

# Annual Report

For the fiscal year ended December 31, 2020  
Corporation of the Town of Strathmore, Alberta, Canada



# 2020



This Annual Report was developed  
by the Town of Strathmore  
Communications Department  
Contact Communications for  
additional copies:  
Phone: 403-934-3133

Town of Strathmore  
1 Parklane Drive,  
Strathmore AB  
T1P 1J1

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# Mayor's Message

One of the most important aspects of my job as Mayor is understanding the needs of Strathmore residents. I've lived and worked in our town for many years. Time has given me an opportunity to see the needs, changes, and growth of our community. Each of your Town Councilors brings insights and experience that help guide our decisions. Over the past three years we've worked together with Administration to set a strong direction for this Town. I'm especially proud of how our organization came together last year to work through the challenges of 2020.

Life as we know it was interrupted by the onset of the COVID-19 Pandemic. Residents needed to know what was happening, how it was affecting Strathmore and what their Government was doing to address their needs and wellbeing.

In late March the Town entered a Local State of Emergency to keep to Strathmore safe while our Emergency Coordination Center managed the rapidly changing environment associated with the initial wave of the pandemic. To increase our communications channels with our residents we began weekly Facebook Live sessions where I could speak directly to residents about the changes the Town was undergoing, providing answers to their questions and concerns. This proved to be a very successful method of communication as it extended our reach immensely. We also added frequent COVID-19 social media updates, increased our communications with 104.5 More Country radio station and launched a weekly newsletter campaign via email.

Our local business community was top of mind and we worked to support them through our business hot line and support local promotions. Many of our community events were cancelled last year but we still found ways to spread a little joy while supporting the community. Our Creative Kids Contest and Summer Fun Kits Program provided young families with activities and games to lift spirits during isolation. Our Strathmore Family and Community Support Services department reached out to seniors in isolation by offering them the opportunity to have necessities picked up and dropped off on their doorstep. We were also able to offer COVID-friendly versions of our holiday celebrations with our Canada Day Drive-In Movie and our Christmas Light Decorating Contest. These events were well supported by our residents.



Although we were dealing with a pandemic the Town of Strathmore couldn't cease work. We still needed to function to complete everyday operations commitments and budgeted capital projects. We adjusted our work procedures to adhere to health regulations in our offices, facilities and operations teams. Downtimes and closures provided us with the opportunity to complete some necessary upgrades in our pool and arena. Streets were cleaned, potholes were filled, and we able to complete capital projects as planned – the new pedestrian bridge on Tomas Drive and construction of the new Strathmore Municipal Building went in as scheduled.

Although 2020 had its challenges with COVID-19 and economic uncertainty, I'm positive that we can work together with residents and local businesses to build a brighter future. Strathmore is not just a town; it's friends, family, the familiar faces at local businesses, and the welcoming smile when you pass a stranger on the street. Strathmore attracts tremendous people – and people are Strathmore's future.

A handwritten signature in blue ink, reading "Pat Fule". The signature is written in a cursive, flowing style.

Pat Fule, Mayor



# Growing Partnerships

The Town of Strathmore had the pleasure of celebrating 65 years working with the County of Wheatland. It's true that great people make great neighbours and even better communities. Over the last 65 years Wheatland County and the Town of Strathmore have fostered formal and informal relationships that enhance the quality of life for all our residents.

From supporting businesses, running sporting associations, establishing emergency coordination, organizing support groups to hosting holiday events — Strathmore and Wheatland residents unite to help each other through the tough times and raise each other up in the good times. Our communities wouldn't be where we are today without the support we provide each other.

We are stronger together.










Mayor Pat Fule with Wheatland County Representative Amber Link

# Your Council

Strathmore Town Council has a part-time Mayor and six Councillors who meet in Council Chambers on the first and third Wednesday of each month at 7:00 p.m. This year was a little different as most of our meetings were held virtually due to COVID-19.

Strathmore's Town Council is the main governing and legislative body for the Town of Strathmore. The purpose of Town Council is to ensure that the Town of Strathmore is providing services the people of Strathmore need and want. They respond to the community's immediate concerns while making time to plan for Strathmore's growth. Town Council has multiple roles. They represent the individual people of Strathmore but also represent Strathmore as a whole. Council members are elected from the community and participate in policy setting, law making and ensuring protocol is followed appropriately. The Province of Alberta gives power to Town Council and Strathmore's Municipal Government to administer the area within Town boundaries.

Annually, at the Council Organizational Meeting in October, the Mayor and Councillors are appointed to various committees that require Town Council representation. The table below indicates the 2019-2020 committees.

	Mayor Pat Fule	Representing Calgary Metropolitan Regional Board, Calgary Metropolitan Region Board - Servicing Committee, Ex-Officio Member of All Committees
	Councillor Bob Sobol	Representing Traffic Advisory Committee, Strathmore Wheatland Chamber of Commerce, Calgary Metropolitan Regional Board - Land Use Committee, Calgary Metropolitan Regional Board - Alternate, Nominations Committee
	Councillor Lorraine Bauer	Representing Emergency Advisory Committee, Strathmore Library Board, Nominations Committee, Canadian Badlands Board
	Councillor Jason Montgomery	Representing Sustainability Committee, Financial Audit Committee, Calgary Metropolitan Regional Board - Land Use Committee - Alternate, Strathmore Handi-Bus, Nominations Committee, Strathmore Library Board
	Councillor Melanie Corbiell	Representing Financial Audit Committee, WADEMSA, Strathmore Wheatland Addictions Team, Emergency Advisory Committee
	Councillor Denise Peterson	Representing Marigold Library Board, Seniors Advisory Committee, Wheatland Housing Authority
	Councillor Tari Cockx	Representing WADEMSA, Community Futures Wildrose, Wheatland Housing Authority Board



# Our Goals

Strathmore has come a long way over the last few years and Council continues to move Strathmore forward. Growing partnerships has been a big part of thier strategic planning. Council continues to build and support relationships with Siksika Nation and Wheatland County. At the begining of their term Council prepared and adopted a plan to guide their activities through their four years in government. Please visit [Strathmore.ca](http://Strathmore.ca) to view the Town of Strathmore Council Strategic Priorities 2018-2021 document. Council identified the following as their top priorities.



Financial Sustainability



Protective and Social Services



Communication and Collaboration



Community Development



Recreation



Municipal Development Plan

**Mayor Fule, Chief Crowfoot, and Councilor Cockx thanking Siksika frontline workers during the COVID-19 Pandemic. Siksika was hit hard early on in the pandemic.**



# Chief Administrative Officer



What gets you out of bed every day? For me it is my desire to share a sense of purpose in our daily work to make life better. It is the reason I value public service as a good and noble path to that end. This is where the “rubber hits the road” with which I believe the team comes to work leaving at the end of the workday feeling like there was an impact for the common good; no matter how small or large. To that end, I feel that accomplishing Council’s vision and strategic initiatives is something meaningful in what we do as illustrated in these pages. I am pleased to share the 2020 Town of Strathmore Annual Report.

Contained in this report are the details of Council’s sound financial planning while illustrating our major strides to delivering on Council’s Strategic Plan. As one of Council’s key goals to continue on a clear path of financial sustainability, Council has taken the wise strategy to transition away from relying on other levels of government with financial support in capital funding.

One of Alberta’s great strengths is self-reliance and innovation. Strathmore and my team embraced this philosophy of strong financial stewardship that is directly attributable to Council’s strategic leadership on the Long Term Financial Plan. This strategy document allowed Council to make real investments in critical infrastructure while limiting tax growth. Strathmore’s property taxes remain among the lowest in the region and we maintain a favourable business-residential tax balance with greater certainty around investment. This is an intentional

step to making our services and facilities financially viable. Also illustrated in this report are measures toward a long horizon for investor certainty supporting economic and stable growth into the future. Strathmore has made great strides to be a forward thinking organisation. Council’s goals and achievements as noted in this annual report are bold steps to make great strides for long term financially sustainable operations and investor certainty.

Another example of achievement is the use and programming of the Strathmore Motor Products Sports Centre. This valued, accessible facility has over 50,000 square feet of indoor health and wellness spaces for all ages and abilities. Through an innovative partnership (list) the centre was built on the foundation of a financially sustainable service model and community based recreation model. Each and every month this wonderful facility has grown in usage. I am so very proud of the leadership and creativity to deliver on this initiative.

Our strong commitment to community sustainability allows us to continue to provide for the needs of a growing and evolving community while delivering services in facilities that are valued by our community. Public service is why we do what we do each, and every day. I am very grateful to our innovative and hard working employees.

Doug Lagore,

Chief Administrative Officer







# Taking Care of Strathmore



## Roads Serviced

- 2,500 hours clearing snow from roads and pathways
- 6kms of gravel roads
- 23kms of alleyways
- 42 days worth of street sweeping
- 310 garbage cart repairs and replacements
- 23.43 tonnes of asphalt used to repair potholes



## Installations

- Salt tent and pond at the Operations yard
- Automated gate sensors at the Operations yard
- Irrigation at Station Park
- Landscaping at George Freeman Trail Crossing
- New Kinsmen Park electrical box



## Parks and Pathways

- 277 acres of green and park space maintained
- 218 hours pruning
- 658 hours on litter control
- 170 hours mowing
- 2,332 hours on bed maintenance
- 967 flowers planted
- 220 tree removals
- 176 hours installing Christmas lights and decorations
- Over 300 hours on outdoor rink maintenance



Completed 1926 Work Orders



# Amidst a Pandemic

## 190 Hours Assisting the Emergency Corrdination Center

In the past year the pandemic has taught our organization exactly how well we can work together, at a distance, through difficult circumstances. Our Town staff faced big challenges, from our Human Resources Department to our Parks and Operations Department we needed to quickly develop new COVID-19 safe work practices and procedures. Tasks we normally completed without much thought needed to be adjusted to protect the staff and the public. The COVID contingency plan was activated immediately. Full-time staff were separated into two teams, with each team starting in different location and at a different time. Seasonal staff were also separated into teams and into three different buildings. All teams spent additional time cleaning and sanatizing all equitment used throughout the day.

Remarkably our Parks and Operations team was able to complete normal seasonal tasks such as street sweeping, pot-hole repairs and park maintenance while adhering to COVID-19 safety regulations and completing additional COVID-19 tasks to keep our residents safe during the pandemic.

