

**STRATHCONA COUNTY**  
**CONSOLIDATED**  
**FINANCIAL STATEMENTS**  
*Year ended December 31, 2011*

**STRATHCONA COUNTY**  
**Consolidated Financial Statements**  
Year ended December 31, 2011

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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

April 24, 2012



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## INDEPENDENT AUDITORS' REPORT

To the Mayor and Members of Council of Strathcona County

We have audited the accompanying consolidated financial statements of Strathcona County, which comprise the consolidated statement of financial position as at December 31, 2011, the consolidated statements of operations and accumulated surplus, change in net debt and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

### *Management's responsibility for the Consolidated Financial Statements*

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

### *Auditors' Responsibility*

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

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

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

### *Opinion*

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Strathcona County as at December 31, 2011, and its consolidated results of operations and its consolidated change in its net debt and cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Chartered Accountants

April 24, 2012  
Edmonton, Canada

**STRATHCONA COUNTY**  
**Consolidated Statement of Financial Position**  
**As at December 31, 2011 (in thousands of dollars)**

	2011	2010 (Note 25)
<b>FINANCIAL ASSETS</b>		
Cash and Temporary Investments (Note 3)	\$ 16,687	\$ 17,195
Accounts Receivable		
Property Taxes	3,019	3,156
Government Transfers	6,393	348
Trade and Other	19,192	24,578
Development Levies and Charges	4,061	3,876
Land Held for Resale (Note 5)	2,625	2,630
Investments (Note 6)	216,782	230,429
	<b>268,759</b>	<b>282,212</b>
<b>FINANCIAL LIABILITIES</b>		
Accounts Payable and Accrued Liabilities	43,071	50,892
Deposit Liabilities (Note 7)	20,524	23,827
Deferred Revenue (Note 8)	102,180	101,072
Provision for Landfill Post-Closure Costs (Note 9)	135	146
Capital Leases (Note 10)	3,516	4,893
Long-Term Debt (Note 11)	162,250	167,908
	<b>331,676</b>	<b>348,738</b>
<b>NET DEBT</b>	<b>(62,917)</b>	<b>(66,526)</b>
<b>NON-FINANCIAL ASSETS</b>		
Tangible Capital Assets (Note 13)	1,469,966	1,397,306
Inventories of Supplies	764	554
Prepaid Expenses	1,644	1,672
	<b>1,472,374</b>	<b>1,399,532</b>
<b>ACCUMULATED SURPLUS</b> (Note 15)	<b>\$ 1,409,457</b>	<b>\$ 1,333,006</b>

Commitments and Contingencies (Note 22)

See accompanying Notes to Consolidated Financial Statements

**STRATHCONA COUNTY**  
**Consolidated Statement of Operations and Accumulated Surplus**  
Year ended December 31, 2011 (in thousands of dollars)

	Budget (Unaudited – Note 24)	2011	2010 (Note 25)
<b>REVENUE</b>			
Property Taxes (Note 16)	\$ 165,740	\$ 162,796	\$ 142,431
Government Transfers (Note 17)	23,845	48,346	37,511
Utility User Rates	44,165	42,590	40,547
User Fees and Charges	38,762	43,220	38,787
Penalties and Fines	6,354	5,956	5,480
Investment Income	2,939	4,930	4,712
Other Capital Revenues (Note 18)	2,475	11,323	6,169
Contributed Tangible Capital Assets	-	12,309	19,999
Other	11,807	14,813	13,996
<b>TOTAL REVENUE</b>	<b>296,087</b>	<b>346,283</b>	<b>309,632</b>
<b>EXPENSES</b>			
<b>Infrastructure and Planning Services</b>			
Capital Planning and Construction	4,761	3,666	5,324
Economic Development and Tourism	879	892	851
Planning and Development Services	7,485	7,401	5,503
Transportation and Agriculture Services	22,965	24,331	20,017
Utilities	46,318	47,225	41,033
	<b>82,408</b>	<b>83,515</b>	<b>72,728</b>
<b>Community Services</b>			
Emergency Services	24,861	24,154	21,171
Family and Community Services	6,188	6,538	6,216
Strathcona Transit	15,369	14,879	13,755
RCMP and Enforcement Services	17,769	16,939	15,189
Recreation, Parks and Culture	34,987	34,036	33,080
	<b>99,174</b>	<b>96,546</b>	<b>89,411</b>
<b>Corporate Services</b>	30,170	27,997	24,210
<b>Senior Administration</b>	3,822	4,865	4,093
<b>Elected Officials</b>	1,267	1,163	1,087
<b>Fiscal Services</b>	44,226	42,336	37,870
<b>Strathcona County Library</b>	7,384	7,683	6,940
<b>Pioneer Housing Foundation</b>	5,514	5,727	4,644
	<b>92,383</b>	<b>89,771</b>	<b>78,844</b>
<b>TOTAL EXPENSES</b>	<b>273,965</b>	<b>269,832</b>	<b>240,983</b>
<b>ANNUAL SURPLUS</b>	22,122	76,451	68,649
<b>ACCUMULATED SURPLUS, BEGINNING OF YEAR</b> (Note 25)	1,333,006	1,333,006	1,264,357
<b>ACCUMULATED SURPLUS, END OF YEAR</b> (Note 15)	<u>\$ 1,355,128</u>	<u>\$ 1,409,457</u>	<u>\$ 1,333,006</u>

See accompanying Notes to Consolidated Financial Statements.

