STRATHCONA COUNTY

CONSOLIDATED FINANCIAL STATEMENTS

Year ended December 31, 2024

STRATHCONA COUNTY
Consolidated Financial Statements
Year ended December 31, 2024

Table of Contents

STRATHCONA COUNTY

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 in compliance with legislation and in accordance with Canadian Public Sector Accounting Standards (PSAS). The consolidated financial statements 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.

Strathcona County Council is ultimately responsible to oversee management's fulfillment of the financial reporting obligations, and for reviewing and approving the consolidated financial statements. Council generally meets twice a year with management and the external auditors to discuss internal controls, audit and financial reporting matters, and to satisfy that each party is properly discharging its responsibilities. Council approves the appointment of the external auditors. In addition to the above, financial reports are presented to Council regularly.

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.

Stacy Fedechko, RPP, MCIP

Chief Commissioner

April 29, 2025

Jennifer Cannon, CPA, CGA, CLGM

Chief Financial Officer & Associate Commissioner, Corporate Services

April 29, 2025

Independent auditor's report

To the Mayor and Members of Council of

Strathcona County,

Opinion

We have audited the consolidated financial statements of **Strathcona County** and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as at December 31, 2024, 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 consolidated financial position of the Group as at December 31, 2024, and its consolidated results of operations and its consolidated 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 Group 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.

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 Group'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 Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group'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.

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 Group'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 Group'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 Group 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.

Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

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

April 29, 2025

STRATHCONA COUNTY
Consolidated Statement of Financial Position
As at December 31, 2024 (in thousands of dollars)

	2024	2023
FINANCIAL ASSETS		
Cash and Cash Equivalents	**$ 22,040**	$ 19,666
Accounts Receivable		
Property Taxes	**8,060**	14,002
Government Transfers	**20,050**	21,225
Trade and Other	**21,923**	29,971
Development Levies and Charges	**1,733**	1,282
Investments (Note 2)	**298,247**	296,342
Investment Interest Receivable	**13,897**	11,561
Assets Held for Sale (Note 13f)	**-**	973
	385,950	395,022
LIABILITIES		
Accounts Payable and Accrued Liabilities (Note 3)	**60,127**	79,584
Deposit Liabilities (Note 4)	**21,257**	19,208
Deferred Revenue (Note 5)	**89,766**	88,327
Long-Term Debt (Note 6)	**112,849**	122,969
Asset Retirement Obligations (Note 8)	**12,366**	11,210
Other Long-Term Liabilities	**2,360**	2,272
	298,725	323,570
NET FINANCIAL ASSETS	**87,225**	71,452
NON-FINANCIAL ASSETS		
Tangible Capital Assets (Schedule II)	**2,193,972**	2,120,259
Inventories of Materials and Supplies	**1,527**	1,746
Prepaid Expenses	**6,772**	7,873
	2,202,271	2,129,878
ACCUMULATED SURPLUS (Schedule I)	**$ 2,289,496**	$ 2,201,330

Operating Line of Credit (Note 11)
Commitments and Contingent Liabilities (Note 13)
Contractual Rights and Contingent Assets (Note 14)

The accompanying schedules and notes are an integral part of these consolidated financial statements.

STRATHCONA COUNTY
Consolidated Statement of Operations and Accumulated Surplus
Year ended December 31, 2024 (in thousands of dollars)

	2024 Budget (Note 15)	2024	2023
OPERATING REVENUE (Schedule VI)			
Property Taxes (Schedule III)	$ 289,667	**$ 291,005**	$ 270,209
Utility Rates	63,262	**66,932**	62,985
User Fees and Charges	39,476	**47,267**	43,229
Investment Income	10,013	**14,214**	11,708
Government Transfers – Operating (Schedule IV)	8,289	**10,361**	10,566
Penalties and Fines	5,996	**6,492**	7,372
Permit and License Fees	2,920	**4,345**	3,865
Other Operating Revenue	3,628	**11,857**	7,088
TOTAL OPERATING REVENUE	423,251	**452,473**	417,022
EXPENSES (Schedules V and VI)			
Infrastructure and Planning Services (excluding Utility Operations)	55,370	**50,606**	46,765
Utility Operations	67,495	**66,714**	65,240
Infrastructure and Planning Services	122,865	**117,320**	112,005
Community Services	166,927	**168,573**	162,038
Corporate Services and Chief Financial Officer	70,206	**62,769**	60,636
Office of the Chief Commissioner	7,942	**7,190**	6,900
Elected Officials	1,754	**1,625**	1,620
Corporate Fiscal Strategies	67,870	**72,554**	73,699
Strathcona County Library	11,257	**11,215**	11,102
TOTAL EXPENSES	448,821	**441,246**	428,000
SURPLUS (DEFICIT) BEFORE CAPITAL REVENUE	(25,570)	**11,227**	(10,978)
CAPITAL REVENUE (Schedule VI)			
Government Transfers – Capital (Schedule IV)	35,021	**24,585**	44,380
Contributed Tangible Capital Assets (Schedule II)	-	**33,190**	16,730
Other Capital Revenue (Note 16)	8,543	**19,164**	16,676
TOTAL CAPITAL REVENUE	43,564	**76,939**	77,786
ANNUAL SURPLUS (DEFICIT)	17,994	**88,166**	66,808
ACCUMULATED SURPLUS, BEGINNING OF YEAR	2,201,330	**2,201,330**	2,134,522
ACCUMULATED SURPLUS, END OF YEAR (Schedule I)	$ 2,219,324	**$ 2,289,496**	$ 2,201,330

The accompanying schedules and notes are an integral part of these consolidated financial statements.

