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.

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

Financial Policies

The County has several financial policies that are used as a framework to guide financial decisions and to ensure the County achieves Council's vision and strategic plan priorities. All financial policies are approved by Council. The following highlights some of the County's key financial policies:

Financial Reporting Policy (FIN-001-010)

The Financial Reporting Policy outlines that Council will be provided with management reports throughout the fiscal year in order to support the stewardship of Strathcona County resources, to support decision making, and to provide transparent communication to the public. Regular reporting of the County's financial affairs supports increased public involvement and communication with the community on issues affecting the County's future. The County's Financial Reporting Policy requires a review of financial results and a review of key financial indicators to assess the operational performance and management of the County's financial resources.

Investment Policy (FIN-001-007)

It is the County's policy to invest public funds in a prudent manner that will provide optimum investment returns with maximum security, while meeting the County's cash flow requirements and conforming to the MGA and all other provincial statutes and regulations governing the investment of municipal funds.

The Investment Policy includes the following objectives:

- **Capital Preservation**
The County recognizes its fiduciary responsibility for the stewardship of public funds with which it has been entrusted. Therefore, the prime objective of the Investment Policy is to ensure that the principal amount of each investment is safe from losses due to market conditions and issuer default.
- **Maintenance of Liquidity**
The County's investment portfolio will be sufficiently liquid in order to enable the County to meet its operating cash flow requirements which might be reasonably anticipated in the short and long-term.
- **Rate of Return**
The County's investment portfolio will be effectively managed to ensure that an optimum rate of return is realized on all investments within the parameters of the objectives established within the Investment Policy.
- **Compliance with the Municipal Government Act**
The County will ensure that all investments purchased and owned are in accordance with the Municipal Government Act, RSA 2000, c. M-26 (Section 250).

...ensure a favourable financial position while supporting the County's ability to meet current and future infrastructure requirements...

Tangible Capital Assets Financial Reporting Policy (FIN-001-027)

The Tangible Capital Assets Financial Reporting Policy supports organizational decision making and provides enhanced reporting and increased transparency to the organization, the public and other stakeholders. The recognition, recording and reporting of tangible capital assets are necessary financial processes to support the strategic goal to manage, invest and plan for sustainable municipal infrastructure.

The Tangible Capital Assets Financial Reporting Policy includes the following objectives:

- Measure and report the full cost of the County's operations.
- Ensure that all tangible capital asset acquisitions are approved by Council.
- Ensure that clear guidance, training and support is provided to departments.
- Support stewardship of the County's tangible capital assets.
- Support efficient and effective use of the County's tangible capital assets.

Debt Management Policy (FIN-001-025)

The purpose of the Debt Management Policy is to establish financial guidelines and controls for the issuance and use of new debt and to ensure a favourable financial position while supporting the County's ability to meet current and future infrastructure requirements including replacement, new growth, and emergent capital initiatives.

The County recognizes that, properly applied, debt can be an affordable source of financing that complements the sustainability of an organization and helps to achieve service provision and growth objectives. The incurrence of long-term debt is generally appropriate as the beneficiaries (future users) of the capital infrastructure funded by the long-term debt will then share responsibility for the future repayment of the long-term debt.

The Debt Management Policy includes the following guidelines:

- Debt must be affordable and support the sustainability of the Municipality.
The County must maintain flexibility to utilize debt in response to emerging financing needs.
- Debt must consider intergenerational equity and be structured in a way that is fair and equitable to those who pay and benefit from the underlying assets over time.
- The issuance of new debt must be approved by Council.
- Debt must be monitored and reported upon.

In addition to those guidelines, the Debt Management Policy provides direction on the use of debt, debt approval, debt planning and management, debt limits, debt categories, debt terms, debt issuance, debt structure, internal financing, and financial reporting.

Financial Reserves Policy (FIN-001-024)

The purpose of the Financial Reserves Policy is to maintain consistent standards and guidelines for the management of reserves and execution of reserve transactions, and to ensure that all reserve transactions are approved by Council and carried out in accordance with Council's approval. The existence of this policy is a prudent business practice that will enhance the County's financial strength, flexibility, cash flow management, and ability to achieve Council's vision and the strategic plan priorities.

The Financial Reserves Policy includes, but is not limited to, the following guidelines:

- All reserve transactions will be ratified by Council.
- All reserves will be administered in accordance with current municipal policies and the Public Sector Accounting Standards.
- Reserves will be funded from internal or external sources as defined in the reserve descriptions.
- As part of the year end reserve request and approval process, any potential release of reserve funds or redesignation of reserve funds will be identified.
- As part of the year end process for reserves that have optimal balances, an assessment will be made between the actual designated reserve balance and the recommended optimal balance. Reserves which are lower than their established optimal balance will be considered in the distribution of the annual operating surplus. Reserves which exceed their established optimal balance will be considered for redesignation. Strategies to maintain the optimal balance will be addressed through the business plan and budget cycles.
- Interest earnings will be applied to the reserves which have been deemed interest bearing as indicated in the reserve description.

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,



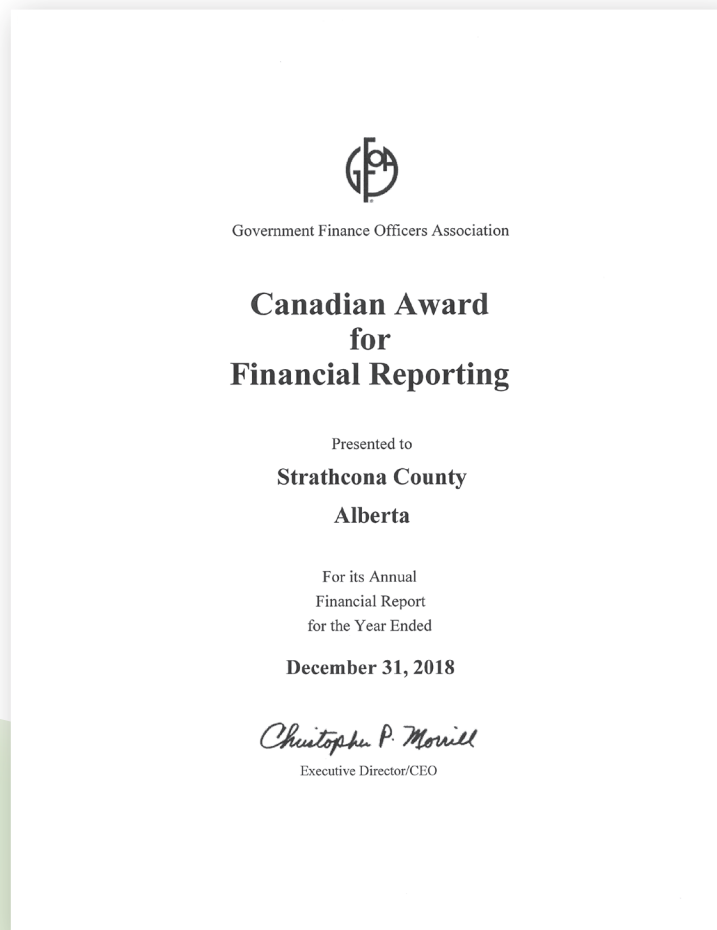
Gregory J. Yeomans, CPA, CGA, MBA
Chief Financial Officer

RECOGNITION OF ACHIEVEMENT

Government Finance Officers Association of the United States and Canada (GFOA) awarded a **Canadian Award for Financial Reporting** to Strathcona County for its annual financial report for the fiscal year ended December 31, 2018. 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 be awarded a Canadian Award for Financial Reporting, a government unit must publish an easily readable and efficiently organized annual financial report, whose contents conform to program standards. Such reports should go beyond the minimum requirements of generally accepted accounting principles and demonstrate an effort to clearly communicate the municipal government's financial picture, enhance an understanding of financial reporting by municipal governments, and address user needs.

A Canadian Award for Financial Reporting is valid for a period of one year only. We believe our current report continues to conform to the Canadian Award for Financial Reporting program requirements, and we will be submitting it to GFOA to determine its eligibility for another award.





2019

Annual Report

Strathcona County
Alberta, Canada
For the Year Ended December 31, 2019



Consolidated Financial Statements

STRATHCONA COUNTY
Consolidated Financial Statements
Year ended December 31, 2019

INDEX

Management's Responsibility for Financial Reporting	55
Independent Auditor's Report	56
Consolidated Statement of Financial Position	58
Consolidated Statement of Operations and Accumulated Surplus.....	59
Consolidated Statement of Change in Net Financial Assets.....	60
Consolidated Statement of Cash Flows	61
Notes to Consolidated Financial Statements	62

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying consolidated financial statements are the responsibility of the management of Strathcona County (the 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 the reasonable limits of materiality.

The County maintains systems of internal accounting and administrative controls that are designed to provide reasonable assurance that the financial information is authorized, 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 appoint the external auditor, oversee management's fulfillment of financial reporting obligations and approving the financial statements. Council meets with management and the external auditors to discuss audit and financial reporting matters, and to satisfy that each party is properly discharging its responsibilities.

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



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

May 26, 2020

Independent auditor's report

To the Mayor and Members of Council of
Strathcona County,

Opinion

We have audited the consolidated financial statements of the **Strathcona County** [the "County"], which comprise the consolidated statement of financial position as at December 31, 2019, and the consolidated statement of operations and accumulated surplus, consolidated statement of change in net financial assets and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the County as at December 31, 2019, and its results of operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the County in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other matter

The consolidated financial statements of the County for the year ended December 31, 2018 were audited by another auditor who expressed an unmodified opinion on those consolidated financial statements on April 30, 2019.

Responsibilities of management and those charged with governance for the consolidated financial statements

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

In preparing the consolidated financial statements, management is responsible for assessing the County's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the County or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the County's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.



A member firm of Ernst & Young Global Limited

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 County's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the County's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the County to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Edmonton, Canada
May 26, 2020

Ernst + Young LLP

Chartered Professional Accountants



A member firm of Ernst & Young Global Limited

STRATHCONA COUNTY

Consolidated Statement of Financial Position

As at December 31, 2019 (in thousands of dollars)

	2019	2018
FINANCIAL ASSETS		
Cash and Cash Equivalents	\$ 6,400	\$ 5,875
Accounts Receivable		
Property Taxes	5,383	7,057
Government Transfers	436	3,919
Trade and Other	15,916	14,187
Development Levies and Charges	3,359	5,095
Investments (Note 2)	376,560	342,804
Investment Interest Receivable	17,922	14,883
	425,976	393,820
LIABILITIES		
Accounts Payable and Accrued Liabilities (Note 3)	50,385	60,698
Deposit Liabilities (Note 4)	18,665	15,829
Deferred Revenue (Note 5)	115,200	77,590
Long-Term Debt (Note 6)	162,182	171,805
	346,432	325,922
NET FINANCIAL ASSETS	79,544	67,898
NON-FINANCIAL ASSETS		
Tangible Capital Assets (Note 8)	1,946,241	1,935,418
Inventories of Materials and Supplies	1,039	954
Prepaid Expenses	3,946	2,640
	1,951,226	1,939,012
ACCUMULATED SURPLUS (Note 10)	\$ 2,030,770	\$ 2,006,910

Operating and Acquisition Lines of Credit (Note 11)

Commitments and Contingent Liabilities (Note 12)

Contractual Rights and Contingent Assets (Note 13)

See accompanying Notes to Consolidated Financial Statements.