**STRATHCONA COUNTY**  
**Consolidated Statement of Change in Net Debt**  
Year ended December 31, 2011 (in thousands of dollars)

	Budget (Unaudited – Note 24)	2011	2010
<b>ANNUAL SURPLUS</b>	\$ 22,122	\$ 76,451	\$ 68,649
Acquisition of Tangible Capital Assets	(52,725)	(103,461)	(129,767)
Contributed Tangible Capital Assets	-	(12,309)	(19,999)
Amortization of Tangible Capital Assets	45,368	41,629	36,561
Loss on Sale of Tangible Capital Assets	-	1,320	190
Proceeds on Sale of Tangible Capital Assets	-	161	377
	<u>14,765</u>	<u>3,791</u>	<u>(43,989)</u>
Acquisition on Inventory of Supplies	(1)	(948)	(991)
Acquisition of Prepaid Expenses	(1)	(2,400)	(2,171)
Use of Inventory of Supplies	1	738	984
Use of Prepaid Expenses	1	2,428	2,077
	<u>-</u>	<u>(182)</u>	<u>(101)</u>
<b>DECREASE (INCREASE) IN NET DEBT</b>	14,765	3,609	(44,090)
<b>NET DEBT, BEGINNING OF YEAR</b>	(66,526)	(66,526)	(22,436)
<b>NET DEBT, END OF YEAR</b>	<u>\$ (51,761)</u>	<u>\$ (62,917)</u>	<u>\$ (66,526)</u>

See accompanying Notes to Consolidated Financial Statements

**STRATHCONA COUNTY**  
**Consolidated Statement of Cash Flows**  
Year ended December 31, 2011 (in thousands of dollars)

	2011	2010
<b>NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:</b>		
<b>OPERATING</b>		
Annual Surplus	\$ 76,451	\$ 68,649
Items Not Involving Cash:		
Contributed Tangible Capital Assets	(12,309)	(19,999)
Amortization	41,629	36,561
Amortization of Premium on Investments	36	193
Loss on Sale of Tangible Capital Assets	1,320	190
Gain on Disposal of Investments	(648)	(809)
Changes to Non-Cash Assets and Liabilities		
Property Taxes Receivable	137	(403)
Government Transfers Receivable	(6,045)	2,949
Trade and Other Receivables	5,386	(9,264)
Development Levies and Charges	(185)	(1,778)
Land Held for Resale	5	58
Accounts Payable and Accrued Liabilities	(7,821)	6,812
Deposit Liabilities	(3,303)	6,094
Deferred Revenue	1,108	2,465
Provision for Landfill Post-Closure Costs	(11)	(154)
Inventories of Supplies	(210)	(7)
Prepaid Expenses	28	(94)
Cash Provided by Operating Activities	95,568	91,463
<b>CAPITAL</b>		
Proceeds from sale of Tangible Capital Assets	161	377
Acquisition of Tangible Capital Assets	(103,461)	(129,767)
Cash Applied to Capital Activities	(103,300)	(129,390)
<b>INVESTING</b>		
Purchase of New Investments	(188,860)	(189,461)
Proceeds from Investments Matured/Sold	203,119	188,061
Cash Provided by (Applied to) Investing Activities	14,259	(1,400)
<b>FINANCING</b>		
Capital Leases Issued	669	1,367
Long-Term Debt Issued	4,300	55,526
Capital Leases Repaid	(2,046)	(2,184)
Long-Term Debt Repaid	(9,958)	(8,700)
Cash (Applied to) Provided by Financing Activities	(7,035)	46,009
<b>(DECREASE) INCREASE IN CASH AND TEMPORARY INVESTMENTS</b>	(508)	6,682
<b>CASH AND TEMPORARY INVESTMENTS, BEGINNING OF YEAR</b>	17,195	10,513
<b>CASH AND TEMPORARY INVESTMENTS, END OF YEAR</b>	\$ 16,687	\$ 17,195
Cash Paid for Interest	\$ 8,165	\$ 7,156
Cash Received from Interest	\$ 5,117	\$ 4,240

See accompanying Notes to Consolidated Financial Statements



**STRATHCONA COUNTY**  
**Notes to Consolidated Financial Statements**  
Year ended December 31, 2011 (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 public sector accounting standards. 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) and Pioneer Housing Foundation (PHF). Inter-organizational transactions and balances between these entities have been eliminated. The Library and PHF are held accountable for the administration of their financial affairs and resources to Strathcona County Council.

**ii) Accounting for Housing Management Bodies and School Board Entities**

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

**b) Related Entities**

The County is the sole member of Pioneer Housing Foundation Self-contained Apartment Operations, a management body which was created by Ministerial Order and is governed by the Alberta Housing Act to operate and maintain social housing accommodations in the County. PHF, through an operating agreement with this management body, operates 348 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 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.

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

**STRATHCONA COUNTY**  
**Notes to Consolidated Financial Statements**  
Year ended December 31, 2011 (in thousands of dollars)

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

**d) Use of Estimates**

The preparation of consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenue and expenses during the period. Where measurement uncertainty exists, the consolidated 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) 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.

Under the accrual basis of accounting, revenues to be received from local improvement assessments are recognized in full in the period the local improvement project costs are incurred.