STRATHCONA COUNTY
Consolidated Statement of Change in Net Financial Assets
Year ended December 31, 2024 (in thousands of dollars)

	2024 Budget (Note 15)	2024	2023
ANNUAL SURPLUS	$ 17,994	**$ 88,166**	$ 66,808
Acquisition of Tangible Capital Assets (Schedule II)	(124,939)	**(109,536)**	(110,825)
Changes to Asset Retirement Obligations (Note 8)	-	**(737)**	(10,772)
Contributed Tangible Capital Assets (Schedule II)	-	**(33,190)**	(16,730)
Amortization of Tangible Capital Assets (Schedule II)	65,888	**68,183**	65,314
Amortization of Asset Retirement Obligations (Schedule II)	1,267	**1,530**	2,133
Adjustments for Assets Held for Sale (Schedule II and Note 13f)	-	**-**	973
Proceeds from Disposals of Tangible Capital Assets	-	**617**	658
(Gain) Loss on Disposals or Write-Downs of Tangible Capital Assets	-	**(580)**	627
	(39,790)	**14,453**	(1,814)
Acquisition of Inventories of Materials and Supplies	-	**(4,265)**	(2,803)
Acquisition of Prepaid Expenses	-	**(8,844)**	(7,981)
Use of Inventories of Materials and Supplies	-	**4,484**	2,280
Use of Prepaid Expenses	-	**9,945**	8,502
	-	**1,320**	(2)
INCREASE (DECREASE) IN NET FINANCIAL ASSETS	(39,790)	**15,773**	(1,816)
NET FINANCIAL ASSETS, BEGINNING OF YEAR	71,452	**71,452**	73,268
NET FINANCIAL ASSETS, END OF YEAR	$ 31,662	**$ 87,225**	$ 71,452

The accompanying schedules and notes are an integral part of these consolidated financial statements.

STRATHCONA COUNTY
Consolidated Statement of Cash Flows
Year ended December 31, 2024 (in thousands of dollars)

	2024	2023
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:		
OPERATING		
Annual Surplus	**$ 88,166**	$ 66,808
Items Not Involving Cash		
Contributed Tangible Capital Assets (Schedule II)	**(33,190)**	(16,730)
Amortization of Tangible Capital Assets (Schedule II)	**68,183**	65,314
Amortization of Asset Retirement Obligations (Schedule II)	**1,530**	2,133
Amortization of Premiums (Discounts) on Investments	**37**	(8)
(Gain) Loss on Disposals or Write-Downs of Tangible Capital Assets	**(580)**	627
(Gain) Loss on Disposal of Investments	**(199)**	1,248
Accretion of Asset Retirement Obligations (Note 8)	**419**	438
Changes in Non-Cash Working Capital		
Property Taxes Receivable	**5,942**	(6,375)
Government Transfers Receivable	**1,175**	1,225
Trade and Other Receivables	**8,048**	3,308
Development Levies and Charges Receivable	**(451)**	2,799
Investment Interest Receivable	**(2,336)**	14,911
Accounts Payable and Accrued Liabilities	**(19,457)**	(12,682)
Deposit Liabilities	**2,049**	3,134
Deferred Revenue	**1,439**	(20,201)
Other Long-Term Liabilities	**88**	2,272
Loss on Disposal of Assets Held for Sale (Note 13f)	**973**	-
Inventories of Materials and Supplies	**219**	(523)
Prepaid Expenses	**1,101**	521
CASH PROVIDED BY OPERATING ACTIVITIES	**123,156**	108,219
CAPITAL		
Proceeds from Disposals of Tangible Capital Assets	**617**	658
Acquisition of Tangible Capital Assets (Schedule II)	**(109,536)**	(110,825)
CASH (APPLIED TO) CAPITAL ACTIVITIES	**(108,919)**	(110,167)
INVESTING		
Purchase of Investments	**(293,478)**	(323,842)
Proceeds from Sale/Maturity of Investments	**291,735**	339,747
CASH (APPLIED TO) PROVIDED BY INVESTING ACTIVITIES	**(1,743)**	15,905
FINANCING		
Long-Term Debt Issued	**-**	975
Long-Term Debt Repaid	**(10,120)**	(11,076)
CASH (APPLIED TO) FINANCING ACTIVITIES	**(10,120)**	(10,101)
INCREASE IN CASH AND CASH EQUIVALENTS	**2,374**	3,856
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	**19,666**	15,810
CASH AND CASH EQUIVALENTS, END OF YEAR	**$ 22,040**	$ 19,666
Cash (Paid) for Interest	**$ (4,575)**	$ (4,979)
Cash Received from Interest	**$ 15,623**	$ 29,862

The accompanying schedules and notes are an integral part of these consolidated financial statements.

STRATHCONA COUNTY
Schedule I – Accumulated Surplus
Year ended December 31, 2024 (in thousands of dollars)

	Unrestricted Surplus	Reserves (Note 10)	Equity in Tangible Capital Assets (Note 9)	2024	2023
Balance, Beginning of Year	$ (41,500)	$ 256,519	$ 1,986,311	**$ 2,201,330**	$ 2,134,522
Annual Surplus	88,166	-	-	**88,166**	66,808
Unrestricted Funds Designated for Future Use	(90,268)	90,268	-	-	-
Restricted Funds for Operations	8,931	(8,931)	-	-	-
Restricted Funds Used for Tangible Capital Assets	-	(34,206)	34,206	-	-
Current Year Funds Used for Tangible Capital Assets	(75,330)	-	75,330	-	-
Contributed Tangible Capital Assets (Schedule II)	(33,190)	-	33,190	-	-
Disposal of Tangible Capital Assets	37	-	(37)	-	-
Loss on Disposal of Asset Held for Sale (Note 13f)	973	-	(973)	-	-
Long-Term Debt Repaid on Tangible Capital Assets	(10,058)	-	10,058	-	-
Volume Consumption Benefit Repaid	(140)	-	140	-	-
Accretion Expense (Note 8)	419	-	(419)	-	-
Amortization of Tangible Capital Assets (Schedule II)	68,183	-	(68,183)	-	-
Amortization of Asset Retirement Obligation (Schedule II)	1,530	-	(1,530)	-	-
Change in Accumulated Surplus	$ (40,747)	$ 47,131	$ 81,782	**$ 88,166**	$ 66,808
Balance, End of Year	**$ (82,247)**	**$ 303,650**	**$ 2,068,093**	**$ 2,289,496**	$ 2,201,330

STRATHCONA COUNTY
Schedule II – Tangible Capital Assets
Year ended December 31, 2024 (in thousands of dollars)