STRATHCONA COUNTY

Consolidated Statement of Operations and Accumulated Surplus

Year ended December 31, 2019 (in thousands of dollars)

	2019 Budget (Note 15)	2019	2018
OPERATING REVENUE			
Property Taxes (Note 16)	\$ 227,706	\$ 227,651	\$ 222,743
Utility User Rates	56,875	54,019	53,547
User Fees and Charges	39,048	39,472	45,150
Investment Income	8,441	9,569	8,864
Government Transfers – Operating (Note 17)	6,995	8,339	7,748
Penalties and Fines	6,528	7,000	6,873
Other Operating Revenue (excluding Parkade Event Insurance Proceeds)	9,817	11,427	11,685
Parkade Event Insurance Proceeds (Note 14)	-	13,358	-
Other Operating Revenue	9,817	24,785	11,685
TOTAL OPERATING REVENUE	355,410	370,835	356,610
EXPENSES (Note 24)			
Infrastructure and Planning Services (excluding Utility Operations)	52,195	51,047	49,501
Utility Operations	60,527	56,661	61,644
Infrastructure and Planning Services	112,722	107,708	111,145
Community Services	138,449	136,919	134,964
Corporate Services	44,504	40,135	38,487
Elected Officials	1,546	1,387	1,297
Financial and Strategic Management	9,892	8,751	7,737
Senior Administration	6,251	6,257	5,547
Fiscal Services (excluding Parkade Event)	56,005	66,276	56,726
Parkade Event (Note 14)	-	8,260	6,079
Fiscal Services	56,005	74,536	62,805
Strathcona County Library (excluding Parkade Event)	10,634	10,433	10,463
Parkade Event (Note 14)	-	153	87
Strathcona County Library	10,634	10,586	10,550
TOTAL EXPENSES	380,003	386,279	372,532
(DEFICIT) BEFORE CAPITAL REVENUE	(24,593)	(15,444)	(15,922)
CAPITAL REVENUE			
Contributed Tangible Capital Assets (Note 8)	-	21,352	19,634
Government Transfers – Capital (Note 17)	52,951	14,965	23,768
Other Capital Revenue (Note 18)	11,893	2,987	10,300
TOTAL CAPITAL REVENUE	64,844	39,304	53,702
ANNUAL SURPLUS	40,251	23,860	37,780
ACCUMULATED SURPLUS, BEGINNING OF YEAR	2,006,910	2,006,910	1,969,130
ACCUMULATED SURPLUS, END OF YEAR (Note 10)	\$ 2,047,161	\$ 2,030,770	\$ 2,006,910

See accompanying Notes to Consolidated Financial Statements.

STRATHCONA COUNTY

Consolidated Statement of Change in Net Financial Assets

Year ended December 31, 2019 (in thousands of dollars)

	2019 Budget (Note 15)	2019	2018
ANNUAL SURPLUS	\$ 40,251	\$ 23,860	\$ 37,780
Acquisition of Tangible Capital Assets (Note 8)	(113,518)	(51,458)	(90,343)
Contributed Tangible Capital Assets (Note 8)	-	(21,352)	(19,634)
Amortization of Tangible Capital Assets (Note 8)	61,784	60,457	59,040
Loss (Gain) on Disposals or Write-Downs of Tangible Capital Assets	-	1,115	(3,450)
Proceeds from Disposal of Tangible Capital Assets	-	415	5,004
	(11,483)	13,037	(11,603)
Acquisition of Inventories of Materials and Supplies	-	(1,932)	(1,808)
Acquisition of Prepaid Expenses	-	(4,230)	(2,972)
Use of Inventories of Materials and Supplies	-	1,847	1,882
Use of Prepaid Expenses	-	2,924	3,235
	-	(1,391)	337
(DECREASE) INCREASE IN NET FINANCIAL ASSETS	(11,483)	11,646	(11,266)
NET FINANCIAL ASSETS, BEGINNING OF YEAR	67,898	67,898	79,164
NET FINANCIAL ASSETS, END OF YEAR	\$ 56,415	\$ 79,544	\$ 67,898

See accompanying Notes to Consolidated Financial Statements.

STRATHCONA COUNTY

Consolidated Statement of Cash Flows

Year ended December 31, 2019 (in thousands of dollars)

	2019	2018
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:		
OPERATING		
Annual Surplus	\$ 23,860	\$ 37,780
Items Not Involving Cash		
Contributed Tangible Capital Assets (Note 8)	(21,352)	(19,634)
Amortization of Tangible Capital Assets (Note 8)	60,457	59,040
Amortization of (Discount) on Investments	(18)	(8)
Loss (Gain) on Disposals or Write-Downs of Tangible Capital Assets	1,115	(3,450)
(Gain) on Disposals of Investments	-	(3)
Changes to Non-Cash Financial Assets and Liabilities		
Property Taxes Receivable	1,674	(1,795)
Government Transfers Receivable	3,483	8,198
Trade and Other Receivables	(1,729)	1,004
Development Levies and Charges Receivable	1,736	(1,905)
Investment Interest Receivable	(3,039)	(4,294)
Accounts Payable and Accrued Liabilities	(11,948)	3,811
Deposit Liabilities	2,836	(1,496)
Deferred Revenue	37,610	(5,122)
Inventories of Materials and Supplies	(85)	74
Prepaid Expenses	(1,306)	263
Cash Provided by Operating Activities	93,294	72,463
CAPITAL		
Proceeds from Disposal of Tangible Capital Assets	415	5,004
Acquisition of Tangible Capital Assets	(49,823)	(86,479)
Cash (Applied to) Capital Activities	(49,408)	(81,475)
INVESTING		
Purchase of Investments	(220,914)	(243,201)
Proceeds from Sale/Maturity of Investments	187,176	244,664
Cash (Applied to) Provided by Investing Activities	(33,738)	1,463
FINANCING		
Long-Term Debt Issued	1,772	17,621
Long-Term Debt Repaid	(11,395)	(11,239)
Cash (Applied to) Provided by Financing Activities	(9,623)	6,382
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	525	(1,167)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	5,875	7,042
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 6,400	\$ 5,875
Cash (Paid) for Interest	\$ (6,529)	\$ (6,506)
Cash Received from Interest	\$ 8,845	\$ 6,183

See accompanying Notes to Consolidated Financial Statements.

STRATHCONA COUNTY

Notes to Consolidated Financial Statements

December 31, 2019 (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.

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 are presented to assist the reader in evaluating these consolidated financial statements and, together with the following notes, should be considered an integral part of the consolidated financial statements. The significant accounting policies adopted by the County are as follows:

a) Reporting Entity

The consolidated financial statements reflect the assets, liabilities, revenue, expenses, and accumulated surplus of the reporting entity. The reporting entity consists of all organizations that 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 of the County's operations, the Strathcona County Library and Pioneer Housing Foundation (PHF). Inter-organizational transactions and balances between these entities have been eliminated where appropriate. The County is associated with various other boards, commissions, and other organizations that are not part of the reporting entity.

Property taxes levied also include requisitions for education and seniors housing, on behalf of organizations that are external to the 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 based on market value and regulated value assessments. Taxation revenue is recorded at the time the tax rates are authorized by Strathcona County Council and the tax notices are issued.

d) Government Transfers

Government transfers are recognized as revenue in the period the events giving rise to the transfers have occurred, provided that the transfers are authorized, eligibility criteria have been met, and reasonable estimates of the amounts 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 as revenue in the period the development levies are collectible, and the amounts are applied to the acquisition of leviable infrastructure or other contractual requirements.

STRATHCONA COUNTY

Notes to Consolidated Financial Statements

December 31, 2019 (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 within the repayment 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 accounted for as deferred revenue until the special assessments are authorized by Strathcona County 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.

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 unrecognized government transfers, development levies and other revenue. 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 readily convertible to cash 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 corresponding 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
December 31, 2019 (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 is 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. Non-financial assets 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 amounts that are directly attributable to acquisition, construction, development, or betterment of the asset. The tangible capital asset cost, excluding land, is amortized on a straight-line basis over the estimated useful life, as follows:

Asset	Useful Life in 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	2 - 40
Library Materials	10
Vehicles	4 - 20

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

ii. Contributions of Tangible Capital Assets

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

iii. Leases

Leases are classified as capital or operating leases. Leases that 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.

STRATHCONA COUNTY

Notes to Consolidated Financial Statements

December 31, 2019 (in thousands of dollars)

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

m) Non-Financial Assets (continued)

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

Certain amounts, as approved by Strathcona County 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 amortized cost of investments 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 amounts of revenue and expenses during the reporting 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 receivables.

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

q) Adoption of New Accounting Standards

The following table summarizes changes to Canadian Public Sector Accounting Standards that came into effect for the year ended December 31, 2019. The adoption of this standard did not result in any changes to the consolidated financial statements or note disclosures.

Public Sector Accounting Standard	Name
PS3430	Restructuring Transactions

STRATHCONA COUNTY

Notes to Consolidated Financial Statements

December 31, 2019 (in thousands of dollars)

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

r) 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. Concurrent adoption applies to the Financial Statement Presentation (PS1201), Foreign Currency Translation (PS2601), Portfolio Investments (PS3041), and Financial Instruments (PS3450) accounting standards.

Public Sector Accounting Standard	Name	Effective for the County years ended
PS1201	Financial Statement Presentation	December 31, 2022
PS2601	Foreign Currency Translation	December 31, 2022
PS3041	Portfolio Investments	December 31, 2022
PS3280	Asset Retirement Obligations	December 31, 2022
PS3450	Financial Instruments	December 31, 2022
PS3400	Revenue	December 31, 2023

The County will continue to assess the impact of the remaining future accounting standards and prepare for their adoption.

2. INVESTMENTS

	2019		2018	
	Carrying Amount	Market Value	Carrying Amount	Market Value
Term Deposits and Notes	\$ 207,241	\$ 206,954	\$ 184,226	\$ 183,550
Government Guaranteed Bonds	134,072	137,612	134,036	133,150
Corporate Bonds	35,247	35,426	24,542	24,239
	\$ 376,560	\$ 379,992	\$ 342,804	\$ 340,939

Term deposits and notes, government guaranteed bonds and corporate bonds have effective interest rates of 2.05 to 3.66 per cent (2018 – 2.00 to 3.66 per cent) with maturity dates from January 2020 to August 2031 (2018 – January 2019 to August 2031).

