

**STRATHCONA COUNTY**  
**CONSOLIDATED**  
**FINANCIAL STATEMENTS**  
*Year ended December 31, 2009*

**STRATHCONA COUNTY**  
**Consolidated Financial Statements**  
Year ended December 31, 2009

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## MANAGEMENT REPORT

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

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

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

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

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



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

March 12, 2010



**KPMG LLP**  
**Chartered Accountants**  
10125 – 102 Street  
Edmonton AB T5J 3V8  
Canada

Telephone (780) 429-7300  
Fax (780) 429-7379  
Internet [www.kpmg.ca](http://www.kpmg.ca)

## **AUDITORS' REPORT TO HER WORSHIP THE MAYOR AND MEMBERS OF COUNCIL OF STRATHCONA COUNTY**

We have audited the consolidated statement of financial position of Strathcona County ("the County") as at December 31, 2009 and the consolidated statements of operations and accumulated surplus, change in net debt, and cash flows for the year then ended. These financial statements are the responsibility of the County's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the County's management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the County as at December 31, 2009 and the results of its operations and changes in net debt and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Chartered Accountants

Edmonton, Canada  
March 12, 2010

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

**STRATHCONA COUNTY**  
**Consolidated Statement of Financial Position**  
**As at December 31, 2009 (in thousands of dollars)**

	<u>2009</u>	<u>2008</u> (Restated - Note 2)
<b>FINANCIAL ASSETS</b>		
Cash and Temporary Investments (Note 3)	\$ 165,088	\$ 147,395
Accounts Receivable		
Property Taxes	2,753	3,113
Government Transfers	1,797	2,484
Trade and Other	15,286	13,242
Development Levies and Charges	2,098	3,539
Land Held for Resale (Note 5)	2,688	2,504
Loans Receivable (Note 6)	3,448	5,079
Investments (Note 7)	67,986	42,662
Investment in Subsidiary (Note 24)	7,424	3,416
	<u>268,568</u>	<u>223,434</u>
<b>FINANCIAL LIABILITIES</b>		
Accounts Payable and Accrued Liabilities	42,887	32,211
Deposit Liabilities (Note 8)	17,733	18,839
Deferred Revenue (Note 9)	98,478	101,191
Provision for Landfill Post-Closure Costs (Note 10)	300	1,921
Capital Leases (Note 11)	5,710	5,048
Long-Term Debt (Note 12)	121,081	86,575
	<u>286,189</u>	<u>245,785</u>
<b>NET DEBT</b>	<u>(17,621)</u>	<u>(22,351)</u>
<b>NON-FINANCIAL ASSETS</b>		
Tangible Capital Assets (Note 14)	1,273,919	1,170,310
Inventories of Supplies	547	532
Prepaid Expenses	1,518	1,332
	<u>1,275,984</u>	<u>1,172,174</u>
<b>ACCUMULATED SURPLUS</b> (Note 16)	<u>\$ 1,258,363</u>	<u>\$ 1,149,823</u>

Commitments and Contingencies (Note 23)

See accompanying Notes to Consolidated Financial Statements.

**STRATHCONA COUNTY**  
**Consolidated Statement of Operations and Accumulated Surplus**  
Year ended December 31, 2009 (in thousands of dollars)

	<u>Budget</u>	<u>2009</u>	<u>2008</u>
	(Unaudited - Note 27)		(Restated - Note 2)
<b>REVENUE</b>			
Property Taxes (Note 17)	\$ 137,990	\$ 137,901	\$ 122,026
Government Transfers (Note 18)	6,763	14,255	9,765
Utility User Rates	37,991	39,504	34,616
User Fees and Charges	31,655	32,246	29,864
Penalties and Fines	5,175	5,373	3,955
Investment Income	1,411	2,233	2,742
Subsidiary Operations (Note 24)	-	4,008	948
Other	6,022	6,908	2,916
	<u>227,007</u>	<u>242,428</u>	<u>206,832</u>
<b>TOTAL REVENUE</b>			
	<u>227,007</u>	<u>242,428</u>	<u>206,832</u>
<b>EXPENSES</b>			
<b>Infrastructure and Planning Services</b>			
Economic Development and Tourism	842	741	715
Engineering and Environmental Planning	4,601	5,011	6,089
Planning and Development Services	6,390	5,912	4,889
Transportation and Agriculture Services	19,071	18,450	16,282
Utilities	32,564	37,929	33,584
	<u>63,468</u>	<u>68,043</u>	<u>61,559</u>
<b>Community Services</b>			
Emergency Services	18,016	20,713	15,319
Family and Community Services	5,515	5,799	5,320
Strathcona Transit	15,567	12,607	12,444
RCMP and Enforcement Services	15,449	13,925	13,402
Recreation, Parks and Culture	29,643	30,621	27,109
	<u>84,190</u>	<u>83,665</u>	<u>73,594</u>
<b>Corporate Services</b>	24,571	24,036	21,852
<b>Senior Administration</b>	3,360	7,941	3,379
<b>Elected Officials</b>	1,109	1,083	1,081
<b>Fiscal Services</b>	4,508	35,786	32,589
<b>Strathcona County Library</b>	5,629	5,303	4,779
	<u>39,177</u>	<u>74,149</u>	<u>63,680</u>
<b>TOTAL EXPENSES</b>	<u>186,835</u>	<u>225,857</u>	<u>198,833</u>
<b>EXCESS OF REVENUE OVER EXPENSES - BEFORE OTHER</b>	40,172	16,571	7,999
<b>OTHER</b>			
Capital Revenues (Note 19)	91,554	53,436	56,435
Contributed Assets	-	38,533	29,486
	<u>91,554</u>	<u>91,969</u>	<u>85,921</u>
<b>ANNUAL SURPLUS</b>	131,726	108,540	93,920
<b>ACCUMULATED SURPLUS, BEGINNING OF YEAR</b>	<u>1,149,823</u>	<u>1,149,823</u>	<u>1,055,903</u>
<b>ACCUMULATED SURPLUS, END OF YEAR</b>	<u>\$ 1,281,549</u>	<u>\$ 1,258,363</u>	<u>\$ 1,149,823</u>

See accompanying Notes to Consolidated Financial Statements.