	Assets Under Construction [(a)]	Land	Land Improvements	Buildings	Engineered Structures	Machinery and Equipment	Library Materials	Vehicles	Electronic Hardware and Software	2024	2023
Costs:											
Balance, Beginning of Year	$ 70,931	$ 558,615	$ 146,981	$ 561,020	$ 1,477,807	$ 74,744	$ 5,736	$ 82,087	$ 13,864	**$ 2,991,785**	$ 2,865,766
Acquisition of Tangible Capital Assets	43,202	7,554	3,267	5,443	36,964	8,441	537	2,371	1,757	**109,536**	110,825
Contributed Tangible Capital Assets [(b)]	-	5,131	3,099	-	24,954	-	6	-	-	**33,190**	16,730
Transfer from Assets Under Construction from Prior Years	(44,507)	400	3,240	26,628	8,854	1,915	-	2,301	1,169	**-**	-
Disposals/Write-Downs of Tangible Capital Assets	-	-	(1,081)	(222)	-	(2,630)	(626)	(1,525)	(73)	**(6,157)**	(11,335)
Adjustments for Asset Retirement Obligations (Note 8)	-	-	-	737	-	-	-	-	-	**737**	10,772
Adjustments for Assets Held for Sale	-	-	-	-	-	-	-	-	-	**-**	(973)
Balance, End of Year	$ 69,626	$ 571,700	$ 155,506	$ 593,606	$ 1,548,579	$ 82,470	$ 5,653	$ 85,234	$ 16,717	**$ 3,129,091**	$ 2,991,785
Accumulated Amortization:											
Balance, Beginning of Year	-	-	71,018	189,143	498,331	47,792	2,993	53,670	8,579	**$ 871,526**	814,129
Amortization of Tangible Capital Assets	-	-	6,462	14,215	36,042	4,108	568	4,826	1,962	**68,183**	65,314
Amortization of Asset Retirement Obligations	-	-	-	1,530	-	-	-	-	-	**1,530**	2,133
Accumulated Amortization on Disposals/Write-Downs	-	-	(1,081)	(217)	-	(2,603)	(626)	(1,522)	(71)	**(6,120)**	(10,050)
Balance, End of Year	$ -	$ -	$ 76,399	$ 204,671	$ 534,373	$ 49,297	$ 2,935	$ 56,974	$ 10,470	**$ 935,119**	$ 871,526
Net Book Value [(c)]	**$ 69,626**	**$ 571,700**	**$ 79,107**	**$ 388,935**	**$ 1,014,206**	**$ 33,173**	**$ 2,718**	**$ 28,260**	**$ 6,247**	**$ 2,193,972**	
2023 Net Book Value	$ 70,931	$ 558,615	$ 75,963	$ 371,877	$ 979,476	$ 26,952	$ 2,743	$ 28,417	$ 5,285		$ 2,120,259

[(a)] **Assets Under Construction:** Assets under construction have not been amortized and have a value of $69,626 (2023 – $70,931).

[(b)] **Contributed Tangible Capital Assets:** Contributed tangible capital assets are recognized at fair value at the date of contribution.

[(c)] **Net Book Value of Asset Retirement Obligations:** The net book value of asset retirement obligations is $7,847 (2023 – $8,639).

STRATHCONA COUNTY
Schedule III – Property Taxes
Year ended December 31, 2024 (in thousands of dollars)

	Municipal	Non-Municipal	2024	2023
Property Taxes				
Residential	$ 95,456	$ 51,288	**$ 146,744**	$ 137,232
Non-Residential	61,317	23,132	**84,449**	84,460
Linear	10,205	3,262	**13,467**	12,700
Machinery and Equipment	124,005	2,308	**126,313**	110,989
Local Improvement Levies	22	-	**22**	23
	$ 291,005	$ 79,990	**$ 370,995**	$ 345,404
Taxes on Behalf of Non-Municipal Requisitioning Authorities				
Provincial Alberta School Foundation Fund			**$ (67,360)**	$ (62,945)
Elk Island Catholic Separate Regional Division No. 41			**(6,966)**	(6,692)
Provincial Designated Industrial Property			**(1,210)**	(1,104)
Provincial Requisitions			**(75,536)**	(70,741)
Heartland Housing Foundation			**(4,454)**	(4,454)
			$ (79,990)	$ (75,195)
		2024 Budget (Note 15)		
Taxes for Provision of Municipal Services		$ 289,667	**$ 291,005**	$ 270,209

DRAFT

STRATHCONA COUNTY

Schedule IV – Government Transfers

Year ended December 31, 2024 (in thousands of dollars)

	2024 Budget (Note 15)	2024	2023
Government Transfers - Operating			
Federal Transfers	$ 322	**$ 1,343**	$ 706
Provincial Transfers	7,967	**9,018**	9,860
	8,289	**10,361**	10,566
Government Transfers - Capital			
Federal Transfers	14,285	**12,561**	2,386
Provincial Transfers	20,736	**12,024**	41,994
	35,021	**24,585**	44,380
	$ 43,310	**$ 34,946**	$ 54,946

The nature of government transfers recognized during 2024 include:

	Balance, Beginning of Year	Restricted Contributions Received	Interest Earned	Revenue Recognized	Balance, End of Year
Municipal Sustainability Initiative - Capital	$ 15,874	$ -	$ 542	$ (8,754)	**$ 7,662**
Family and Community Support Services	-	2,177	-	(2,177)	**-**
Investing in Canada Infrastructure Program	-	1,095	-	(1,133)	**(38)**
9-1-1 Grant Program	-	1,304	-	(1,304)	**-**
Policing Support Grant	-	1,354	-	(1,354)	**-**
Family Resource Network	-	920	6	(914)	**12**
Canada Community-Building Fund	21,438	5,831	717	(11,871)	**16,115**
Disaster Recovery Program	-	142	-	(142)	**-**
Local Government Fiscal Framework - Operating	-	1,686	-	(1,686)	**-**
Local Government Fiscal Framework - Capital	-	12,215	-	(2,514)	**9,701**
Codes Acceleration Fund	-	135	-	(135)	**-**
Municipal Operating Communication Centre	256	240	-	(220)	**276**
Building Safer Communities Fund	-	210	-	(210)	**-**
Agricultural Services Board	166	166	-	(332)	**-**
Strategic Transportation Infrastructure Program	-	681	-	(681)	**-**
Victim Services Unit Conditional Grant	96	157	-	(24)	**229**
Library Grants	-	560	-	(560)	**-**
Other Government Transfers	211	1,757	22	(935)	**1,055**
	$ 38,041	$ 30,630	$ 1,287	$ (34,946)	**$ 35,012**

STRATHCONA COUNTY

Schedule V – Consolidated Expenses by Object

Year ended December 31, 2024 (in thousands of dollars)

