

**STRATHCONA COUNTY**  
**CONSOLIDATED**  
**FINANCIAL STATEMENTS**  
*Year ended December 31, 2008*

**STRATHCONA COUNTY**  
**Consolidated Financial Statements**  
Year ended December 31, 2008

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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 11, 2009



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## 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, 2008 and the consolidated statements of financial activities and change in fund balances and changes in financial position 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, 2008 and the results of its financial activities and the changes in its financial position for the year then ended in accordance with Canadian generally accepted accounting principles.

*KPMG LLP*

Chartered Accountants

Edmonton, Canada  
March 11, 2009, except  
as to note 23 which is  
as of April 1, 2009

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, 2008 (in thousands of dollars)

	<u>2008</u>	<u>2007</u>
<b>ASSETS</b>		
<b>Financial Assets</b>		
Cash and Temporary Investments (Note 2)	\$ 147,395	\$ 113,963
Receivables		
Property Taxes	3,113	1,348
Government Grants	2,484	6,825
Trade and Other	13,242	14,584
Development Levies and Charges	3,539	21,792
Land Held for Resale (Note 3)	2,504	3,045
Prepaid Expenses and Deferred Charges	1,332	1,294
Loans Receivable (Note 4)	5,079	5,202
Long-Term Investments (Note 5)	42,662	39,302
Investment in Subsidiaries (Note 21)	3,416	2,468
	<u>\$ 224,766</u>	<u>209,823</u>
<b>Physical Assets</b>		
Inventory	532	429
Capital Assets (Note 6)	702,776	605,447
	<u>703,308</u>	<u>605,876</u>
<b>Total Assets</b>	<u>\$ 928,074</u>	<u>\$ 815,699</u>
<b>LIABILITIES AND MUNICIPAL EQUITY</b>		
<b>Liabilities</b>		
Demand Loan Payable (Note 7)	\$ -	\$ 1,000
Accounts Payable and Accrued Liabilities	32,211	24,978
Deposit Liabilities (Note 8)	18,839	15,946
Deferred Revenue (Note 9)	101,191	103,395
Provision for Landfill Post-Closure Costs (Note 10)	1,921	1,968
Capital Leases (Note 11)	5,048	6,804
Long-Term Debt (Note 12)	86,575	79,806
	<u>245,785</u>	<u>233,897</u>
<b>Municipal Equity</b>		
Fund Balances		
Operating Fund (Schedule 1)	4,109	3,077
Capital Fund (Schedule 2)	(7,524)	(8,156)
Reserves (Schedule 3)	70,972	64,342
	<u>67,557</u>	<u>59,263</u>
Equity in Capital Assets (Schedule 4)	614,732	522,539
	<u>682,289</u>	<u>581,802</u>
<b>Total Liabilities and Municipal Equity</b>	<u>\$ 928,074</u>	<u>\$ 815,699</u>
Commitments and Contingencies (Note 20)		
See accompanying notes to consolidated financial statements.		

**STRATHCONA COUNTY**  
**Consolidated Statement of Financial Activities and Change in Fund Balances**  
Year ended December 31, 2008 (in thousands of dollars)

	<b>2008</b>	<b>Budget</b> (Unaudited)	<b>2007</b>
<b>Revenues</b>			
Property Taxes (Note 15)	\$ 122,026	\$ 121,449	\$ 105,246
Government Grants (Note 16)	49,808	36,018	17,857
Utility User Rates	34,616	34,759	30,498
User Fees and Charges	29,864	31,238	29,308
Penalties and Fines	3,955	3,964	3,741
Investment Income	4,507	3,077	4,966
Subsidiary Operations (Note 21)	948	-	145
Development Levies and Charges	7,140	5,947	1,489
Proceeds on Sale of Physical Assets	217	-	646
Developer Contributions and Community Sponsorship	407	4,153	2,256
Other	9,941	4,561	6,709
<b>Total Revenues</b>	<b>263,429</b>	<b>245,166</b>	<b>202,861</b>
<b>Expenditures</b>			
<b>Infrastructure and Planning Services</b>			
Economic Development & Tourism	715	833	789
Engineering & Environmental Planning	36,098	38,563	33,569
Planning & Development Services	9,846	12,007	10,721
Transportation & Agriculture Services	26,821	29,704	24,879
Utilities	38,046	152,485	30,175
	<b>111,526</b>	<b>233,592</b>	<b>100,133</b>
<b>Community Services</b>			
Emergency Services	15,707	14,921	13,017
Family & Community Services	5,320	5,320	4,608
Strathcona Transit	12,574	13,624	14,994
RCMP & Enforcement Services	13,519	13,246	11,648
Recreation, Parks & Culture	28,452	27,828	31,692
	<b>75,572</b>	<b>74,939</b>	<b>75,959</b>
<b>Corporate Services</b>	<b>58,806</b>	<b>38,705</b>	<b>29,493</b>
<b>Senior Administration</b>	<b>3,379</b>	<b>2,926</b>	<b>2,435</b>
<b>Elected Officials</b>	<b>1,081</b>	<b>1,086</b>	<b>879</b>
<b>Fiscal Services</b>	<b>4,897</b>	<b>3,731</b>	<b>5,601</b>
<b>Strathcona County Library</b>	<b>5,010</b>	<b>4,772</b>	<b>4,498</b>
	<b>73,173</b>	<b>51,220</b>	<b>42,906</b>
<b>Total Expenditures</b>	<b>260,271</b>	<b>359,751</b>	<b>218,998</b>
<b>Excess (Deficiency) of Revenues over Expenditures</b>	<b>3,158</b>	<b>(114,585)</b>	<b>(16,137)</b>
Capital Leases Issued	-	-	5,500
Long-Term Debt Issued	13,650	117,566	16,300
Loan Funds Repaid	123	123	116
Capital Leases Repaid	(1,756)	(1,388)	(1,551)
Long-Term Debt Repaid	(6,881)	(6,928)	(6,126)
<b>Change in Fund Balances</b>	<b>8,294</b>	<b>(5,212)</b>	<b>(1,898)</b>
<b>Opening Balances</b>	<b>59,263</b>	<b>59,263</b>	<b>61,161</b>
<b>Closing Balances</b>	<b>\$ 67,557</b>	<b>\$ 54,051</b>	<b>\$ 59,263</b>

See accompanying notes to consolidated financial statements.

