


Annual Report

For the fiscal year ended December 31, 2018
Corporation of the Town of Strathmore, Alberta, Canada



2018



This Annual Report was developed by the
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Table of Contents



Mayor’s Message.....4

Council.....6

Council Committees.....7

Chief Administrative Officer.....8

Senior Leadership Team.....9

Operations.....10

Development Services.....12

Family and Community Support Services.....14

The Child, Youth and Family Hub.....15

Recreation.....16

Protective Services.....18

Human Resources.....20

Events and Culture.....22

Legislative Services.....23

The Municipal Census.....24

Capital Project Success.....26

Corporate Services.....28

Treasurer’s Message.....29

Long Term Financial Plan.....30

Financial Statements.....49

Mayor's Message



The Town of Strathmore's 2018 Annual Report provides a review of that year's projects and milestones and shows where your tax dollars have been spent. Town Council appreciates all the hard work done by our staff and administration in the planning and execution of the many Town projects.

In 2018, Strathmore's residents were ready and willing to go "GREEN" with the successful launch of our green carts program. This program has helped to reduce the Town's waste stream, minimalizing our impact on the environment.

Third Avenue renovations were completed in August 2018, helping to beautify our downtown core. The renovation of Second Avenue and Third Avenue are the second phase of our plan to revitalize our downtown. The first phase saw Council approve higher density housing in the downtown core so more residents could see the benefits of downtown living while enjoying Kinsmen Park (the third phase will be discussed in the preview of 2019 projects).

The Town has also been working with other municipalities in the Calgary Metropolitan Regional Board and the Calgary Storm Management Initiative to deal with long term growth and services, as well as stormwater release into Western Irrigation District (WID) waters.

Work also began on the George Freeman Trail Crossing in 2018, and this long-needed project will make crossing the WID canal much safer. With its street lights, new sod, trees and walking paths, the crossing will beautify this area of Strathmore.

In addition to safety, the Town of Strathmore added more "Rapid Flashing Beacons" in crosswalks and added Radar Speed warning signs. The driving speed on Centre Street and Cambridge Glen Drive was lowered to 40 km/h. Residents have responded very positively to the traffic safety upgrades.

Sports and recreation remain on the improvements list for 2019. The Kinsmen Baseball Diamond upgrade is underway, with the addition of irrigation, new sod and dugout improvements. Three new paved pathways are planned for Strathmore Lakes, Ranch, and along George Freeman Trail. The Strathmore Motor Products Sports Centre is now open. The Centre has had a robust interest, including many bookings from the public. The Hillview sports field will also see enhancements, as Council approved it as a "Legacy Project" courtesy of SPR Construction. The area will be named after Nathan Haase, a long-time resident of Strathmore and volunteer firefighter who died tragically in a work accident. His involvement with the community will be forever remembered through this project.

Finally, construction of the new town hall is slated to begin in August and will be built at the east end of the existing parking lot. It will finally be able to house all our departments, including Municipal Enforcement. One of the driving factors for this location is the third phase of our downtown plan. A centrally located town hall will see 70-80 staff working downtown, and as well, bring residents, developers and contractors there. This could aid greatly in supporting downtown businesses.

On behalf of Town Council, thank you for your support and trust in our work. The Town continues to thrive and improve, and we look forward to continued growth. These economic times are challenging, but with the added efforts of our administration and staff, Council believes there are great things ahead for Strathmore!

Pat Fule, Mayor

A handwritten signature in blue ink that reads "Pat Fule". The signature is stylized and cursive.



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.

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. It represents the individual people of Strathmore but also represents Strathmore as a whole. Council members are elected from the community and participate in policy setting, law making and ensure 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.



Councillor
Bob Sobol



Councillor
Lorraine Bauer



Councillor
Jason Montgomery



Mayor
Pat Fule



Councillor
Melanie Corbiell



Councillor
Denise Peterson



Councillor
Tari Cockx

Council Strategic Priorities

The Town Council prepared and adopted a plan to guide their activities over the next four years. Council identified the following as their top priorities.

Financial Sustainability

Protective and Social Services

Community Development

Recreation

Communication and Collaboration

Municipal Development Plan

Please visit Strathmore.ca to view the Town of Strathmore Council Strategic Priorities 2018-2021 document.

Council Committees

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 2018-2019 committees.