**STRATHCONA COUNTY**  
**Consolidated Statement of Change in Net Debt**  
Year ended December 31, 2009 (in thousands of dollars)

	<u>Budget</u> (Unaudited - Note 27)	<u>2009</u>	<u>2008</u> (Restated - Note 2)
<b>ANNUAL SURPLUS</b>	\$ 131,726	\$ 108,540	\$ 93,920
Acquisition of Tangible Capital Assets	(122,237)	(101,694)	(94,047)
Contributed Tangible Capital Assets	-	(38,533)	(29,486)
Amortization of Tangible Capital Assets	-	36,400	32,337
Loss (Gain) on Sale of Tangible Capital Assets	-	(639)	142
Proceeds on Sale of Tangible Capital Assets	-	857	292
	<u>9,489</u>	<u>4,931</u>	<u>3,158</u>
Acquisition of Inventory of Supplies	-	(698)	(923)
Acquisition of Prepaid Expenses	-	(1,792)	(1,110)
Use of Inventory of Supplies	-	683	820
Use of Prepaid Expenses	-	1,606	1,072
	<u>-</u>	<u>(201)</u>	<u>(141)</u>
<b>DECREASE IN NET DEBT</b>	9,489	4,730	3,017
<b>NET DEBT, BEGINNING OF YEAR</b>	<u>(22,351)</u>	<u>(22,351)</u>	<u>(25,368)</u>
<b>NET DEBT, END OF YEAR</b>	<u><u>\$ (12,862)</u></u>	<u><u>\$ (17,621)</u></u>	<u><u>\$ (22,351)</u></u>

See accompanying Notes to Consolidated Financial Statements.

**STRATHCONA COUNTY**  
**Consolidated Statement of Cash Flows**  
Year ended December 31, 2009 (in thousands of dollars)

	<u>2009</u>	<u>2008</u> (Restated - Note 2)
<b>NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:</b>		
<b>OPERATING</b>		
Annual Surplus	\$ 108,540	\$ 93,920
Items Not Involving Cash:		
Subsidiary Operations	(4,008)	(948)
Contributed Tangible Capital Assets	(38,533)	(29,486)
Amortization Expense	36,400	32,337
Loss (Gain) on Disposal of Tangible Capital Assets	(639)	142
Changes to Non-Cash Assets and Liabilities:		
Property Taxes Receivable	360	(1,765)
Government Grants Receivable	687	4,341
Trade and Other Receivables	(2,044)	1,342
Development Levies and Charges	1,441	18,253
Land Held for Resale	(184)	541
Accounts Payable and Accrued Liabilities	10,676	7,233
Deposit Liabilities	(1,106)	2,893
Deferred Revenue	(2,713)	(2,204)
Provision for Landfill Post-Closure Costs	(1,621)	(47)
Inventory of Supplies	(15)	(103)
Prepaid Expenses	(186)	(38)
Cash Provided by Operating Activities	<u>107,055</u>	<u>126,411</u>
<b>CAPITAL</b>		
Proceeds from sale of Tangible Capital Assets	857	292
Acquisition of Tangible Capital Assets	(101,694)	(94,047)
Cash Applied to Capital Activities	<u>(100,837)</u>	<u>(93,755)</u>
<b>INVESTING</b>		
Decrease in Loans Receivable	1,631	123
Increase in Investments, net	(25,324)	(3,360)
Cash Provided by (Applied to) Investing Activities	<u>(23,693)</u>	<u>(3,237)</u>
<b>FINANCING</b>		
Demand Loan Repaid	-	(1,000)
Capital Leases Issued	2,549	-
Long-Term Debt Issued	41,762	13,650
Capital Leases Repaid	(1,887)	(1,756)
Long-Term Debt Repaid	(7,256)	(6,881)
Cash Provided by (Applied to) Financing Activities	<u>35,168</u>	<u>4,013</u>
<b>INCREASE IN CASH AND TEMPORARY INVESTMENTS</b>	<b>17,693</b>	<b>33,432</b>
<b>CASH AND TEMPORARY INVESTMENTS, BEGINNING OF YEAR</b>	<u><b>147,395</b></u>	<u><b>113,963</b></u>
<b>CASH AND TEMPORARY INVESTMENTS, END OF YEAR</b>	<u><u><b>\$ 165,088</b></u></u>	<u><u><b>\$ 147,395</b></u></u>
Cash Paid for Interest	\$ 5,109	\$ 4,821
Cash Received from Interest	\$ 4,318	\$ 7,437

See accompanying Notes to Consolidated Financial Statements.



**STRATHCONA COUNTY**  
**Notes to Consolidated Financial Statements**  
Year ended December 31, 2009 (in thousands of dollars)

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

**1. SIGNIFICANT ACCOUNTING POLICIES**

The consolidated financial statements of Strathcona County (the County) are prepared by management in accordance with Canadian generally accepted accounting principles for governments as recommended by the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants. Significant accounting policies adopted by the County are as follows:

**a) Basis of Consolidation**

**i. Consolidated Entities**

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

**ii. Investment in Subsidiary**

In accordance with Public Sector Accounting Handbook PS 1300.07, the operation of Pioneer Housing Foundation is included in the County's reporting entity. The operation of this subsidiary is accounted for on a modified equity basis consistent with the generally accepted accounting treatment for government business enterprises. Under the modified equity basis, the business enterprise's accounting principles of Pioneer Housing Foundation are not adjusted to conform to the County, and inter-organizational transactions and balances are not eliminated.

**iii. Accounting for Housing Management Bodies and School Board Transactions**

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

**b) Related Entities**

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

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

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

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

**c) Basis of Accounting**

The 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.

**1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**d) Use of Estimates**

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the period. Where measurement uncertainty exists, the financial statements have been prepared within reasonable limits of materiality.

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

Actual results could differ from those estimates.

**e) Temporary Investments**

Temporary investments include investments that mature in one year or less. They are recorded at cost and are cashable at anytime.

**f) Land Held for Resale**

Land held for resale is recorded at the lower of cost and net realizable value. Cost includes amounts for land acquisition and improvements to prepare the land for sale or servicing.

**g) Investments**

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

Investment income is reported as revenue in the period earned. When required by the funding government or related Act, investment income earned on deferred revenue is added to the investment and forms part of the deferred revenue balance.