**STRATHCONA COUNTY**  
**Consolidated Statement of Changes in Financial Position**  
Year ended December 31, 2008 (in thousands of dollars)

	<u>2008</u>	<u>2007</u>
Cash provided by (used in):		
<b>Operating Activities</b>		
Excess (Deficiency) of Revenues over Expenditures	\$ 3,158	\$ (16,137)
Deduct item not affecting cash:		
Subsidiary Operations	(948)	(145)
Change in non-cash items:		
(Increase) Decrease in Non-Cash Financial Assets		
Property Taxes Receivable	(1,765)	1,126
Government Grants Receivable	4,341	(6,097)
Trade and Other Receivables	1,342	1,565
Development Levies and Charges	18,253	(13,540)
Land Held for Resale	541	322
Prepaid Expenses and Deferred Charges	(38)	(156)
Increase (Decrease) in Non-Cash Liabilities		
Accounts Payable and Accrued Liabilities	7,233	1,453
Deposit Liabilities	2,893	4,026
Deferred Revenue	(2,204)	43,228
Provision for Landfill Post-Closure Costs	(47)	(20)
Decrease (Increase) in Inventory	(103)	65
<b>Cash from Operations</b>	<u>32,656</u>	<u>15,690</u>
<b>Investing Activities</b>		
Decrease in Loans Receivable	123	116
(Increase) in Long-Term Investments	(3,360)	(17,733)
<b>Cash from Investing</b>	<u>(3,237)</u>	<u>(17,617)</u>
<b>Financing Activities</b>		
Demand Loan Repaid	(1,000)	-
Capital Leases Issued	-	5,500
Long-Term Debt Issued	13,650	16,300
Capital Leases Repaid	(1,756)	(1,551)
Long-Term Debt Repaid	(6,881)	(6,126)
<b>Cash from Financing</b>	<u>4,013</u>	<u>14,123</u>
<b>Change in Cash and Temporary Investments</b>	<u>33,432</u>	<u>12,196</u>
<b>Opening Balance</b>	<u>113,963</u>	<u>101,767</u>
<b>Closing Balance</b>	<u>\$ 147,395</u>	<u>\$ 113,963</u>

See accompanying notes to consolidated financial statements.

**STRATHCONA COUNTY**  
**Schedule of Operating Fund Activities**  
Year ended December 31, 2008 (in thousands of dollars)

	<b>2008</b>	<b>Budget</b> (Unaudited)	<b>2007</b>
<b>Revenues</b>			
Property Taxes (Note 15)	\$ 122,026	\$ 121,449	\$ 105,246
Government Grants (Note 16)	9,358	7,421	8,040
Utility User Rates	34,616	34,759	30,498
User Fees and Charges	29,864	31,238	29,308
Penalties and Fines	3,955	3,964	3,741
Investment Income	2,742	3,077	3,321
Subsidiary Operations (Note 21)	948	-	145
Other	2,200	1,545	3,226
<b>Total Revenues</b>	<b>205,709</b>	<b>203,453</b>	<b>183,525</b>
<b>Expenditures</b>			
<b>Infrastructure and Planning Services</b>			
Economic Development & Tourism	715	833	789
Engineering & Environmental Planning	4,574	4,271	3,613
Planning & Development Services	4,884	6,417	5,424
Transportation & Agriculture Services	16,262	17,433	14,450
Utilities	28,844	31,206	27,569
	<b>55,279</b>	<b>60,160</b>	<b>51,845</b>
<b>Community Services</b>			
Emergency Services	15,315	14,103	12,854
Family & Community Services	5,320	5,320	4,608
Strathcona Transit	12,540	13,615	10,410
RCMP & Enforcement Services	13,402	13,196	11,527
Recreation, Parks & Culture	26,648	26,091	25,691
	<b>73,225</b>	<b>72,325</b>	<b>65,090</b>
<b>Corporate Services</b>	<b>20,298</b>	<b>21,089</b>	<b>19,041</b>
<b>Senior Administration</b>	<b>3,379</b>	<b>2,926</b>	<b>2,435</b>
<b>Elected Officials</b>	<b>1,081</b>	<b>1,086</b>	<b>879</b>
<b>Fiscal Services</b>	<b>4,897</b>	<b>3,731</b>	<b>5,601</b>
<b>Strathcona County Library</b>	<b>4,566</b>	<b>4,667</b>	<b>4,224</b>
	<b>34,221</b>	<b>33,499</b>	<b>32,180</b>
<b>Total Expenditures</b>	<b>162,725</b>	<b>165,984</b>	<b>149,115</b>
<b>Excess of Revenues over Expenditures</b>	<b>42,984</b>	<b>37,469</b>	<b>34,410</b>
Interfund Transfers:			
From Capital Fund	2,938	2,921	1,788
From Reserve Fund	7,319	4,523	7,733
To Capital Fund	(16,813)	(19,021)	(11,935)
To Reserve Fund	(26,882)	(17,699)	(24,213)
Loan Funds Repaid	123	123	116
Capital Leases Repaid	(1,756)	(1,388)	(1,551)
Long-Term Debt Repaid	(6,881)	(6,928)	(6,126)
<b>Change in Fund Balance</b>	<b>1,032</b>	<b>-</b>	<b>222</b>
<b>Opening Balance</b>	<b>3,077</b>	<b>3,077</b>	<b>2,855</b>
<b>Closing Balance</b>	<b>\$ 4,109</b>	<b>\$ 3,077</b>	<b>\$ 3,077</b>

See accompanying notes to consolidated financial statements.