**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) 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.

**STRATHCONA COUNTY**  
**Notes to Consolidated Financial Statements**  
Year ended December 31, 2011 (in thousands of dollars)

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

**j) 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.

**k) 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 closure and post-closure care has been recognized based on estimated future expenses.

**l) 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:

<u>Asset</u>	<u>Useful Life - Years</u>
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 put into service.

**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.

**STRATHCONA COUNTY**  
**Notes to Consolidated Financial Statements**  
Year ended December 31, 2011 (in thousands of dollars)

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

**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. 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.

**m) Pension Expenses**

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

**2. CHANGE IN ACCOUNTING POLICY**

The County has early adopted Section PS 3510 Tax Revenue. PS 3510 establishes standards on how to account for and report tax revenue in government financial statements.

Local improvement tax levies are recognized as assets and revenue when the local improvement is constructed and the related bylaw is approved by Council. In prior years, local improvement tax levies were recognized as revenue when the levies were collected.

The change in accounting policy is applied prospectively and resulted in previously unrecorded revenue amounting to \$661 being recognized as property tax revenue at December 31, 2011.

**3. CASH AND TEMPORARY INVESTMENTS**

	2011	2010
Cash	\$ 11,683	\$ 2,825
Temporary Investments	5,004	14,370
	<u>\$ 16,687</u>	<u>\$ 17,195</u>

Temporary investments comprises term deposits with effective interest rates of 1.00 to 1.24 per cent (2010 – 1.33 to 1.37 per cent) and mature in 90 days or less from the date of acquisition.

**STRATHCONA COUNTY**  
**Notes to Consolidated Financial Statements**  
Year ended December 31, 2011 (in thousands of dollars)

**4. AVAILABLE CREDIT FACILITIES**

The County has an operating line of credit available for use, up to a maximum of \$4,990 (2010 – \$ 5,000), bearing interest at prime rate minus 0.25 per cent and is secured by the County at large. As at December 31, 2011, nil (2010 – 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 (2010 - \$2,449), bearing interest at prime minus 0.50 per cent and is secured by the County at large. As at December 31, 2011, nil (2010 – nil) was drawn against the available acquisition line of credit.

PHF has available a \$100 (2010 - \$100) demand overdraft with interest payable at prime plus 1.00% with security provided by a \$100 overdraft protection agreement, general security agreement and a first charge and interest in the PHF's term deposits in the amount of \$100.

PHF also has available letters of guarantee of \$355 with interest at prime plus 1.00% and security provided by promissory notes totalling \$355 and a first charge on term deposits with a net book value of \$355.

**5. LAND HELD FOR RESALE**

	2011	2010
Land Held for Resale	<u>\$ 2,625</u>	<u>\$ 2,630</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. Proceeds from the sale of the land, net of development costs, will be held in reserve for future use.

**6. INVESTMENTS**

	2011		2010	
	Carrying Amount	Market Value	Carrying Amount	Market Value
Fixed Income:				
Term Deposits and Notes	\$ 102,355	\$ 102,312	\$ 113,214	\$ 113,161
Government Guaranteed Bonds	110,855	125,754	117,215	122,155
Corporate Bonds	3,572	3,571	-	-
	<u>\$ 216,782</u>	<u>\$ 231,637</u>	<u>\$ 230,429</u>	<u>\$ 235,316</u>

Term deposits and notes, government guaranteed bonds and corporate bonds have effective interest rates of 1.57 to 4.57 per cent (2010 – 1.17 to 4.75 per cent) with maturity dates from January 2012 to March 2030 (2010 – January 2011 to February 2027).

The market 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 \$6,749 (2010 – \$4,814) which has been included in Trade and Other Receivables.

**STRATHCONA COUNTY**  
**Notes to Consolidated Financial Statements**  
Year ended December 31, 2011 (in thousands of dollars)

**7. DEPOSIT LIABILITIES**

	<b>2011</b>	2010
Security Deposits	<b>\$ 17,696</b>	\$ 21,396
Overlevies	<b>647</b>	230
Damage Deposits	<b>33</b>	75
Land Deposits	<b>2</b>	1
Other Deposits	<b>2,146</b>	2,125
	<b><u>\$ 20,524</u></b>	<b><u>\$ 23,827</u></b>

**8. DEFERRED REVENUE**

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

	Balance at December 31, 2010	Contributions	Interest Earned	Contributions Earned	Balance at December 31, 2011
Deferred Capital Grants	\$ 48,478	\$ 40,950	\$ 1,123	\$ (40,494)	<b>\$ 50,057</b>
Deferred Operating Grants	8,344	2,962	175	(8,561)	<b>2,920</b>
Development Levies	41,447	9,114	933	(4,793)	<b>46,701</b>
Other	2,803	7,317	-	(7,618)	<b>2,502</b>
	<b><u>\$ 101,072</u></b>	<b><u>\$ 60,343</u></b>	<b><u>\$ 2,231</u></b>	<b><u>\$ (61,466)</u></b>	<b><u>\$ 102,180</u></b>

**9. 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 \$135 (2010 – \$146).

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, 2011 (in thousands of dollars)

**10. CAPITAL LEASES**

	<b>2011</b>	2010
Capital Leases	<b>\$ 3,516</b>	\$ 4,893

Capital leases have been issued on the credit and security of the County at large. Capital leases bear interest at rates ranging from 2.38 to 6.55 per cent (2010 – 3.62 to 6.78 per cent) and mature in periods 2012 to 2016.