**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.

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

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

**i) Prepaid Local Improvements**

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

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

**j) Deferred Revenue**

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

Development levies are collected pursuant to agreements between the County and developers. Accumulated development levies are credited with interest based on the County's average rate of return on investments.

**1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**k) Pension Expenses**

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

**l) Provision for Landfill Post-Closure Costs**

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

**m) Government Transfers**

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

**n) Non-Financial Assets**

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

**i. Tangible Capital Assets**

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

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

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

**ii. Contributions of Tangible Capital Assets**

Tangible capital assets received as contributions are recorded at fair value at the date of receipt and are also recorded as revenue.

**iii. Leased Tangible Capital Assets**

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

**iv. Inventories of Supplies**

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

**v. Cultural and Historical Assets**

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

**STRATHCONA COUNTY**  
**Notes to Consolidated Financial Statements**  
Year ended December 31, 2009 (in thousands of dollars)

**2. CHANGE IN ACCOUNTING POLICIES**

The County has implemented PSAB 1200 Financial Statement Presentation and 3150 Tangible Capital Assets. Section 1200 establishes general reporting principles and standards for the disclosure of information in government financial statements. PSAB 3150 requires governments to record and amortize their tangible capital assets in their financial statements. In prior years, not all tangible capital asset additions had been recorded nor were they amortized.

**Methods used for determining the cost of each major category of tangible capital assets**

The financial information recorded includes the actual or estimated historical cost of the tangible capital assets. When historical cost records were not available, other methods were used to estimate the costs and accumulated amortization of the assets. The County applied a consistent method of estimating the replacement or reproduction cost of the tangible capital assets for which it did not have historical cost records, except in circumstances where it could be demonstrated that a different method would provide a more accurate estimate of the cost of a particular type of tangible capital asset. After defining replacement or reproduction cost, the Consumer Price Index, the Handy-Whitman Index and the Non-Residential Building Construction Index were used as resources for determining appropriate indices in order to deflate the replacement or reproduction cost to an estimated historical cost at the year of acquisition.

This change has been applied retroactively and prior periods have been restated. This change in accounting policy has changed amounts reported in the prior period as follows:

<b>Accumulated Surplus at January 1, 2008:</b>	<b>2008</b>
Operating fund balance	\$ 3,077
Capital fund balance	(8,156)
Reserves	64,342
Invested in tangible capital assets	522,539
Accumulated surplus, as previously reported	581,802
Adjustment to net book value of tangible capital assets	474,101
Accumulated net surplus, as restated	<u>\$ 1,055,903</u>

<b>Annual Surplus for 2008:</b>	<b>2008</b>
Net revenues, as previously reported	\$ 3,158
Assets capitalized but previously expensed	94,047
Contributed tangible capital assets	29,486
Proceeds on disposal of tangible capital assets reported as revenue	(292)
Amortization expense not previously recorded	(32,337)
Loss on sale of tangible capital assets	(142)
Annual surplus, as restated	<u>\$ 93,920</u>

**3. CASH AND TEMPORARY INVESTMENTS**

	<b>2009</b>	<b>2008</b>
Cash (Bank Overdraft)	\$ 4,661	\$ (3,059)
Temporary Investments	160,427	150,454
	<u>\$ 165,088</u>	<u>\$ 147,395</u>

Temporary investments include Term Deposits, Bankers' Acceptances, Bankers' Deposit Notes, Treasury Bills, Promissory Notes, Commercial Paper (TD Bank created), and provincial bonds. They have effective interest rates of 0.59 to 3.25 per cent (2008 – 1.42 to 3.66 per cent) and mature in less than one year.

**STRATHCONA COUNTY**  
**Notes to Consolidated Financial Statements**  
Year ended December 31, 2009 (in thousands of dollars)

**4. AVAILABLE CREDIT FACILITIES**

The County has an operating line of credit available for use, up to a maximum of \$10,000, bearing interest at prime rate minus 0.25 per cent and is secured by the County at large. As at December 31, 2009, nil (2008 - nil) was drawn against the available operating line of credit.

The County also has an acquisition line of credit available for financing new development if required, up to a maximum of \$2,449, bearing interest at prime minus 0.25 per cent and is secured by the County at large. As at December 31, 2009, nil (2008 - nil) was drawn against the available acquisition line of credit.

**5. LAND HELD FOR RESALE**

	<u>2009</u>	<u>2008</u>
Land Held for Resale	<u>\$ 2,688</u>	<u>\$ 2,504</u>

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

**6. LOANS RECEIVABLE**

	<u>2009</u>	<u>2008</u>
Due from University of Alberta	\$ -	\$ 1,500
Due from Pioneer Housing Foundation	<u>3,448</u>	<u>3,579</u>
	<u>\$ 3,448</u>	<u>\$ 5,079</u>

**a) University of Alberta**

The County loaned \$1,500 to the University of Alberta, which in turn has invested the funds in the University's Unitized Endowment Fund. Under the terms of the loan agreement, the funds are to be used to establish an Endowment Program (the Strathcona County/R.U. Lemieux Chair in Carbohydrate Chemistry), the primary purpose being to enhance community and economic development opportunities within the County. In accordance with the loan agreement, the County terminated its business partnership with the University of Alberta in 2009. The loan payment including earned interest was repaid to the County. For the year ended December 31, 2009, earnings of \$28 (2008 - \$38) have been recognized in the Consolidated Statement of Operations as investment income.

**b) Pioneer Housing Foundation**

In 1999, the County entered into an agreement with Pioneer Housing Foundation to loan the Foundation \$4,500 for the purpose of assisting the Foundation with the construction of Silver Birch Lodge (completed in 2000), a seniors' lodge facility. The full amount of the loan was advanced in two instalments on August 1, 1999 and January 20, 2000. During 2000, the repayment of the full loan amount was refinanced to assist Pioneer Housing Foundation achieve their objectives. The advances are to be repaid over a 25-year term and bear interest at rates of 6.125 per cent and 6.625 per cent per annum. During the current year, \$131 (2008 - \$123) of the payments received relate to the long-term principal portion and \$227 (2008 - \$234) relate to the interest portion.