**STRATHCONA COUNTY**  
**Schedule of Capital Fund Activities**  
Year ended December 31, 2008 (in thousands of dollars)

	<u>2008</u>	<u>Budget</u> (Unaudited)	<u>2007</u>
<b>Revenues</b>			
Government Grants (Note 16)	\$ 40,450	\$ 28,597	\$ 9,817
Investment Income	1,765	-	1,645
Development Levies and Charges	7,140	5,947	1,489
Proceeds from Disposal of Physical Assets	217	-	646
Developer Contributions and Community Sponsorship	407	4,153	2,256
Other	7,741	3,016	3,483
<b>Total Revenues</b>	<u>57,720</u>	<u>41,713</u>	<u>19,336</u>
<b>Expenditures</b>			
<b>Infrastructure &amp; Planning Services</b>			
Engineering & Environmental Planning	31,524	34,292	29,956
Planning & Development Services	4,962	5,590	5,297
Transportation & Agriculture Services	10,559	12,271	10,429
Utilities	9,202	121,279	2,606
	<u>56,247</u>	<u>173,432</u>	<u>48,288</u>
<b>Community Services</b>			
Emergency Services	392	818	163
Strathcona Transit	34	9	4,584
RCMP & Enforcement Services	117	50	121
Recreation Parks & Culture	1,804	1,737	6,001
	<u>2,347</u>	<u>2,614</u>	<u>10,869</u>
<b>Corporate Services</b>	38,508	17,616	10,452
<b>Strathcona County Library</b>	444	105	274
	<u>38,952</u>	<u>17,721</u>	<u>10,726</u>
<b>Total Expenditures</b>	<u>97,546</u>	<u>193,767</u>	<u>69,883</u>
<b>Deficiency of Revenues over Expenditures</b>	<b>(39,826)</b>	<b>(152,054)</b>	<b>(50,547)</b>
Interfund Transfers:			
From Operating Fund	16,813	19,021	11,935
From Reserve Fund	20,831	18,388	17,350
To Operating Fund	(2,938)	(2,921)	(1,788)
To Reserve Fund	(7,898)	-	(3,693)
Capital Leases Issued	-	-	5,500
Long-Term Debt Issued	13,650	117,566	16,300
<b>Change in Fund Balance</b>	632	-	(4,943)
<b>Opening Balance</b>	<u>(8,156)</u>	<u>(8,156)</u>	<u>(3,213)</u>
<b>Closing Balance</b>	<u>\$ (7,524)</u>	<u>\$ (8,156)</u>	<u>\$ (8,156)</u>

See accompanying notes to consolidated financial statements.

## STRATHCONA COUNTY

## Schedule of Reserves

Year ended December 31, 2008 (in thousands of dollars)

	<u>Operating</u>	<u>Capital</u>	<u>2008</u>	<u>2007</u>
<b>Opening Balance</b>	<u>\$ 18,415</u>	<u>\$ 45,927</u>	<u><b>\$ 64,342</b></u>	<u>\$ 61,519</u>
<b>Add (Deduct):</b>				
Transfer From Operating Fund	7,909	18,973	<b>26,882</b>	24,213
Transfer To Operating Fund	<u>(4,220)</u>	<u>(3,099)</u>	<u><b>(7,319)</b></u>	<u>(7,733)</u>
Net Transfer From Operating Fund	<u>3,689</u>	<u>15,874</u>	<u><b>19,563</b></u>	<u>16,480</u>
Transfer From Capital Fund	-	7,898	<b>7,898</b>	3,693
Transfer To Capital Fund	<u>(1,835)</u>	<u>(18,996)</u>	<u><b>(20,831)</b></u>	<u>(17,350)</u>
Net Transfer To Capital Fund	<u>(1,835)</u>	<u>(11,098)</u>	<u><b>(12,933)</b></u>	<u>(13,657)</u>
<b>Change in Fund Balance</b>	<u>1,854</u>	<u>4,776</u>	<u><b>6,630</b></u>	<u>2,823</u>
<b>Closing Balance</b>	<u><u>\$ 20,269</u></u>	<u><u>\$ 50,703</u></u>	<u><u><b>\$ 70,972</b></u></u>	<u><u>\$ 64,342</u></u>

See accompanying notes to consolidated financial statements.

**STRATHCONA COUNTY**  
**Schedule of Equity in Capital Assets**  
Year ended December 31, 2008 (in thousands of dollars)

	<u>2008</u>	<u>2007</u>
<b>Acquisition of Capital Assets</b>		
Land and Improvements	\$ 3,590	\$ 2,206
Buildings	28,625	13,420
Engineering Structures	49,880	42,757
Vehicles	8,516	6,018
Machinery and Equipment	6,935	5,482
	<u>97,546</u>	<u>69,883</u>
<b>Disposal of Capital Assets</b>		
Vehicles	(43)	(64)
Machinery & Equipment	(174)	(582)
	<u>(217)</u>	<u>(646)</u>
<b>Capital Financing</b>		
Long-Term Debt Issued	(13,650)	(16,300)
Long-Term Debt Repaid	6,758	6,010
Capital Leases Issued	-	(5,500)
Capital Leases Repaid	1,756	1,551
	<u>(5,136)</u>	<u>(14,239)</u>
<b>Change in Equity Balance</b>	<u>92,193</u>	<u>54,998</u>
<b>Opening Balance</b>	<u>522,539</u>	<u>467,541</u>
<b>Closing Balance (Note 14)</b>	<u><u>\$ 614,732</u></u>	<u><u>\$ 522,539</u></u>

See accompanying notes to consolidated financial statements.