Additional COVID-19 related projects completed:

- Installing closures and rules signage on playgrounds, baseball diamonds, the splash park, tennis court and the disc golf course
- Installed, maintained and updated signs and tree tags on the “Community Recognition Trees”
- Installed the back up generator at the Strathmore Municipal Library
- When re-opening, changed out all signage at all locations that were closed
- Assisted with new gate installs at new WID walking paths
- Installed all the garbage cans, dog bag holders and maintained the temporary dog park
- Assisted the pool with setting up barricades during the pool resurfacing
- Assisted with the set up of a COVID check point at Town Hall
- Physical distancing circles were marked on the green spaces at the Spray Park
- Hand sanitizer was supplied and extra garbage cans were placed out, which required frequent changing
- Staff monitored how many patrons were in the Spray Park to ensure capacity limits were not exceeded
- Staff assisted with frequent cleaning and sanitizing of Park washrooms





# Supporting Our Community

COVID put a damper with our events so we had to get creative. We partnered with the Strathmore Ag. Society to host a Canada Day drive-in following health restrictions.

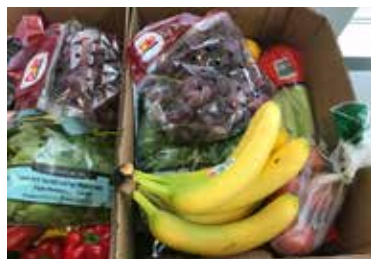


Our online Creative Kids contests and our Digital Easter Egg Hunt were a big success with the community providing an little bit of joy to Strathmore's young families. We also had a Christmas decorating contest.

## Our Family and Community Support Services (FCSS) Reaching Out Amidst the Pandemic

We have provided approximately \$20,775 in basic needs to individuals and families

- Introduced a grocery delivery service to ensure residents who were isolated had access to basic needs
- Continued our Good Food Box program with a \$10.00 subsidy for each box sold – reached record numbers during COVID-19 with over 3,358 boxes ordered during 2020
- Handi-bus continued service delivery with modified protocol to meet AHS guidelines - 2,469 trips were accommodated in 2020
- The Town of Strathmore Handi-bus programming transitioned over to the Strathmore Handi-bus Association on February 21, 2021
- Closure of the Child, Family and Youth Hub. We permanently transitioned our youth programming to a new delivery model that allows for COVID-19 friendly activities and the use of additional community spaces
- Completed 92 income tax returns while maintaining social distancing
- FCSS partnered with the Strathmore Wheatland Wellness Resource Project to provide a centralized resource line for our community to ensure all residents have access to the supports they need, especially during COVID-19



# Active Living

## Keeping Strathmore's Community Active and Positive.

Since we were closed, due to the first wave of COVID, we took advantage of the closures to complete a number of projects. Some of these projects were capital in nature. Others were basic maintenance repair issues that could only be completed because the facilities were closed for an extend time or expedited the timeframe to avoid a closure later in the year. When we were able to hold classes we needed to ensure all health guidelines were met. This kept our staff very busy but classes such as our Float Yoga, private swimming lessons and pickelball were successful during the pandemic.





# Protecting Our Residents

## Strathmore Fire Department

Our Strathmore Fire Department continues to serve our community with a focus on excellent customer service. In 2020 the department responded to 352 calls.

The majority of these calls can be broken down into Fires, Medical Response, Motor Vehicle Collisions, Alarms, and other miscellaneous calls for assistance. Although the pandemic presented many challenges for the department, we found ways to continue our proactive approach to fire prevention including education and inspections. We also found different ways to continue to train our members and ensure that they remained competent in their roles.

To help support the community through the State of Local Emergency they introduced Birthday-Drive-By-Visits for young residents who couldn't celebrate their special day with friends and outside family members. They also participated in an appreciation parade for Essential Workers to show our support during the pandemic.

On September 19, 2020, Strathmore Fire Department was very proud to introduce its newest front line engine, built by Pierce Manufacturing. The rig is built on a Pierce Saber cab and chassis. It features a top-mount 1750 gpm pump with enclosed pump panel as well as a built-in foam system. One of the unique features on this truck is its rear mounted remote-controlled deck gun.





## Municipal Enforcement

Our Municipal Enforcement team developed creative ways to assist the residents of Strathmore. They introduced temporary recreational vehicle permits which enabled residents to use motorhomes and trailers as an isolation area in front of their residence for 14 days.

This prevented families from having to look for a place to stay while in quarantine. A parade of appreciation to front line workers was also organized which included several enforcement agencies, fire departments and EMS.

An electronic ticking system (E-Ticketing) was implemented. Our E-Ticketing system includes a phone and a computer-based app that can print provincial and bylaw tickets. The system also has the ability to attach a recorded statement, video and photograph to the violation ticket. This has sped up the time it takes a member to issue a provincial violation ticket to 3-4 minutes from 10-11 minutes.

Municipal Enforcement was also able to assist the RCMP in several drone flights for aerial photos of incident scenes. The high-quality video and photos were immensely appreciated as it provided them with a different perspective of the scene.



## People and Communication

The onset of COVID-19 made it a very busy year for the Communications team. Getting information out to the community during a rapidly changing environment was vital to keeping Strathmore residents' calm, safe and informed. Throughout the State of Local Emergency - Prevent, Connect and Support became the three main pillars of our communications Strategy which was shifted and redirected many times throughout the pandemic. During this time we also introduced new communications initiatives to help extend our reach within the community – Facebook live with mayor path Fule, a weekly email newsletter, local signage, radio sizzlers, and we increased our internal communications efforts by reintroducing the Staff Portal. We also supported online contests to support local families, such as Creative Kids Contest, Family Fun Kits and a Virtual Easter Egg Hunt.

Our Human Resources and Information Technology teams were also vital during the Local State of Emergency. Our IT team worked tirelessly to upgrade our systems to handle the capacity of staff working from home. While our HR team worked at lighting speed to develop work from home policies, procedures, and systems to accommodate and support staff. The Town also hired a fulltime health and safety officer to assure the safety of staff and the public visiting our facilities.



# Project Highlights

The Infrastructure Department completed 18 separate projects with a construction value of approximately \$2.5 Million. All projects were completed within budget and on schedule in the midst of the COVID-19 pandemic.

## Improved Pedestrian Access

Construction of new pathways and two new pedestrian bridges, one at Thomas Drive and a second at Lakewood Meadows, brought additional pedestrian routes to the citizens of Strathmore. These amenities were heavily utilized through the pandemic shutdown. Outdoor activities were a source of relief for many and being able to have the new crossings open early in the season was a welcome addition to Strathmore's pathway network.



## Westridge Road

Major planning and consultation on the Westridge Road project was completed in 2020 in preparation for construction in 2021 and 2022. Meetings were adjusted from in-person to virtual and a public survey was completed in lieu of an open house. By the end of 2020 a design was finalized, and tender documents were prepared. Consultations with business owners will continue through the construction process to ensure expectations are met.



## Strathmore Lake Upgrades

Strathmore Lake is a major water feature in Strathmore and also an important piece of the Town's storm water infrastructure. Replacement of the retaining wall as well as a portion of the shoreline will help ensure the safety of all park users for years to come.







## Strathmore Municipal Building

Town Administration opened the new Strathmore Municipal Building at the end of 2020. This new building is the centrepiece of a five-year strategy to revitalize Downtown Strathmore. The new building is now home to the majority of the Town's departments, bringing together staff from three different locations. Our team is now able to deliver improved and more cost effective services to the community with the elimination of leased office spaces. Kinsmen Park will benefit from the addition of year-round accessible washrooms that the building provides. The location will also bring more people into the downtown area of Strathmore. This project included enhancements to Kinsmen Park such as new pathways, additional parking, and improvements to the Farmer's Market Pavilion.

Our Legislative Services department played a central role in the coordination of moving staff from three previous locations into the new building. It was a massive undertaking where they managed everything from leases, furniture, records and all the odds and ends in between to make the move a success.



# Planning for the Future



**\$22,739,080**

2020 Building Permit Construction Values

**18**

New Residential Units

**113**

Real Property Reports

**130**

Development Permits

**7**

New Commercial Starts

**2**

New Industrial Starts

**3**

Sign Permits New Institutional Starts

**141**

Building Permits

**168**

Electrical Permits

**140**

Gas Plumbing Permits

**93**

Plumbing Permits



## Updates, Changes and Restrictions Planning in a Pandemic

Our Planning and Development Department also played a vital role in the Emergency Coordination Center ECC. Staff worked in the ECC to develop documentation and plans. They also supported local businesses who were struggling to navigate through all the COVID rules and regulations, which were constantly change with each restriction update.

The remainder of Development Staff adapted to new work-from-home protocols and continued to maintain our service levels remotely. Staff took computers and phones home and continued to process applications, process licenses, answer inquiries, and provide support. Socially distanced deliveries of approved permits and documents were delivered. We continued to meet with one another, other departments, applicants, and developers virtually. Despite the pandemic projects continued to be approved and completed as a result we had a similar year in comparison to 2019.



## Solar Capital Power Project

After receiving news that the Alberta Utilities Commission (AUC) had granted power plant approval, preconstruction meetings occurred in the Fall of 2020 together with the Infrastructure, Operations and Fire Departments

## Marigold Library Systems and Western Irrigation District Headquarters

Our department reviewed and issued the development permit and building permit for their new office building

## Safety Codes Council (SCC) Audit

In November 2020, the department had a remote audit conducted by the SCC of Alberta. We received some recommendations and a note from the SCC that read, “the staff demonstrated integrity and a strong commitment in providing services in the building, electrical, plumbing, and gas disciplines in accordance with the Safety Codes Act and the Quality Manager Plan.”



# Treasurer's Message



The 2020 year has provided unique and challenging opportunities from a financial perspective. When COVID 19 started in March 2020 the Town was there to assist by deferring the penalty dates for 2020 taxes and utilities. This provided interesting challenges in managing the cash flow for the Town of Strathmore. With the completion of the Strathmore Municipal Building and the move to the new offices this also was a new experience for all the staff involved. I congratulate the Strategic and Administrative Service Team for the seamless transition to this new building.

The Consolidated Financial Statements are intended to provide Council, the public, and other stakeholders an overview of the state of the Town's finances.