**STRATHCONA COUNTY**  
**Notes to Consolidated Financial Statements**  
Year ended December 31, 2009 (in thousands of dollars)

**7. INVESTMENTS**

	<b>2009</b>		<b>2008</b>	
	<b>Carrying Amount</b>	<b>Market Value</b>	<b>Carrying Amount</b>	<b>Market Value</b>
Fixed Income:				
Government Guaranteed Bonds	\$ 64,384	\$ 66,261	\$ 38,165	\$ 40,677
Corporate Bonds	3,602	3,755	4,497	4,372
	<u>\$ 67,986</u>	<u>\$ 70,016</u>	<u>\$ 42,662</u>	<u>\$ 45,049</u>

Government guaranteed bonds and corporate bonds have effective interest rates of 0.91 to 5.64 per cent (2008 – zero to 5.55 per cent) with maturity dates from March 2010 to June 2037 (2008 - June 2009 to June 2037).

The value of the bonds is based on quoted market values. The market value of the bonds fluctuates with changes in market interest rates. When there has been a loss in value that is other than a temporary decline, the respective investment is written down to recognize the loss. Market values are based on market conditions at a certain point in time and as such, may not be reflective of future fair values. The carrying amounts exclude accrued interest receivable in the amount of \$1,684 (2008 - \$1,366) which has been included in Trade and Other Receivables.

**8. DEPOSIT LIABILITIES**

	<b>2009</b>	<b>2008</b>
Security Deposits	\$ 15,075	\$ 15,995
Overlevies	38	525
Damage Deposits	85	97
Land Deposits	5	24
Other Deposits	2,530	2,198
	<u>\$ 17,733</u>	<u>\$ 18,839</u>

**9. DEFERRED REVENUE**

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

	<b>Balance at December 31, 2008</b>	<b>Contributions</b>	<b>Interest Earned</b>	<b>Contributions Used</b>	<b>Balance at December 31, 2009</b>
Deferred Capital Grants	\$ 46,983	\$ 43,905	\$ 1,024	\$ (43,977)	\$ 47,935
Deferred Operating Grants	6,366	6,433	94	(7,382)	5,511
Development Levies	45,803	72,167	861	(76,172)	42,659
Other	2,039	334	-	-	2,373
	<u>\$ 101,191</u>	<u>\$ 122,839</u>	<u>\$ 1,979</u>	<u>\$ (127,531)</u>	<u>\$ 98,478</u>

**STRATHCONA COUNTY**  
**Notes to Consolidated Financial Statements**  
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**10. PROVISION FOR LANDFILL POST-CLOSURE COSTS**

Alberta environmental law requires closure and post-closure care of its landfill sites, which includes landscaping and ongoing environmental monitoring, site inspections and maintenance. The liability for the closure and post-closure care of one County decommissioned landfill site is estimated to amount to \$300 (2008 - \$1,921).

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

**11. CAPITAL LEASES**

	<u>2009</u>	<u>2008</u>
Capital Leases	<u>\$ 5,710</u>	<u>\$ 5,048</u>

Capital leases have been issued on the credit and security of the County at large. Capital leases bear interest at rates ranging from 3.62 to 6.78 per cent (2008 – 5.12 to 7.00 per cent) and mature in periods 2010 to 2014.

Capital lease principal and interest payments are due as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$ 1,922	\$ 264	\$ 2,186
2011	1,766	161	1,927
2012	1,335	73	1,408
2013	522	22	544
2014	165	3	168
	<u>\$ 5,710</u>	<u>\$ 523</u>	<u>\$ 6,233</u>

**12. LONG-TERM DEBT**

	<u>2009</u>	<u>2008</u>
Tax-supported Debentures - Municipal	<u>\$ 36,139</u>	\$ 26,648
Tax-supported Debentures - Library	<u>10,635</u>	-
	<u>46,774</u>	<u>26,648</u>
Non Tax-supported Debentures - Municipal	<u>32,070</u>	28,638
Non Tax-supported Debentures - Utilities	<u>38,789</u>	27,710
Non Tax-supported Debentures - Pioneer Housing Foundation (Note 6)	<u>3,448</u>	3,579
	<u>74,307</u>	<u>59,927</u>
	<u>\$ 121,081</u>	<u>\$ 86,575</u>

Debenture debt has been issued on the credit and security of the County at large. Debenture debt is repayable to the Alberta Capital Finance Authority and bears interest at rates ranging from 4.046 per cent to 9.125 per cent (before Provincial subsidy), and matures in periods 2010 through 2034. Twenty debentures have been issued for terms exceeding 15 years. The balance, including all tax supported debentures, has been issued for terms of 15 years or less. Through the Municipal Debenture Interest Rebate Program, the Province of Alberta rebates 60 per cent of interest in excess of 8 per cent and 9 per cent for qualifying debentures.

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

**STRATHCONA COUNTY**  
**Notes to Consolidated Financial Statements**  
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**12. LONG TERM DEBT (CONTINUED)**

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$ 8,276	\$ 6,109	\$ 14,385
2011	8,638	5,651	14,289
2012	9,114	5,175	14,289
2013	9,337	4,672	14,009
2014	9,629	4,158	13,787
Thereafter	76,087	27,682	103,769
	<u>\$ 121,081</u>	<u>\$ 53,447</u>	<u>\$ 174,528</u>

**13. DEBT AND DEBT SERVICE LIMITS**

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

	<u>2009</u>	<u>2008</u> (Restated - Note 2)
Total Debt Limit	\$ 372,504	\$ 327,216
Total Debt	126,791	91,623
Percentage Used	34.0%	28.0%
 Service on Debt Limit	 \$ 62,084	 \$ 54,536
Service on Debt	16,571	13,531
Percentage Used	26.7%	24.8%

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



**STRATHCONA COUNTY**  
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**14. TANGIBLE CAPITAL ASSETS**

Cost	Balance at December 31, 2008 (Restated - Note 2)	Additions	Disposals	Balance at December 31, 2009
Land	\$ 352,906	\$ 24,544	\$ -	\$ 377,450
Land Improvements	41,913	2,038	(776)	43,175
Buildings	142,792	2,754	-	145,546
Engineered Structures	813,074	39,119	(4,261)	847,932
Machinery & Equipment	33,816	6,196	(2,267)	37,745
Books & Periodicals	2,499	540	-	3,039
Vehicles	47,506	2,161	(1,789)	47,878
Assets under Construction	67,614	62,875	-	130,489
<b>Total</b>	<b>\$ 1,502,120</b>	<b>\$ 140,227</b>	<b>\$ (9,093)</b>	<b>\$ 1,633,254</b>