Capital lease principal and interest payments are due as follows:

	Principal	Interest	Total
2012	\$ 1,732	\$ 132	\$ 1,864
2013	926	63	989
2014	587	26	613
2015	133	10	143
2016	138	4	142
	<b>\$ 3,516</b>	<b>\$ 235</b>	<b>\$ 3,751</b>

**11. LONG-TERM DEBT**

	<b>2011</b>	2010
Tax-supported Debentures – Municipal – Local Improvements	<b>\$ 661</b>	\$ -
Tax-supported Debentures – Municipal – Other	<b>45,608</b>	49,532
Tax-supported Debentures – Library	<b>24,090</b>	23,941
	<b>70,359</b>	73,473
Non Tax-supported Debentures – Municipal	<b>27,202</b>	29,638
Non Tax-supported Debentures – Utilities	<b>52,327</b>	52,070
Non Tax-supported Debentures – PHF	<b>12,362</b>	12,727
	<b>91,891</b>	94,435
	<b>\$ 162,250</b>	\$ 167,908

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 3.250 to 9.125 per cent (before Provincial subsidy), and matures in periods 2012 through 2036. Through the Municipal Debenture Interest Rebate Program, the Province of Alberta rebates 60 per cent of interest in excess of 8 per cent for qualifying debentures.

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

	Principal	Interest	Total
2012	\$ 10,573	\$ 7,661	\$ 18,234
2013	10,860	7,095	17,955
2014	11,218	6,516	17,734
2015	10,450	5,917	16,367
2016	8,054	5,368	13,422
Thereafter	111,095	44,244	155,339
	<b>\$ 162,250</b>	<b>\$ 76,801</b>	<b>\$ 239,051</b>

**STRATHCONA COUNTY**  
**Notes to Consolidated Financial Statements**  
Year ended December 31, 2011 (in thousands of dollars)

**12. 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:

	<b>2011</b>	<b>2010</b>
Total Debt Limit	<b>\$ 440,978</b>	\$ 391,840
Total Debt	<b>165,766</b>	172,801
Percentage Used	<b>37.6%</b>	44.1%
Service on Debt Limit	<b>\$ 73,496</b>	\$ 65,307
Service on Debt	<b>20,098</b>	20,190
Percentage Used	<b>27.3%</b>	30.9%

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**  
**Notes to Consolidated Financial Statements**  
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**13. TANGIBLE CAPITAL ASSETS**

Cost	Balance at December 31, 2010 (Note 25)	Additions	Contributed Additions	Disposals	Balance at December 31, 2011
Land	\$ 386,522	\$ 5,541	\$ 2,909	\$ (732)	\$ 394,240
Land Improvements	45,788	5,561	5	(255)	51,099
Buildings	258,292	44,922	-	-	303,214
Engineered Structures	871,549	76,694	9,395	(6,946)	950,692
Machinery and Equipment	45,276	7,255	-	(1,140)	51,391
Books and Periodicals	3,803	597	-	(250)	4,150
Vehicles	50,638	12,209	-	(3,704)	59,143
Assets under Construction	110,565	(49,318)	-	-	61,247
<b>Total</b>	<b>\$ 1,772,433</b>	<b>\$ 103,461</b>	<b>\$ 12,309</b>	<b>\$ (13,027)</b>	<b>\$ 1,875,176</b>

  

Accumulated Amortization	Balance at December 31, 2010	Disposals	Amortization Expense	Balance at December 31, 2011
Land	\$ -	\$ -	\$ -	\$ -
Land Improvements	20,607	(253)	2,273	22,627
Buildings	52,139	-	6,050	58,189
Engineered Structures	260,116	(6,946)	23,932	277,102
Machinery and Equipment	17,813	(1,049)	4,879	21,643
Books and Periodicals	1,455	(250)	398	1,603
Vehicles	22,997	(3,048)	4,097	24,046
Assets under Construction	-	-	-	-
<b>Total</b>	<b>\$ 375,127</b>	<b>\$ (11,546)</b>	<b>\$ 41,629</b>	<b>\$ 405,210</b>

  

Net Book Value	Balance at December 31, 2010 (Note 25)	Net Book Value December 31, 2011
Land	\$ 386,522	\$ 394,240
Land Improvements	25,181	28,472
Buildings	206,153	245,025
Engineered Structures	611,433	673,590
Machinery and Equipment	27,463	29,748
Books and Periodicals	2,348	2,547
Vehicles	27,641	35,097
Assets under Construction	110,565	61,247
<b>Total</b>	<b>\$ 1,397,306</b>	<b>\$ 1,469,966</b>

**STRATHCONA COUNTY**  
**Notes to Consolidated Financial Statements**  
Year ended December 31, 2011 (in thousands of dollars)