The preparation, content and accuracy of the Consolidated Financial Statements and all other information included in the financial report are the responsibility of management. The Consolidated Financial Statements have been audited by Avail

LLP Chartered Professional Accountants and the auditors have provided an opinion that the statements present fairly the financial position of the Town of Strathmore along with the Statement of Operations, change in net financial assets (debt) and cash flow for the year ended 2020. The external auditor's opinion is to provide comfort to stakeholders that the financial statements can be relied upon.

The Finance department has gone the extra mile in working with Avail LLP in having the audit completed in a timely manner during the COVID 19 difficulties. I applaud them for this effort. The Province of Alberta provided The Town of Strathmore with additional funding to offset the unanticipated COVID19 expenses and a revenue shortfall due to the closure of the recreational facilities for part of the 2020 year. Overall, the Consolidated Statement of Operations shows an excess of revenue over expenses. The accumulated surplus end of year balance grew by over four million dollars compared to a year earlier.

The budget for 2021 provided for no additional property taxes over the prior year, this will be reflected in the 2021 tax rate bylaw and the tax notices that will be sent to property owners in May of this year.

Council has adopted Policy #1807 The Operating and Capital Reserves Policy. This policy is to provide financial resources for Strathmore to remain financially sustainable. Tangible Capital Assets require repair and maintenance often at significant expense. New assets are also required to meet the strategic plan of Council and expectations of the public. This policy is only one of several policies that deliver a strong financial framework for the Town. The other document that assists in this cause is the 2021 Long Term Financial Plan. A policy currently under development is the Budget Policy. I anticipate that this policy will be completed and adopted by the end of July 2021.

All Town of Strathmore staff continue to remain committed to effective governance and stewardship over the Town's financial and physical assets.

Mel Tiede CPA, CMA



# Long Term Financial Plan





10/20/2020

# Town of Strathmore

2021 Long-Term Financial Plan



Director of Corporate Services

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## Introduction

Strathmore is a growing and ever-changing municipality with a population of 13,528. Situated 40 kilometers east of Calgary on the TransCanada highway, Strathmore is poised for growth. As a leader in recreation and recreational facilities, the Town, Golden Hills School Division and Wheatland County partnered in the construction and development of Strathmore Motor Products Sports Centre in the community of Edgefield at a project cost of over \$10 million. This project was completed in 2019. Other major infrastructure completed over the last decade include the following: 1. Regional waterline from the City of Calgary (\$54 Million), 2. Wildflower reservoir (\$8 Million), 3. Waste water treatment plant upgrades (\$20 Million), 4. Waste water line to the Bow River (\$16 Million). These projects have all helped strengthen the community.

Both the Province of Alberta and Town of Strathmore are being challenged with the COVID-19 pandemic. The Province has committed to the town one-time funding for new Capital projects in 2021, and additional operating (MOST GRANT) to assist with a revenue short fall and incremental expenses as a result of the pandemic. The additional grant funding concludes March 31, 2021. The reality of a soft provincial economy is both a challenge and opportunity, to be creative and innovative, finding better ways to deliver services to the community.

The Capital cost of a facility is generally 30% of the total cost of a facility- the balance (70%) is in operating costs over the life of the facility. Over the past several years, additional annual operating cost increases have resulted due to adding the Strathmore Motor Products Sports Center, enhancements to the Aquatic Center, the Municipal Library improvements, and other office rental accommodations for town staff. Enhanced services include the following: fire protection with the addition of full-time fire fighters, Child Youth and Family Hub, health and occupational safety for town employees, black and green bin collection of waste, and a Seniors tax rebate program.

In 2010, the town annexed land sufficient to accommodate development growth for approximately 50-70 years.

The Three-Year Operating Financial Plan 2021 – 2023 has been prepared based on the priorities and direction established by Council. This plan expresses the financial direction for the Town and identifies the financial principles and policies that will lead the Town's fiscal stability and sustainability in the coming years. These principles and policies will establish the basic framework for responsible fiscal management of the Town's resources.

The Town of Strathmore strives to provide a level of municipal service that takes into consideration the community's service expectations and the community's ability to pay for these services. Given the challenge of the Pandemic and economic climate in the Province, there is a focus on not increasing taxation. As the Town's municipal infrastructure ages, funds must be committed for proper management, maintenance and refurbishment throughout the lifecycle of this infrastructure. **Additional new revenue is required to cover the costs of maintaining this municipal infrastructure, inclusive of more efficiencies and effective services level standards.** The Town recognizes that taxpayers expect value for money. A balance must be struck between customers' expectations for service and the taxpayers' ability to pay for these services. The Citizen Survey Results from 2019 indicate a desire to protect current services and facilities while respecting

sustainable and increased revenue models. The municipality is responding by adopting a more creative cost-effective approach to service delivery. Local solutions and actions must be developed to ensure that services, programs and facilities are sustainable now and into the future for a prosperous community

## Reasons for Strategy

1. Long-term financial sustainability. Balanced budgets with a focus on delivering services within Council's Strategic Plan.
2. Provide financial flexibility to meet both the emergent and traditional needs of the town.
3. Provide financial resiliency and to meet emergent or unexpected needs.
4. Respect for the tax and utility ratepayer. Providing the best dollar value while delivering the service expectations of the public. Innovative approaches to the delivery of services, including shared services, contract service models, and public private partnerships will be considered.
5. Leverage opportunities as opportunities arise.

## Budget Preparation - Factors and Guidelines

The Town prepares a three-year operating financial plan and a five-year capital plan in accordance with the revisions to the *Municipal Government Act (MGA)*. Section 243 of the MGA outlines that the purpose of the budget is to provide for Council's policies and programs. A requirement of the financial plan is that it be balanced. Simply stated, expenditures must be paid for by revenue and transfers. Factors that affect operating and capital budgets include inflation, cost of living increase, population and assessment growth, development growth, economic trends including employment or unemployment, changing real estate markets, taxation issues, and Council policy decisions.

## Guiding Principles

1. Integrate the results of Citizen Surveys for financial strategy and planning, using property taxation, local improvement taxes, user fees, franchise fees, reserves, investment income, and the use of debt, to best serve the citizens of Strathmore.
  - a. Targeted service reductions to maintain service level expectations.
  - b. Increase revenues to meet service level expectations.
2. Mitigate significant fluctuations in tax and utility rates; increases in rates should reflect the cost increase to provide the service.
  - a. Contain reliance on tax revenue for core service delivery.
  - b. Review and revise utility rate models to adjust fees and charges to reflect full-cost recovery, payment for contract commitments, and additional charges for reserves to continue self-sustaining utilities and provide financial reserves for future TCA enhancements. Borrow on utility long-term capital projects where the project will benefit future generations and leverage historically low interest charges.
3. Ensure the capital plan is sustainable so capital asset additions will not negatively impact the operating budget and are sustainable and affordable. Forward planning on the long-



term capital program must identify sources of funding for assets and comply with the *Municipal Government Act*.

4. Grow alternative revenue sources, including fees, charges, utilities, franchise fees and reduce needed increases in property taxation. Transition fee-generating services to a self-sustainable financial model wherever possible and practical to keep pace with program delivery expectations.
5. Maximize the use of grants when/where available.
6. Fund new programs or services with net new revenue sources within a sustainable financial model.
7. Operating budgets shall include an expenditure to cover a financial short fall resulting from the prior fiscal year.
8. The town will estimate its annual revenues by an objective, analytical process utilizing trend, judgmental and statistical analysis as appropriate. Since revenues are sensitive to both local and regional economic conditions, revenue estimates adopted by Council must be conservative.
9. Revenues that are not expected to be of an ongoing nature will not be used to fund ongoing expenditures. These revenues will be used to offset current or future one-time expenditures. The town will avoid budgetary practices which balance the current budget at the expense of future budgets.
10. The Town of Strathmore places a high priority on maintaining capital assets. Annual operating budgets will provide adequate funding for ongoing required maintenance. This includes buildings, storm sewers, roads, parks, pathways, and IT infrastructure as an example.
11. The Town will maintain an unrestricted surplus and Financial Stabilization Reserve in an amount equal to 20% of the annual budget to meet unforeseen revenue shortfalls and or emergent operational needs.
12. “Deliver value for money” is a principle that will be pushed to continuously find efficiencies and quality improvements in the way we manage and deliver services.
13. Borrow for sustainable, revenue-generating long-term assets at affordable levels. Consider a maximum debt utilization relative to the provincial regulation. I.E. 60% of the provincial debt limit.
14. Improving financial strength and sustainability through savings and spending less than total revenue. Reinvest savings in operating or capital reserves.

## Property Taxes

Property Taxes are the single largest revenue source for the Town of Strathmore, and most Canadian Municipalities. Property Taxes are levied based on rates set in accordance with the property tax rate bylaw passed annually by Council. Council establishes two rates of Taxation-one rate for residential property and the second rate for non-residential property (Commercial, Industrial, Linear).

Property taxes are assessed on each taxable property based on a market value assessment as at July 1st of the prior year. Assessment values may be appealed during the appeal period following the mailing of the assessment notices in January each year. Property taxes may not be appealed.

## Annual Property Tax Adjustment

The general tax adjustment is the increase or decrease in taxes paid by the average property owner. The Town of Strathmore municipal tax rate is determined from the operating budget approved by council for a tax year, and the total taxable assessed property values.

For the years 2014 to 2020 inclusive, the Town of Strathmore has experienced expense increases at a greater rate than the CPI for Calgary due to additional services and facilities being added to the municipal operations. Property tax adjustments ought to reflect this reality in some form.

For the years 2014 to 2020 the residential municipal taxes were as follows for the average residential property assessed at \$300,000 in the town. (includes Alberta School Foundation – Education, and Wheatland Housing.)

YEAR	MILL RATE	TAXES
2014	5.825	\$1,748
2015	5.557	\$1,667
2016	5.476	\$1,643
2017	5.532	\$1,660
2018	5.803	\$1,740
2019	6.099	\$1,830
2020	6.452	\$1,936

The above shows that municipal taxes have decreased from \$1,748 by \$88 (5.0%) to \$1,660 for the average residential property owner for the years 2014 to 2017. For the period of 2014 to 2020 the municipal residential tax increased an average of 1.8% annually.