Accumulated Amortization	Balance at December 31, 2008 (Restated - Note 2)	Disposals	Amortization Expense	Balance at December 31, 2009
Land	\$ -	\$ -	\$ -	\$ -
Land Improvements	17,655	(776)	2,011	18,890
Buildings	42,684	-	4,719	47,403
Engineered Structures	236,226	(4,261)	22,773	254,738
Machinery & Equipment	13,883	(2,145)	3,255	14,993
Books & Periodicals	1,047	-	277	1,324
Vehicles	20,315	(1,693)	3,365	21,987
Assets under Construction	-	-	-	-
<b>Total</b>	<b>\$ 331,810</b>	<b>\$ (8,875)</b>	<b>\$ 36,400</b>	<b>\$ 359,335</b>

	Net Book Value December 31, 2008 (Restated - Note 2)	Net Book Value December 31, 2009
Land	\$ 352,906	\$ 377,450
Land Improvements	24,258	24,285
Buildings	100,108	98,143
Engineered Structures	576,848	593,194
Machinery & Equipment	19,933	22,752
Books & Periodicals	1,452	1,715
Vehicles	27,191	25,891
Assets under Construction	67,614	130,489
<b>Total</b>	<b>1,170,310.00</b>	<b>1,273,919.00</b>

**STRATHCONA COUNTY**  
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**14. TANGIBLE CAPITAL ASSETS (CONTINUED)**

Cost	Balance at December 31, 2007 (Restated - Note 2)	Additions	Disposals	Balance at December 31, 2008 (Restated - Note 2)
Land	\$ 331,696	\$ 21,210	\$ -	\$ 352,906
Land Improvements	40,217	1,876	(180)	41,913
Buildings	138,940	3,852	-	142,792
Engineered Structures	746,227	69,125	(2,278)	813,074
Machinery & Equipment	26,757	8,145	(1,086)	33,816
Books & Periodicals	2,170	329	-	2,499
Vehicles	40,963	7,744	(1,201)	47,506
Assets under Construction	56,362	11,252	-	67,614
<b>Total</b>	<b>\$ 1,383,332</b>	<b>\$ 123,533</b>	<b>\$ (4,745)</b>	<b>\$ 1,502,120</b>

Accumulated Amortization	Balance at December 31, 2007 (Restated - Note 2)	Disposals	Amortization Expense	Balance at December 31, 2008 (Restated - Note 2)
Land	\$ -	\$ -	\$ -	\$ -
Land Improvements	15,842	(139)	1,952	17,655
Buildings	39,337	-	3,347	42,684
Engineered Structures	217,529	(2,278)	20,975	236,226
Machinery & Equipment	12,149	(944)	2,678	13,883
Books & Periodicals	814	-	233	1,047
Vehicles	18,113	(950)	3,152	20,315
Assets under Construction	-	-	-	-
<b>Total</b>	<b>\$ 303,784</b>	<b>\$ (4,311)</b>	<b>\$ 32,337</b>	<b>\$ 331,810</b>

	Net Book Value December 31, 2007 (Restated - Note 2)	Net Book Value December 31, 2008 (Restated - Note 2)
Land	\$ 331,696	\$ 352,906
Land Improvements	24,375	24,258
Buildings	99,603	100,108
Engineered Structures	528,698	576,848
Machinery & Equipment	14,608	19,933
Books & Periodicals	1,356	1,452
Vehicles	22,850	27,191
Assets under Construction	56,362	67,614
<b>Total</b>	<b>1,079,548.00</b>	<b>1,170,310.00</b>

**STRATHCONA COUNTY**  
**Notes to Consolidated Financial Statements**  
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**14. TANGIBLE CAPITAL ASSETS (CONTINUED)**

**a) Assets under Construction**

Assets under construction having a value of \$130,489 (2008 - \$67,614) have not been amortized. Amortization of these assets will commence when the asset is put into service.

**b) Contributed Tangible Capital Assets**

Contributed assets are recognized at fair market value at the date of contribution. The value of contributed assets received during the year is \$38,533 (2008 - \$29,486) comprised of roads infrastructure in the amount of \$15,094 (2008 - \$ 7,060), water and wastewater infrastructure in the amount of \$1,372 (2008 - \$7,747), land in the amount of \$21,607 (2008 - \$14,566), land improvements in the amount of \$328 (2008 - \$113), and machinery & equipment in the amount of \$132 (2008 - nil).

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

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

**d) Works of Art and Historical Treasures**

The County manages and controls various works of art and non-operational historical cultural assets including artifacts, paintings, and sculptures located at County sites and public display areas. These assets are not recorded as tangible capital assets and are not amortized.

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

The County did not write down any tangible capital assets in 2008 or 2009.

**15. INVESTED IN TANGIBLE CAPITAL ASSETS**

	<u>2009</u>	<u>2008</u>
Tangible Capital Assets - cost	\$ 1,633,254	\$ 1,502,120
Accumulated Amortization	(359,335)	(331,810)
Long-Term Debt	(121,081)	(86,575)
Capital Leases	(5,710)	(5,048)
Loans Receivable	3,448	3,579
	<u>\$ 1,150,576</u>	<u>\$ 1,082,266</u>

The \$7,256 (2008 - \$6,881) of debenture debt principal repayments includes \$131 (2008 - \$123) related to the Pioneer Housing Foundation loan.