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

STRATHCONA COUNTY
Notes to Consolidated Financial Statements
December 31, 2019 (in thousands of dollars)

3. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2019	2018
Trade		
Accounts Payable	\$ 16,526	\$ 22,324
Contract Holdbacks	3,868	5,232
Capital Accruals	1,941	3,576
Operating Accruals	9,035	13,433
Other	1,258	223
	32,628	44,788
Payroll and Remittances	5,173	4,710
Employee Benefit Obligations		
Accrued Vacation	8,268	7,922
Banked Time	1,076	707
Other	2,087	1,338
	11,431	9,967
Interest	1,153	1,233
	\$ 50,385	\$ 60,698

4. DEPOSIT LIABILITIES

Deposit liabilities can either be interest bearing or non-interest bearing and are held based on the terms of related transactions or agreements.

The County has taken securities from developers in the form of cash, recorded as deposit liabilities, and letters of credit. Security is retained based on a percentage of the infrastructure construction costs required to service the development and is held to secure performance of obligations under the development agreements or permits. The value of securities can be reduced or increased, at the discretion of the County, as the associated development activity progresses. As at December 31, 2019, the County held \$11,999 (2018 – \$11,855) of deposit liabilities for development agreements and permits including interest of \$1,099 (2018 – \$939) and held letters of credit in the amount of \$40,588 (2018 – \$55,435).

5. 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 \$2,029 (2018 – \$1,344). Certain deferred revenue relates to government transfers as further described in Note 17.

	Balance at January 1, 2019	Externally Restricted Amounts	Amounts Recognized as Operating Revenue	Amounts Recognized as Capital Revenue	Balance at December 31, 2019
Government Transfers	\$ 37,337	\$ 60,451	\$ (8,339)	\$ (14,965)	\$ 74,484
Development Levies	15,034	617	(51)	(357)	15,243
Other	25,219	11,118	(8,901)	(1,963)	25,473
	\$ 77,590	\$ 72,186	\$ (17,291)	\$ (17,285)	\$ 115,200

STRATHCONA COUNTY
Notes to Consolidated Financial Statements
December 31, 2019 (in thousands of dollars)

6. LONG-TERM DEBT

	2019	2018
Tax Supported Debentures	\$ 63,252	\$ 66,806
Non-Tax Supported Debentures – Development Levies	20,514	22,724
Non-Tax Supported Debentures – Utility Rates	50,042	52,792
Non-Tax Supported Debentures – Other	28,374	29,483
	\$ 162,182	\$ 171,805

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 7.63 per cent (2018 – 2.13 to 7.63 per cent) and matures in periods 2020 through 2044 (2018 – periods 2019 through 2043).

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

	Principal	Interest	Total
2020	\$ 3,950	\$ 2,400	\$ 6,350
2021	4,037	2,255	6,292
2022	4,145	2,106	6,251
2023	4,165	1,954	6,119
2024	4,211	1,802	6,013
Thereafter	42,744	9,056	51,800
	\$ 63,252	\$ 19,573	\$ 82,825

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

	Principal	Interest	Total
2020	\$ 7,663	\$ 3,705	11,368
2021	7,646	3,389	11,035
2022	7,474	3,073	10,547
2023	6,647	2,774	9,421
2024	5,594	2,515	8,109
Thereafter	63,906	16,020	79,926
	\$ 98,930	\$ 31,476	\$ 130,406

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

	Principal	Interest	Total
2020	\$ 11,613	\$ 6,105	\$ 17,718
2021	11,683	5,644	17,327
2022	11,619	5,179	16,798
2023	10,812	4,728	15,540
2024	9,805	4,317	14,122
Thereafter	106,650	25,076	131,726
	\$ 162,182	\$ 51,049	\$ 213,231

STRATHCONA COUNTY

Notes to Consolidated Financial Statements

December 31, 2019 (in thousands of dollars)

7. DEBT AND DEBT SERVICE LIMITS

Provincial legislation (Section 276(2) of the MGA) requires that debt and service on debt limits as defined by Alberta Regulation 255/2000 for the County be disclosed as follows:

	2019	2018
Total Debt Limit	\$ 560,732	\$ 550,364
Total Debt	162,182	171,805
Percentage Used	28.92%	31.22%
Service on Debt Limit	\$ 93,455	\$ 91,727
Service on Debt	17,718	17,871
Percentage Used	18.96%	19.48%

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 that could be at financial risk if further debt is acquired. The calculation taken alone does not represent the financial stability of the County. Rather, the consolidated financial statements must be interpreted as a whole.

STRATHCONA COUNTY
Notes to Consolidated Financial Statements
December 31, 2019 (in thousands of dollars)

8. TANGIBLE CAPITAL ASSETS

Cost	Balance at January 1, 2019	Purchased Additions	Contributed Additions	Disposals or Write-Downs	Balance at December 31, 2019
Land	\$ 510,318	\$ 5,111	\$ 3,706	\$ (1,057)	\$ 518,078
Land Improvements	121,054	5,766	2,595	(245)	129,170
Buildings	483,408	19,529	-	(60)	502,877
Engineered Structures	1,256,685	28,547	15,051	(30,616)	1,269,667
Machinery and Equipment	78,760	3,523	-	(4,392)	77,891
Library Materials	6,388	581	-	(540)	6,429
Vehicles	77,254	3,654	-	(2,184)	78,724
Assets Under Construction	45,808	(15,253)	-	-	30,555
	\$ 2,579,675	\$ 51,458	\$ 21,352	\$ (39,094)	\$ 2,613,391
Accumulated Amortization	Balance at January 1, 2019	Disposals or Write-Downs		Amortization	Balance at December 31, 2019
Land Improvements	\$ 43,671	\$ (245)		\$ 5,682	\$ 49,108
Buildings	122,910	-		12,034	134,944
Engineered Structures	389,435	(30,612)		30,381	389,204
Machinery and Equipment	45,228	(4,240)		6,112	47,100
Library Materials	3,262	(540)		641	3,363
Vehicles	39,751	(1,927)		5,607	43,431
	\$ 644,257	\$ (37,564)		\$ 60,457	\$ 667,150
Net Book Value					Balance at December 31, 2019
Land					\$ 518,078
Land Improvements					80,062
Buildings					367,933
Engineered Structures					880,463
Machinery and Equipment					30,791
Library Materials					3,066
Vehicles					35,293
Assets Under Construction					30,555
					\$ 1,946,241

STRATHCONA COUNTY
Notes to Consolidated Financial Statements
December 31, 2019 (in thousands of dollars)

8. TANGIBLE CAPITAL ASSETS (CONTINUED)

Cost	Balance at January 1, 2018	Purchased Additions	Contributed Additions	Disposals or Write-Downs	Balance at December 31, 2018
Land	\$ 499,530	\$ 7,555	\$ 3,590	\$ (357)	\$ 510,318
Land Improvements	115,426	5,114	760	(246)	121,054
Buildings	455,981	27,505	-	(78)	483,408
Engineered Structures	1,193,865	51,790	15,284	(4,254)	1,256,685
Machinery and Equipment	74,168	6,490	-	(1,898)	78,760
Library Materials	6,132	585	-	(329)	6,388
Vehicles	76,063	5,873	-	(4,682)	77,254
Assets Under Construction	60,377	(14,569)	-	-	45,808
	\$ 2,481,542	\$ 90,343	\$ 19,634	\$ (11,844)	\$ 2,579,675

Accumulated Amortization	Balance at January 1, 2018	Disposals or Write-Downs	Amortization	Balance at December 31, 2018
Land Improvements	\$ 38,564	\$ (213)	\$ 5,320	\$ 43,671
Buildings	111,479	-	11,431	122,910
Engineered Structures	363,819	(4,254)	29,870	389,435
Machinery and Equipment	40,940	(1,893)	6,181	45,228
Library Materials	2,965	(329)	626	3,262
Vehicles	37,740	(3,601)	5,612	39,751
	\$ 595,507	\$ (10,290)	\$ 59,040	\$ 644,257

Net Book Value	Balance at December 31, 2018
Land	\$ 510,318
Land Improvements	77,383
Buildings	360,498
Engineered Structures	867,250
Machinery and Equipment	33,532
Library Materials	3,126
Vehicles	37,503
Assets Under Construction	45,808
	\$ 1,935,418

STRATHCONA COUNTY
Notes to Consolidated Financial Statements
December 31, 2019 (in thousands of dollars)

8. TANGIBLE CAPITAL ASSETS (CONTINUED)

a) Assets Under Construction

Assets under construction having a value of \$30,555 (2018 – \$45,808) 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 \$21,352 in land, land improvements and engineered structures was contributed to the County in 2019 (2018 – \$19,364).

c) Write-Downs of Tangible Capital Assets

A total of \$993 in land and buildings were written down in 2019 (2018 – nil).

9. EQUITY IN TANGIBLE CAPITAL ASSETS

	2019	2018
Tangible Capital Assets – Cost (Note 8)	\$ 2,613,391	\$ 2,579,675
Accumulated Amortization (Note 8)	(667,150)	(644,257)
Long-Term Debt (Note 6)	(162,182)	(171,805)
Local Improvements Levies Applicable to Debt	473	523
	\$ 1,784,532	\$ 1,764,136

10. ACCUMULATED SURPLUS

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

	2019	2018
Unrestricted (Deficit)	\$ (22,984)	\$ (8,813)
Equity in Tangible Capital Assets (Note 9)	1,784,532	1,764,136
	1,761,548	1,755,323
Reserves:		
Infrastructure Lifecycle, Maintenance and Replacement	132,277	125,735
Projects	56,859	59,450
Special Purpose	46,525	49,361
Stabilization and Contingency	28,646	12,309
Strathcona County Library	4,915	4,732
	269,222	251,587
	\$ 2,030,770	\$ 2,006,910

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

STRATHCONA COUNTY

Notes to Consolidated Financial Statements

December 31, 2019 (in thousands of dollars)

11. OPERATING AND ACQUISITION LINES OF CREDIT

The County has an operating line of credit available for use, up to a maximum of \$5,000 (2018 – \$5,000), bearing interest at prime rate minus 0.5 per cent (2018 – prime rate minus 0.5 per cent) and is secured by the County at large. As at December 31, 2019, nil (2018 – 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 (2018 – \$2,449), bearing interest at prime minus 0.5 per cent (2018 – prime rate minus 0.5 per cent) and is secured by the County at large. As at December 31, 2019, nil (2018 – nil) was drawn against the available acquisition line of credit.

12. COMMITMENTS AND CONTINGENT LIABILITIES

a) Capital

As at December 31, 2019, authorized costs for capital projects committed through a purchase order or other contractual agreement, but not yet expended, amounted to \$27,254 (2018 – \$19,601).

b) Leases

The County has ongoing operating leases for building space, office equipment and bus stop usage.

The future minimum lease payments are due as follows:

2020	\$ 840
2021	846
2022	510
2023	477
2024	477
Thereafter	477
	<u>\$ 3,627</u>

c) Legal Disputes

As at December 31, 2019, the County was involved in various legal disputes. While it is not possible to estimate the exact outcome of these disputes, management believes adequate accruals have been recorded, as applicable, and that there will be no significant adverse effects on the financial position of the County when resolved.

d) 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, 2019.

e) Forward Contracts

To mitigate the risk of fluctuations in electricity and natural gas prices, in the 2019 year the County entered into fixed price contracts for a total commitment of \$2,799 and \$549, respectively.