The trend of reducing taxation coupled with increasing expenses as shown above are not financially sustainable over a long period of time. Stable ongoing tax and rate increases provides funding to ensure a sustainable service delivery model and strategic planning for the town.

It is proposed that Municipal property taxes remain at 2020 levels for 2021 as much as possible to recognize the effects of the current Pandemic on the community.

## Requisitions – Education and Wheatland Housing

The Town of Strathmore directly passes the Alberta Education Requisition and Wheatland Housing Requisition to the property owner in the form of a separate mill rate for each of the requisitions. The Town neither increases nor decreases its Town mill rate to capture additional taxes if the requisitions decreases, nor does it lower taxes should the education requisition increase. The Education tax increased by 23.7% over the four-year period 2015 to 2019, an average of 5.9% per year. The Wheatland Housing requisition increased by 34.4% over the same four-year period an average of 8.6% per year. These requisition increases created an increase in taxation averaging \$285,000 per year to property owners.

## Non-Residential and Residential Municipal Tax Rate

Most Alberta municipalities levy a higher municipal tax rate on commercial properties than on residential properties. In Strathmore, the non-residential/ commercial mill rate for 2020 was 7.793 while the residential mill-rate was 6.452 a difference of 1.341 mills or a 20.8% differential between the two rates. Strathmore has the lowest differential between residential and non-residential in the comparison group of surrounding communities. See two table below:

### Surrounding Communities

	<b>Residential</b>	<b>Non-Residential</b>	<b>% over</b>
<b>Strathmore</b>	<b>6.452</b>	<b>7.793</b>	<b>20.8</b>
<b>High River</b>	<b>6.8162</b>	<b>8.8611</b>	<b>30</b>
<b>Okotoks</b>	<b>5.2541</b>	<b>7.8731</b>	<b>50</b>
<b>Cochrane</b>	<b>4.8365</b>	<b>6.6109</b>	<b>37</b>
<b>Brooks</b>	<b>8.4055</b>	<b>13.61988</b>	<b>62</b>
<b>Airdrie</b>	<b>4.78468</b>	<b>10.04809</b>	<b>110</b>
<b>Wheatland County</b>	<b>3.539</b>	<b>8.5211</b>	<b>140</b>

## Large Alberta Cities

	<b>Residential</b>	<b>Non-Residential</b>	<b>% over</b>
<b>Red Deer</b>	<b>7.1979</b>	<b>14.0635</b>	<b>95</b>
<b>Medicine Hat</b>	<b>7.1152</b>	<b>15.7102</b>	<b>121</b>
<b>Lethbridge</b>	<b>8.7327</b>	<b>20.5464</b>	<b>135</b>
<b>Edmonton</b>	<b>6.8168</b>	<b>18.5037</b>	<b>171</b>
<b>Calgary</b>	<b>4.7795</b>	<b>20.6458</b>	<b>332</b>

The Province of Alberta for the Education requisition applies a 47% premium on non-residential assessments over residential assessments. It is recommended that non-residential tax rate be increased to the Provincial average over a period of time.

## Local Improvement Taxes

### What is a local improvement?

A Local improvement is a project that Council considers to be of greater benefit to a specific area of the town than to the whole town and is to be paid for in whole or in part by a tax imposed on the properties affected by the project.

A local improvement is a new or replacement construction project intended to upgrade specific conditions within a residential, commercial or industrial area of the town. Examples include rear lane paving, street paving, curb and gutter replacement, boulevard and street lighting, extending sanitary, storm or water systems replacements.

### Who can request a local improvement?

Local improvements are most often requested by property owners. Property owners can request a local improvement with a petition. The town can also initiate a local improvement.

In either case, the Town will send a notice to each affected property owner. Sections 393 to 409 of the *Municipal Government Act* establish the provincial statutory guidelines for the administration of local improvement Plans and Local Improvement Taxes.

Property owners affected by the proposed local improvement tax may petition the town objecting to the local improvement within 30 days of the notices being sent, the town must not proceed with the local improvement if a sufficient and valid petition is received.



## **Who pays for the local improvements?**

Every property benefiting from a local improvement shares in the cost, even if some owners have not signed the petition in support of the petition.

## **How is each property owner's share of the local improvement cost determined?**

The cost of the project is determined and is allocated to the benefiting property owners on an equitable basis such as property frontage.

Funding for the local improvement is borrowed by the Town of Strathmore and repaid by the affected owners. Property owners have the option of paying this cost in one lump sum payment, thereby saving interest charges, or they may choose to pay the amount in instalments over the term of the loan with interest, which is added to their annual property tax account.

**Local Improvement Taxes be considered as a funding tool for projects that Council considers benefits certain property owners more than the town. The implementation of this could be over a period of 4 years. With tax payers becoming increasingly responsible for project costs with each succeeding year. For example, year one, for projects requested by the Town of Strathmore only 25% of the project be considered for local tax, year two 50% and so on, by year four, the total cost of a local improvement be recovered by local improvement tax over a fifteen-year period.**

## **Town Services Includes the following:**

Potable water, sanitary sewer, and storm sewer

Garbage and waste collection

Streets, sidewalks, traffic control

Parks pathways and playgrounds, recreation facilities -Aquatic Center, Family Center, Strathmore Motor Products Sports Centre, Curling Rink

Cemetery

Youth Center and youth programs. This program may be delivered by a third party during 2021.

Planning, community development, economic development

Policing, bylaw enforcement, fire protection services, building inspection and Animal control

Culture Civic Center

Financial support to Strathmore Handi Bus Association, Municipal Library, Seniors Housing, Strathmore & District Agricultural Society, and other organizations

FCSS support programs

Downtown revitalization

Canada Day Celebrations

\*The above identifies the major programs and services but is not exhaustive list.

## New Program & Service Requests

There is continuing pressure from Strathmore residents to provide new programs and services or expand existing ones. The funding available for new or enhanced service levels is limited given ongoing funding constraints. New and/or expanded programs and services that require ongoing expenditures may be presented as part of the operating budget process but will be strategic and focus on Council's strategic priorities. Funding for new programs and services that do not have a revenue source sufficient to offset expenses could require a property tax increase over and above the Calgary inflation rate, and/or a reduction in other municipal services.

**It is proposed that all new programs and service requests be accompanied by a source of funding and possible efficiency measures. Taxation should not be considered as the sole source of funding new programs and services, to reduce the continuing need to increase taxation.**

## New Development and Growth

New residential and commercial development influences the Town's operating budget. New development generates additional property tax revenues, but also increases the cost of providing municipal services. The Town will strive to generate offsite levy and property tax revenue sufficient to offset the increased service, program, and municipal infrastructure costs resulting from new development, and ensure that the cost increases are not passed on to the rest of the community. The Town will encourage mixed-use development that supports both commercial and residential assessment growth. The Town currently carries an 83% residential assessment and 17% commercial property assessment. The development of the proposed solar farm may increase the non-residential assessment by approximately 5% to 10%. This follows a reduction in the market value assessment of hotels and motels in Strathmore of 25% or more because of the oil and gas downturn in the economy. **A 20% commercial property assessment goal for Strathmore would be reasonable.**

## Off-Site Levies

Off-site levy fees are charged to developers for certain anticipated future projects. The fees are retained in the financial reserve accounts until utilized for the specific named projects.

With the changes in the MGA there is an opportunity to include additional needed infrastructure, which was specifically excluded in the past within the Off-site levy calculation and obtain partial funding for these projects as land is developed in the town. **It is recommended that the Town investigate steps to establish recreation and fire eligible services into the Offsite Levies as rapidly as possible.**

## Review of Programs and Service Delivery Models

Management continually review existing programs and services for relevancy to the community and meeting stake holder expectations. The review will also focus on best practices and if the service is being provided in an efficient and cost-effective manner.

An example of a service delivery model adjustment presently being reviewed and contemplated is the Youth Programs offered and delivered by the Town of Strathmore. The Town is exploring delivering this service through the use of a third party in 2021. Meeting the needs of the community while balancing financial sustainability is the objective of any future adjustment.

## Utility Rates

Utilities- water, sanitary sewer, storm sewer, solid waste and recycling- will be operated on a full-cost recovery basis through equitable user fees. Full-cost recovery will ensure that utility revenue will cover 100 percent of the annual operating costs including debt repayment and future capital cost replacements.

**Utility rates will be reviewed and adjusted on an annual basis to ensure full cost recovery. The utilities combined budget for 2020 recovered all operating costs. It is recommended that the water, sanitary and storm sewer rates be increased by 2% in 2021 to continue the full cost recovery model. In addition, a \$3.75/month reserve levy for Water Sanitary sewer and garbage be directed to a utility infrastructure reserve and a storm sewer monthly levy of \$3.75 be directed to a storm sewer infrastructure reserve.** Strathmore has a safe and secure source of water and can continue to attract commercial opportunities that are not available in Okotoks and High River due to water availability issues.



## Franchise Fees

Franchise fee revenue is received by the Town of Strathmore from both Fortis and Atco Gas. The fee is based on a percentage of certain items on natural gas and/or electricity bills sent to the customer. Fortis and Atco Gas collect these fees and remit the fees to the town. Franchise fees are paid by all utility users whereas certain properties are exempt from property taxes. The following are exempt properties from taxes: schools, churches, institutions, hospital, Legion, WID, Senior Lodge Housing and Health Unit. The total assessed value for exempt properties in Strathmore is approximately 10% of the total assessment. Franchise fees are the only source of general revenue from these properties for the Town. The Town received \$640,000 from Atco Gas and \$1,177,000 from Fortis Alberta in 2019. The Franchise fees are an important component of the general revenue to the town and is 13.5% of the user fee revenue.

The maximum natural gas franchise fee is 35% and the town is currently at 29.6%. The maximum electrical franchise fee is 20% and the town is currently at the 20% maximum.

**Recommendation –To adjust the Natural Gas Franchise Fees (Atco Gas) to the Provincial maximum in 2021. The monthly financial impact to the average residential property owner would be \$ 2.40.**

## User Fees and Charges

For the Town of Strathmore to contain dependency on property taxes it is necessary to ensure that existing fees and charges are current. The 2020 operating budget for the Aquatic Center, Family Center, SMP Sport Centre, Curling Rink and Civic Center was supported by taxation in the amount of \$3,500,000 in total and is 27% of net municipal taxes.