	2024 Budget (Note 15)	2024	2023
Consolidated Expenses by Object			
Salaries, Wages, Benefits and Employee Expenses	$ 213,375	**$ 215,547**	$ 203,791
Business Expenses	30,172	**28,136**	28,507
Purchased Services	74,502	**63,897**	66,530
Supplies, Materials and Equipment Purchases	48,874	**48,606**	43,623
Interest on Debentures	5,488	**4,507**	4,895
Grants Disbursed	6,954	**6,868**	7,714
Amortization, Gain or Loss, and Write-Downs on Tangible Capital Assets and Accretion	67,261	**70,524**	68,512
Other Expenses	2,195	**3,161**	4,428
	$ 448,821	**$ 441,246**	$ 428,000

STRATHCONA COUNTY
Schedule VI – Schedule of Segmented Information
Year ended December 31, 2024 (in thousands of dollars)

	Municipal Operations										
	Infrastructure and Planning Services (excluding Utility Operations)	**Community Services**	**Corporate Services and Chief Financial Officer**	**Corporate Fiscal Strategies**	**Office of the Chief Commissioner**	**Elected Officials**	**Total Municipal Operations**	**Utility Operations**	**Strathcona County Library**	**2024**	**2023**
Operating Revenue											
Property Taxes (Schedule III)	$ 49,845	$ 126,901	$ 63,804	$ 42,260	$ 6,452	$ 1,721	$ 290,983	$ 22	$ -	**$ 291,005**	$ 270,209
Utility User Rates	-	-	-	-	-	-	-	66,932	-	**66,932**	62,985
User Fees and Charges	1,156	36,924	1,134	6,604	-	-	45,818	1,439	10	**47,267**	43,229
Investment Income	-	-	-	9,582	-	-	9,582	4,066	566	**14,214**	11,708
Government Transfers - Operating (Schedule IV)	335	7,638	-	(9,245)	-	-	(1,272)	-	11,633	**10,361**	10,566
Penalties and Fines	14	4,339	-	1,962	-	-	6,315	162	15	**6,492**	7,372
Permit and License Fees	4,318	27	-	-	-	-	4,345	-	-	**4,345**	3,865
Other Operating Revenue	2,390	1,541	1,360	6,283	-	-	11,574	117	166	**11,857**	7,088
Total Operating Revenue	$ 58,058	$ 177,370	$ 66,298	$ 57,446	$ 6,452	$ 1,721	$ 367,345	$ 72,738	$ 12,390	**$ 452,473**	$ 417,022
Expenses (Schedule V)											
Salaries, Wages, Benefits and Employee Expenses	31,043	111,735	42,557	2,843	6,072	1,254	195,504	12,606	7,437	**215,547**	203,791
Business Expenses	5,166	10,355	8,654	2,305	351	167	26,998	922	216	**28,136**	28,507
Purchased Services	9,481	29,745	12,866	(947)	624	-	51,769	11,912	216	**63,897**	66,530
Supplies, Materials and Equipment Purchases	4,573	7,743	7,030	-	103	-	19,449	28,551	606	**48,606**	43,623
Interest on Debentures	-	-	-	2,170	-	-	2,170	1,693	644	**4,507**	4,895
Grants Disbursed	335	2,104	85	4,122	-	204	6,850	18	-	**6,868**	7,714
Amortization, Gain or Loss, Proceeds and Write-Downs on Tangible Capital Assets and Accretion	-	-	-	60,580	-	-	60,580	8,725	1,219	**70,524**	68,512
Other Expenses (Recoveries)	8	6,891	(8,423)	1,481	40	-	(3)	2,287	877	**3,161**	4,428
Total Expenses	$ 50,606	$ 168,573	$ 62,769	$ 72,554	$ 7,190	$ 1,625	$ 363,317	$ 66,714	$ 11,215	**$ 441,246**	$ 428,000
SURPLUS (DEFICIT) BEFORE CAPITAL REVENUE	$ 7,452	$ 8,797	$ 3,529	$ (15,108)	$ (738)	$ 96	$ 4,028	$ 6,024	$ 1,175	**$ 11,227**	$ (10,978)
Capital Revenue											
Government Transfers – Capital (Schedule IV)	132	-	-	24,453	-	-	24,585	-	-	**24,585**	44,380
Contributed Tangible Capital Assets (Schedule II)	-	-	-	16,860	-	-	16,860	16,324	6	**33,190**	16,730
Other Capital Revenue (Note 16)	-	-	100	16,630	-	-	16,730	2,434	-	**19,164**	16,676
Total Capital Revenue	$ 132	$ -	$ 100	$ 57,943	$ -	$ -	$ 58,175	$ 18,758	$ 6	**$ 76,939**	$ 77,786
ANNUAL SURPLUS (DEFICIT)	**$ 7,584**	**$ 8,797**	**$ 3,629**	**$ 42,835**	**$ (738)**	**$ 96**	**$ 62,203**	**$ 24,782**	**$ 1,181**	**$ 88,166**	$ 66,808

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 fees and 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. Within other capital revenue, 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 (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 County's consolidated financial statements 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.

The reporting entity includes all divisions and departments of the County's operations, the Strathcona County Library, the Strathcona County 2026 Alberta Summer Games Society (ASG), and Pioneer Housing Foundation (PHF). Inter-organizational transactions and balances between these entities have been eliminated. The County is associated with various other boards, commissions, and other organizations that are not part of the reporting entity.

Property taxes levied also include requisitions for education, seniors housing, and designated industrial property assessments 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 County's revenue streams are categorized as either exchange or non-exchange transactions, with revenue determined by whether goods or services are provided in return or imposed through legislation or regulation, respectively. 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 revenues are based on market value assessments determined in accordance with the MGA and annually established tax rates. These rates are set each year by Council in accordance with legislation to meet the County's budget requirements. Taxation revenue is recognized once Council passes the bylaw approving the current year tax assessment and rates and 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) Penalties and Fines

Penalties and fines revenue is recognized when the underlying event occurs, the amount is measurable, and collection is reasonably assured. This includes penalties on property taxes and utilities, as well as fines from municipal bylaw infractions, intersection safety devices, and provincial statutes. Penalties and fines are classified as non-exchange transactions, as they are imposed through legislation or regulation without a direct exchange of goods or services.

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

f) 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.

g) 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.

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

If the actual levy exceeds the requisition, the overlevy is accrued as a liability and property tax revenue is reduced.

i) Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand and short-term 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 an 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) Assets Held for Sale

Assets held for sale are financial assets that the County expects to sell within one year of the consolidated financial statement date. Assets held for sale are measured at the lower of their carrying amount and the fair value less costs to sell. Costs include amounts for land acquisition and improvements to prepare the land for sale or servicing.

l) 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, betterment, and future retirement obligations of the asset.