STRATHCONA COUNTY

Notes to Consolidated Financial Statements

December 31, 2019 (in thousands of dollars)

13. CONTRACTUAL RIGHTS AND CONTINGENT ASSETS

The County has initiated a number of insurance claims that arose from the normal course of operations. The outcomes of these claims may result in assets in the future and cannot be estimated at this time.

The County has a contractual right to Provincial and Federal government transfer funding allocations. In 2019, the County was allocated \$14,964 (2018 – \$14,865) in Municipal Sustainability Initiative (MSI) Capital funding and \$11,117 (2018 – \$5,408) in Federal Gas Tax Fund (GTF) funding. The future receipt of these assets is dependent on submission and approval of project applications and satisfying subsequent reporting requirements. These allocations contributed to the total contractual rights of \$14,964 (2018 – \$44,077) for MSI and \$11,117 (2018 – \$5,408) for GTF.

14. PARKADE EVENT

On November 6, 2018, there were two explosions in the Community Centre parkade as a result of the actions of a citizen. Due to the uncertainty of the situation and the concentration and unknown properties of smoke and soot throughout the entire complex (including the Community Centre, the Strathcona County Library, the underground parkade and County Hall), the complex was closed. The RCMP has completed their investigation of the event.

The explosion did not cause major structural damage to the Community Centre complex and the building will be restored to its original state. County Hall reopened to the public on November 21, 2018 and the majority of the Community Centre reopened to the public on January 15, 2019. The parkade and Library reopened to the public on May 8, 2019.

Costs incurred as a result of response or recovery efforts are capitalized or expensed in accordance with the accounting policies described in Note 1. During 2019, operating costs associated with the parkade incident were \$8,413 and capital costs were \$348. As at December 31, 2019, the total operating costs related to the event were \$14,579 and capital costs were \$348. All operating expenses are recognized in the Statement of Operations and Accumulated Surplus in Fiscal Services and Strathcona County Library. Segmented information is presented in Note 24.

The County is insured under various insurance policies. The County is working closely with its insurers to recover the related expenditures. Parkade event insurance proceeds are recognized in the Statement of Operations and Accumulated Surplus in other operating revenue. During 2019, the County recognized revenue of \$13,358 of insurance proceeds. Operating costs of \$1,140 are still under review. Costs of \$81 are not eligible to be reimbursed under the County's insurance policy.

STRATHCONA COUNTY
Notes to Consolidated Financial Statements
December 31, 2019 (in thousands of dollars)

15. BUDGET DATA

The 2019 Operating Budget, approved by Strathcona County Council on December 6, 2018, 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. In addition, the PHF budget, approved by the PHF Board of Directors on August 22, 2018 has been included in Fiscal Services.

The Capital Budget reports the planned activity for the year ended December 31, as follows:

	2019	2018
2019 Capital Budget approved by Council on December 6, 2018	\$ 64,531	\$ 69,191
2019 Approved Capital Budget Amendments	7,153	(71,696)
Unspent Prior Years Budgeted Capital Expenditures and Amendments	111,553	227,334
Budgeted Capital Expenditures planned to be incurred after 2019	(69,719)	(109,681)
Capital Budget for Acquisition of Tangible Capital Assets	\$ 113,518	\$ 115,148

16. PROPERTY TAXES

	Municipal	Non-Municipal	2019	2018
Property Taxes				
Residential	\$ 76,885	\$ 47,959	\$ 124,844	\$ 120,600
Non-Residential	49,632	21,832	71,464	70,509
Linear	7,724	3,300	11,024	9,709
Machinery and Equipment	93,392	2,224	95,616	92,662
Local Improvement Levies	18	-	18	12
	\$ 227,651	\$ 75,315	\$ 302,966	\$ 293,492
Non-Municipal Requisitions				
Provincial Alberta School Foundation Fund			\$ (62,187)	\$ (58,867)
Elk Island CSRD No. 41			(7,359)	(7,222)
Provincial Designated Industrial Property			(974)	(432)
Sub-Total Provincial Requisitions			(70,520)	(66,521)
Heartland Housing Foundation			(4,795)	(4,228)
Taxes on Behalf of Non-Municipal Requisitioning Authorities			\$ (75,315)	\$ (70,749)
		2019 Budget (Note 15)		
Taxes for Provision of Municipal Services	\$ 227,706		\$ 227,651	\$ 222,743

STRATHCONA COUNTY
Notes to Consolidated Financial Statements
December 31, 2019 (in thousands of dollars)

17. GOVERNMENT TRANSFERS

	2019 Budget (Note 15)	2019	2018
Government Transfers for Operations			
Federal Transfers	\$ 116	\$ 376	\$ 425
Provincial Transfers	6,879	7,963	7,323
	6,995	8,339	7,748
Government Transfers for Capital			
Federal Transfers	6,228	8,234	1,557
Provincial Transfers	46,723	6,731	22,211
	52,951	14,965	23,768
	\$ 59,946	\$ 23,304	\$ 31,516

The nature of the major government transfers recognized during 2019, 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 2019, the County received and accrued \$45,344 (2018 – \$9,482) in MSI Capital funding, including interest of \$1,267 (2018 – \$656). During 2019, \$5,934 (2018 – \$17,593) has been recognized in capital government transfers. A total of \$63,279 (2018 – \$23,869) remains deferred to future years. As at December 31, 2019, nil (2018 – \$2,699) has been recognized as receivable under this program.

In 2019, the County received \$762 (2018 – \$767) in MSI Conditional Operating funding. During 2019, \$762 (2018 – \$767) has been recognized in operating government transfers.

The Federal government introduced the Federal Gas Tax Fund (GTF) 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 2019, the County received and accrued \$5,710 (2018 – \$4,024) in GTF funding including interest of \$302 (2018 – \$189). During 2019, \$7,412 (2018 – \$1,350) has been recognized in capital and operating government transfers. A total of \$10,527 (2018 – \$12,229), remains deferred to future years.

Public Transit Infrastructure Fund (PTIF) funding is from the Federal and Provincial government designed to 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 2019, the County received and accrued \$1,567 (2018 – \$628) in PTIF funding and \$1,567 (2018 – \$628) has been recognized in capital government transfers. As at December 31, 2019, \$2 (2018 – \$3) has been recognized as receivable under this program.

The Family and Community Support Services (FCSS) program is a funding partnership between the Province of Alberta and the County to support individuals, families and communities through preventative social programs and services. In 2019, the County received \$2,084 (2018 – \$2,084) in FCSS funding. During 2019, \$2,084 (2018 – \$2,084) has been recognized in operating government transfers.

STRATHCONA COUNTY
Notes to Consolidated Financial Statements
December 31, 2019 (in thousands of dollars)

17. GOVERNMENT TRANSFERS (CONTINUED)

The Municipal Policing Assistance Grant (MPAG) is a Province of Alberta program that assists communities with the financial costs of municipal policing. In 2019, the County received \$1,141 (2018 – \$1,130) in MPAG funding. During 2019, \$1,141 (2018 – \$1,130) has been recognized in operating government transfers.

The 9-1-1 Grant Program is a Province of Alberta initiative to support and enhance the delivery and development of the County's local 9-1-1 services. In 2019, the County received \$746 (2018 – \$764) in 9-1-1 Grant Program funding. During 2019, \$746 (2018 – \$764) has been recognized in operating government transfers.

18. OTHER CAPITAL REVENUE

	2019 Budget (Note 15)	2019	2018
Development Levies and Charges	\$ 3,970	\$ 357	\$ 6,225
Developer and Other Third Party Contributions	7,923	2,630	4,075
	\$ 11,893	\$ 2,987	\$ 10,300

19. SALARIES AND BENEFITS DISCLOSURE

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

	Salaries	Benefits and Allowances	2019	2018
Elected Officials:				
Mayor	\$ 158	\$ 27	\$ 185	\$ 167
Councillor – Ward 1	85	18	103	94
Councillor – Ward 2	85	20	105	97
Councillor – Ward 3	85	18	103	94
Councillor – Ward 4	85	20	105	94
Councillor – Ward 5	85	19	104	96
Councillor – Ward 6	85	9	94	87
Councillor – Ward 7	85	12	97	90
Councillor – Ward 8	85	20	105	97
	\$ 838	\$ 163	\$ 1,001	\$ 916
 Chief Commissioner – January 1 to July 31 (2018 – January 1 to December 31)	 \$ 225	 \$ 189	 \$ 414	 \$ 347
 Interim Chief Commissioner – August 1 to December 31	 \$ 102	 \$ 16	 \$ 118	 \$ -

STRATHCONA COUNTY

Notes to Consolidated Financial Statements

December 31, 2019 (in thousands of dollars)

19. SALARIES AND BENEFITS DISCLOSURE (CONTINUED)

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

20. PENSION PLANS

a) Local Authorities Pension Plan

Employees of the County participate in the Local Authorities Pension Plan (LAPP), which is administered under the Alberta *Public Sector Pension Plans Act*.

The County was required to make current service contributions to LAPP of 9.39 per cent (2018 – 10.39 per cent) of pensionable payroll up to the yearly maximum pensionable earnings (YMPE) and 13.84 per cent (2018 – 14.84 per cent) thereafter. Employees of the County are required to make current service contributions of 8.39 per cent (2018 – 9.39 per cent) of pensionable salary up to YMPE, and 12.84 per cent (2018 – 13.84 per cent) thereafter.

Total current service contributions by the County to LAPP in 2019 were \$12,382 (2018 – \$13,128). Total current service contributions by the employees of the County to LAPP in 2019 were \$11,247 (2018 – \$12,029).

As stated in their 2018 Annual Report, LAPP serves 265,813 members and 421 employers. It is financed by employer and employee contributions and investment earnings of the LAPP fund. At December 31, 2018, the plan reported an actuarial surplus of \$3,500,000.

b) APEX

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

Contributions are made by the prescribed class of employees and the County. Employees of the County contribute 2.84 per cent (2018 – 2.84 per cent) and the County contributes 3.78 per cent (2018 – 3.78 per cent) of pensionable earnings up to \$151 (2018 – \$147).

Total contributions made by employees of the County to APEX in 2019 were \$303 (2018 – \$303). Total contributions made by the County to APEX in 2019 were \$404 (2018 – \$403).

STRATHCONA COUNTY

Notes to Consolidated Financial Statements

December 31, 2019 (in thousands of dollars)

21. RELATED PARTY DISCLOSURES

Related parties are consolidated as part of the reporting entity described in Note 1. Transactions with these entities occur as a normal course of business and are appropriately eliminated in the consolidated financial statements.

Related parties also include the County's key management personnel and their close family members, including entities these individuals may control or influence. Key management personnel are those individuals who are included in Note 19 and other members of the executive team. Transactions with these individuals are considered to be in the normal course of business and are recorded at the exchange amount.