**Cost recovery in the Planning and Development services divisions for the costs of department review of documents, permits etc. from developers is an important aspect of cost containment. It is recommended that fees and charges for the division become sustainable and transition away from property tax revenues as soon as practical. The fees and charges for this service require review and updating to move to a sustainable level of cost recovery.**

## Government Grants

The Province of Alberta has committed to provide additional one-time capital funding of \$1.6 million for new capital projects, and one-time operating funding \$1.3 million with certain restrictions to the Town as a result of the COVID-19 pandemic. Historically, the total capital program has been funded by Government grants, borrowing, and reserves. Thirty five percent of the 2020 capital program was funded by Government grants from senior levels of government. In the future, reserves and borrowing will be called upon increasingly for the funding of capital programs. Operating funding comes from the Province for Municipal Policing and FCSS. Both grants cover some of the operating costs of each program. The Town cannot solely rely on grant funding from senior levels of government to fund operations or capital needs in the future as a result of the massive spending by senior governments on the COVID-19 response. **The Town will maximize and leverage available grants for infrastructure and operations where possible. The Town will not use grants for utility infrastructure (unless specific and related eligible grants are available) when borrowing capacity exists and the borrowing costs can be recovered thru the utility fees and charges.**

**It is recommended that Federal Gas Tax Funding be used strategically to gain high yield benefits which directly support the Council Vision, and Corporate Strategic Plan.**

## Use of Debt

The *Municipal Government Act* and Regulations define a municipal debt limit and debt service limit. The Town will strive to use borrowed funds where user fees will be used to cover the debt servicing payments. Long-term tangible capital assets acquired for utility services (water, sewer, storm sewer) will be financed utilizing long-term borrowing. Secondly, debt will also be used for municipal infrastructure of high importance and restricted to essential municipal services when the debt limit is at 50% or greater. Essential services are defined as water, sewer, protective and emergency services and equipment associated with such. **The town will not use debt to fund operational needs or fund assets with a life expectancy of five years or less other than through a short-term rental or lease arrangement.** At December 31, 2019 the Town was at 44% of the debt limit. It is anticipated that at December 31, 2020 the town will be at 57% of the debt limit utilized.

## Joint Funding Model

The town will endeavor to collaborate with CMRB partners including primarily Wheatland County to utilize joint services for the delivery of recreation, and other programs where possible. The Town annually supports the Aquatic Centre and Family centre by more than two million dollars annually from taxation. **The Town of Strathmore commenced negotiating an agreement with Wheatland County to create a joint funding model that recognizes utilization of town facilities by county residents and county facilities by town residents. This process is not yet finalized and is currently on hold.** Once this process has concluded it is recommended that the Town approach Rocky View County and the City of Chestermere to open negotiations for Joint Funding agreements. A significant number of residents of Langdon, Lyalta, Chestermere and surrounding area use town recreation facilities.

## Budget Surplus and Reserves

The purpose of a reserve policy is to provide financial resources for Strathmore to remain financially sustainable. Tangible capital assets require repair and maintenance often at significant expense. New assets are also required to meet the strategic plan of Council and expectations of the public. A further purpose of a reserve policy is to provide sufficient cash flows to enable the Town to sustain operations through delays in receipt of payments without jeopardizing ongoing operations. This policy recognizes that the acquisition or refurbishment of a major capital asset requires a large financial investment and takes time to accumulate the funding. The reserves will be built over time by establishing ongoing funding sources. The Town of Strathmore had a reserve balance of \$10.7 million on December 31, 2010. The reserve balance at December 31, 2019 was \$9.3, a decrease of 13%, over the period from 2010 to December 2019. In the same time period, the town has made major investments in tangible capital assets of \$77 million. The reserves capability have not kept pace with the growth of assets and inflation.

## Investments

The Town invests cash not immediately needed for operational or capital purposes, operating and capital reserve balances and the unrestricted surplus into both short- and long-term investments. These investments meet the Town of Strathmore investment policy guidelines and the requirements of the MGA. The Town of Strathmore operating budget includes the investment income derived from the investments. Investment income on reserve balances is added to the reserves on an annual basis. The short-term investments represent a portion of tax revenue required for operational needs during the year. Deferred grant revenue is also invested on a short-term basis. Short-term investments are liquidated on an ongoing basis during the year to pay operating expenses and capital expenditures as needed. Developer offsite levy reserve balances are maintained on a long-term investment basis until required for specified capital projects. Long-term investments are invested in government and bank bonds and notes. Long-term investments currently earn a return of 1.0% to 2% annually. Investment income for 2019 was \$332,000.



## Infrastructure Deficit

The Town of Strathmore has \$238,000,000 worth of Engineered Structures, Facilities, Buildings, and Land Improvements at cost. The cost to replace these assets would be significantly greater. This includes water and sewer pipelines, pump stations, reservoirs, storm water management ponds, roads, sidewalks and buildings. The 2019 net book value of these assets amounts to \$177,000,000 and they are 25% depreciated. The depreciation on these assets is \$60,853,000. The Town currently has \$7,989,000 in capital reserves. This would indicate the Town of Strathmore has an unfunded infrastructure deficit of \$52,864,000. The Town depreciates these assets by \$4,441,000 annually. The town has established an infrastructure reinvestment reserve and a utility infrastructure reserve. In 2020 the town adopted a \$6.00 per month charge on each utility bill to be contributed to the utility infrastructure reserve. This reserve will assist in funding utility infrastructure needs in the future.

**Recommendation: That the Town adjust the charge to \$3.75 a month levy for water, sewer, and garbage, and a \$3.75/month levy storm sewer (total \$7.50 from \$6 per month) to create a sustainable revenue and reserves model for these utilities.**

## Summary

The financial principles discussed in this plan are intended to guide the Town of Strathmore for the upcoming years with an emphasis on long-term municipal infrastructure funding. It will be necessary to review and update the plan annually to ensure that it is meeting the financial needs of the Town.

## Next Steps

**Council adopt the following in setting the 2021 - 2023 budget**

- **Utility rate model of the utilities being self-supporting with future infrastructure needs being funded thru utility revenue and/or borrowing with the cost of borrowing being paid for by the utility revenue. Apply a \$3.75/month levy for water, sewer and garbage, and a \$3.75/month levy for storm sewer to create a sustainable revenue and reserves model for these utilities.**
- **Completion of the previously recommended increase in the ATCO Gas Franchise Fee to the maximum allowable of 35% an increase of \$2.40 monthly on the average homeowner that uses 115 GJ's monthly.**
- **No adjustment in municipal taxes.**

# Financial Statements



October 2020, history was made towards the stand against racism as RCMP in Strathmore signed a Letter of Understanding with Siksika First Nation and the Town of Strathmore.

**TOWN OF STRATHMORE**  
**Consolidated Financial Statements**  
**For the year ended December 31, 2020**



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**TOWN OF STRATHMORE**  
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For the year ended December 31, 2020

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CHARTERED PROFESSIONAL ACCOUNTANTS

## INDEPENDENT AUDITOR'S REPORT

To: The Mayor and Members of Council of  
the Town of Strathmore

### *Opinion*

We have audited the consolidated financial statements of the Town of Strathmore which comprise the consolidated statement of financial position as at December 31, 2020, and the consolidated statements of operations, change in net financial debt and cash flow for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Town of Strathmore as at December 31, 2020, the results of its operations, change in its net financial debt and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

### *Basis for Opinion*

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

### *Responsibilities of Management and Those Charged with Governance for the Financial Statements*

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

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

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

### *Auditor's Responsibilities for the Audit of the Financial Statements*

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

## INDEPENDENT AUDITOR'S REPORT, continued

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

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

### *Report on Other Legal and Regulatory Requirements*

- **Debt Limit Regulation:**  
In accordance with Alberta Regulation 255/2000, we confirm that the Town is in compliance with the Debt Limit Regulation. A detailed account of the Town's debt limit can be found in note 15.
- **Supplementary Accounting Principles and Standards Regulation:**  
In accordance with Alberta Regulation 313/2000, we confirm that the Town is in compliance with the Supplementary Accounting Principles and Standards Regulation and note the information required can be found in note 16.

Lethbridge, Alberta

April 21, 2021



Chartered Professional Accountants



## MANAGEMENT REPORT

The consolidated financial statements are the responsibility of the management of the Town of Strathmore.

These consolidated financial statements have been prepared from information provided by management. Financial statements are not precise since they include certain amounts based on estimates and judgments. Management has determined such amounts on a reasonable basis in order to ensure that the consolidated financial statements are presented fairly, in all material respects.

The Town 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 Town's assets are properly accounted for and adequately safeguarded.

The elected Council of the Town is responsible for ensuring that management fulfils its responsibilities for financial statements. Council carries out its responsibility principally through the Financial Audit Committee.

The Council meets annually 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 also considers the engagement or re-appointment of the external auditors. Council reviews the monthly financial reports.