**13. TANGIBLE CAPITAL ASSETS (CONTINUED)**

Cost	Balance at December 31, 2009 (Note 25)	Additions	Contributed Additions	Disposals	Balance at December 31, 2010 (Note 25)
Land	\$ 377,997	\$ 15	\$ 8,539	\$ (29)	\$ 386,522
Land Improvements	43,175	2,946	55	(388)	45,788
Buildings	153,355	106,448	-	(1,511)	258,292
Engineered Structures	847,932	29,241	11,405	(17,029)	871,549
Machinery and Equipment	38,195	8,943	-	(1,862)	45,276
Books and Periodicals	3,039	1,015	-	(251)	3,803
Vehicles	47,981	5,524	-	(2,867)	50,638
Assets under Construction	134,930	(24,365)	-	-	110,565
<b>Total</b>	<b>\$ 1,646,604</b>	<b>\$ 129,767</b>	<b>\$ 19,999</b>	<b>\$ (23,937)</b>	<b>\$ 1,772,433</b>

Accumulated Amortization	Balance at December 31, 2009	Disposals	Amortization Expense	Balance at December 31, 2010
Land	\$ -	\$ -	\$ -	\$ -
Land Improvements	18,890	(377)	2,094	20,607
Buildings	49,597	(1,512)	4,054	52,139
Engineered Structures	254,738	(17,029)	22,407	260,116
Machinery and Equipment	15,309	(1,746)	4,250	17,813
Books and Periodicals	1,324	(251)	382	1,455
Vehicles	22,078	(2,455)	3,374	22,997
Assets under Construction	-	-	-	-
<b>Total</b>	<b>\$ 361,936</b>	<b>\$ (23,370)</b>	<b>\$ 36,561</b>	<b>\$ 375,127</b>

Net Book Value	Balance at December 31, 2009 (Note 25)	Net Book Value December 31, 2010 (Note 25)
Land	\$ 377,997	\$ 386,522
Land Improvements	24,285	25,181
Buildings	103,758	206,153
Engineered Structures	593,194	611,433
Machinery and Equipment	22,886	27,463
Books and Periodicals	1,715	2,348
Vehicles	25,903	27,641
Assets under Construction	134,930	110,565
<b>Total</b>	<b>\$ 1,284,668</b>	<b>\$ 1,397,306</b>

**a) Assets under Construction**

Assets under construction having a value of \$61,247 (2010 – \$110,565) 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 \$12,309 (2010 – \$19,999) comprised of roads infrastructure in the amount of \$2,467 (2010 - \$6,882), water and wastewater infrastructure in the amount of \$6,928 (2010 – \$4,523), land in the amount of \$2,909 (2010 – \$8,539), and land improvements in the amount of \$5 (2010 - \$55).

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

The County did not write down any tangible capital assets in 2011 or 2010.

**STRATHCONA COUNTY**  
**Notes to Consolidated Financial Statements**  
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**14. INVESTED IN TANGIBLE CAPITAL ASSETS**

	2011	2010 (Note 25)
Tangible Capital Assets – Cost	\$ 1,875,176	\$ 1,772,433
Accumulated Amortization	(405,210)	(375,127)
Capital Leases	(3,516)	(4,893)
Long-Term Debt	(162,250)	(167,908)
Loan Receivable – Local Improvements	661	-
	<b>\$ 1,304,861</b>	<b>\$ 1,224,505</b>

**15. ACCUMULATED SURPLUS**

Accumulated surplus comprises unrestricted surplus, invested in tangible capital assets and reserves as follows:

	2011	2010 (Note 25)
<b>Surplus:</b>		
Unrestricted (Deficit)/Surplus	\$ (7,631)	\$ 6,400
Invested in Tangible Capital Assets	1,304,861	1,224,505
	<b>1,297,230</b>	<b>1,230,905</b>
<b>Reserves:</b>		
Operating Reserves	31,175	27,849
Capital Reserves	81,052	74,252
	<b>112,227</b>	<b>102,101</b>
	<b>\$ 1,409,457</b>	<b>\$ 1,333,006</b>

**16. PROPERTY TAXES**

	Municipal	Provincial	2011	2010
<b>Property Taxes</b>				
Residential and Farmland	\$ 62,670	\$ 35,813	\$ 98,483	\$ 93,671
Commercial and Industrial	93,358	9,951	103,309	84,956
Electric Power and Pipeline	5,852	2,051	7,903	7,815
Government Grants in Lieu of Taxes	242	71	313	230
Local Improvement Levies	661	-	661	140
Other	13	-	13	1,165
	<b>\$ 162,796</b>	<b>\$ 47,886</b>	<b>\$ 210,682</b>	<b>\$ 187,977</b>
Provincial Alberta School Foundation Fund			41,710	39,625
Elk Island CSRD No. 14			6,176	5,909
Provincial Requisitions			47,886	45,534
Pioneer Housing Foundation Self-contained Apartment Operations - change in underlevy			-	12
<b>Taxes on Behalf of Requisitioning Authorities</b>			<b>\$ 47,886</b>	<b>\$ 45,546</b>
<b>Taxes for Provision of Municipal Services</b>			<b>\$ 162,796</b>	<b>\$ 142,431</b>

**STRATHCONA COUNTY**  
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Year ended December 31, 2011 (in thousands of dollars)

**17. GOVERNMENT TRANSFERS**

	2011	2010
<b>Government Transfers for Operations</b>		
Federal Transfers	\$ 130	\$ 157
Provincial Transfers	8,227	8,948
	<b>8,357</b>	<b>9,105</b>
<b>Government Transfers for Capital</b>		
Federal Transfers		
Shared-Cost – CAMRIF	-	1,060
Other Transfers	3,444	1,820
Provincial Transfers		
Shared-Cost – CAMRIF	-	1,060
Other Transfers	36,545	24,466
	<b>39,989</b>	<b>28,406</b>
	<b>\$ 48,346</b>	<b>\$ 37,511</b>

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 its final per capital transfer allocation of \$14,452 under this program. During the year \$1,865 (2010 – \$2,815), which consists of amounts that had been deferred from prior years, was recognized in Provincial transfers for capital. At December 31, 2011, \$2,626 (2010 – \$4,397), including interest of \$94 (2010 – \$124), is deferred to future years.