**16. ACCUMULATED SURPLUS**

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

	<u>2009</u>	<u>2008</u>
<b>Surplus:</b>		
Unrestricted Surplus (Deficit)	\$ 11,470	\$ (3,415)
Invested in Tangible Capital Assets	1,150,576	1,082,266
	<u>1,162,046</u>	<u>1,078,851</u>
<b>Reserves:</b>		
Operating Reserves	24,785	20,269
Capital Reserves	71,532	50,703
	<u>96,317</u>	<u>70,972</u>
	<u>\$ 1,258,363</u>	<u>\$ 1,149,823</u>

**STRATHCONA COUNTY**  
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**17. PROPERTY TAXES**

	<u>Municipal</u>	<u>Provincial</u>	<u>2009</u>	<u>2008</u>
<b>Property Taxation</b>				
Residential and Farmland	\$ 58,111	\$ 33,105	\$ 91,216	\$ 81,613
Commercial and Industrial	74,535	8,322	82,857	71,772
Electric Power and Pipeline	5,270	1,856	7,126	6,743
Government Grants in Lieu of Taxes	178	53	231	203
Local Improvement Levies	272	-	272	299
Other	1,181	-	1,181	1,161
	<u>\$ 139,547</u>	<u>\$ 43,336</u>	<u>182,883</u>	<u>161,791</u>
<b>Taxes Collected on Behalf of Requisitioning Authorities</b>				
Provincial Alberta School Foundation Fund			37,649	33,339
Elk Island CSRD No. 14			5,687	4,800
Provincial Requisitions			43,336	38,139
Seniors Management Services			1,646	1,626
			<u>44,982</u>	<u>39,765</u>
			<u>\$ 137,901</u>	<u>\$ 122,026</u>

**18. GOVERNMENT TRANSFERS**

	<u>2009</u>	<u>2008</u>
<b>Operating Grants</b>		(Restated - Note 2)
Federal Grants	\$ 117	\$ 225
Provincial Grants	14,138	9,540
	<u>14,255</u>	<u>9,765</u>
<b>Capital Grants (Note 19)</b>		
Federal Grants		
Shared-Cost - CAMRIF	-	1,090
Shared-Cost - ICAP	-	32
Other Grants	2	2,538
Provincial Grants		
Shared-Cost - CAMRIF	-	1,090
Shared-Cost - ICAP	-	32
Other Grants	44,077	35,261
	<u>44,079</u>	<u>40,043</u>
	<u>\$ 58,334</u>	<u>\$ 49,808</u>

The shared-cost agreement government grants were received pursuant to the County's participation in the Canada – Alberta Rural Infrastructure Fund (CAMRIF) and Infrastructure Canada - Alberta Program (ICAP). CAMRIF and ICAP are cost-shared partnerships with each level of government (federal, provincial and local) contributing a one-third share toward the funding of eligible capital projects. Under CAMRIF, the County is eligible for \$3,000 of Federal funding and \$3,000 of Provincial funding over the life of the program (2006 – 2010). The County will contribute \$4,076 (including 100 per cent of related GST) towards one project with a total estimated value of \$10,982. Under ICAP, the County was eligible for \$2,174 of federal funding and \$2,174 of provincial funding over the life of the program (2000 - 2008). The County contributed \$2,654 (including 100 per cent of related GST) toward 18 approved projects with a total estimated value of \$7,002.

The Provincial Government introduced the Alberta Municipal Infrastructure Program (AMIP) Grant in 2005 to assist municipalities in addressing capital infrastructure needs. In 2009, the County received a per capita grant of \$14,452 (2008 - \$14,452). During the year \$28,326 (2008 - \$28,497) which consists of amounts that had been deferred from prior years plus amounts received in 2009 has been recognized in capital grants. In the current year, \$7,089 (2008 - \$20,644), including interest of \$319 (2008 - \$953), has been deferred to future years.

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**18. GOVERNMENT TRANSFERS (CONTINUED)**

The Major Community Facilities Program (MCFP) assists communities to plan, upgrade and develop large community-use facilities and places in order to enhance community life and citizen well being. In 2009, Strathcona County received \$5,270 (2008 – nil) in MCFP Funding, none of which has been recognized in capital grants. A total \$5,293 (2008 – nil), including interest of \$23 (2008 – nil) has been deferred to future years.

The Provincial government provides annual per capita funding, known as the Basic Capital Grant, for eligible capital transportation projects. In 2009, Strathcona County received \$3,565 (2008 - \$3,411), of which \$2,477 (2008 - \$2,602) has been recognized in capital grants. A total of \$6,857 (2008 - \$5,647), including interest of \$122 (2008 - \$173) has been deferred to future years.

The Federal government introduced the New Deal for Cities & Communities initiative in 2005 to transfer federal gas tax revenue to the Province of Alberta to assist in reducing the backlog of necessary sustainable capital municipal infrastructure projects that have been deferred. In 2009, Strathcona County received \$4,628 (2008 – \$4,194), of which \$2,355 (2008 - \$2,538) has been recognized in capital grants. A total of \$10,608 (2008 - \$5,758), including interest of \$223 (2008 - \$80) has been deferred to future years.

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

In 2009, Strathcona County received \$7,619 (2008 - \$9,948) in MSI Capital Funding, of which \$5,608 (2008 – \$3,228) has been recognized in capital grants. A total of \$14,994 (2008 - \$12,731), including interest of \$252 (2008 – \$284) has been deferred to future years.

In 2009, Strathcona County received \$1,462 (2008 - \$1,455) in MSI Conditional Operating Funding. During the year, \$1,322 (2008 – \$1,863) which consists of amounts that had been deferred from prior years plus amounts received in 2009 has been recognized in operating and capital grants. A total of \$753 (2008 - \$600), including interest of \$14 (2008 – \$45) has been deferred to future years.

In 2009, Strathcona County received \$3,877 (2008 – \$5,097) in MSI Affordable Housing Funding, of which \$4,800 (2008 – \$258) has been recognized in operating grants. A total of \$4,062 (2008 – \$4,914), including interest of \$71 (2008 – \$75) has been deferred to future years.

**19. CAPITAL REVENUES**

	<u>2009</u>	<u>2008</u>
Government Grants (Note 18)	\$ 44,079	\$ 40,043
Investment Income	1,405	1,765
Development Levies and Charges	5,949	7,140
Developer Contributions	23	402
Other	1,980	7,085
	<u>\$ 53,436</u>	<u>\$ 56,435</u>

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**20. SALARIES AND BENEFITS DISCLOSURE**

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

	<b>Salaries</b>	<b>Benefits &amp; Allowances</b>	<b>2009</b>	<b>2008</b>
Elected Officials:				
Mayor	\$ 109	\$ 17	\$ 126	\$ 122
Councillor - Ward 1	61	12	73	70
Councillor - Ward 2	61	12	73	71
Councillor - Ward 3	61	14	75	73
Councillor - Ward 4	61	12	73	71
Councillor - Ward 5	61	12	73	70
Councillor - Ward 6	61	14	75	72
Councillor - Ward 7	61	9	70	68
Councillor - Ward 8	61	13	74	72
	<u>\$ 597</u>	<u>\$ 115</u>	<u>\$ 712</u>	<u>\$ 689</u>
Chief Commissioner	<u>\$ 214</u>	<u>\$ 32</u>	<u>\$ 246</u>	<u>\$ 220</u>

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

**21. PENSION PLAN**

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

The County was required to make current service contributions to the Plan of 8.46 per cent (2008 – 7.75 per cent) of pensionable payroll up to the yearly maximum pensionable earnings (YMPE) and 11.66 per cent (2008 – 10.64 per cent) thereafter. Employees of the County are required to make current service contributions of 7.46 per cent (2008 – 6.75 per cent) of pensionable salary up to YMPE, and 10.66 per cent (2008 – 9.64 per cent) thereafter.