**STRATHCONA COUNTY**  
**Schedule of Operating Fund Activities by Object**  
Year ended December 31, 2008 (in thousands of dollars)

	<b>Municipal Services</b>	<b>Utility Services</b>	<b>Library Services</b>	<b>2008</b>	<b>Budget (Unaudited)</b>	<b>2007</b>
<b>Revenues</b>						
Property Taxes (Note 15)	\$ 116,797	\$ 118	\$ 5,111	\$ 122,026	\$ 121,449	\$ 105,246
Government Grants (Note 16)	8,661	211	486	9,358	7,421	8,040
Utility User Rates	-	34,616	-	34,616	34,759	30,498
User Fees and Charges	28,395	1,328	141	29,864	31,238	29,308
Penalties and Fines	3,808	-	147	3,955	3,964	3,741
Investment Income	2,589	128	25	2,742	3,077	3,321
Subsidiary Operations (Note 21)	948	-	-	948	-	145
Other	1,997	66	137	2,200	1,545	3,226
<b>Total Revenues</b>	<b>163,195</b>	<b>36,467</b>	<b>6,047</b>	<b>205,709</b>	<b>203,453</b>	<b>183,525</b>
<b>Expenditures</b>						
Salaries and Wages	64,000	4,640	2,621	71,261	67,470	61,492
Employee Benefits	10,218	775	458	11,451	11,865	9,541
Training and Development	1,365	112	36	1,513	1,694	1,471
Business Expenses	1,002	46	2	1,050	942	853
Advertising, Printing and Distribution	1,471	144	72	1,687	1,793	1,675
Professional Services	2,628	262	81	2,971	2,746	3,516
Insurance	1,553	-	-	1,553	1,543	1,431
Rentals and Leases	1,544	162	437	2,143	1,949	1,871
Contracted Services	21,550	4,385	94	26,029	30,561	25,773
Supplies and Materials	12,376	12,244	425	25,045	25,074	22,484
Repairs and Maintenance	1,883	1,272	113	3,268	3,615	3,193
Equipment Purchases	1,609	122	70	1,801	1,646	2,535
Utilities	5,365	-	65	5,430	6,408	5,706
Telecommunications	534	95	16	645	656	601
Interest on Debt	3,446	1,290	-	4,736	4,901	4,388
Grants and Requisitions	2,000	-	-	2,000	1,528	1,541
Interprogram	(4,042)	3,197	70	(775)	-	(122)
Other	814	98	5	917	1,593	1,166
<b>Total Expenditures</b>	<b>129,316</b>	<b>28,844</b>	<b>4,565</b>	<b>162,725</b>	<b>165,984</b>	<b>149,115</b>
<b>Excess of Revenues over Expenditures</b>	<b>33,879</b>	<b>7,623</b>	<b>1,482</b>	<b>42,984</b>	<b>37,469</b>	<b>34,410</b>
Interfund Transfers:						
From Capital Fund	2,884	54	-	2,938	2,921	1,788
From Reserve Fund	6,405	917	(3)	7,319	4,523	7,733
To Capital Fund	(15,904)	(909)	-	(16,813)	(19,021)	(11,935)
To Reserve Fund	(19,496)	(5,973)	(1,413)	(26,882)	(17,699)	(24,213)
Loan Funds Repaid	123	-	-	123	123	116
Capital Leases Repaid	(1,756)	-	-	(1,756)	(1,388)	(1,551)
Long-Term Debt Repaid	(5,123)	(1,692)	(66)	(6,881)	(6,928)	(6,126)
<b>Change in Fund Balance</b>	<b>1,012</b>	<b>20</b>	<b>-</b>	<b>1,032</b>	<b>-</b>	<b>222</b>
<b>Opening Balance</b>	<b>2,830</b>	<b>247</b>	<b>-</b>	<b>3,077</b>	<b>3,077</b>	<b>2,855</b>
<b>Closing Balance</b>	<b>\$ 3,842</b>	<b>\$ 267</b>	<b>\$ -</b>	<b>\$ 4,109</b>	<b>\$ 3,077</b>	<b>\$ 3,077</b>

See accompanying notes to consolidated financial statements.

**STRATHCONA COUNTY**  
**Notes to Consolidated Financial Statements**  
Year ended December 31, 2008 (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, R.S.A. 2000, c. M-26, as amended (MGA).

**1. SIGNIFICANT ACCOUNTING POLICIES**

The consolidated financial statements of Strathcona County (the County) are the representations of management prepared in accordance with local government accounting standards established by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants (CICA). Significant aspects of the accounting policies adopted by Strathcona County are as follows:

**a) Reporting Entity**

The consolidated financial statements reflect the assets, liabilities, revenues, expenditures, and changes in fund balances and financial position of the reporting entity which comprises all of the organizations that are accountable for the administration of their financial affairs and resources to Strathcona County Council. They include the following:

- Strathcona County Municipal operations
- Strathcona County Utility operations
- Strathcona County Library operations

Interdepartmental and interorganizational transactions are eliminated. The summary of municipal and provincial property taxes levied (Note 15) also includes requisitions for education purposes and for Seniors Management Services. Education property taxes were levied on behalf of the Province of Alberta and requisitions were paid to the Provincial Alberta School Foundation Fund and Elk Island Catholic School Regional District No. 41. Property taxes were also levied on behalf of Seniors Management Services and a requisition amount was paid to Seniors Management Services. These external organizations are not part of the municipal reporting entity.

In accordance with the CICA Public Sector Accounting Handbook section 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 (Note 21). Under the modified equity basis, the business enterprise's accounting principles are not adjusted to conform with those of Strathcona County, and inter-organizational transactions and balances are not eliminated.

**b) Related Entities**

Strathcona 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 (Note 22).

Strathcona 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 (Note 22).

Strathcona County is also a member of various utility commissions. The Province of Alberta, under Regulation, 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 companies that Strathcona County is a member of are recognized and recorded in the audited financial statements of Strathcona County. These transactions are in the normal course of operations and are measured at the exchange amounts, which is the amount of consideration established and agreed to by the related parties.

**STRATHCONA COUNTY**  
**Notes to Consolidated Financial Statements**  
Year ended December 31, 2008 (in thousands of dollars)

**c) Financial Statement Presentation**

The 2008 Council approved budget figures have been included for the Consolidated Statement of Financial Activities and Change in Fund Balances, the Schedule of Operating Fund Activities, the Schedule of Capital Fund Activities, and the Schedule of Operating Fund Activities by Object. The 2008 budget figures have not been included for the Schedule of Reserves.

**d) Basis of Accounting**

The accrual basis of accounting is followed in the financial statement presentation. Revenues are recognized in the period in which the transactions or events occur. Funds from external parties and earnings thereon restricted by agreement or legislation are accounted for as deferred revenue until used for the purpose specified. Expenditures are recognized in the period the goods and services are acquired and a liability is incurred or transfers are due.