22. SUBSEQUENT EVENTS

On December 3, 2019, the Alberta Lieutenant Governor in Council made Order in Council 274/2019, annexing land from the County to the City of Fort Saskatchewan, effective January 1, 2020. The annexed area is 952 hectares and starts at the City of Fort Saskatchewan's southern boundary. The impact to the County's December 31, 2020 consolidated financial statements is estimated to be limited to the disposal of land under roads and engineered structures in the amount of \$433.

In February 2020, the Province of Alberta approved \$41,454 of submitted projects for the MSI capital funding. As a result of these approvals, the County recognized \$19,228 of deferred revenue as government transfer revenue in the 2020 year.

Subsequent to year-end, the COVID-19 (novel coronavirus) pandemic has resulted in the County enacting emergency measures to combat the spread of the virus. The County has followed the recommendations of the Alberta Public Health Association. The duration of the pandemic and associated emergency measures is currently unknown. As the situation continues to rapidly change, the impact of the outbreak on the future financial performance and financial position of the County, if any, cannot be determined at this time.

23. COMPARATIVE INFORMATION

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

STRATHCONA COUNTY
Notes to Consolidated Financial Statements
December 31, 2019 (in thousands of dollars)

24. SEGMENTED INFORMATION

Segmented information has been identified based on the types of services provided by the County to its residents:

- a)** Infrastructure and Planning Services is responsible for managing the County's infrastructure by planning, constructing, and maintaining streets, sidewalks and highways, designing and maintaining facilities and parks, and coordinating plans and permits. Infrastructure and Planning Services also facilitates economic growth, business support, diversification, and innovation.
- b)** Community Services focuses on creating a healthy, vibrant, safe, and welcoming community that celebrates cultural and social inclusion. The operations of Community Services include emergency communications, management, operations, and enforcement services, and crime prevention. Community Services also offers individual and family support, programs and facilities, and transit services.
- c)** Corporate Services is at the core of the County; its programs and services enable all departments to be fully functional. Corporate Services supports the front-line departments, caring for the facilities used by staff and residents, repairing transit and emergency vehicles, recruiting and training staff, optimizing the benefits of technology, providing legal advice and supporting the activities of Strathcona County Council.
- d)** Elected Officials includes the Mayor and Council, who are stewards of the County's strategic plan, business plan, and budget. The County's Elected Officials govern and plan for success by providing leadership and direction to the administration in the review and approval of policies and programs that benefit our residents, businesses, and industry.
- e)** Financial and Strategic Management performs a number of vital support roles that help the organization successfully achieve its strategic goals. The division performs functions including, but not limited to, assessment and taxation, treasury and risk management, financial reporting and coordination, financial planning, and procurement services.
- f)** Senior Administration develops, implements, and administers policies and programs established and approved by Strathcona County Council. The division also supports, assists, and advises Council on legislation and municipal operations and coordinates communications.
- g)** Fiscal Services is a separate department that includes corporate revenue and expenses that are not specific to an individual department including: taxes, grants, requisitions, amortization and debt servicing costs. It also includes expenses relating to PHF which is a not-for-profit organization controlled by the County which holds land and buildings for the purpose of providing affordable housing.

STRATHCONA COUNTY
Notes to Consolidated Financial Statements
December 31, 2019 (in thousands of dollars)

24. SEGMENTED INFORMATION (CONTINUED)

- h)** Utility Operations plans for, designs, operates and maintains water, wastewater and stormwater infrastructure systems. The department also provides innovative waste management services and community energy services.
- i)** The Strathcona County Library is charged with providing comprehensive and efficient library services that meet the needs of the community.

Certain allocation methodologies are used in the preparation of segmented financial information. Taxation revenue 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

December 31, 2019 (in thousands of dollars)

24. SEGMENTED INFORMATION (CONTINUED)

	Municipal Operations					
	Infrastructure and Planning Services (excluding Utility Operations)	Community Services	Corporate Services	Elected Officials	Financial and Strategic Management	Senior Administration
OPERATING REVENUE						
Property Taxes (Note 16)	\$ 47,830	\$ 92,228	\$ 43,768	\$ 1,545	\$ 9,244	\$ 6,127
Utility User Rates	-	-	-	-	-	-
User Fees and Charges	3,784	29,761	523	-	343	127
Investment Income	-	-	-	-	-	-
Government Transfers – Operating (Note 17)	295	5,941	34	-	-	216
Penalties and Fines	13	5,270	-	-	-	-
Other Operating Revenue	752	6,893	57	-	336	62
TOTAL OPERATING REVENUE	52,674	140,093	44,382	1,545	9,923	6,532
EXPENSES						
Salaries, Wages and Benefits	28,934	92,856	25,513	1,089	7,821	4,993
Contracted and General Services	14,352	23,253	12,042	237	1,026	893
Supplies, Materials and Utilities	7,321	18,343	2,386	61	(140)	229
Interest on Long-Term Debt	-	-	-	-	-	-
Grants and Requisitions	336	2,006	82	-	-	142
Amortization (Note 8)	-	-	-	-	-	-
Loss (Gain) on Asset Disposals or Write-Downs	-	-	-	-	-	-
Other Expenses	104	461	112	-	44	-
TOTAL EXPENSES	51,047	136,919	40,135	1,387	8,751	6,257
SURPLUS (DEFICIT) BEFORE CAPITAL REVENUE	1,627	3,174	4,247	158	1,172	275
CAPITAL REVENUE						
Contributed Tangible Capital Assets (Note 8)	-	-	-	-	-	-
Government Transfers – Capital (Note 17)	-	-	-	-	-	-
Other Capital Revenue (Note 18)	-	-	-	-	-	-
TOTAL CAPITAL REVENUE	-	-	-	-	-	-
ANNUAL SURPLUS (DEFICIT)	\$ 1,627	\$ 3,174	\$ 4,247	\$ 158	\$ 1,172	\$ 275

Fiscal Services				Strathcona County Library					
Fiscal Services				Strathcona County Library					
Fiscal Services (excluding Parkade Event)	Parkade Event (Note 14)	Total Municipal Operations	Utility Operations	Fiscal Services (excluding Parkade Event)	Parkade Event (Note 14)		2019	2019 Budget (Note 15)	
\$ 17,180	\$ -	\$ 217,922	\$ 11	\$ 9,718	\$ -	\$	227,651	\$ 227,706	
-	-	-	54,019	-	-		54,019	56,875	
3,569	-	38,107	1,323	42	-		39,472	39,048	
7,851	-	7,851	1,561	157	-		9,569	8,441	
1,247	-	7,733	33	573	-		8,339	6,995	
1,611	-	6,894	-	106	-		7,000	6,528	
3,147	13,305	24,552	7	173	53		24,785	9,817	
34,605	13,305	303,059	56,954	10,769	53		370,835	355,410	
3,156	-	164,362	10,905	6,498	2		181,767	181,389	
6,181	7,985	65,969	12,187	331	43		78,530	67,710	
(706)	248	27,742	23,192	1,282	92		52,308	58,120	
3,246	-	3,246	2,354	849	-		6,449	6,463	
701	-	3,267	18	3	-		3,288	2,776	
51,025	-	51,025	7,979	1,453	-		60,457	61,784	
1,121	27	1,148	(59)	10	16		1,115	-	
1,552	-	2,273	85	7	-		2,365	1,761	
66,276	8,260	319,032	56,661	10,433	153		386,279	380,003	
(31,671)	5,045	(15,973)	293	336	(100)		(15,444)	(24,593)	
17,615	-	17,615	3,737	-	-		21,352	-	
14,949	-	14,949	16	-	-		14,965	52,951	
2,791	-	2,791	194	2	-		2,987	11,893	
35,355	-	35,355	3,947	2	-		39,304	64,844	
\$ 3,684	\$ 5,045	\$ 19,382	\$ 4,240	\$ 338	\$ (100)	\$	23,860	\$ 40,251	

STRATHCONA COUNTY

Notes to Consolidated Financial Statements

December 31, 2019 (in thousands of dollars)

24. SEGMENTED INFORMATION (CONTINUED)

	Municipal Operations					
	Infrastructure and Planning Services (excluding Utility Operations)	Community Services	Corporate Services	Elected Officials	Financial and Strategic Management	Senior Administration
OPERATING REVENUE						
Property Taxes (Note 16)	\$ 43,204	\$ 89,110	\$ 38,653	\$ 1,475	\$ 8,264	\$ 5,799
Utility User Rates	-	-	-	-	-	-
User Fees and Charges	4,201	29,768	490	-	334	125
Investment Income	-	-	-	-	-	-
Government Transfers – Operating (Note 17)	232	6,053	-	-	-	6
Penalties and Fines	21	5,251	-	-	-	-
Other Operating Revenue	831	7,751	234	-	387	19
TOTAL OPERATING REVENUE	48,489	137,933	39,377	1,475	8,985	5,949
EXPENSES						
Salaries, Wages and Benefits	28,797	91,437	24,523	1,007	7,271	4,756
Contracted and General Services	11,893	23,234	11,140	235	924	424
Supplies, Materials and Utilities	8,569	18,133	2,637	55	(505)	236
Interest on Long-Term Debt	-	-	-	-	-	-
Grants and Requisitions	157	1,670	82	-	-	131
Amortization (Note 8)	-	-	-	-	-	-
(Gain) on Asset Disposals or Write-Downs	-	-	-	-	-	-
Other Expenses	85	490	105	-	47	-
TOTAL EXPENSES	49,501	134,964	38,487	1,297	7,737	5,547
(DEFICIT) SURPLUS BEFORE CAPITAL REVENUE	(1,012)	2,969	890	178	1,248	402
CAPITAL REVENUE						
Government Transfers – Capital (Note 17)	-	-	-	-	-	-
Contributed Tangible Capital Assets (Note 8)	-	-	-	-	-	-
Other Capital Revenue (Note 18)	-	-	-	-	-	-
TOTAL CAPITAL REVENUE	-	-	-	-	-	-
ANNUAL (DEFICIT) SURPLUS	\$ (1,012)	\$ 2,969	\$ 890	\$ 178	\$ 1,248	\$ 402

Fiscal Services				Strathcona County Library					
Fiscal Services				Strathcona County Library					
(excluding Parkade Event)	Parkade Event (Note 14)	Total Municipal Operations	Utility Operations	(excluding Parkade event)	Parkade Event (Note 14)	2018	2018 Budget (Note 15)		
\$ 26,764	\$ -	\$ 213,269	\$ 12	\$ 9,462	\$ -	\$ 222,743	\$ 221,334		
-	-	-	53,547	-	-	53,547	55,343		
3,341	-	38,259	6,842	49	-	45,150	40,302		
7,438	-	7,438	1,252	174	-	8,864	6,805		
855	-	7,146	40	562	-	7,748	6,920		
1,462	-	6,734	-	139	-	6,873	6,158		
2,244	-	11,466	25	194	-	11,685	9,401		
42,104	-	284,312	61,718	10,580	-	356,610	346,263		
2,001	417	160,209	11,049	6,527	16	177,801	173,964		
3,466	5,481	56,797	16,187	361	37	73,382	63,606		
(519)	181	28,787	23,963	1,249	34	54,033	54,200		
3,318	-	3,318	2,298	885	-	6,501	6,683		
686	-	2,726	285	-	-	3,011	2,514		
49,793	-	49,793	7,811	1,436	-	59,040	60,593		
(3,366)	-	(3,366)	(84)	-	-	(3,450)	-		
1,347	-	2,074	135	5	-	2,214	1,624		
56,726	6,079	300,338	61,644	10,463	87	372,532	363,184		
(14,622)	(6,079)	(16,026)	74	117	(87)	(15,922)	(16,921)		
23,768	-	23,768	-	-	-	23,768	28,315		
8,493	-	8,493	11,141	-	-	19,634	-		
6,688	-	6,688	3,597	15	-	10,300	14,136		
38,949	-	38,949	14,738	15	-	53,702	42,451		
\$ 24,327	\$ (6,079)	\$ 22,923	\$ 14,812	\$ 132	\$ (87)	\$ 37,780	\$ 25,530		