Year ended December 31, 2024 (in thousands of dollars)

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

l) Non-Financial Assets (continued)

i. Tangible Capital Assets (continued)

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
Electronic Hardware and Software	4 - 10

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. Contributed 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 assets revenue in the Consolidated Statement of Operations and Accumulated Surplus.

iii. Leases

Leases are classified as capital or operating. 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.

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. Costs for works of art and historical artifacts are expensed in the period in which they are purchased.

m) 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.

n) Employee Benefit Obligations

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

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

o) Other Liabilities

i. 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 contamination exists, the County is directly responsible or accepts responsibility to remediate and it is expected future economic benefits will be given up. The liability for remediation of a contaminated site reflects the County's estimated costs to meet the environment standard, net of recoveries.

ii. Volume Consumption Benefit

A volume consumption benefit (VCB) is a result of an external party purchasing large quantities of goods, and in return, the supplier provides these goods at a discounted rate. This method is a mechanism that can be used to acquire tangible capital assets. The County entered into an agreement with a third party, resulting in the County acquiring a tangible capital asset. The County agreed to repay an amount over a period of time, the VCB. The VCB will be repaid by providing the third party with water at a discounted rate. Any remaining amount at the end of the fiscal period will be subject to an agreed upon interest rate.

p) Asset Retirement Obligations

Asset retirement obligations (ARO) are recognized when a known legal obligation exists with the retirement of a tangible capital asset and a reasonable estimate of future economic benefits is anticipated to be given up. AROs are initially measured when the asset is acquired or when a legal obligation is present, whichever comes later. A present value technique is used to measure the ARO based upon the expected retirement date.

When an ARO is recognized, asset retirement costs related to the recognized tangible capital asset in productive use are capitalized by increasing the carrying amount of the related asset and are amortized over the estimated useful life of the underlying tangible capital asset. Asset retirement costs related to tangible capital assets that are not in productive use are expensed.

When the future retirement date is unknown, the ARO is measured at the current estimated costs to settle or extinguish the liability. When the future retirement date is known, a present value technique is used to measure the liability; the liability is adjusted for the passage of time and is recognized as an accretion expense in the Consolidated Statement of Operations and Accumulated Surplus.

The AROs reflect management's best estimate of the amount required to retire tangible capital assets. Estimates are made by management using professional judgment, comparable contractor costs, third-party quotes, discount rates, and rates used to adjust for inflation. These estimates will be subsequently remeasured, taking into account any new information that may arise during the year.

q) Reserves

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

r) 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.

s) Use of Estimates

The preparation of the consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and contingent 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.

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

s) Use of Estimates (continued)

Estimates have been used to determine provisions for accrued liabilities, liabilities for contaminated sites, useful lives of tangible capital assets, historical costs of certain tangible capital assets, fair values of contributed tangible capital assets, asset retirement obligations, provisions made for allowances for doubtful receivables, and provisions made for rental lease revenue on advances during construction.

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

t) Adoption of New Accounting Standards

Effective for the fiscal year beginning January 1, 2024, the County adopted the following accounting standards:

PS3400 *Revenue*
The adoption of PS3400 Revenue was implemented prospectively. This standard provides guidance on how to account for and report on revenue. Specifically, it provides guidance on the recognition, measurement and reporting of revenues from transactions that include performance obligations and transactions that do not have performance obligations. Performance obligations are enforceable promises to provide specific goods or services to a specific payer. The adoption of the new requirements had no impact on the consolidated financial statements, other than the additional disclosures included in Note 1.

PSG-8 *Purchased Intangibles*
This guideline provides direction on accounting for and reporting on purchased intangibles, and offers clarity on the recognition criteria, along with instances of assets that would not meet this definition. The adoption of the new requirements had no impact on the consolidated financial statements.

u) Future Accounting Standard Pronouncements

The Public Sector Accounting Board has approved changes to PSAS, effective for the County's fiscal years beginning January 1, 2027:

The Conceptual Framework for Financial Reporting in the Public Sector
The Conceptual Framework is the foundation for public sector financial reporting standards, and replaces the conceptual aspects of PS1000, Financial Statement Concepts, and PS1100, Financial Statement Objectives. The conceptual framework highlights considerations fundamental for the consistent application of accounting issues in the absence of specific standards.

PS1202 *Financial Statement Presentation*
This standard guides general and specific requirements for the presentation of information in general purpose financial statements. The presentation principles are based on the concepts outlined in the Conceptual Framework.

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

Year ended December 31, 2024 (in thousands of dollars)

2. INVESTMENTS

	2024 Carrying Amount	2024 Market Value	2023 Carrying Amount	2023 Market Value
Term Deposits and Notes	**$ 90,378**	**$ 90,378**	$ 146,643	$ 146,323
Government Guaranteed Bonds	**66,248**	**64,716**	74,534	71,081
Corporate Bonds	**69,071**	**68,701**	47,165	46,482
Principal Protected Notes	**72,550**	**72,669**	28,000	27,964
	$ 298,247	**$ 296,464**	$ 296,342	$ 291,850

Term deposits and notes, government guaranteed bonds, and corporate bonds have effective yields of 1.41 per cent to 6.50 per cent (2023 – 1.41 per cent to 6.60 per cent) with maturity dates from April 2025 to April 2034 (2023 – January 2024 to December 2033). Principal protected notes have effective yields ranging from 5.15 per cent to 9.80 per cent (2023 – 7.20 per cent to 9.80 per cent) that are linked to the performance of an equity market index with maturity dates from March 2030 to September 2034 (2023 – March 2030 to February 2033). Certain investments have a market value below cost at year end. The County considers these declines in value to be temporary in nature as the risk is mitigated by holding long-term investments until maturity.

3. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2024	2023
Trade		
Accounts Payable	**$ 10,719**	$ 18,944
Supplies and Services	**15,747**	16,632
Contract Holdbacks	**7,270**	9,772
Capital Accruals	**1,717**	2,299
Other	**2,742**	2,555
	38,195	50,202
Payroll and Remittances	**6,156**	13,508
Employee Benefit Obligations		
Accrued Vacation	**11,103**	10,810
Banked Time	**1,734**	1,507
Other [a]	**2,203**	2,752
	15,040	15,069
Debenture Interest	**736**	805
	$ 60,127	$ 79,584

[a] Other employee benefit obligations are primarily accrued employee benefits payable to third parties.