**e) Fund Accounting**

Funds within the consolidated financial statements consist of the operating, capital and reserve funds. Transfers between funds are recorded as adjustments to the appropriate equity account.

Interest payments on long-term capital debt and capital leases are recorded as operating fund expenditures. Capital fund debt and capital lease principal payments represent an increase in equity in capital assets and are therefore identified separately on the Consolidated Statement of Financial Activities and Change in Fund Balances.

The operating and capital funds are further segregated by functions which relate to specific areas of activity.

**f) Cash and Temporary Investments**

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

**g) 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.

**h) Long-Term 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.

**i) Inventory**

Inventory 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 net realizable value with cost determined by the average cost method.

**j) Capital Assets**

Capital assets are reported as capital fund expenditures in the period they are acquired. Capital assets are reported at cost. Government contributions for the acquisition of capital assets are reported as capital fund revenues and do not reduce the related capital asset costs. Capital assets are not depreciated.

**k) Tangible Capital Assets**

January 1, 2007, Strathcona County adopted Accounting Guideline 7 (PSG-7) of the Public Sector Accounting Handbook of the CICA with respect to the disclosure of tangible capital assets of local governments. PSG-7 provides transitional guidance on presenting information related to tangible capital assets until Section 3150 – Tangible Capital Assets of the Public Sector Accounting Handbook comes into effect on January 1, 2009.

In 2008, Strathcona County continued to work towards compliance with the new recommendations for accounting for tangible capital assets. A listing of assets and values for land, land improvements, buildings, engineered structures, vehicles, machinery and equipment has been prepared to December 31, 2007. Completion of asset acquisitions, disposals and any write-downs in 2008 and 2009 is in progress.

**STRATHCONA COUNTY**  
**Notes to Consolidated Financial Statements**  
Year ended December 31, 2008 (in thousands of dollars)

**l) 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.

**m) Government Grants**

Government grants 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) Deferred Revenue**

Deferred revenue consists of conditional government grants, unearned revenues and development levies. Deferred revenue is treated as restricted assets and revenues. As such, revenues are recognized as earned in the year that the related expenditures are incurred. These revenues and expenditures are recorded in the Operating Fund and Capital Fund.

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.

**o) Equity in Capital Assets**

Equity in capital assets represents Strathcona County's net investment in capital assets, after deducting the portion financed by third parties through debentures, long-term capital borrowings, capitalized leases and other capital liabilities.

**p) Reserves for Future Expenditures**

Reserves are established at the discretion of Council to set aside certain amounts for future operating and capital purposes. Operating reserves are those which are generally established to fund one-time expenditures of an operating nature. Capital reserves are those which are generally established to fund one-time expenditures of a capital nature; the majority of which are committed to a specific purpose. Reserves financed from external sources, with the exception of the Capital Debt Reduction Reserve, are credited with interest based on the County's average rate of return on investments.

All revenues and expenditures are recorded in the period in which the events occur as either Operating Fund or Capital Fund transactions. Strathcona County prepares an annual budget, however, unanticipated unbudgeted events will occur. In many cases, transfers to and from reserves are a result of these unanticipated events. Transfers to and/or from reserves are reflected as adjustments to the respective fund.

**q) Overlevies and Underlevies**

Overlevies and underlevies arise from the difference between the actual levy made to provide for each requisition and the actual 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 amount, the underlevy is accrued as a receivable and property tax revenue is increased.

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

**STRATHCONA COUNTY**  
**Notes to Consolidated Financial Statements**  
Year ended December 31, 2008 (in thousands of dollars)

**r) Use of Estimates**

The preparation of financial statements, in conformity with generally accepted accounting principles, 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 expenditure during the period. Where measurement uncertainty exists, the financial statements have been prepared within reasonable limits of materiality. Actual results could differ from those estimates.

**2. CASH AND TEMPORARY INVESTMENTS**

	<u>2008</u>	<u>2007</u>
Cash (Bank Overdraft)	<b>\$ (3,059)</b>	\$ 3,198
Term Deposits, Bankers' Acceptances, Bankers' Deposit Notes, Treasury Bills, Promissory Notes, and Commercial Paper (TD Bank Created), at cost	<b>150,454</b>	110,765
	<u><b>\$ 147,395</b></u>	<u><b>\$ 113,963</b></u>

Temporary investments have effective interest rates of 1.42 to 3.66 per cent (2007 – 4.44 to 5.18 per cent) and mature in less than one year.

**3. LAND HELD FOR RESALE**

	<u>2008</u>	<u>2007</u>
Land Held for Resale	<u><b>\$ 2,504</b></u>	<u><b>\$ 3,045</b></u>

Strathcona 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. Grants 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.

**4. LOANS RECEIVABLE**

	<u>2008</u>	<u>2007</u>
Due from University of Alberta	<b>\$ 1,500</b>	\$ 1,500
Due from Pioneer Housing Foundation	<b>3,579</b>	3,702
	<u><b>\$ 5,079</b></u>	<u><b>\$ 5,202</b></u>

**a) University of Alberta**

Strathcona County has 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. The loan amount, secured by a letter of credit, is subject to demand repayment on 30 days notice, and is scheduled to be repaid when the aggregate value of the funds in the Unitized Endowment Fund exceeds \$2,500.

Annually, 50 per cent of the Spending Allocation or \$38, whichever is greater, is distributed to the County. The balance of the Spending Allocation is distributed to the Endowment Program designated by the County. The Spending Allocation represents a portion of the annual earnings generated by the funds in the Unitized Endowment Pool.



**STRATHCONA COUNTY**  
**Notes to Consolidated Financial Statements**  
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The annual distribution to the County is payable after the completion of the University's fiscal year, March 31. For the year ended December 31, 2008, earnings of \$38 (2007 - \$38) have been recognized in the operating fund as interest income.

**b) Pioneer Housing Foundation**

In 1999, Strathcona 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, \$123 (2007 - \$116) of the payments received relate to the long-term principal portion.