2019

Annual Report

Strathcona County
Alberta, Canada
For the Year Ended December 31, 2019



2020 Budget Highlights



2020 Budget Highlights (Unaudited)

2020 Consolidated Operating Expenses

(in millions of dollars)

Municipal	305.3
Utility Operations	60.9
Strathcona County Library	11.0
Total	377.2

2020 Capital Project Approval

(in millions of dollars)

Municipal	105.3
Utility Operations	4.7
Strathcona County Library	0.7
Total	110.7

2020 Allocation of Each Dollar of Residential Property Tax

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



2020 Planned Distribution of a Municipal Tax Dollar

Transportation (Roads)	29¢
Fire, Ambulance and Police	29¢
Recreation, Parks and Culture	21¢
Public Transit	10¢
Planning and Development	4¢
Family and Community Services	4¢
Agriculture	2¢
Economic Development and Tourism	1¢

2020 Estimated Municipal Regular Property Tax

(in millions of dollars)

Residential and Farmland	75.1
Non-Residential	48.6
Machinery and Equipment	89.1
Linear	7.5
Total	220.3

Municipal Property Tax Rates (Note 1)

The property tax bylaw 18-2020 was approved on May 5, 2020.

Residential and Farmland	4.3644
Commercial and Industrial (Non-Residential)	8.9252
Machinery and Equipment	8.9252
Linear (Powerlines and Pipelines)	8.9252

Note 1 - Per thousand dollars of taxable assessed value.



2019

Annual Report

Strathcona County
Alberta, Canada
For the Year Ended December 31, 2019



Statistics

General Statistical Information

For the Years Ended December 31, 2015 - 2019

Unaudited



2019 Number of dwelling units:

38,742



Did you know...

The County distributes
37.3 million litres of
water every day



2019 County maintained roads:

1,730 km

	2019	2018	2017	2016	2015
Population (Note 1)	98,381	98,381	98,044	98,044	95,597
Number of Dwelling Units (Note 2)	38,742	38,126	37,559	36,352	35,965
County-Wide Area (Note 3) (figures are approximate)					
Municipal Area (square kilometres)	1,265	1,265	1,265	1,265	1,265
Industrial (hectares)	9,061	9,061	9,063	9,052	7,816
Commercial (hectares)	2,093	2,081	2,081	2,078	1,941
Residential (hectares)	18,852	18,677	18,677	18,542	16,051
Agricultural (hectares)	87,155	87,227	87,364	87,502	84,200
Park, Recreation and Natural (hectares)	3,714	3,711	3,704	3,701	3,522
Urban Village (hectares)*	66	66	66	66	-
Other (hectares)**	5,678	5,667	5,666	5,679	13,103
Roads (km)					
Rural Roads, County maintained	1,314	1,323	1,313	1,308	1,308
Urban Roads, County maintained	416	415	408	403	397
Utility Operations					
Water Distributed (million litres per day)	37.3	33.3	33.2	33.2	33.7
Water Mains, County maintained (km)	609	607	598	593	582
Wastewater Mains, County maintained (km)	434	434	431	420	400
Stormwater Mains, County maintained (km)	384	372	370	363	347

*New zoning type added in 2016 which includes a mix of residential and commercial.

**Other includes water bodies, roads and right-of-ways.

General Statistical Information (Continued)

For the Years Ended December 31, 2015 - 2019

Unaudited

	2019	2018	2017	2016	2015
Building Permits					
Total Issued	1,356	1,405	1,499	1,341	1,504
Value of Annual Permits Issued (in thousands of dollars)	314,690	365,686	349,130	345,530	386,583
Strathcona County Employees (Note 4)					
Regular Employee Positions	1,336	1,300	1,285	1,267	1,204
Irregular Employee Positions	341	333	319	237	239
Parkland (hectares) (Notes 3, 5)	1,943	1,939	1,945	1,944	1,944
Natural Area (hectares)	1,772	1,772	1,759	1,757	1,521

Notes:

1. The 2019 to 2015 population figures are based on Municipal Census.
2. Number of dwelling units is based on Assessment and Tax roll data.
3. The 2019 to 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, businesses and industry as required.
5. Parkland includes developed parks, school and other institutional sites, playing fields, and utility corridors that may include trails.

Unemployment Rates

	2019	2018	2017	2016	2015
Strathcona County*	N/A	N/A	N/A	6.5%	N/A
Alberta**	6.9%	6.6%	7.8%	8.1%	6.0%
Canada**	5.7%	5.8%	6.3%	7.0%	6.9%

*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, 2015 - 2019 (in thousands of dollars)

Unaudited

	2019	2018	2017	2016	2015
Operating Revenue by Source					
Property Taxes	227,651	222,743	221,359	221,963	211,377
Utility User Rates	54,019	53,547	52,521	52,553	52,353
User Fees and Charges	39,472	45,150	41,099	39,055	41,870
Investment Income	9,569	8,864	8,385	7,168	7,845
Government Transfers	8,339	7,748	7,717	7,282	7,412
Penalties and Fines	7,000	6,873	7,001	6,372	6,901
Other Operating Revenue (excluding Parkade Event Insurance Proceeds) (Note 1)	11,427	11,685	10,039	17,742	9,407
Parkade Event Insurance Proceeds	13,358	-	-	-	-
Other Operating Revenue	24,785	11,685	10,039	17,742	9,407
Total Operating Revenue by Source	370,835	356,610	348,121	352,135	337,165
Expenses by Function					
Protective Services (Note 2)	60,585	60,617	57,050	58,947	53,525
Utilities	56,661	61,644	54,854	54,520	53,823
Recreation, Parks and Culture	56,351	55,443	53,170	51,862	49,109
Transportation Services	55,266	53,815	45,394	43,597	44,474
Fiscal Services (Note 3)	66,276	62,805	56,484	54,907	50,394
Corporate Services (Note 4)	40,135	38,487	37,024	31,865	29,282
General Government and Other (Note 5)	22,918	20,941	19,779	18,939	18,407
Planning and Development Services	9,374	9,555	9,451	9,036	9,509
Family and Community Services	10,300	9,225	8,650	8,364	7,412
Parkade Event	8,413	-	-	-	-
Total Expenses by Function	386,279	372,532	341,856	332,037	315,935
Expenses by Object					
Salaries, Wages and Benefits	181,767	177,801	170,036	161,702	153,334
Contracted and General Services	78,530	73,382	55,562	54,563	54,667
Supplies, Materials and Utilities	52,308	54,033	48,914	46,836	45,615
Interest on Long-Term Debt	6,449	6,501	6,541	6,548	6,822
Grants and Requisitions	3,288	3,011	2,279	2,161	2,150
Amortization	60,457	59,040	57,292	54,469	51,153
Loss (Gain) on Asset Disposals or Write-Downs	1,115	(3,450)	(1,110)	661	307
Other Expenses	2,365	2,214	2,342	5,097	1,887
Total Expenses by Object	386,279	372,532	341,856	332,037	315,935
(Deficit) Surplus Before Capital Revenue	(15,444)	(15,922)	6,265	20,098	21,230
Capital Revenue by Source					
Contributed Tangible Capital Assets	21,352	19,634	18,167	32,711	60,325
Government Transfers	14,965	23,768	26,648	20,740	43,941
Other Capital Revenue (Note 6)	2,987	10,300	8,378	11,494	2,032
Total Capital Revenue by Source	39,304	53,702	53,193	64,945	106,298
Annual Surplus	23,860	37,780	59,458	85,043	127,528

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

For the Years Ended December 31, 2015 - 2019 (in thousands of dollars)

Unaudited

	2019	2018	2017	2016	2015
Annual Surplus by Segment					
Municipal	19,382	22,923	52,536	75,133	104,271
Utility Operations	4,240	14,812	6,554	9,602	23,124
Strathcona County Library	238	45	368	308	133
Annual Surplus by Segment	23,860	37,780	59,458	85,043	127,528
Accumulated Surplus, Beginning of Year	2,006,910	1,969,130	1,909,672	1,824,629	1,697,101
Accumulated Surplus, End of Year	2,030,770	2,006,910	1,969,130	1,909,672	1,824,629

Notes:

1. Other operating 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 expenses such as grants, requisitions, amortization, debt servicing, and Pioneer Housing Foundation.
4. Corporate Services includes Facility Services, Fleet Services, Human Resources, Information Technology Services, and Legislative and Legal Services.
5. General government and other includes Elected Officials, Senior Administration, Financial and Strategic Management, 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, 2015 - 2019 (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 repayments and reserve transactions, and excludes amortization expense, losses/gains on asset disposals or write-downs, and capital revenue, unlike the Consolidated PSAS surplus used to prepare the financial statements.

	2019	2018	2017	2016	2015
Consolidated PSAS Annual Surplus	23,860	37,780	59,458	85,043	127,528
Capital Revenue (Note 1)	(39,304)	(53,702)	(53,193)	(64,945)	(106,298)
Amortization Expense	60,457	59,040	57,292	54,469	51,153
Loss (Gain) on Asset Disposals or Write-Downs	1,115	(3,450)	(1,110)	661	307
Net Reserve Activity (excluding capital)	(32,560)	(27,464)	(38,536)	(43,607)	(39,710)
Debt Repayment (principle portion only) (Note 2)	(11,395)	(11,239)	(10,567)	(9,860)	(11,917)
Annual Operating Surplus for Tax Purposes (Note 3)	2,173	965	13,344	21,761	21,063

Notes:

1. Capital revenue includes government transfers, development levies, 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 revenue over expenses, 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).