Year ended December 31, 2024 (in thousands of dollars)

4. DEPOSIT LIABILITIES

	2024	2023
Regional Water Customer Group	**$ 10,107**	$ 9,698
Deposit Liabilities	**9,963**	8,676
Overlevies	**1,026**	675
Damage Deposits	**101**	96
Other Deposits	**60**	63
	$ 21,257	$ 19,208

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 and contractors in the form of cash, recorded as deposit liabilities, and letters of credit. Security is retained based on the infrastructure construction costs required to service the development and is held to secure performance of obligations under development and contractual agreements. The value of securities can be reduced or increased, at the discretion of the County, as the associated development or project progresses.

As at December 31, 2024, the County held $7,459 (2023 – $6,605) of deposit liabilities for development and contractual agreements, including interest of $1,181 (2023 – $973), and $2,504 (2023 – $2,071) in non-interest-bearing securities, which have been included in the total deposit liabilities balance. Letters of credit in the amount of $21,704 (2023 – $22,587) are not included in the deposit liabilities balance. In addition to the above, the County holds non-interest-bearing deposit liabilities in the form of damage deposits, building/construction permits, overlevies, and other deposits, which can be both interest and non-interest bearing, such as the deposit for the Regional Water Customer Group (RWCG).

The County is party to the Regional Water Customer Services Agreement with other municipalities, water service commissions, and other utility systems of which it is a member but does not control, to purchase wholesale water. As part of its management responsibilities, on behalf of the RWCG, as at December 31, 2024, the County holds a deposit liability in the amount of $10,107 (2023 – $9,698), in cash and cash equivalents of $9,906 (2023 – $6,984) and accounts receivable of $201 (2023 – $2,714).

5. DEFERRED REVENUE

Deferred revenue comprises the amounts noted below, the use of which, together with any earnings thereon, is externally restricted. Most grants and amounts received are externally restricted and include allocated interest of $3,622 (2023 – $2,946). Certain deferred revenue relates to government transfers as further described in Schedule IV.

	Balance, Beginning of Year	Grants and Amounts Received	Amounts Recognized as Operating Revenue	Amounts Recognized as Capital Revenue	Balance, End of Year
Government Transfers	$ 38,041	$ 31,917	$ (10,361)	$ (24,585)	**$ 35,012**
Development Levies	25,019	11,806	(779)	(8,606)	**27,440**
Other [(a)]	25,267	30,663	(18,058)	(10,558)	**27,314**
	$ 88,327	$ 74,386	$ (29,198)	$ (43,749)	**$ 89,766**

[(a)] Other primarily includes Contributions in Aid of Construction, the Major Recreation Facility Fund and 2024 Property Tax pre-collection.

Year ended December 31, 2024 (in thousands of dollars)

6. LONG-TERM DEBT

Long-term debt is comprised of tax supported debt and non-tax supported debt. Tax supported debt is repaid using tax supported revenues (i.e. property taxes, non-utility fees, fines, permits, and investment income). Non-tax supported debt is repaid through non-tax supported revenues (i.e. development levies, utility rates, etc.).

	2024	2023
Tax Supported Debentures	**$ 41,410**	$ 45,417
Non-Tax Supported Debentures – Development Levies	**14,097**	15,672
Non-Tax Supported Debentures – Utility Rates	**34,858**	37,770
Non-Tax Supported Debentures – Other	**22,484**	24,110
	$ 112,849	$ 122,969

Debenture debt is repayable to the Government of Alberta Treasury Board and Finance and bears interest at rates ranging from 2.13 per cent to 6.63 per cent (2023 – 2.00 per cent to 6.63 per cent) and matures in periods 2025 through 2047 (2023 – periods 2024 through 2048). The debenture debt also includes $936 (2023 – $975) repayable to the Federation of Canadian Municipalities, which bears interest at 2.00 per cent per annum (2023 – 2.00 per cent per annum) and matures in 2048 (2023 – 2048). Debenture debt has been issued on the credit and security of the County at large.

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

	Principal	Interest	Total
2025	$ 9,826	$ 4,191	$ 14,017
2026	9,822	3,817	13,639
2027	9,783	3,452	13,235
2028	9,959	3,085	13,044
2029	9,631	2,714	12,345
Thereafter	63,828	9,995	73,823
	$ 112,849	$ 27,254	$ 140,103

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:

	2024	2023
Total Debt Limit	**$ 707,454**	$ 650,546
Total Debt	**$ 111,913**	$ 121,994
Percentage Used	**15.82%**	18.75%
Service on Debt Limit	**$ 117,909**	$ 108,424
Service on Debt	**$ 13,960**	$ 14,637
Percentage Used	**11.84%**	13.50%

As defined in Alberta Regulation 255/2000, the total debt limit is calculated at 1.50 times the revenue of the County 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.

Borrowing made by the County to pay for costs associated with clean energy improvements is excluded in the debt and debt service limits, aligning with the requirements set out in MGA 252(2).

Year ended December 31, 2024 (in thousands of dollars)

8. ASSET RETIREMENT OBLIGATIONS

The County owns tangible capital assets where proven or potential legal obligations associated with the retirement of tangible capital assets have been identified. The County is legally obligated to perform certain activities upon renovating or demolishing these buildings. The total liability over the estimated remaining useful life of these buildings, years ending between 2024 and 2064 (2023 – 2024 and 2068), is $12,366 (2023 - $11,210) using discount rates between 3.50 per cent to 4.59 per cent (2023 – 3.75 per cent to 4.52 per cent).