**5. LONG-TERM INVESTMENTS**

	<b>2008</b>		<b>2007</b>	
	<b>Carrying Amount</b>	<b>Market Value</b>	<b>Carrying Amount</b>	<b>Market Value</b>
Fixed Income:				
Government Guaranteed Bonds	<b>\$ 38,165</b>	<b>\$ 40,677</b>	\$ 33,650	\$ 34,980
Corporate Bonds	<b>4,497</b>	<b>4,372</b>	5,652	5,645
	<b><u>\$ 42,662</u></b>	<b><u>\$ 45,049</u></b>	<b><u>\$ 39,302</u></b>	<b><u>\$ 40,625</u></b>

Government and corporate bonds have effective interest rates of zero to 5.55 per cent (2007 – zero to 5.67 per cent) with maturity dates from June 2009 to June 2037 (2007 – February 2008 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 \$1,366 (2007 - \$2,241) which has been included in Trade and Other Receivables.

**6. CAPITAL ASSETS**

	<b>2008</b>	<b>2007</b>
Land and Improvements	<b>\$ 26,904</b>	\$ 23,314
Buildings	<b>161,081</b>	132,456
Engineering Structures	<b>406,405</b>	356,525
Vehicles	<b>55,345</b>	46,872
Machinery and Equipment	<b>53,041</b>	46,280
	<b><u>\$ 702,776</u></b>	<b><u>\$ 605,447</u></b>

**STRATHCONA COUNTY**  
**Notes to Consolidated Financial Statements**  
Year ended December 31, 2008 (in thousands of dollars)

**7. DEMAND LOAN PAYABLE**

	<u>2008</u>	<u>2007</u>
Demand Loan Payable	<u>\$ -</u>	<u>\$ 1,000</u>

Demand loan payable was issued on the credit and security of Strathcona County at large and bore interest at prime minus 0.5 per cent. The demand loan available for use is \$2,449.

**8. DEPOSIT LIABILITIES**

	<u>2008</u>	<u>2007</u>
Security Deposits	\$ 15,995	\$ 12,009
Overlevies	525	2,444
Damage Deposits	97	132
Land Deposits	24	531
Other Deposits	2,198	830
	<u>\$ 18,839</u>	<u>\$ 15,946</u>

**9. DEFERRED REVENUE**

	<u>2008</u>	<u>2007</u>
Capital:		
Alberta Municipal Infrastructure Program (Provincial Conditional Grant)	\$ 20,644	\$ 33,737
Basic Capital Grant (Provincial Conditional Grant)	5,647	4,665
Municipal Sustainability Grant (Provincial Conditional Grant)	12,731	5,727
New Deal for Cities & Communities (Federal Conditional Grant)	5,758	4,023
Other	2,556	1,054
	<u>47,336</u>	<u>49,206</u>
Operating	8,052	3,140
Development Levies and Charges	45,803	51,049
	<u>\$ 101,191</u>	<u>\$ 103,395</u>

Deferred revenue comprises the funds noted above, 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. Certain deferred revenues relate to government grants as further described in Note 16.

**10. 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.

The liability for the closure and post-closure care of two County decommissioned landfill sites is estimated to amount to \$1,921 (2007 - \$1,968).

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.

**STRATHCONA COUNTY**  
**Notes to Consolidated Financial Statements**  
Year ended December 31, 2008 (in thousands of dollars)

**11. CAPITAL LEASES**

	<u>2008</u>	<u>2007</u>
Capital Leases	<u>\$ 5,048</u>	<u>\$ 6,804</u>

Capital leases have been issued on the credit and security of Strathcona County at large. Capital leases bear interest at rates ranging from 5.12 to 7.00 per cent (2007 – 5.12 to 7.00 per cent) and mature in periods 2009 to 2012.

Capital lease principal and interest payments are due as follows:

<b>Municipal Operations</b>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$ 1,534	\$ 265	\$ 1,799
2010	1,435	176	1,611
2011	1,256	95	1,351
2012	823	28	851
	<u>\$ 5,048</u>	<u>\$ 564</u>	<u>\$ 5,612</u>

**12. LONG-TERM DEBT**

	<u>2008</u>	<u>2007</u>
Tax-supported Debentures – Municipal	<u>\$ 26,648</u>	\$ 28,968
Tax-supported Debentures – Library	<u>-</u>	65
	<u>26,648</u>	<u>29,033</u>
Non Tax-supported Debentures – Municipal	<u>28,638</u>	22,069
Non Tax-supported Debentures – Utility	<u>27,710</u>	25,002
Non Tax-supported Debentures – Pioneer Housing Foundation (Note 4)	<u>3,579</u>	3,702
	<u>59,927</u>	<u>50,773</u>
Total Long-Term Debt	<u>\$ 86,575</u>	<u>\$ 79,806</u>

Debenture debt has been issued on the credit and security of Strathcona 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 12.00 per cent (before Provincial subsidy), and matures in periods 2009 through 2033. 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:

<b>Municipal, Utility &amp; Library Operations</b>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$ 7,117	\$ 4,615	\$ 11,732
2010	7,188	4,195	11,383
2011	7,499	3,788	11,287
2012	7,923	3,365	11,288
2013	8,090	2,917	11,007
Thereafter	48,758	12,019	60,777
	<u>\$ 86,575</u>	<u>\$ 30,899</u>	<u>\$ 117,474</u>

**STRATHCONA COUNTY**  
**Notes to Consolidated Financial Statements**  
Year ended December 31, 2008 (in thousands of dollars)

**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 Strathcona County be disclosed as follows:

	<u>2008</u>	<u>2007</u>
Total Debt Limit	\$ 326,849	\$ 282,431
Total Debt	91,623	87,610
Percentage Used	28.0%	31.0%
Service on Debt Limit	\$ 54,475	\$ 47,071
Service on Debt	13,531	14,483
Percentage Used	24.8%	31.0%

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.

**14. EQUITY IN CAPITAL ASSETS**

	<u>2008</u>	<u>2007</u>
Capital assets	\$ 702,776	\$ 605,447
Capital leases	(5,048)	(6,804)
Long-term debentures	(86,575)	(79,806)
Debt charges recoverable	3,579	3,702
	<u>\$ 614,732</u>	<u>\$ 522,539</u>

In addition to \$6,758 (2007 - \$6,010) of debenture debt principal repayments, \$123 (2007 - \$116) of debenture debt principal repayments were made related to the loan to Pioneer Housing Foundation (Note 4).