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

*Douglas B. Lagore*

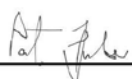
Chief Administrative Officer

**TOWN OF STRATHMORE**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**As at December 31, 2020**

	2020	2019
<b>Financial assets</b>		
Cash (note 2)	\$ 1,868,305	\$ 3,541,954
Taxes and grants in place of taxes receivable (note 3)	600,646	590,674
Trade and other receivables (note 4)	2,085,059	2,081,763
Investments (note 5)	15,272,441	16,090,781
	19,826,451	22,305,172
<b>Liabilities</b>		
Accounts payable and accrued liabilities	4,442,835	4,794,405
Employee benefit obligations (note 6)	126,237	205,975
Deposits	785,031	706,412
Deferred revenue (note 7)	1,782,672	1,630,093
Long-term debt (note 8)	24,414,007	18,950,160
	31,550,782	26,287,045
<b>Net financial debt</b>	(11,724,331)	(3,981,873)
<b>Non-financial assets</b>		
Prepaid expenses	161,073	257,206
Tangible capital assets (schedule 2)	218,149,741	206,535,959
	218,310,814	206,793,165
<b>Accumulated surplus</b> (note 9 and schedule 1)	\$ 206,586,483	\$ 202,811,292

*Commitments and contingencies* (note 17)

Approved on behalf of Council:

Councillor  \_\_\_\_\_

Councillor  \_\_\_\_\_

**TOWN OF STRATHMORE**  
**CONSOLIDATED STATEMENT OF OPERATIONS**  
For the year ended December 31, 2020

	Budget (Unaudited)	2020	2019
<b>Revenue</b>			
Net municipal property taxes (note 12)	\$ 12,947,920	\$ 12,931,866	\$ 12,331,743
User fees and sales of goods	15,090,254	14,847,566	13,499,370
Government transfers for operating (note 13)	1,040,200	2,615,027	1,213,040
Investment income	310,780	505,189	332,437
Penalties and costs of taxes	190,000	97,059	197,786
Licenses and permits	685,300	351,591	375,989
Gain on disposal of tangible capital assets	-	-	261,432
Other	279,208	291,058	376,013
	<b>30,543,662</b>	<b>31,639,356</b>	<b>28,587,810</b>
<b>Expenses (note 14)</b>			
Legislative	385,930	323,694	373,692
Administration	5,681,835	6,428,617	5,197,750
Police, fire, disaster, ambulance and bylaw enforcement	5,620,042	5,699,277	5,262,177
Transportation services	5,049,163	4,857,298	5,404,530
Water supply and distribution	3,838,374	3,730,849	3,689,553
Wastewater treatment and disposal	3,693,879	3,861,684	3,809,403
Waste management	1,006,373	1,169,082	1,139,322
Public health and welfare services	1,002,690	980,875	969,881
Planning and development	1,144,037	1,068,725	1,890,096
Parks and recreation	5,661,041	4,939,591	5,494,051
Culture - libraries, museums, halls	902,776	891,424	892,586
	<b>33,986,140</b>	<b>33,951,116</b>	<b>34,123,041</b>
<b>Deficiency of revenue over expenses before other</b>	<b>(3,442,478)</b>	<b>(2,311,760)</b>	<b>(5,535,231)</b>
<b>Other</b>			
Government transfers for capital (note 13)	4,843,210	4,564,469	3,758,475
Contributed assets	-	1,522,482	3,715,723
	<b>4,843,210</b>	<b>6,086,951</b>	<b>7,474,198</b>
<b>Excess of revenue over expenses</b>	<b>1,400,732</b>	<b>3,775,191</b>	<b>1,938,967</b>
<b>Accumulated surplus, beginning of year</b>	<b>202,811,292</b>	<b>202,811,292</b>	<b>200,872,325</b>
<b>Accumulated surplus, end of year</b>	<b>\$ 204,212,024</b>	<b>\$ 206,586,483</b>	<b>\$ 202,811,292</b>

**TOWN OF STRATHMORE**  
**CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL DEBT**  
**For the year ended December 31, 2020**

	Budget (Unaudited)	2020	2019
<b>Excess of revenue over expenses</b>	<b>\$ 1,400,732</b>	<b>\$ 3,775,191</b>	<b>\$ 1,938,967</b>
Acquisition of tangible capital assets	(13,641,139)	(15,710,251)	(8,836,595)
Amortization of tangible capital assets	4,919,653	5,618,953	5,179,185
Contributed assets	-	(1,522,482)	(3,715,723)
Gain on disposal of tangible capital assets	-	-	(261,432)
Proceeds on disposal of tangible capital assets	-	-	273,590
	(8,721,486)	(11,613,780)	(7,360,975)
Net change in prepaid expense	-	96,131	(143,383)
<b>Decrease in net financial assets (debt)</b>	<b>(7,320,754)</b>	<b>(7,742,458)</b>	<b>(5,565,391)</b>
<b>Net financial assets (debt), beginning of year</b>	<b>(3,981,873)</b>	<b>(3,981,873)</b>	<b>1,583,518</b>
<b>Net financial debt, end of year</b>	<b>\$ (11,302,627)</b>	<b>\$ (11,724,331)</b>	<b>\$ (3,981,873)</b>



**TOWN OF STRATHMORE**  
**CONSOLIDATED STATEMENT OF CASH FLOW**  
For the year ended December 31, 2020

	2020	2019
<b>Operating transactions</b>		
Excess of revenue over expenses	\$ 3,775,191	\$ 1,938,967
Adjustments for items which do not affect cash		
Gain on disposal of tangible capital assets	-	(261,432)
Amortization of tangible capital assets	5,618,953	5,179,185
Contributed assets	(1,522,482)	(3,715,723)
	7,871,662	3,140,997
Net change in non-cash working capital items		
Taxes and grants in place of taxes receivable	(9,972)	(56,056)
Trade and other receivables	(3,297)	(329,412)
Prepaid expenses	96,131	(143,383)
Accounts payable and accrued liabilities	(351,570)	(1,220,746)
Employee benefit obligations	(79,738)	(91,049)
Deposits	78,619	(31,591)
Deferred revenue	152,579	(932,083)
Cash provided by operating transactions	7,754,414	336,677
<b>Capital transactions</b>		
Proceeds on disposal of tangible capital assets	-	273,590
Acquisition of tangible capital assets	(15,710,251)	(8,836,595)
Cash applied to capital transactions	(15,710,251)	(8,563,005)
<b>Investing transactions</b>		
Decrease of investments	818,340	1,634,694
<b>Financing transactions</b>		
Proceeds of long-term debt	6,937,629	8,882,600
Repayment of long-term debt	(1,473,781)	(953,793)
Cash provided by financing transactions	5,463,848	7,928,807
<b>(Decrease) increase in cash and temporary investments</b>	(1,673,649)	1,337,173
<b>Cash, beginning of year</b>	3,541,954	2,204,781
<b>Cash, end of year</b>	\$ 1,868,305	\$ 3,541,954

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**TOWN OF STRATHMORE**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**For the year ended December 31, 2020**

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**1. Significant accounting policies**

The consolidated financial statements of the Town of Strathmore are the representations of management prepared in accordance with generally accepted accounting principles for local governments established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada. Significant aspects of the accounting policies adopted by the Town are as follows:

**(a) Reporting entity**

The consolidated financial statements reflect the assets, liabilities, revenue and expenses, changes in fund balances and change in financial position of the reporting entity which comprises all of the organizations that are owned or controlled by the Town and are, therefore, accountable to the Council for the administration of their financial affairs and resources.

The schedule of taxes levied also includes operating requisitions for educational, and other external organizations that are not controlled by the Municipal Council.

The statements exclude trust assets that are administered for the benefit of external parties.

**(b) Basis of accounting**

The financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting records 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.

Funds from external parties and earnings thereon restricted by agreement or legislation are accounted for as deferred revenue until used for the purpose specified.

Government transfers, contributions and other amounts are received from third parties pursuant to legislation, regulation or agreement and may only be used for certain programs, in the completion of specific work, or for the purchase of tangible capital assets. In addition, certain user charges and fees are collected for which the related services have yet to be performed. Revenue is recognized in the period when the related expenses are incurred, services performed or the tangible capital assets are acquired.

**(c) Use of estimates**

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount 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 expense 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.

**(d) 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.

**1. Significant accounting policies, continued**

**(e) Requisition over-levy and under-levy**

Over-levies and under-levies arise from the difference between the actual property tax levy made to cover each requisition and the actual amount requisitioned.

If the actual levy exceeds the requisition, the over-levy is accrued as a liability and property tax revenue is reduced. Where the actual levy is less than the requisition amount, the under-levy is accrued as a receivable and as property tax revenue.

Requisition tax rates in the subsequent year are adjusted for any over-levies or under-levies of the prior year.

**(f) Tax revenue**

Tax revenues are recognized when the tax has been authorized by bylaw and the taxable event has occurred.

Requisitions operate as a flow through and are excluded from municipal revenue.

**(g) Inventory for resale**

Land held for resale is recorded at the lower of cost and net realizable value. Cost includes costs for land acquisition and improvements required to prepare the land for servicing such as clearing, stripping, and leveling charges. Related development costs incurred to provide infrastructure such as water and waste water services, roads, sidewalks, and street lighting are recorded as physical assets under their respective function.

**(h) Contaminated sites liability**

Contaminated sites are a result of contamination being introduced into air, soil, water or sediment of a chemical, organic or radioactive material or live organism that exceeds an environmental standard. The liability is recorded net of any expected recoveries. A liability for remediation of a contaminated site is recognized when a site is not in productive use and is management's estimate of the cost of post-remediation including operation, maintenance and monitoring.

**(i) Government transfers**

Government transfers are the transfer of assets from senior levels of government that are not the result of an exchange transaction, are not expected to be repaid in the future, or the result of a direct financial return.

Government transfers are recognized in the financial statements as revenue in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be determined.

**(j) 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. The change in non-financial assets during the year, together with the excess of revenues over expenses, provides the consolidated Change in Net Financial Debt for the year.

**TOWN OF STRATHMORE**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
For the year ended December 31, 2020

**1. Significant accounting policies, continued**

(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 is amortized on a straight-line basis over the estimated useful life as follows:

	Years
Land improvements	15-25
Buildings	25-50
Engineered structures	45-75
Machinery and equipment	5-25
Vehicles	10-25

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

(ii) **Contributions of tangible capital assets**

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

(iii) **Inventories**

Inventories for consumption are recorded at the lower of cost and replacement cost.

**2. Cash**

The Town of Strathmore has an available overdraft loan in the amount of \$770,000 with interest at a rate of prime less 0.75%. Security consists of a general security agreement.

**3. Taxes and grants in place of taxes receivables**

	2020	2019
Taxes and grants in place of taxes receivable	\$ 393,768	\$ 457,470
Arrears	206,878	133,204
	<b>\$ 600,646</b>	<b>\$ 590,674</b>

**4. Trade and other receivables**

	2020	2019
Utilities receivable	\$ 1,182,279	\$ 665,361
Trade accounts receivable - operating	558,156	639,012
Goods and services tax receivable	127,773	135,351
Municipal grants	254,204	675,465
Allowance for doubtful accounts	(37,353)	(33,426)
	<b>\$ 2,085,059</b>	<b>\$ 2,081,763</b>



**TOWN OF STRATHMORE**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
For the year ended December 31, 2020

**5. Investments**

	2020		2019	
	Cost	Market value	Cost	Market value
Commercial notes	\$ 15,268,507	\$ 15,439,807	\$ 16,086,847	\$ 16,121,066
Other	3,934	3,934	3,934	3,934
	<u>\$ 15,272,441</u>	<u>\$ 15,443,741</u>	<u>\$ 16,090,781</u>	<u>\$ 16,125,000</u>

Commercial notes have interest rates from 0% to 4.86% (2019 - 0% to 9.98%). Maturity dates are from the year 2021 to 2030.