Total current service contributions by Strathcona County to LAPP in 2009 were \$5,577 (2008 - \$3,984). Total current service contributions by the employees of Strathcona County to LAPP in 2009 were \$4,962 (2008 - \$3,522).

As stated in their 2008 Annual Report, LAPP serves 189,149 (2007 – 179,188) members and 411 (2007 – 407) employers. It is financed by employer and employee contributions and investment earnings of the LAPP fund. At December 31, 2008, the Plan reported an actuarial deficiency of \$4.4 billion (2007 - \$1.18 billion). The Local Authorities Pension Plan contribution rates will increase by a total of 1.33 per cent of pensionable salary in 2010 (2009 - 1.57 per cent).

**22. FINANCIAL INSTRUMENTS**

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

## **23. COMMITMENTS AND CONTINGENCIES**

### **a) Capital**

As at December 31, 2009, authorized costs on capital projects committed but not expended amounted to \$60,551 (2008 - \$80,140).

### **b) Leases**

The County has ongoing operating leases for building space, office equipment and other miscellaneous equipment. Operating leases are generally for periods of three to five years.

The future minimum lease payments are as follows:

2010	\$ 801
2011	\$ 168
2012	\$ 13

### **c) Legal Disputes**

As at December 31, 2009, the County was involved in various legal disputes. While it is not possible to estimate the outcome of these disputes, management believes that there will be no significant adverse effects on the financial position of the County.

### **d) Development Agreements**

Significant growth within the County has resulted in increased development activities. Developers have entered into agreements with the County in the amount of approximately \$64,495 (2008 - \$79,372) and are committed to installing and constructing certain works to serve the development of lands within the County. The County has taken security from developers in the form of deposit liabilities in the amount of \$5,228 (2008 - \$6,171) and letters of credit in the amount of \$20,275 (2008 - \$25,125) to ensure performance by the developers under the agreements. Security taken by the County is reduced accordingly as the above noted works are constructed.

The County has also entered into development agreements in which they have agreed to reimburse certain Developers for a proportionate share of construction costs of specific projects stated within these agreements. Reimbursements to the Developers are not committed until such time as Council approves the project through the budgetary process. The County's proportionate share of these costs is estimated at \$480 (2008 - \$762).

### **e) Alberta Health Services**

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

## **24. SUBSIDIARY OPERATIONS**

For the year ended December 31, 2009, the County has included the operations of Pioneer Housing Foundation on a modified equity basis.

### **Pioneer Housing Foundation**

Pioneer Housing Foundation (the Foundation) was incorporated under Part 9 of the Alberta Companies Act as a not-for-profit corporation for the purpose of managing seniors' housing projects and other facilities created for use by senior citizens. Pioneer Housing Foundation is wholly owned by the County.

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**24. SUBSIDIARY OPERATIONS (CONTINUED)**

The following information was extracted from the audited financial statements of Pioneer Housing Foundation for the year ended December 31, 2009 and includes Silver Birch Lodge and Clover Bar Lodge, two supportive living lodges owned and operated by the Foundation pursuant to an operating agreement with Senior Management Services.

	<u>2009</u>	<u>2008</u>
Total Assets	\$ 18,196	\$ 9,356
Total Liabilities	<u>(13,832)</u>	<u>(6,864)</u>
Net Assets, Before the Under-Noted	4,364	2,492
Unspent Transfers from the County for the Purchase of Capital Assets	<u>3,060</u>	<u>924</u>
Net Assets	<u><u>\$ 7,424</u></u>	<u><u>\$ 3,416</u></u>

Included in net assets are net assets restricted for future seniors housing of \$2,799 (2008 - \$950) and invested in capital assets \$1,306 (2008 - \$1,313).

Total Revenue	\$ 5,956	\$ 4,224
Total Expenditures	<u>(4,084)</u>	<u>(4,200)</u>
Excess of Revenue over Expenditures, Before the Under-Noted	1,872	24
Unspent Transfers from the County for the Purchase of Capital Assets	<u>2,136</u>	<u>924</u>
Excess of Revenue Over Expenditures	<u><u>\$ 4,008</u></u>	<u><u>\$ 948</u></u>

All financial transactions with Pioneer Housing Foundation are recognized and recorded in the audited financial statements of Strathcona County and in the audited financial statements of the Foundation. For 2009, these transactions consisted of loan payments received from Pioneer Housing Foundation (Note 6).

**25. RELATED ENTITIES FINANCIAL INFORMATION**

**a) Senior Management Services**

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

The following information was extracted from the statement of financial position and statement of operations of Seniors Management Services that have been prepared for the purpose of reporting to Alberta Housing and Urban Affairs for the year ended December 31, 2009, which comprise the individual financial statements of Lakeside Legion Manor, Kiwanis Apple Blossom Manor and Josephburg Homestead Place. The information excludes Silver Birch Lodge and Clover Bar Lodge, whose financial results have been included in the financial statements of Pioneer Housing Foundation.

	<u>2009</u>	<u>2008</u>
Total Assets	\$ 154	\$ 241
Total Liabilities	<u>(87)</u>	<u>(174)</u>
Net Assets	<u><u>\$ 67</u></u>	<u><u>\$ 67</u></u>

Included in net assets are net assets invested in capital assets of \$1 (2008 - \$1).