**15. PROPERTY TAXES**

	<u>Municipal</u>	<u>Provincial</u>	<u>2008</u>	<u>2007</u>
<b>Property Taxation</b>				
Residential and Farmland	\$ 53,579	\$ 28,034	\$ 81,613	\$ 73,773
Commercial and Industrial	63,661	8,111	71,772	61,679
Electric Power and Pipeline	4,797	1,946	6,743	6,625
Government Grants in Lieu of Taxes	155	48	203	171
Local Improvement Levies	299	-	299	415
Other	1,161	-	1,161	1,147
	<u>\$ 123,652</u>	<u>\$ 38,139</u>	<u>161,791</u>	<u>143,810</u>
<b>Requisitions</b>				
Provincial Alberta School Foundation Fund			33,339	33,159
Elk Island CSRD No. 41			4,800	4,835
Provincial Requisitions			38,139	37,994
Seniors Management Services			1,626	570
			<u>39,765</u>	<u>38,564</u>
			<u>\$ 122,026</u>	<u>\$ 105,246</u>

**STRATHCONA COUNTY**  
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**16. GOVERNMENT GRANTS**

	<u>2008</u>	<u>2007</u>
<b>Operating Grants</b>		
Federal Grants	\$ 215	\$ 84
Provincial Grants	<u>9,143</u>	<u>7,956</u>
	<u>9,358</u>	<u>8,040</u>
<b>Capital Grants</b>		
Federal Grants		
Shared-Cost – CAMRIF	1,090	850
Shared-Cost – ICAP	42	36
Other Grants	2,561	7
Provincial Grants		
Shared-Cost – CAMRIF	1,090	850
Shared-Cost – ICAP	42	36
Other Grants	<u>35,625</u>	<u>8,038</u>
	<u>40,450</u>	<u>9,817</u>
	<u>\$ 49,808</u>	<u>\$ 17,857</u>

The shared-cost agreement government grants were received pursuant to Strathcona County's participation in the Infrastructure Canada - Alberta Program (ICAP) and Canada – Alberta Rural Infrastructure Fund (CAMRIF). ICAP and CAMRIF 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 ICAP, Strathcona County is eligible for \$2,174 of federal funding and \$2,174 of provincial funding over the life of the program (2000 to 2008). The County will contribute \$2,654 (including 100 per cent of related GST) toward 18 approved projects with a total estimated value of \$7,002. Under CAMRIF, Strathcona 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.

The Provincial government introduced the Alberta Municipal Infrastructure Program (AMIP) Grant in 2005 to assist municipalities in addressing capital infrastructure needs. In 2008, Strathcona County received a per capita grant of \$14,452 (2007 - \$14,768). During the year \$28,497 (2007 - \$5,334) which consists of amounts that had been deferred from prior years plus amounts received in 2008 has been recognized in capital grants. \$20,644 (2007 - \$33,737), including interest of \$953 (2007 - \$1,034), has been deferred to future years (Note 9).

The Provincial government provides annual per capita funding, known as the Basic Capital Grant, for eligible capital transportation projects. In 2008, Strathcona County received \$3,411 (2007 - \$3,304), of which \$2,602 (2007 - \$2,084) has been recognized in capital grants. \$5,647 (2007 - \$4,665), including interest of \$173 (2007 - \$150) has been deferred to future years (Note 9).

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 2008, Strathcona County received \$4,194 (2007 – \$2,548), of which \$2,538 (2007 - \$311) has been recognized in capital grants. \$5,758 (2007 - \$4,023), including interest of \$80 (2007 - \$73) has been deferred to future years (Note 9).

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 2008, Strathcona County received \$9,948 (2007 - \$5,727) in MSI Capital Funding, of which \$3,228 (2007 – 0) has been recognized in capital grants. \$12,731 (2007 - \$5,727), including interest of \$284 (2007 – 0) has been deferred to future years (Note 9).

**STRATHCONA COUNTY**  
**Notes to Consolidated Financial Statements**  
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In 2008, Strathcona County received \$1,455 (2007 - \$962) in MSI Conditional Operating Funding. During the year, \$1,863 (2007 - 0) which consists of amounts that had been deferred from prior years plus amounts received in 2008 has been recognized in operating grants. \$600 (2007 - \$962), including interest of \$45 (2007 - 0) has been deferred to future years (Note 9).

In 2008, Strathcona County received \$5,097 (2007 - 0) in MSI Affordable Housing Funding, of which \$258 (2007 - 0) has been recognized in operating grants. \$4,914 (2007 - 0), including interest of \$75 (2007 - 0) has been deferred to future years (Note 9).

## 17. SALARIES AND BENEFITS DISCLOSURE

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

	<b>Salaries <sup>(1)</sup></b>	<b>Benefits &amp; Allowances <sup>(2)</sup></b>	<b>2008</b>	<b>2007</b>
Elected Officials:				
Mayor	\$ 105	\$ 17	\$ 122	\$ 115
Councillor – Ward 1	59	11	70	64
Councillor – Ward 2	59	12	71	64
Councillor – Ward 3	59	14	73	67
Councillor – Ward 4	59	12	71	66
Councillor – Ward 5	59	11	70	65
Councillor – Ward 6	59	13	72	67
Councillor – Ward 7	59	9	68	62
Councillor – Ward 8	59	13	72	13
	<u>\$ 577</u>	<u>\$ 112</u>	<u>\$ 689</u>	<u>\$ 583</u>
Chief Commissioner	<u>\$ 193</u>	<u>\$ 27</u>	<u>\$ 220</u>	<u>\$ 428</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, Alberta Health Care, 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.

## 18. PENSION PLAN

Strathcona 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 7.75 per cent (2007 - 7.75) of pensionable payroll up to the yearly maximum pensionable earnings (YMPE) and 10.64 per cent (2007 - 10.64) thereafter. Employees of the County are required to make current service contributions of 6.75 per cent (2007 - 6.75) of pensionable salary up to YMPE, and 9.64 percent (2007 - 9.64) thereafter.