	2024	2023
Balance, Beginning of Year	**$ 11,210**	$ -
Liabilities Incurred	**-**	10,772
Change in Estimate	**737**	-
Accretion Expense	**419**	438
Balance, End of Year	**$ 12,366**	$ 11,210

9. EQUITY IN TANGIBLE CAPITAL ASSETS

	2024	2023
Tangible Capital Assets – Cost (Schedule II)	**$ 3,129,091**	$ 2,991,785
Accumulated Amortization (Schedule II)	**(935,119)**	(871,526)
Assets Held for Sale (Schedule II)	**-**	973
Long-Term Debt (Note 6)	**(112,849)**	(122,969)
Debt Associated with Operating Initiatives	**936**	975
Debt Associated with Local Improvements	**514**	537
Asset Retirement Obligations (Note 8)	**(12,366)**	(11,210)
Volume Consumption Benefit	**(2,114)**	(2,254)
	$ 2,068,093	$ 1,986,311

10. RESERVES

As approved by Strathcona County Council, reserves are designated with accumulated surplus for future operations and capital expenditures:

	2024	2023
Municipal Reserves		
Infrastructure Lifecycle	**$ 78,052**	$ 88,587
Capital	**57,482**	56,232
Operations, Stabilization and Contingency	**33,979**	4,429
Special Purpose	**42,615**	26,505
Utilities Reserves		
Infrastructure Lifecycle	**77,201**	69,272
Operations, Rate Stabilization and Contingency	**6,831**	4,768
Strathcona County Library Reserves	**7,490**	6,726
	$ 303,650	$ 256,519

Municipal reserves are supported through property tax collection and managed by Council. Utilities reserves are supported through utility rates and are also managed by Council. Library reserves are supported primarily through property taxes and are managed and maintained by the Library Board.

Reserve balances are separated into two categories. Committed reserve balances consist of funding to be applied towards specific expenditures, which have been approved by Council. Uncommitted reserve balances consist of funding designated for a specific purpose, which has not yet been approved by Council.

11. OPERATING LINE OF CREDIT

The County has an operating line of credit available for use, up to a maximum of $125,000 (2023 – $125,000), bearing interest at prime rate minus 0.50 per cent (2023 – prime rate minus 0.50 per cent) and is secured by the County at large. As of December 31, 2024, nil (2023 – nil) was drawn against the available operating line of credit.

12. FINANCIAL RISK MANAGEMENT

The County, as part of its operations, carries a number of financial instruments including cash and cash equivalents, accounts receivable, investments, investment interest receivable, accounts payable and accrued liabilities, deposit liabilities, long-term debt, asset retirement obligations, and other long-term liabilities. These have exposure to the following risks: market risk, credit risk and liquidity risk. The County has experienced no significant change to its risk exposure and has not made any significant changes to its risk management policies and procedures.

a) Market Risk

Market risk is the risk that changes in market prices, such as interest rates and foreign exchange rates, will affect the County's net results of operations or the fair value of its holdings of financial instruments.

i. Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in the market interest rates. It is management's opinion that the County is not exposed to significant interest rate risk arising from investments or long-term debt. These financial instruments generally bear fixed interest rates, and the fair value can fluctuate due to market rates of interest. However, the County intends to hold investments to maturity, and settle long-term debt over the contractual terms of the agreements.

ii. Foreign Currency Risk

It is management's opinion that the financial instruments held by the County are not exposed to significant foreign currency risk.

b) Credit Risk

Credit risk is the risk of financial loss because a counterparty to a financial instrument fails to discharge its contractual obligations. Such risks arise from certain financial assets held by the County consisting of cash and cash equivalents, accounts receivable and investments.

i. Cash and Cash Equivalents

The County's exposure to credit risk associated with cash is assessed as low because the County's cash deposits are held by Canadian Schedule 1 chartered banks.

ii. Accounts Receivable

The credit risk from accounts receivable is low as the majority of balances are due from other government and government agencies, term deposits and notes, government guaranteed bonds, corporate bonds, and utility customers. Management has a provision for receivables and assesses it annually to address any new concerns that may arise. Given the nature of the County's accounts receivable balance, management has assessed that expected credit losses are not considered material.

iii. Investments

As outlined in policy FIN-001-007: Investments, the County is exposed to credit risk on investments and has established this policy with required minimum credit quality standards and issuer limits to manage risk. The County's exposure, based on risk rating of money market holdings and bonds, has not changed significantly year over year.

Year ended December 31, 2024 (in thousands of dollars)

12. FINANCIAL RISK MANAGEMENT (CONTINUED)

b) Credit Risk (continued)

iii. Investments (continued)

The distribution of money market holdings and investments of the investment portfolio by risk rating is as follows: R1 – 28.92 per cent (2023 – 41.90 per cent); AAA – 1.60 per cent (2023 – 1.60 per cent); AA – 54.41 per cent (2023 – 37.21 per cent); A – 15.07 per cent (2023 – 19.29 per cent).

c) Liquidity Risk

Liquidity risk is risk that the County will encounter difficulty in meeting financial obligations as they come due.

The County continuously monitors its expected cash position to its actual cash position and the timing of payments to lenders and others. The portfolio of investments is held with staggered maturity dates to ensure liquidity needs are met. Additionally, the County has an operating line of credit (Note 11) available to ensure liquidity in meeting financial obligations.

The County is not exposed to any significant liquidity risk.

13. COMMITMENTS AND CONTINGENT LIABILITIES

a) Capital Commitments

As at December 31, 2024, authorized costs for capital projects committed through a purchase order or other contractual agreement, for which services have not yet been received, amounted to $29,517 (2023 – $48,003).

b) Leases

The County has ongoing operating leases for building space, land, office equipment, and firefighter protective equipment. The future minimum lease payments are as follows:

2025	$	407
2026		59
2027		46
2028		7
	$	519

c) Legal Disputes

As at December 31, 2024, the County was involved in various legal disputes including, but not limited to, employee disputes and property assessment appeals. Property assessment appeals are decided by a tribunal and the associated tax is a result of the decision of the appeal. 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 these matters are 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. Contamination can involve various substances, including salts, petroleum hydrocarbons, chlorides, as well as other organic and inorganic contaminants. The sources of contaminants include historical landfilling activities, road salt storage and handling, and fuel storage (including underground storage tanks).

The County identified two (2023 – two) contaminated sites meeting the applicable criteria and recognized a financial liability of $245 (2023 – $18) as at December 31, 2024. The liability was calculated by using a present value technique, factoring in the cash flows required to settle or extinguish the contaminated sites expected to occur over extended future periods. Liability estimates are based

Year ended December 31, 2024 (in thousands of dollars)

13. COMMITMENTS AND CONTINGENT LIABILITIES (CONTINUED)

d) Contaminated Sites (Continued)

on annual site assessments and proposed remediation action plans produced by third-party professionals for the management of contaminated sites.