Total Revenue	\$ 687	\$ 870
Total Expenditures	<u>(656)</u>	<u>(996)</u>
Excess of Revenue Over Expenditures (Expenditures Over Revenue)	<u><u>\$ 31</u></u>	<u><u>\$ (126)</u></u>



**STRATHCONA COUNTY**  
**Notes to Consolidated Financial Statements**  
Year ended December 31, 2009 (in thousands of dollars)

**25. RELATED ENTITIES FINANCIAL INFORMATION (CONTINUED)**

All financial transactions with Seniors Management Services are recognized in the audited financial statements of the County and in the financial statements of Seniors Management Services that have been prepared for the purpose of reporting to Alberta Housing and Urban Affairs. For 2009, these transactions consisted of requisition payments made to Seniors Management Services (Note 17).

**b) Festival Place Society**

Since October 23, 2006, the Festival Place Society (the Society) operated and maintained Festival Place, a multi-use centre for the arts, for the community, and for business. Effective June 30, 2009, the responsibility for operating Festival Place transferred from the Society to the County. The Festival Place facility, which is owned by the County, will now be managed the same way as other County facilities. Accordingly, Festival Place operations are included in these financial statements as part of the County's normal operations.

The following information was extracted from the audited financial statements of Festival Place Society for the year ended June 30, 2009.

	<u>2009</u>	<u>2008</u>
Total Assets	\$ 433	\$ 443
Total Liabilities	(311)	(263)
Net Assets	<u>\$ 122</u>	<u>\$ 180</u>

Included in net assets are net assets invested in capital assets of \$144 (2008 - \$160).

Program Net Revenues	\$ 400	\$ 426
Other Revenues	303	120
Other Expenditures	(760)	(558)
Excess of Expenditures Over Revenues	<u>\$ (57)</u>	<u>\$ (12)</u>

All financial transactions with The Festival Place Society are recognized and recorded in the audited financial statements of the County and in the audited financial statements of the Society. For 2009, these transactions consisted of \$29 (2008 - \$40) of net disbursements to the Society.

**26. SEGMENTED INFORMATION**

Segmented information has been identified based upon types of services provided by the County to its residents. The service types are identified in the Schedule of Consolidated Statement of Operations and Accumulated Surplus by Object.

Certain allocation methodologies are used in the preparation of segmented financial information. Taxation revenues and payments in lieu of taxes are allocated to the segments based on the segment's budgeted net expenditures. User charges and other revenue have been allocated to the segments based upon the segment that generated the revenue. Government transfers have been allocated to the segment based upon the purpose for which the transfer was made. Development charges earned and developer contributions received were allocated to the segment for which the charge was collected.

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

**STRATHCONA COUNTY**  
**Notes to Consolidated Financial Statements**  
Year ended December 31, 2009 (in thousands of dollars)

**26. SEGMENTED INFORMATION (CONTINUED)**

**Schedule of Consolidated Statement of Operations and Accumulated Surplus by Object**  
Year ended December 31, 2009 (in thousands of dollars)

	<b>Municipal Operations</b>	<b>Utility Operations</b>	<b>Library Operations</b>	<b>2009</b>	<b>Budget (Unaudited - Note 27)</b>	<b>2008 (Restated - Note 2)</b>
<b>REVENUES</b>						
Property Taxes	\$ 131,896	\$ 86	\$ 5,919	\$ 137,901	\$ 137,990	\$ 122,026
Government Transfers	13,588	174	493	14,255	6,763	9,765
Utility User Rates	-	39,504	-	39,504	37,991	34,616
User Fees and Charges	30,413	1,691	142	32,246	31,655	29,864
Penalties and Fines	5,226	-	147	5,373	5,175	3,955
Investment Income	2,148	56	29	2,233	1,411	2,742
Subsidiary Operations	4,008	-	-	4,008	-	948
Other	6,351	167	390	6,908	6,022	2,916
<b>TOTAL REVENUES</b>	<b>193,630</b>	<b>41,678</b>	<b>7,120</b>	<b>242,428</b>	<b>227,007</b>	<b>206,832</b>
<b>EXPENSES</b>						
Salaries, Wages and Benefits	86,676	6,052	3,414	96,142	96,568	82,891
Contracted and General Services	35,866	7,605	1,020	44,491	45,916	43,112
Supplies, Materials and Utilities	21,069	14,429	215	35,713	35,341	32,410
Interest on Long-Term Debt	3,699	1,503	82	5,284	5,472	4,737
Grants and Requisitions	6,676	-	(2)	6,674	1,606	2,001
Amortization	31,087	4,817	496	36,400	-	32,337
(Gain) Loss on Asset Disposal	(536)	(103)	-	(639)	-	142
Other Expenses	(1,912)	3,626	78	1,792	1,932	1,203
<b>TOTAL EXPENSES</b>	<b>182,625</b>	<b>37,929</b>	<b>5,303</b>	<b>225,857</b>	<b>186,835</b>	<b>198,833</b>
<b>EXCESS OF REVENUES OVER EXPENSES - BEFORE OTHER</b>	<b>11,005</b>	<b>3,749</b>	<b>1,817</b>	<b>16,571</b>	<b>40,172</b>	<b>7,999</b>
<b>OTHER</b>						
Capital Revenues	45,195	8,192	49	53,436	91,554	56,435
Contributed Assets	37,161	1,372	-	38,533	-	29,486
<b>ANNUAL SURPLUS</b>	<b>93,361</b>	<b>13,313</b>	<b>1,866</b>	<b>108,540</b>	<b>131,726</b>	<b>93,920</b>
<b>ACCUMULATED SURPLUS, BEGINNING OF YEAR</b>	<b>932,911</b>	<b>212,248</b>	<b>4,664</b>	<b>1,149,823</b>	<b>1,149,823</b>	<b>1,055,903</b>
<b>ACCUMULATED SURPLUS, END OF YEAR</b>	<b>\$ 1,026,272</b>	<b>\$ 225,561</b>	<b>\$ 6,530</b>	<b>\$ 1,258,363</b>	<b>\$ 1,281,549</b>	<b>\$ 1,149,823</b>

**27. BUDGET DATA**

The unaudited budget data presented in these statements is based on the 2009 operating and capital budget approved by Council on December 9, 2008. Amortization, contributed tangible capital assets, gain or loss on sale of tangible capital assets and subsidiary operations was not contemplated on development of the budget and, as such, has not been included.

**28. COMPARATIVE FIGURES**

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