The Town received government grants and other funds that are restricted in their use and are to be utilized as funding for specific projects. Since the projects for which funding has been received have not been completed, \$2,567,703 (2019 - \$2,336,505) of the investments balance is not available for general use by the Town.

**6. Employee benefit obligations**

	2020	2019
Vacation payable	\$ 93,003	\$ 178,453
Overtime payable	33,234	27,522
	<u>\$ 126,237</u>	<u>\$ 205,975</u>

The vacation and overtime liability is vested and employees are entitled to these benefits within the next budgetary year.

**7. Deferred revenue**

	2020	2019
Federal Gas Tax Fund	\$ 1,226,982	\$ -
Municipal Operating Support Transfer (MOST)	182,718	-
Other	148,330	99,421
Solar Krafte	145,000	-
FCSS	79,642	-
Municipal Sustainability Initiative	-	1,530,672
	<u>\$ 1,782,672</u>	<u>\$ 1,630,093</u>

**TOWN OF STRATHMORE**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
For the year ended December 31, 2020

**8. Long-term debt**

	2020	2019
Self-supported long-term debt - capital	\$ 21,211,837	\$ 13,083,702
Self-supported long-term debt - future capital projects	202,170	5,866,458
Self-supported long-term debt - operating	3,000,000	-
<b>Self-supported long-term debt</b>	<b>\$ 24,414,007</b>	<b>\$ 18,950,160</b>
 Current portion	 \$ 3,017,463	 \$ 1,420,360

Principal and interest repayments are due as follows:

	Principal	Interest	Total
2021	\$ 3,017,463	\$ 626,991	\$ 3,644,454
2022	3,041,579	549,528	3,591,107
2023	3,066,582	470,110	3,536,692
2024	2,092,508	402,085	2,494,593
2025	2,119,391	340,256	2,459,647
Thereafter	11,076,484	789,675	11,866,159
	<b>\$ 24,414,007</b>	<b>\$ 3,178,645</b>	<b>\$ 27,592,652</b>

Long term debt is repayable to the Treasury Board and Finance, Canada Mortgage and Housing Corporation and CIBC. Interest rates range from 2.01% to 4.55% per annum. The long-term debt is issued on the credit and security of the Town at large. The average annual interest rate is 2.71% (3.32% for 2019). Interest on long-term debt amounted to \$618,271 (2019 - \$449,663). The Town's total cash payments for interest in 2020 were \$643,803 (2019 - \$424,643).

**9. Accumulated surplus**

Accumulated surplus consists of internally restricted and unrestricted amounts and equity in tangible capital assets as follows:

	2020	2019
Unrestricted surplus	\$ 253,618	\$ 68,016
Internally restricted surplus (reserves) (note 10)	9,394,961	9,291,019
Equity in tangible capital assets (note 11)	196,937,904	193,452,257
	<b>\$ 206,586,483</b>	<b>\$ 202,811,292</b>

**TOWN OF STRATHMORE**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
For the year ended December 31, 2020

**10. Reserves**

Council has set up reserves for various purposes. These reserves are either required by legislation or set up at the discretion of Council to provide funding for future expenses.

	2020	2019
<b>Operating</b>		
Financial stabilization	\$ 383,941	\$ 231,416
Sanitary sewer	390,824	378,344
Economic	87,453	74,357
RCMP reserve	136,606	132,244
Snow control	107,489	104,056
Family Centre	88,552	85,725
Office revitalization	63,168	61,151
Garbage	51,773	50,120
Affordable housing	50,245	48,641
General administration	50,095	48,495
Roads, walks and lighting	45,421	43,971
General enforcement	27,630	26,747
Cemetery	12,866	12,455
Family Centre	3,429	3,320
Council operating	7,000	-
	<b>1,506,492</b>	<b>1,301,042</b>
<b>Capital</b>		
Water off-site levies	2,076,714	2,160,775
Storm off-site levies	1,427,708	1,213,230
Sewer off-site levies	1,148,527	1,047,641
Roads off-site levies	523,565	618,956
Storm offsite levies - Eagle Lake	252,624	244,557
Sewer off-site levies - Parkwood bypass	54,064	52,338
Sewer off-site levies - Orchard Park	38,792	37,554
Sewer off-site levies - west	17,119	16,572
Sewer off-site levies - east Strathmore	23,896	23,133
Capital equipment reserve	91,805	763,715
Water supply	486,890	471,344
Fieldhouse	44	4,817
Public works	187,641	264,990
Municipal public reserve	317,820	307,672
Infrastructure reinvestment	271,571	262,899
Civic Centre	221,165	219,495
Bike pathway	128,478	124,376
Roads, walks and lighting	32,767	31,720
SMP Common capital replacement reserve	142,309	70,000
Fire	25,789	24,966
Recreation	15,541	15,045
Aquatic Centre	5,066	4,904
Storm infrastructure	211,827	9,278
Utility infrastructure	186,747	-
	<b>7,888,469</b>	<b>7,989,977</b>
	<b>\$ 9,394,961</b>	<b>\$ 9,291,019</b>

**TOWN OF STRATHMORE**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
For the year ended December 31, 2020

**11. Equity in tangible capital assets**

	2020	2019
Tangible capital assets (schedule 2)	\$ 290,506,613	\$ 273,273,880
Accumulated amortization (schedule 2)	(72,356,872)	(66,737,921)
Long-term debt (note 8)	(24,414,007)	(18,950,160)
Long-term debt - for operating/future capital additions	3,202,170	5,866,458
	<u>\$ 196,937,904</u>	<u>\$ 193,452,257</u>

**12. Net municipal property taxes**

	Budget (Unaudited)	2020	2019
<b>Taxation</b>			
Real property taxes	\$ 15,045,252	\$ 14,943,878	\$ 14,293,022
Linear property taxes	237,925	230,653	223,350
Business taxes	3,579,565	3,430,652	3,449,784
Government grants in place of property taxes	22,653	22,716	20,361
	<u>18,885,395</u>	<u>18,627,899</u>	<u>17,986,517</u>
<b>Requisitions</b>			
Alberta School Foundation Fund	5,221,675	4,995,748	4,975,915
Christ the Redeemer School Division	559,800	556,915	535,669
Wheatland Housing requisition	156,000	143,370	143,190
	<u>5,937,475</u>	<u>5,696,033</u>	<u>5,654,774</u>
	<u>\$ 12,947,920</u>	<u>\$ 12,931,866</u>	<u>\$ 12,331,743</u>

**13. Government transfers**

	Budget (Unaudited)	2020	2019
<b>Transfers for operating:</b>			
Provincial government	\$ 1,012,200	\$ 2,427,143	\$ 987,428
Federal government	5,000	7,007	34,148
Municipal government	23,000	180,877	191,464
	<u>1,040,200</u>	<u>2,615,027</u>	<u>1,213,040</u>
<b>Transfers for capital:</b>			
Provincial government	4,843,210	4,564,469	3,723,475
Municipal government	-	-	35,000
	<u>4,843,210</u>	<u>4,564,469</u>	<u>3,758,475</u>
	<u>\$ 5,883,410</u>	<u>\$ 7,179,496</u>	<u>\$ 4,971,515</u>



**TOWN OF STRATHMORE**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
For the year ended December 31, 2020

**14. Expenses by object**

	Budget (Unaudited)	2020	2019
Salaries, wages and benefits	\$ 13,205,366	\$ 12,562,335	\$ 12,265,829
Contracted and general services	10,617,697	10,998,892	11,739,034
Materials, goods, supplies and utilities	3,972,705	3,478,464	3,771,184
Bank charges and short term interest	35,000	43,944	54,007
Interest on long term debt	586,138	618,272	449,663
Transfers to individuals and organizations	563,581	545,841	580,942
Transfers to other governments	86,000	84,415	83,197
Amortization of tangible capital assets	4,919,653	5,618,953	5,179,185
	<b>\$ 33,986,140</b>	<b>\$ 33,951,116</b>	<b>\$ 34,123,041</b>

**15. Debt limits**

Section 276(2) of the Municipal Government Act requires that debt and debt limits as defined by Alberta Regulation 255/00 for the Town be disclosed as follows:

	2020	2019
Total debt limit	\$ 47,459,034	\$ 42,881,718
Total debt	24,414,007	18,950,160
	<b>\$ 23,045,027</b>	<b>\$ 23,931,558</b>
Debt servicing limit	\$ 7,909,839	\$ 7,146,953
Debt servicing	3,644,454	1,967,955
	<b>\$ 4,265,385</b>	<b>\$ 5,178,998</b>

The debt limit is calculated at 1.5 times revenue of the municipality (as defined in Alberta Regulation 255/00) and the debt service 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 guidelines 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.

**TOWN OF STRATHMORE**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
For the year ended December 31, 2020

**16. Salary and benefits disclosure**

Disclosure of salaries and benefits for elected municipal officials, the chief administrative officer and designated officers as required by Alberta Regulation 313/2000 is as follows:

	(1)	(2)		
	Salary	Benefits & allowances	2020	2019
<b>Council</b>				
Mayor Pat Fule	\$ 59,627	\$ 2,930	\$ 62,557	\$ 66,176
Councillor Denise Peterson	33,367	1,585	34,952	35,415
Councillor Robert Sobol	33,417	1,588	35,005	36,414
Councillor Jason Montgomery	32,367	6,292	38,659	41,644
Councillor Lorraine Bauer	35,817	6,474	42,291	41,724
Councillor Tari Cockx	32,367	6,292	38,659	37,572
Councillor Melanie Corbiell	33,187	1,595	34,782	35,626
 CAO - James Thackray	 \$ 235,069	 \$ 41,560	 \$ 276,629	 \$ 246,040

(1) Salary includes regular base pay, bonuses, overtime, lump sum payments, gross honoraria and any other direct cash remuneration.

(2) Benefits and allowances include the employer's share of all employee benefits and contributions or payments made on behalf of employees including pension, health care, dental coverage, vision coverage, group life insurance, accidental disability and dismemberment insurance, long- and short-term disability plans, professional memberships, and tuition. Benefits and allowances figures also include the employer's share of the costs of additional taxable benefits.