The Major Community Facilities Program (MCFP) assists communities to plan, upgrade and develop large community-use facilities in order to enhance community life and citizen well-being. In 2009, Strathcona County received \$5,270, of which \$600 (2010 - \$4,511) has been recognized in capital transfers in 2011. A total of \$312 (2010 – \$891), including interest of \$21 (2010 – \$109) remains deferred to future years.

In 2011, the Provincial government consolidated the Basic Capital Grant, Hamlet Streets Improvement Grant, Rural Transportation Grant and the Provincial Highway Maintenance Grant into a single grant called the Basic Municipal Transportation Grant. During 2011 Strathcona County received \$4,424 (2010 - \$4,424). Revenue of \$4,068 (2010 - \$6,262) has been recognized in operating and capital transfers with a total of \$5,781 (2010 - \$5,274) including interest of \$151 (2010 - \$158) remaining deferred to future years.

The Federal government introduced the Federal Gas Tax Fund (formerly, 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. During 2011 Strathcona County received \$4,904 (2010 – nil), of which \$2,957 (2010 – \$839) has been recognized in capital transfers in 2011. A total of \$12,203 (2010 - \$9,984), including interest of \$272 (2010 – \$216) remains 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 2011, Strathcona County received \$19,109 (2010 – \$18,896) in MSI Capital Funding. A total of \$20,020 (2010 – \$25,930) of the amounts received since inception of the initiative remains deferred to future years, including interest of \$543 (2010 – \$420). During 2011, \$25,562 (2010 – \$8,381) has been recognized in capital transfers, which consists of amounts that had been deferred from prior years plus amounts received in 2011.

**STRATHCONA COUNTY**  
**Notes to Consolidated Financial Statements**  
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**17. GOVERNMENT TRANSFERS (CONTINUED)**

- In 2011, Strathcona County received \$1,458 (2010 - \$1,458) in MSI Conditional Operating Funding. A total of \$1,373 (2010 - \$889) of the amounts received since inception of the initiative remains deferred to future years, including interest of \$31 (2010 – \$21). During the year, \$1,005 (2010 – \$1,344) has been recognized in operating and capital transfers, which consists of amounts that had been deferred from prior years plus amounts received in 2011.
- In 2011, Strathcona County received nil (2010 – \$3,413) in MSI Affordable Housing Funding. A total of \$5,815 (2010 – \$6,869) of the amounts received since inception of the initiative remains deferred to future years, including interest of \$138 (2010 – \$124). During the year, \$1,192 (2010 – \$730) has been recognized in operating transfers, which consists of amounts that had been deferred from prior years.

The Provincial government announced the Green Transit Incentives Program (GreenTRIP) in July 2008. GreenTRIP supports new public transit projects that will lead to reduced congestion and greenhouse gas emissions by reducing the number of vehicles on the roads. In 2011, Strathcona County was awarded funding from the Province of Alberta for an amount up to a maximum of \$13,600. At the end of 2011, \$3,303 of this funding has been recognized in capital transfers.

The Resource Road Program was announced by the Provincial government on April 8, 2003. The Resource Road Program provides support for municipal project-specific capital transportation infrastructure projects. During 2011, Strathcona County was awarded funding from the Province of Alberta for an amount up to a maximum of \$3,000. At the end of 2011, \$1,329 of this funding has been recognized in capital transfers with a total of \$1,671 remaining deferred to future years.

The shared-cost agreement government transfers were received pursuant to the County's participation in the Canada – Alberta Rural Infrastructure Fund (CAMRIF). CAMRIF is a cost-shared partnership 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 received \$3,000 of Federal funding and \$3,000 of Provincial funding over the life of the program (2006 – 2010) which was dedicated to one project. The County contributed \$4,439 (including 100 per cent of related GST) to this project.

**18. OTHER CAPITAL REVENUES**

	2011	2010
Development Levies and Charges	\$ 5,740	\$ 1,096
Developer Contributions	4,775	3,905
Other	808	1,168
	<u>\$ 11,323</u>	<u>\$ 6,169</u>

**STRATHCONA COUNTY**  
**Notes to Consolidated Financial Statements**  
Year ended December 31, 2011 (in thousands of dollars)

**19. 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>2011</b>	<b>2010</b>
Elected Officials:				
Mayor	\$ 111	\$ 18	\$ 129	\$ 128
Councillor – Ward 1	62	12	74	72
Councillor – Ward 2	62	13	75	74
Councillor – Ward 3	62	13	75	75
Councillor – Ward 4	62	10	72	72
Councillor – Ward 5	62	12	74	73
Councillor – Ward 6	62	12	74	76
Councillor – Ward 7	62	8	70	79
Councillor – Ward 8	62	14	76	75
	<b>\$ 607</b>	<b>\$ 112</b>	<b>\$ 719</b>	<b>\$ 724</b>
Chief Commissioner	<b>\$ 237</b>	<b>\$ 36</b>	<b>\$ 273</b>	<b>\$ 242</b>

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.