Total current service contributions by Strathcona County to LAPP in 2008 were \$3,984 (2007 - \$3,568). Total current service contributions by the employees of Strathcona County to LAPP in 2008 were \$3,522 (2007 - \$3,162).

As stated in their 2007 Annual Report, LAPP serves 179,188 (2006 - 168,334) members and 407 (2006 - 408) employers. It is financed by employer and employee contributions and investment earnings of the LAPP fund. At December 31, 2007, the Plan reported an actuarial deficiency of \$1.18 (2006 - \$0.75) billion. The Local Authorities Pension Plan contribution rates will increase by a total of 1.57% of pensionable salary in 2009.

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**19. FINANCIAL INSTRUMENTS**

Strathcona County's financial instruments consist of cash and temporary investments, accounts receivable, loans receivable, long-term investments, demand loan payable, 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.

**20. COMMITMENTS AND CONTINGENCIES**

**a) Capital**

As at December 31, 2008, authorized costs on capital projects committed but not expended amounted to \$80,140 (2007 - \$6,813).

**b) Leases**

Strathcona 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:

2009	\$	797
2010	\$	625
2011	\$	153

**c) Legal Disputes**

As at December 31, 2008, Strathcona 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 Strathcona County.

**d) Development Agreements**

Significant growth within Strathcona County has resulted in increased development activities. Developers have entered into agreements with Strathcona County in the amount of approximately \$79,372 (2007 - \$119,567) and are committed to installing and constructing certain works to serve the development of lands within Strathcona County. The County has taken security from developers in the form of deposit liabilities in the amount of \$6,171 (2007 - \$7,508) and letters of credit in the amount of \$25,125 (2007 - \$21,626) to ensure performance by the developers under the agreements. Security taken by the County is reduced accordingly as the above noted works are constructed.

Strathcona 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 \$762 (2007 - \$792).

**21. SUBSIDIARY OPERATIONS**

For the year ended December 31, 2008, Strathcona County has included the operations 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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The following information was extracted from the audited financial statements of Pioneer Housing Foundation for the year ended December 31, 2008 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>2008</u>	<u>2007</u>
Total Assets	\$ 9,356	\$ 8,591
Total Liabilities	<u>(6,864)</u>	<u>(6,123)</u>
Net Assets, before the under-noted	2,492	2,468
Unspent transfers from the County for the purchase of capital assets	924	-
Net Assets	<u>\$ 3,416</u>	<u>\$ 2,468</u>

Included in net assets are net assets restricted for future seniors housing of \$950 (2007 - \$950) and invested in capital assets \$1,313 (2007 - \$1,099).

Total Revenues	\$ 4,224	\$ 3,952
Total Expenditures	<u>(4,200)</u>	<u>(3,807)</u>
Excess of Revenues over Expenditures, before the under-noted	24	145
Unspent transfers from the County for the purchase of capital assets	924	-
Excess of Revenues over Expenditures	<u>\$ 948</u>	<u>\$ 145</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 2008, these transactions consisted of loan payments received from Pioneer Housing Foundation (Note 4b).

## 22. RELATED ENTITIES FINANCIAL INFORMATION

### a) Festival Place Society

The Festival Place Society (the Society) was registered on May 2, 2002 under the Alberta Societies Act and took over operations of Festival Place from Festival Place Ltd. on October 23, 2006. Its purpose is to operate and maintain Festival Place, a multi-use centre for the arts, for the community, and for business. As the registered owner of the land and facility, Strathcona County granted a five year operating lease commencing January 1, 2006 to the Society for the operations of Festival Place.

The following information was extracted from the audited financial statements of Festival Place Society for the year ended June 30, 2008.

	<u>2008</u>	<u>2007</u>
Total Assets	\$ 443	\$ 439
Total Liabilities	<u>(263)</u>	<u>(248)</u>
Net Assets	<u>\$ 180</u>	<u>\$ 191</u>

Included in net assets are net assets invested in capital assets of \$160 (2007 - \$94).

	<u>2008</u>	<u>2007</u>
Program net revenues	\$ 426	\$ 415
Other revenues	120	68
Other expenditures	<u>(558)</u>	<u>(471)</u>
Excess of Revenues over Expenditures	<u>\$ (12)</u>	<u>\$ 12</u>

All financial transactions with The Festival Place Society are recognized and recorded in the audited financial statements of Strathcona County and in the audited financial statements of the Society. For 2008, these transactions consisted of \$40 (2007 - \$45) of net disbursements to the Society.



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**b) 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 Strathcona 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, 2008, 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>2008</u>	<u>2007</u>
Total Assets	\$ 241	\$ 365
Total Liabilities	<u>(174)</u>	<u>(97)</u>
Net Assets	<u>\$ 67</u>	<u>\$ 268</u>

Included in net assets are net assets invested in capital assets of \$1 (2007 - \$2).

Total Revenues	\$ 870	\$ 634
Total Expenditures	<u>(996)</u>	<u>(608)</u>
Excess of Revenues over Expenditures	<u>\$ (126)</u>	<u>\$ 26</u>

All financial transactions with Seniors Management Services are recognized in the audited financial statements of Strathcona 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 2008, these transactions consisted of requisition payments made to Seniors Management Services (Note 15).

**23. SUBSEQUENT EVENTS**

Effective April 1, 2009, Strathcona County entered into a two year agreement with Alberta Health Services to provide emergency medical services to Strathcona County and the region.

Effective April 1, 2009, Strathcona County also entered into an additional agreement with Alberta Health Services to provide dispatch services for Strathcona County and the "Central Emergency Medical Services Region" of Alberta for eighteen to twenty four months. The "Central Emergency Medical Services Region" includes areas surrounding Edmonton east to the Saskatchewan border.

Effective June 30, 2009, the responsibility for operating Festival Place will transfer from the Festival Place Society to Strathcona County. The Festival Place facility, which is owned by Strathcona County, will now be managed the same way as other County facilities.

**24. COMPARATIVE FIGURES**

Certain comparative figures have been reclassified to conform with the financial statement presentation adopted for the current year.