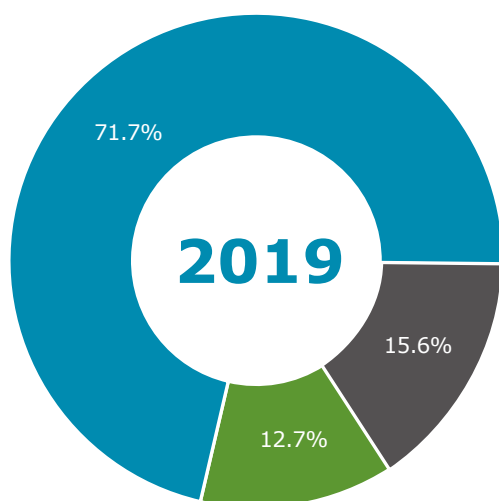
Key Components of Financial Position

For the Years Ended December 31, 2015 - 2019 (in thousands of dollars)

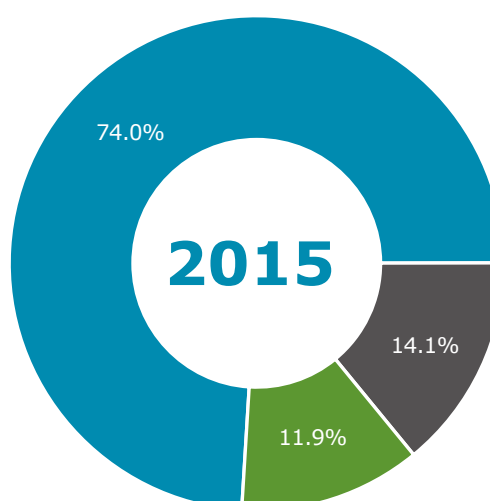
Unaudited

	2019	2018	2017	2016	2015
Key Components of Financial Position					
Total Financial Assets	425,976	393,820	397,647	353,578	337,482
Total Liabilities	346,432	325,922	318,483	289,016	284,157
Net Financial Assets	79,544	67,898	79,164	64,562	53,325
Total Non-Financial Assets	1,951,226	1,939,012	1,889,966	1,845,110	1,771,304
Accumulated Surplus	2,030,770	2,006,910	1,969,130	1,909,672	1,824,629
Key Components of Financial Assets					
Cash and Cash Equivalents	6,400	5,875	7,042	5,718	4,214
Investments	376,560	342,804	344,256	306,498	291,293
Key Component of Liabilities					
Long-Term Debt	162,182	171,805	165,423	166,140	156,545
Key Component of Non-Financial Assets					
Tangible Capital Assets	1,946,241	1,935,418	1,886,035	1,841,834	1,767,591
Key Components of Accumulated Surplus					
Equity in Tangible Capital Assets	1,784,532	1,764,136	1,721,182	1,676,308	1,611,593
Reserves	269,222	251,587	257,905	232,299	223,366

Components of Financial Position



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



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

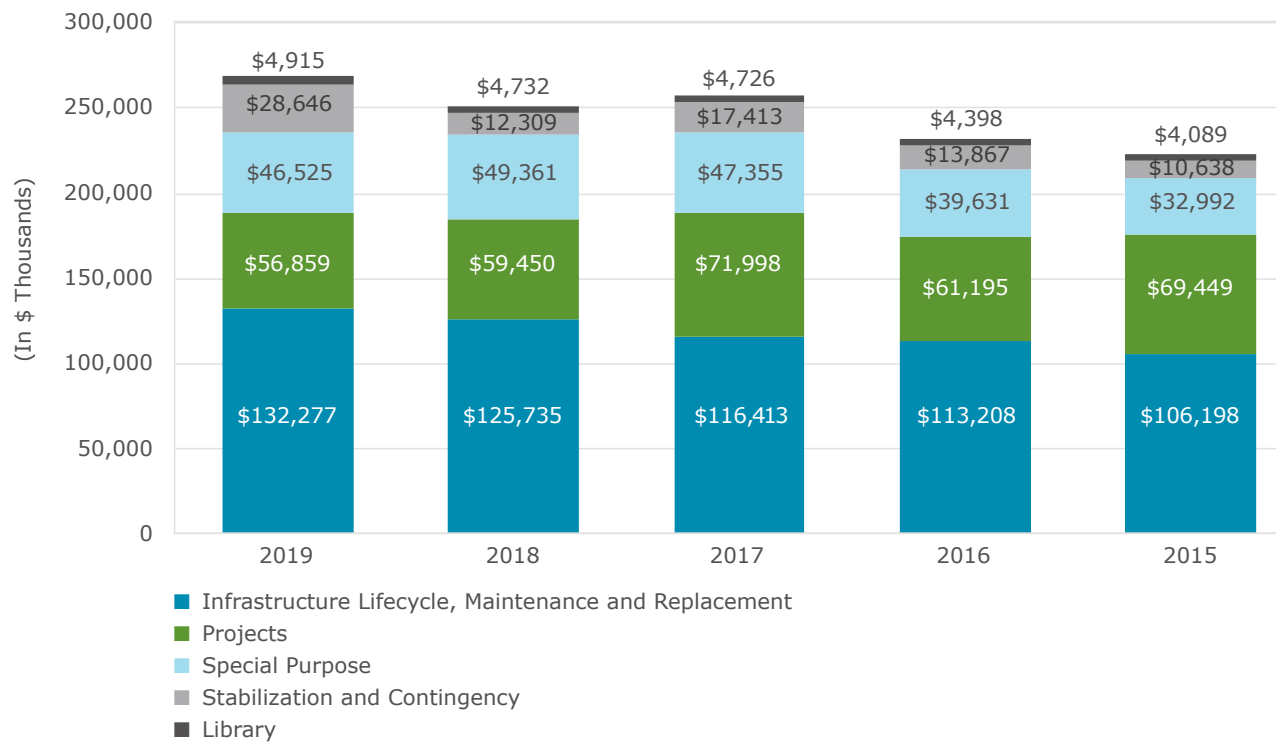
Reserves

For the Years Ended December 31, 2015 - 2019 (in thousands of dollars)

Unaudited

	2019	2018	2017	2016	2015
Reserves					
Infrastructure Lifecycle, Maintenance and Replacement	132,277	125,735	116,413	113,208	106,198
Projects	56,859	59,450	71,998	61,195	69,449
Special Purpose	46,525	49,361	47,355	39,631	32,992
Stabilization and Contingency	28,646	12,309	17,413	13,867	10,638
Library	4,915	4,732	4,726	4,398	4,089
Total Reserves	269,222	251,587	257,905	232,299	223,366

Composition of Reserves



Additions of Tangible Capital Assets

For the Years Ended December 31, 2015 - 2019 (in thousands of dollars)

Unaudited

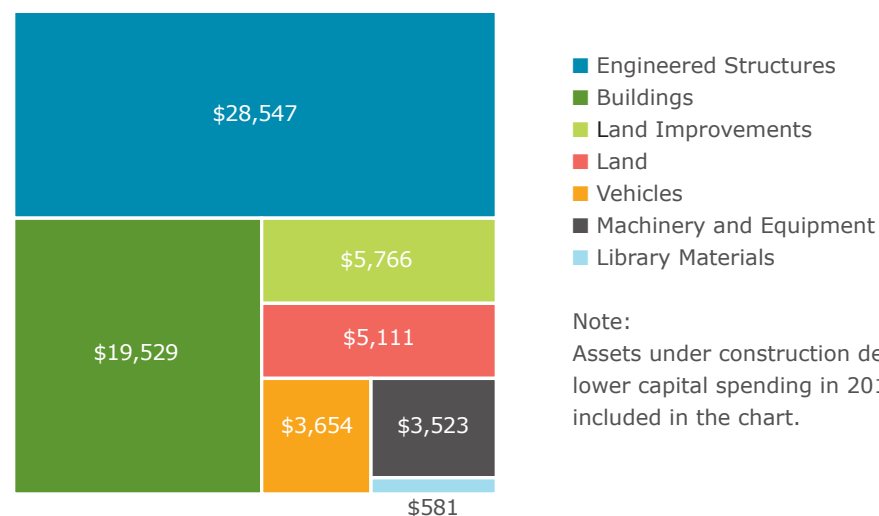
	2019	2018	2017	2016	2015
Additions of Tangible Capital Assets					
Land	5,111	7,555	176	522	3,189
Land Improvements	5,766	5,114	7,151	5,726	14,574
Buildings	19,529	27,505	11,395	71,098	5,212
Engineered Structures	28,547	51,790	38,540	32,273	32,841
Machinery and Equipment	3,523	6,490	5,493	4,229	8,513
Library Materials	581	585	623	630	615
Vehicles	3,654	5,873	2,547	8,331	2,026
Assets Under Construction	(15,253)	(14,569)	18,593	(25,903)	21,893
Total Tangible Capital Asset Additions (Note 1)	51,458	90,343	84,518	96,906	88,863
Capital Funding and Financing Sources					
Government Transfers	30,544	28,118	26,033	20,740	42,114
Operations and Reserves	17,730	39,791	30,049	57,111	29,968
Tax Supported and Non-Tax Supported Debt	1,667	11,172	19,383	13,352	9,471
Development Levies, Contributions and Other	1,517	11,262	9,053	5,703	7,310
Total Capital Funding and Financing Sources	51,458	90,343	84,518	96,906	88,863
Contributed Tangible Capital Assets (Note 2)	21,352	19,634	18,167	32,711	60,325

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 received as contributions and 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.

2019 Additions of Tangible Capital Assets

(In \$ Thousands)



Note:

Assets under construction decreased by \$15,253 because of lower capital spending in 2019. As such, this amount is not included in the chart.

Debt and Debt Service Limits

For the Years Ended December 31, 2015 - 2019 (in thousands of dollars)

Unaudited

	2019	2018	2017	2016	2015
Total Adjusted Revenue per MGA	373,821	366,910	356,499	363,508	341,015
Debt					
Tax Supported Municipal	44,797	47,532	50,829	52,809	41,037
Tax Supported Library	18,455	19,274	20,057	20,806	21,522
Total Tax Supported Debt	63,252	66,806	70,886	73,615	62,559
Non-Tax Supported Utility Operations	58,714	62,051	56,713	60,152	62,570
Non-Tax Supported Pioneer Housing Foundation	27,901	28,960	25,160	17,770	14,862
Non-Tax Supported Municipal	11,842	13,465	12,094	13,989	15,899
Non-Tax Supported Local Improvement	473	523	570	614	655
Total Non-Tax Supported Debt	98,930	104,999	94,537	92,525	93,986
Total Debt Excluding Capital Leases	162,182	171,805	165,423	166,140	156,545
Capital Leases	-	-	-	-	108
Total Debt Including Capital Leases per MGA	162,182	171,805	165,423	166,140	156,653
Total Debt Limit per MGA (1.5 times adjusted revenue per MGA)	560,732	550,364	534,749	545,262	511,522
Percentage of Total Debt Limit Used per MGA	28.9%	31.2%	30.9%	30.5%	30.6%
Service on Debt Limit per MGA (25% of adjusted revenue per MGA)	93,455	91,727	89,125	90,877	85,254
Service on Debt per MGA (Note 1)	17,718	17,871	17,542	17,086	16,312
Percentage of Service on Debt per MGA	19.0%	19.5%	19.7%	18.8%	19.1%
Population (Note 2)	98,381	98,381	98,044	98,044	95,597
Total Debt per Capita	1,649	1,746	1,687	1,695	1,639
Municipal Tax Supported Debt per Capita	455	483	518	539	429

Notes:

1. Service on debt includes debenture and capital lease payments.
2. The 2019 to 2015 population figures are based on Municipal Census.