**17. Commitments and contingencies**

The Town is a member of the Alberta Municipal Insurance Exchange (MUNIX) which provides liability insurance. Under the terms of the membership, the Town could become liable for its proportionate share of any claim losses in excess of the funds held by the exchange. Any liability incurred would be accounted for as a current transaction in the year the losses are determined.

The Town contracted EPCOR Water Services Inc. to provide management and operations services related to the public utilities and infrastructure system until 2028. Billing under the contract is an annual rate of \$2,667,624, adjusted yearly by the consumer price index.

The Town has contracted ATCO Power Canada Ltd. to provide a supply of electricity for Town owned facilities. The contract is in effect from January 1, 2021 until December 31, 2023. The Town is obligated to purchase a minimum of 4,309,900 kWh to a maximum of 8,004,100 kWh at \$0.0455 per kWh.

The Town has contracted Access Gas Services Inc to provide a supply of natural gas for Town owned facilities. The contract is in effect until December 31, 2022 with a maximum bid price of \$2.62 per GJ and estimates a purchase and usage of 25,669 GJs of natural gas per year.

The Town has contracted with the Western Irrigation District to deal with municipal storm water issues. The contract is in effect until 2027. Billing under the contract is an annual rate of \$32,315 adjusted yearly by the consumer price index. The contract is currently under renegotiation to cover expanded areas.

An additional storm water capital levy of \$500 per lot, or \$2,000 per acre assessment, is payable for new property covered by development permits issued by the Town.

The Town has contracted Waste Management of Canada Corporation to provide automated curbside solid waste and organic collection and recycling. The curbside solid waste and organic collection is for a five year term ending December 31, 2022. Billing under the contract is an annual rate of \$718,272. The recycling fee is \$126,391 per year and the contract expires in 2023.

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**TOWN OF STRATHMORE**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
For the year ended December 31, 2020

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**18. COVID-19**

Events have occurred as a result of the COVID-19 (coronavirus) pandemic that have caused economic uncertainty. The duration and impact of the pandemic, as well as the effectiveness of government responses, remain unclear at this time.

Potential impacts on the Town's business could include future decreases in revenue and delays in completing capital project work, temporary declines in investment income, closure of facilities including recreation, library, and administrative buildings, temporary and/or permanent termination of public employees and mandatory working from home requirements for those able to do so.

The Town has continued to develop strategies to manage the impacts of the COVID-19 outbreak. Administration continues to monitor revenue, expenses, and projects for the Town. Cost saving measures have been instituted where appropriate. The Town continues to follow protocols set by the Alberta Government and to make suitable adjustments in the face of the pandemic.

Management is not aware of any material impairments, at this time, that will impact the financial assets or liabilities of the Town due to the pandemic.

The situation is continually changing and the future impact on the Town is not readily determinable at this time.

**19. Local authorities pension plan**

Employees of the Town participate in the Local Authorities Pension Plan (LAPP), which is one of the plans covered by the Alberta Public Sector Pensions Plans Act. The plan serves about 274,000 people and 420 employers. The LAPP is financed by the employer and employee contributions and by investment earnings of the LAPP Fund.

Contributions for current service are recorded as expenditures in the year in which they become due.

The Town is required to make current service contributions to the LAPP of 9.39% of pensionable earnings up to the year's maximum pensionable earnings under the Canada Pension Plan and 13.84% on pensionable earnings above this amount. Employees of the Town are required to make current service contributions of 8.39% of pensionable salary up to the year's maximum pensionable salary and 12.84% on pensionable salary above this amount.

Total current service contributions by the Town to the LAPP in 2020 were \$861,375 (2019 - \$793,171). Total current service contributions by the employees of the Town to the LAPP in 2020 were \$749,394 (2019 - \$717,759).

At December 31, 2019, the LAPP disclosed an actuarial surplus of \$7.9 billion.



**TOWN OF STRATHMORE**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
For the year ended December 31, 2020

**20. Budget amounts**

The 2020 budget for the Town was approved by Council on December 19, 2018 and has been reported in the consolidated financial statements for information purposes only. These budget amounts have not been audited, reviewed, or otherwise verified.

The approved budget contained reserve transfers, capital additions and principal payments on debt as expenditures. Since these items are not included in the amounts reported in the consolidated financial statements, they have been excluded from the budget amounts presented in these financial statements.

Budgeted surplus per financial statements	\$ 1,400,732
Less: Capital expenditures	(13,641,139)
Long-term debt repayments	(1,500,491)
Transfers to reserves	(756,550)
Add: Amortization	4,919,653
Transfers from reserves	2,030,166
Long-term debt proceeds	7,547,629
<b>Equals: Balanced budget</b>	<b>\$ -</b>

**21. Financial instruments**

The Town's financial instruments consist cash and temporary investments, accounts receivable, investments, accounts payable and accrued liabilities, deposit liabilities and long-term debt. It is management's opinion that the Town is not exposed to significant interest or currency risk arising from these financial instruments.

The Town is subject to credit risk with respect to taxes and grants in place of taxes receivables and trade and other receivables. Credit risk arises from the possibility that taxpayers and entities to which the Town provides services may experience financial difficulty and be unable to fulfil their obligations. The large number and diversity of taxpayers and customers minimizes the credit risk.

Unless otherwise noted, the carrying value of the financial instrument approximates fair value.

**22. Contaminated sites liability**

The Town has adopted PS3260 liability for contaminated sites. The Town has not identified any financial liabilities as a result of this standard.

**23. Approval of financial statements**

These financial statements were approved by Council and Management.

**TOWN OF STRATHMORE**  
**SCHEDULES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
For the year ended December 31, 2020

Schedule of tangible capital assets	Schedule 2						
	Land	Land improvements	Buildings	Engineered structures	Machinery and equipment	Vehicles	Construction in progress
<b>Cost:</b>							
Balance, beginning of year\$	18,098,585	\$ 4,970,787	\$ 38,004,206	\$ 194,898,212	\$ 10,476,853	\$ 3,282,691	\$ 3,542,546
Acquisitions	-	2,890,639	9,449,973	2,860,501	1,007,926	710,028	313,686
Transfers	-	1,488,793	1,948,054	8,404	26,246	-	(3,471,497)
Disposals	-	-	-	-	-	-	-
Balance, end of year	18,098,585	9,350,219	49,402,233	197,767,117	11,511,025	3,992,719	384,715
<b>Accumulated amortization:</b>							
Balance, beginning of year	-	2,156,758	10,096,245	48,600,489	4,348,305	1,536,126	-
Annual amortization	-	352,241	892,988	3,598,385	599,008	176,329	-
Disposals	-	-	-	-	-	-	-
Balance, end of year	-	2,508,999	10,989,233	52,198,874	4,947,313	1,712,455	-
<b>Net book value</b>	<b>\$ 18,098,585</b>	<b>\$ 6,841,220</b>	<b>\$ 38,413,000</b>	<b>\$ 145,568,243</b>	<b>\$ 6,563,712</b>	<b>\$ 2,280,264</b>	<b>\$ 384,715</b>
<b>2019 net book value</b>	<b>\$ 18,098,585</b>	<b>\$ 2,814,030</b>	<b>\$ 27,907,962</b>	<b>\$ 146,297,724</b>	<b>\$ 6,128,548</b>	<b>\$ 1,746,565</b>	<b>\$ 3,542,546</b>
<b>2020 net book value</b>	<b>\$ 18,098,585</b>	<b>\$ 2,814,030</b>	<b>\$ 27,907,962</b>	<b>\$ 146,297,724</b>	<b>\$ 6,128,548</b>	<b>\$ 1,746,565</b>	<b>\$ 3,542,546</b>

**TOWN OF STRATHMORE**  
**SCHEDULE TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
For the year ended December 31, 2020

Schedule of segmented disclosure								Schedule	
	General government	Protective services	Transportation services	Environmental services	Public health services	Planning and development	Recreation and culture	Total	
Revenue									
Net municipal property taxes	\$ 12,931,866	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 12,931,866	
User fees and sales of goods	2,141,016	238,661	881,810	10,775,674	143,052	6,396	660,957	14,847,566	
Government transfers for operating	1,624,611	409,724	-	-	343,942	41,750	194,999	2,615,027	
Investment income	245,646	5,244	83,753	140,450	411	2,453	27,233	505,189	
Penalties and costs of taxes	97,059	-	-	-	-	-	-	97,059	
Licenses and permits	47,980	245,869	-	-	400	57,332	-	351,591	
Other	4,856	5,945	1,980	50,644	120,009	-	107,624	291,058	
	17,093,044	905,443	967,543	10,966,768	607,814	107,931	990,813	31,639,356	
Expenses									
Salaries, wages and benefits	4,244,191	2,443,952	1,347,286	385,294	641,548	783,327	2,716,737	12,562,335	
Contracted and general services	1,927,420	2,851,135	620,014	4,432,127	203,788	123,760	840,648	10,998,892	
Materials, goods, supplies and utilities	165,596	190,004	846,269	1,616,302	71,540	11,832	576,921	3,478,464	
Bank charges and short term interest	43,944	-	-	-	-	-	-	43,944	
Interest on long term debt	157,167	-	48,173	242,522	-	-	170,410	618,272	
Amortization of tangible capital assets	209,021	176,186	1,995,556	2,085,368	-	10,854	1,141,968	5,618,953	
Transfers to individuals and organizations	4,973	38,000	-	-	64,000	138,952	299,916	545,841	
Transfers to other governments	-	-	-	-	-	-	84,415	84,415	
	6,752,312	5,699,277	4,857,298	8,761,613	980,876	1,068,725	5,831,015	33,951,116	
Excess (deficiency) of revenue over expenses before other	10,340,732	(4,793,834)	(3,889,755)	2,205,155	(373,062)	(960,794)	(4,840,202)	(2,311,760)	
Other									
Government transfers for capital	3,435,264	131,548	334,720	-	-	-	662,937	4,564,469	
Contributed assets	-	-	991,411	531,071	-	-	-	1,522,482	
	3,435,264	131,548	1,326,131	531,071	-	-	662,937	6,086,951	
Excess (deficiency) of revenue over expenses	\$ 13,775,996	\$ (4,662,286)	\$ (2,563,624)	\$ 2,736,226	\$ (373,062)	\$ (960,794)	\$ (4,177,265)	\$ 3,775,191	