**20. 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 9.49 per cent (2010 – 9.06 per cent) of pensionable payroll up to the yearly maximum pensionable earnings (YMPE) and 13.13 per cent (2010 – 12.53 per cent) thereafter. Employees of the County are required to make current service contributions of 8.49 per cent (2010 – 8.06 per cent) of pensionable salary up to YMPE, and 12.13 per cent (2010 – 11.53 per cent) thereafter.

Total current service contributions by Strathcona County to LAPP in 2011 were \$7,924 (2010 – \$6,496). Total current service contributions by the employees of Strathcona County to LAPP in 2011 were \$7,370 (2010 - \$5,849).

As stated in their 2010 Annual Report, LAPP serves 206,249 (2009 – 199,849) members and 421 (2009 – 418) employers. It is financed by employer and employee contributions and investment earnings of the LAPP fund. At December 31, 2010, the Plan reported an actuarial deficiency of \$4.6 billion (2009 – \$4.0 billion). The Local Authorities Pension Plan contribution rates will increase by a total of 0.84 per cent of pensionable salary in 2012 (2011 – 0.93 per cent).

**21. FINANCIAL INSTRUMENTS**

The County's financial instruments consist of cash and temporary investments, accounts 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.

**STRATHCONA COUNTY**  
**Notes to Consolidated Financial Statements**  
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**22. COMMITMENTS AND CONTINGENCIES**

**a) Capital**

As at December 31, 2011, authorized costs on capital projects committed but not expended amounted to \$187,930 (2010 – \$41,967).

**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:

2012	\$ 159
2013	\$ 145
2014	\$ 126
2015	\$ 11
2016	\$ -

PHF has a lease agreement expiring December 2058, for a nominal value, with respect to its land and is committed to use the land only for affordable housing.

**c) Legal Disputes**

As at December 31, 2011, the County was involved in various legal disputes. While it is not possible to estimate the outcome of these disputes, management believes that there will be no significant adverse effects on the financial position of the County.

**d) Development Agreements**

Developers have entered into agreements with the County in the amount of approximately \$11,935 (2010 – \$41,526) 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 \$789 (2010 – \$4,051) and letters of credit in the amount of \$4,558 (2010 – \$13,188) 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. As at December 31, 2011 none of these projects have commenced.

**e) Alberta Health Services**

The County is currently under agreement with Alberta Health Services to provide emergency medical services to the County and the region. The County has entered into a second agreement to provide dispatch services for the County and the “Central Emergency Medical Region” of Alberta with an expected end date of March 31, 2013. The “Central Emergency Medical Services Region” includes areas surrounding Edmonton east to the Saskatchewan border.

**STRATHCONA COUNTY**  
**Notes to Consolidated Financial Statements**  
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**23. 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 Consolidated Statement of Operations and Accumulated Surplus.

Certain allocation methodologies are used in the preparation of segmented financial information. Taxation revenues and payments in lieu of taxes are allocated to the segments based on the segment's budgeted net expenditures. User charges and other revenue have been allocated to the segments based 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.

	Municipal Operations	Utility Operations	Library Operations	PHF Operations	Eliminations	2011	Budget (Unaudited – Note 24)
<b>REVENUE</b>							
Property Taxes	\$ 153,374	\$ 450	\$ 7,168	\$ 1,833	\$ (29)	\$ 162,796	\$ 165,740
Government Transfers	51,333	889	583	570	(5,029)	48,346	23,845
Utility User Rates	-	42,590	-	-	-	42,590	44,165
User Fees and Charges	34,987	4,730	165	3,338	-	43,220	38,762
Penalties and Fines	5,746	-	210	-	-	5,956	6,354
Investment Income	4,059	710	106	55	-	4,930	2,939
Other Capital Revenues	11,261	48	-	14	-	11,323	2,475
Contributed Tangible Capital Assets	5,381	6,928	-	-	-	12,309	-
Other	13,893	1,185	209	142	(616)	14,813	11,807
<b>TOTAL REVENUES</b>	<b>280,034</b>	<b>57,530</b>	<b>8,441</b>	<b>5,952</b>	<b>(5,674)</b>	<b>346,283</b>	<b>296,087</b>
<b>EXPENSES</b>							
Salaries, Wages and Benefits	105,154	7,073	4,428	3,046	-	119,701	121,413
Contracted and General Services	39,357	12,487	276	159	-	44,883	52,679
Supplies, Material and Utilities	23,617	16,146	227	1,372	-	49,838	41,463
Interest on Long-Term Debt	4,617	2,432	1,088	616	(616)	8,137	9,174
Grants and Requisitions	8,168	-	-	32	(5,058)	3,142	1,669
Amortization	34,795	5,115	1,188	531	-	41,629	45,368
Loss on Asset Disposals	1,323	(3)	-	-	-	1,320	-
Other Expenses	(2,190)	3,976	476	-	-	1,182	2,199
<b>TOTAL EXPENSES</b>	<b>214,841</b>	<b>47,226</b>	<b>7,683</b>	<b>5,756</b>	<b>(5,674)</b>	<b>269,832</b>	<b>273,965</b>
<b>ANNUAL SURPLUS</b>	<b>65,193</b>	<b>10,304</b>	<b>758</b>	<b>196</b>	<b>-</b>	<b>76,451</b>	<b>22,122</b>
<b>ACCUMULATED SURPLUS, BEGINNING OF YEAR</b> (Note 25)	<b>1,081,589</b>	<b>237,048</b>	<b>7,512</b>	<b>14,281</b>	<b>(7,424)</b>	<b>1,333,006</b>	<b>1,333,006</b>
<b>ACCUMULATED SURPLUS, END OF YEAR</b> (Note 15)	<b>\$1,146,782</b>	<b>\$ 247,352</b>	<b>\$ 8,270</b>	<b>\$ 14,477</b>	<b>\$ (7,424)</b>	<b>\$1,409,457</b>	<b>\$1,355,128</b>