Assessment and Tax Levy

For the Years Ended December 31, 2015 - 2019

Unaudited

	2019	2018	2017	2016	2015
Assessment (in thousands of dollars) (Note 1)					
Residential and Farmland	17,543,957	17,335,240	16,888,532	17,240,654	16,658,922
Non-Residential	5,369,991	5,325,388	5,292,929	5,196,526	4,777,942
Machinery and Equipment	10,142,520	10,175,744	9,927,901	9,916,128	9,500,729
Linear (Note 2)	839,436	759,771	728,202	781,712	771,141
Total Taxable Assessment	33,895,904	33,596,143	32,837,564	33,135,020	31,708,734
Rates of Taxation (Note 3)					
Residential and Farmland	7.1930	6.9848	7.1011	6.9133	6.9187
Non-Residential	13.3331	12.8087	12.7701	12.5686	12.2407
Machinery and Equipment	9.4222	9.0971	9.1405	9.1615	9.0346
Linear	13.3331	12.8087	12.7701	12.5686	12.2407
Residential and Farmland Rates (Note 3)					
Municipal Operations	4.2267	4.1681	4.3042	4.2657	4.3026
Library Operations	0.1521	0.1504	0.1558	0.1503	0.1526
Heartland Housing Foundation Requisitions	0.1413	0.1247	0.0890	0.0861	0.0843
Education Requisitions	2.5943	2.5075	2.5521	2.4112	2.3792
	7.1144	6.9507	7.1011	6.9133	6.9187
Designated Industrial Properties Requisition (Note 4)	0.0786	0.0341	-	-	-
Total Residential and Farmland	7.1930	6.9848	7.1011	6.9133	6.9187
Non-Residential Rates (Note 3)					
Municipal Operations	8.7721	8.5192	8.6258	8.6593	8.5373
Library Operations	0.4302	0.4191	0.4257	0.4161	0.4130
Heartland Housing Foundation Requisitions	0.1413	0.1247	0.0890	0.0861	0.0843
Education Requisitions	3.9109	3.7116	3.6296	3.4071	3.2061
	13.2545	12.7746	12.7701	12.5686	12.2407
Designated Industrial Properties Requisition (Note 4)	0.0786	0.0341	-	-	-
Total Non-Residential	13.3331	12.8087	12.7701	12.5686	12.2407
Machinery and Equipment Rates (Note 3)					
Municipal Operations	8.7721	8.5192	8.6258	8.6593	8.5373
Library Operations	0.4302	0.4191	0.4257	0.4161	0.4130
Heartland Housing Foundation Requisitions	0.1413	0.1247	0.0890	0.0861	0.0843
Education Requisitions	-	-	-	-	-
	9.3436	9.063	9.1405	9.1615	9.0346
Designated Industrial Properties Requisition (Note 4)	0.0786	0.0341	-	-	-
Total Machinery and Equipment	9.4222	9.0971	9.1405	9.1615	9.0346
Linear Rates (Note 3)					
Municipal Operations	8.7721	8.5192	8.6258	8.6593	8.5373
Library Operations	0.4302	0.4191	0.4257	0.4161	0.4130
Heartland Housing Foundation Requisitions	0.1413	0.1247	0.0890	0.0861	0.0843
Education Requisitions	3.9109	3.7116	3.6296	3.4071	3.2061
	13.2545	12.7746	12.7701	12.5686	12.2407
Designated Industrial Properties Requisition (Note 4)	0.0786	0.0341	-	-	-
Total Linear	13.3331	12.8087	12.7701	12.5686	12.2407

Assessment and Tax Levy (Continued)

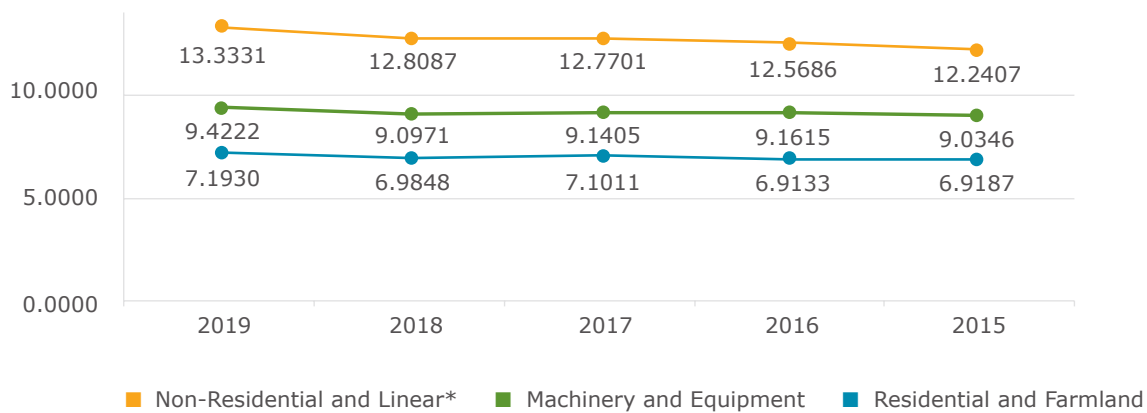
For the Years Ended December 31, 2015 - 2019

Unaudited

Notes:

1. The tax rate bylaw is dependent on an annual taxable assessment base, which is prepared at arms-length from the Council approved bylaw.
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 Minister of Municipal Affairs.
3. Rates of taxation are applied to every thousand dollars of taxable assessed value.
4. Designated industrial property tax was first levied in 2018 under the MGA in order to centralize the assessment for designated industrial properties.

Rates of Taxation (Note 3)



*Non-Residential and Linear taxation rates have been equivalent for the past five years.

Assessment and Tax Levy (Continued)

For the Years Ended December 31, 2015 - 2019 (in thousands of dollars)

Unaudited

	2019	2018	2017	2016	2015
Taxation and Requisitions					
Municipal and Library					
Residential	76,885	74,928	75,467	76,207	74,222
Non-Residential	49,632	49,865	49,349	48,882	45,269
Machinery and Equipment	93,392	91,046	89,831	89,670	84,881
Linear	7,724	6,892	6,700	7,192	6,992
Local Improvement Levies	18	12	12	12	13
Taxes for Provision of Municipal and Library Services	227,651	222,743	221,359	221,963	211,377
Taxes for Requisitioning Authorities					
Provincial Alberta School Foundation Fund	62,187	58,867	57,589	54,807	50,802
Elk Island CSRD No. 41	7,359	7,222	7,289	7,116	6,790
Designated Industrial Property (Note 1)	974	432	-	-	-
Heartland Housing Foundation	4,795	4,228	2,940	2,870	2,699
Taxes on Behalf of Requisitioning Authorities	75,315	70,749	67,818	64,793	60,291
Total Property Taxes	302,966	293,492	289,177	286,756	271,668
Total Property Taxes Receivable as at January 1 (Note 2)	7,057	5,262	4,050	4,827	3,299
Current Year Local Improvement Levies Receivable	63	60	63	63	67
Current Year Activity					
Property Tax Levy	302,948	293,480	289,165	286,744	271,655
Penalties, Appeals and Other Adjustments	1,647	1,573	1,542	1,311	1,278
Cash Collected					
Current Year	(300,473)	(289,352)	(286,499)	(284,250)	(268,766)
Prior Years	(5,859)	(3,966)	(3,059)	(4,645)	(2,706)
Total Property Taxes Receivable as at December 31 (Note 2)	5,383	7,057	5,262	4,050	4,827
Current	4,186	5,761	4,271	3,020	4,234
Current (as a per cent)	77.7%	81.6%	81.2%	74.6%	87.7%
In Arrears for More Than One Year	1,198	1,296	991	1,029	593
In Arrears for More Than One Year (as a per cent)	22.3%	18.4%	18.8%	25.4%	12.3%
Tax Revenue from Principal Taxpayers (Note 3)	49.4%	48.1%	47.8%	46.1%	45.3%
Education Requisition (Note 4)	69,546	66,089	64,878	61,923	57,592
As a Percentage of Total Property Taxes	23.0%	22.5%	22.4%	21.6%	21.2%

Assessment and Tax Levy (Continued)

For the Years Ended December 31, 2015 - 2019 (in thousands of dollars)

Unaudited

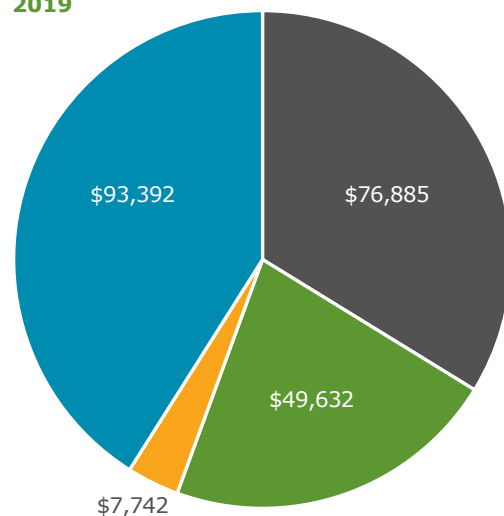
Notes:

1. Designated industrial property tax was first levied in 2018 under the MGA in order to centralize the assessment for designated industrial properties.
2. Includes other types of receivables related to property taxes (e.g. fees, penalties, etc.).
3. Includes the ten highest taxpayers (excluding non-municipal requisitions).
4. Due to the timing of the release of the 2019 education property tax requisition, Strathcona County estimated the amount required for the education requisition. This resulted in an overlevy of \$1,926. Overlevies and underlevies may arise when there is a difference between the actual levy made to provide for each requisition and the amount requisitioned. Requisition tax rates in the subsequent year are adjusted for any overlevies or underlevies from the prior year.

Municipal Property Tax Revenue

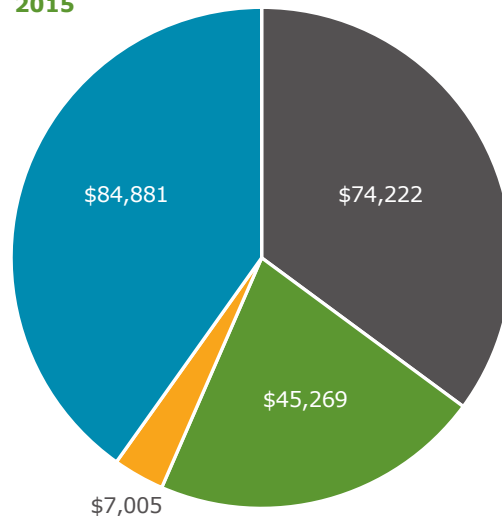
(In \$ Thousands)

2019



■ Residential
 ■ Non-Residential
 ■ Linear and Local Improvement Levies
 ■ Machinery and Equipment

2015



■ Residential
 ■ Non-Residential
 ■ Linear and Local Improvement Levies
 ■ Machinery and Equipment



STRATHCONA
COUNTY



2019

Annual Report

Strathcona County
Alberta, Canada
For the Year Ended December 31, 2019

Strathcona County
2001 Sherwood Drive
Sherwood Park, Alberta T8A 3W7