The County has identified certain sites with contamination that may result in future remediation activity. No liability has been recognized for these sites because it is uncertain whether the County will be responsible for the remediation, or sufficient information to reliably estimate the potential liability is not currently available. The County continues to monitor these sites and collect relevant data to determine if recognizing a liability in the future will be necessary.

e) Forward Contracts

To mitigate the risk of fluctuations in commodity prices, the County committed to fixed contracts for electricity, natural gas, carbon dioxide, and aquatic facility chemicals as follows:

2025	$	4,202
2026		4,202
2027		3,223
2028		3,052
2029		3,044
	$	17,723

f) Assets Held for Sale

In 2021, Pioneer Housing Foundation entered into an agreement to sell the Clover Bar Lodge, with a net book value of nil, and associated land, with a net book value of $973, to Heartland Housing Foundation for a nominal value. The sale was completed in 2024 and as such the asset held for sale has been disposed of at a loss of $973.

14. 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 funds that have been allocated to the County but not received.

In 2021, the County was approved to receive $15,398 through the Investing in Canada Infrastructure Program (ICIP) funding from the federal government, contingent on satisfying subsequent reporting requirements. Of the $15,398, $1,095 (2023 – $1,690) was recorded in the current year. Remaining contractual rights of $7,395 (2023 – $8,490) exist for ICIP, which are not recorded in the consolidated financial statements.

In 2022, the County was approved to receive $994 through the Canada Community Revitalization Fund (CCRF) from the federal government, contingent on satisfying subsequent reporting requirements. Of the $994, nil (2023 – $297) was recorded in the current year; however, an amendment to the grant was received, reducing the grant by $130 (2023 – nil). This results in remaining contractual rights of nil (2023 – $130) for CCRF.

In 2024, the County was approved to receive $442 through the Codes Acceleration Fund (CAF) from the Federal Government, contingent on satisfying subsequent reporting requirements. Of the $442, $135 (2023 – nil) was recorded in the current year, resulting in remaining contractual rights of $307 (2023 – nil) for CAF. This remaining amount is not recorded in the consolidated financial statements.

Year ended December 31, 2024 (in thousands of dollars)

15. BUDGET

The 2024 Operating Budget, approved by Strathcona County Council on December 4, 2023, is reported on the accrual basis in accordance with PSAS, which excludes the repayment of long-term debt and reserve transactions. The PHF budget, approved by the PHF Board of Directors on November 6, 2023, has been included in Corporate Fiscal Strategies. The ASG budget, approved by the Board of Directors on March 19, 2025, has been included in Community Services. Budgeted inter-organizational transactions have been eliminated where appropriate.

The Consolidated Budgeted Operating Expenses, net of eliminations, for the year ended December 31, are as follows:

	2024	2023
Operating Budget approved by Council	**$ 439,544**	$ 421,610
Operating Budget approved by the PHF Board of Directors, net of eliminations	**1,316**	1,322
Operating Budget approved by the ASG Board of Directors, net of eliminations	**10**	-
Operating Budget Amendments and Prior Year Carryforwards Approved by Council	**7,951**	21,478
	$ 448,821	$ 444,410

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

	2024	2023
Capital Budget approved by Council	**$ 112,909**	$ 63,373
Capital Budget Amendments Approved by Council	**12,030**	35,513
	$ 124,939	$ 98,886

Unspent prior year budgeted capital expenditures and amendments amount to $152,504 (2023 – $167,775).

16. OTHER CAPITAL REVENUE

	2024 Budget (Note 15)	2024	2023
Development Levies and Charges	$ 754	**$ 8,606**	$ 500
Developer and Other Third-Party Contributions	7,789	**10,558**	16,176
	$ 8,543	**$ 19,164**	$ 16,676

The MGA authorizes the County to impose and collect off-site levies by way of bylaw. The County exercises its authority to collect off-site development levies by establishing bylaws, which are typically revised on an annual basis.

Year ended December 31, 2024 (in thousands of dollars)

17. SALARIES AND BENEFITS DISCLOSURE

The following Elected Officials and Chief Commissioner 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	2024	2023
Mayor	$ 181	$ 47	**$ 228**	$ 216
Councillor – Ward 1	97	28	**125**	117
Councillor – Ward 2	97	31	**128**	119
Councillor – Ward 3	97	31	**128**	119
Councillor – Ward 4	97	31	**128**	112
Councillor – Ward 5	97	37	**134**	126
Councillor – Ward 6	97	37	**134**	126
Councillor – Ward 7	97	23	**120**	113
Councillor – Ward 8	97	31	**128**	119
Chief Commissioner	$ 344	$ 54	**$ 398**	$ 376

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

18. PENSION PLANS

a) Local Authorities Pension Plan

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

	2024	2023
Current Employer Contributions	**$ 13,865**	$ 12,188
Current Employee Contributions	**12,407**	10,910
	$ 26,272	$ 23,098

The County is required to make current service contributions to LAPP of 8.45 per cent (2023 – 8.45 per cent) of pensionable payroll up to the yearly maximum pensionable earnings (YMPE) and 11.65 per cent (2023 – 12.23 per cent) thereafter. Employees of the County are required to make current service contributions of 7.45 per cent (2023 – 7.45 per cent) of pensionable salary up to the YMPE, and 10.65 per cent (2023 – 11.23 per cent) thereafter.

As stated in their 2023 Annual Report, the LAPP serves 304,451 members and 444 employers. It is financed by employer and employee contributions and investment earnings of the LAPP fund. As at December 31, 2023, the plan reported an actuarial surplus of $15,057,000. Information as at December 31, 2024 was not available at the time of completion of the consolidated financial statements.

Year ended December 31, 2024 (in thousands of dollars)

18. PENSION PLANS (CONTINUED)

b) APEX Supplementary Pension Plan

The APEX supplementary pension plan, an Alberta Urban Municipalities Association 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 the LAPP.

	2024	2023
Current Employer Contributions	**$ 373**	$ 343
Current Employee Contributions	**305**	280
	$ 678	$ 623

Contributions are made by a prescribed class of employees and the County. Employees of the County contribute 2.42 per cent (2023 – 2.42 per cent) and the County contributes 2.96 per cent (2023 – 2.96 per cent) of pensionable earnings up to $180 (2023 – $175).

19. RELATED PARTY DISCLOSURES

Related parties are consolidated as part of the reporting entity described in Note 1. Transactions with these parties occur in the 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 17 and members of the County's executive team. Transactions with these individuals are considered to be in the normal course of business and are recorded at the exchange amount.

20. COMPARATIVE INFORMATION

Certain comparative information has been reclassified to conform with the current year's consolidated financial statement presentation.

21. FINANCIAL STATEMENT APPROVAL

The consolidated financial statements were approved by Council on April 29, 2025.