**STRATHCONA COUNTY**  
**Notes to Consolidated Financial Statements**  
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**23. SEGMENTED INFORMATION (CONTINUED)**

	Municipal Operations	Utility Operations	Library Operations	PHF Operations	Eliminations	2010	Budget (Unaudited – Note 24)
<b>REVENUE</b>							
Property Taxes	\$ 134,393	\$ 86	\$ 6,206	\$ 1,746	\$ -	\$ 142,431	\$ 142,055
Government Transfers	32,741	3,568	664	3,598	(3,060)	37,511	21,127
Utility User Rates	-	40,547	-	-	-	40,547	41,456
User Fees and Charges	34,881	1,040	136	2,730	-	38,787	35,465
Penalties and Fines	5,334	-	146	-	-	5,480	5,825
Investment Income	3,875	672	118	47	-	4,712	1,950
Capital Revenues	5,067	1,102	-	-	-	6,169	6,982
Contributed Assets	15,476	4,523	-	-	-	19,999	-
Other	12,661	982	652	20	(319)	13,996	12,427
<b>TOTAL REVENUES</b>	<b>244,428</b>	<b>52,520</b>	<b>7,922</b>	<b>8,141</b>	<b>(3,379)</b>	<b>309,632</b>	<b>267,287</b>
<b>EXPENSES</b>							
Salaries, Wages and Benefits	94,953	6,535	3,946	2,638	-	108,072	108,338
Contracted and General Services	37,047	9,017	845	324	-	47,233	47,934
Supplies, Material and Utilities	20,873	14,851	208	865	-	36,797	38,465
Interest on Long-Term Debt	4,418	2,147	830	452	(319)	7,528	7,571
Grants and Requisitions	2,779	-	(8)	-	-	2,771	1,701
Amortization	30,764	4,629	868	300	-	36,561	35,690
Loss (Gain) on Asset Disposals	227	(37)	-	-	-	190	-
Other Expenses	(2,376)	3,891	251	65	-	1,831	1,942
<b>TOTAL EXPENSES</b>	<b>188,685</b>	<b>41,033</b>	<b>6,940</b>	<b>4,644</b>	<b>(319)</b>	<b>240,983</b>	<b>241,641</b>
<b>ANNUAL SURPLUS</b>	<b>55,743</b>	<b>11,487</b>	<b>982</b>	<b>3,497</b>	<b>(3,060)</b>	<b>68,649</b>	<b>25,646</b>
<b>ACCUMULATED SURPLUS, BEGINNING OF YEAR</b> (Note 25)	<b>1,025,846</b>	<b>225,561</b>	<b>6,530</b>	<b>10,784</b>	<b>(4,364)</b>	<b>1,264,357</b>	<b>1,264,357</b>
<b>ACCUMULATED SURPLUS, END OF YEAR</b> (Note 25)	<b>\$ 1,081,589</b>	<b>\$ 237,048</b>	<b>\$ 7,512</b>	<b>\$ 14,281</b>	<b>\$ (7,424)</b>	<b>\$ 1,333,006</b>	<b>\$ 1,290,003</b>

**STRATHCONA COUNTY**  
**Notes to Consolidated Financial Statements**  
Year ended December 31, 2011 (in thousands of dollars)

**24. BUDGET DATA**

The unaudited budget data presented in these statements is based on the operating and capital budget approved by Council on December 14, 2010 (2010 – December 15, 2009). The acquisition of tangible capital assets by PHF, contributed tangible capital assets and gain or loss on sale of tangible capital assets were not contemplated on development of the budget and, as such, have not been included.

**25. COMPARATIVE FIGURES**

**a) Recasted Figures Summary**

In 2009, the County implemented PSAB section 3150 Tangible Capital Assets which required local governments to record and amortize their tangible capital assets in their financial statements. When the County implemented this accounting policy change, lands held for resale were inadvertently included in both financial assets and tangible capital assets. The effect of this correction was to reduce both the value of the land and accumulated surplus by \$8,324 effective January 1, 2009.

**Accumulated Surplus at December 31, 2009**

Accumulated Surplus, as previously reported  
Restatement to Tangible Capital Assets  
Accumulated Surplus at December 31, 2009, as restated

<b>2009</b>	
\$	1,272,681
	(8,324)
\$	<u>1,264,357</u>

**Accumulated Surplus at December 31, 2010**

Accumulated Surplus, as previously reported  
Restatement to Tangible Capital Assets  
Accumulated Surplus at December 31, 2010, as restated

<b>2010</b>	
\$	1,341,330
	(8,324)
\$	<u>1,333,006</u>

**b) Comparative Figures**

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