Member of Council	Committees
Councillor Bob Sobol	Traffic Advisory Committee, Sustainability Committee, Strathmore & District Chamber of Commerce, Calgary Metropolitan Regional Board - Land Use Sub-Committee, Calgary Metropolitan Regional Board - Alternative, Nominations Committee
Councillor Jason Montgomery	Sustainability Committee, Downtown Vitalization Focus Group, Financial Audit Committee, Calgary Metropolitan Regional Board Land Use Sub-Committee, Strathmore Handi-Bus, Nominations Committee
Councillor Lorraine Bauer	Downtown Vitalization Focus Group, Emergency Advisory Committee, Strathmore Overnight Shelter, Strathmore Library Board, Nominations Committee
Mayor Pat Fule	Calgary Metropolitan Regional Board, Calgary Metropolitan Region Board - Servicing Committee, Recreational Development Focus Group
Councillor Melanie Corbiell	Financial Audit Committee, WADEMSA, Strathmore Wheatland Addictions Team, Recreational Development Focus Group, Emergency Advisory Committee
Councillor Denise Peterson	Marigold Library Board, Tourism Development Focus Group, WADEMSA, Wheatland Housing Authority Board
Councillor Tari Cockx	Senior's Advisory Committee, Community Futures Wildrose, Wheatland Housing Authority Board

Chief Administrative Officer



I am also so very impressed with how our employees are striving to make things better. When I'm out on staff ride-a-longs, I witness first-hand our dedicated people engaging with each other to solve very complex problems to deliver great services. You continue to make us proud.

This past year we have also focussed our teams on continuing to create an organisation that values openness with accountability and transparency. This report reflects these values in the outcomes we are so pleased to share in these following pages.

I am so very proud of everyone that works here at the Town. I feel humbled to work alongside innovative and hardworking leaders and employees who work tirelessly to bring Council's vision to life.

We hope that by reading this report, you can find the information you are looking for and learn something new about Strathmore and its wonderful people.

As the administrative head, as provided in the Municipal Government Act, it is my privilege to share the second annual report for the Town of Strathmore.

The 2018 Annual Report highlights major capital projects and corporate initiatives which demonstrate tangible results and actions based on Council's Corporate Strategic Plan. In these pages you will see our incredible, hard working people have made a difference in delivering over 100 services and programs to our community each and every day.

Also in this report, you will find how our Council has exhibited wise and visionary leadership to make strategic capital and program investments with sustainable financial resources and policy. We have been working hard on developing sound financial policy which comes from the guidance of the Long-Term Financial Plan. This kind of hard work by our employees will, in turn, further transition the Town to rely more on predictable funding, positioning our town to be less financially reliant on other governments. As we continue to move forward, we are committed to the Long-Term Financial Plan and making our organization sustainable for years to come.

For more on this document please refer to page 30 of this report.

James Thackray,

Chief Administrative Officer

A handwritten signature in black ink, appearing to read 'James Thackray', written over a horizontal line.

Senior Leadership Team

Mel Tiede: Director, Corporate Services

- Financial and Information Technology Services
- Includes budgets, property assessment taxation and utility billing administration, as well as procurement of and payment for goods and services
- Provides resources, support, payroll and a safe work environment for Town of Strathmore employees

Tracy Simpson: Director, Community and Protective Services

- Operates a wide variety of recreational and cultural activities and facilities
- FCSS supports community human services, volunteerism and long-range social planning
- Fire, emergency management, municipal enforcement, and police protection contracted through the Royal Canadian Mounted Police (RCMP)
- Emergency Social Services

Ryan Roycroft: Director, Infrastructure, Operations, and Development Services

- Engineering services, environmental services, infrastructure repair and maintenance, fleet services, operation of water and wastewater facilities through EPCOR.
- Planning provides land-use planning and subdivision and development services
- Parks provides Town parks and open spaces maintenance, playground, pathway and outdoor rink maintenance as well as the Town's cemetery maintenance.

Thomas Hansen: Director, Strategic and Administrative Services

- Strategic planning and policy development, corporate business planning
- Economic development and tourism
- Communication, Human Resources and Legislative Services
- Intergovernmental relations
- Health, safety, environment and special projects

Jennifer Sawatzky

Assistant Director, Strategic and Administrative Services

- Legislative Services including FOIPP, Assessment Review Board, Subdivision Development Appeal Board, municipal census, municipal elections, bylaw, policy and procedure development, Commissioner of Oaths Services
- Corporate Communications
- Council support services including meeting support and event planning.
- Cemetery administration
- Corporate records management and archives





ROADS SERVICED

Removed 7045 tonnes of snow
(15.5 million pounds)



Maintained
36km of
pathways AND
Rehabilitated
2km of
pathways

New Playground Wheeler Park



NEW

Kubota tractor
F-150 pick-up
Street sweeper
Single axle dump truck

Completed 17,712
manhours of park
maintenance

Awarded five out of five stars for the
Communities in Bloom competition



Planted and maintained
3062 flowers, which
included 62 containers
and 13 flowerbeds

Planted 77 trees and
shrubs

Strathmore
2018



10 NEW DOG WASTE STATIONS

20 new bear bins
(garbage and recycling)

GPS tracking
system on
our road
maintenance
equipment



1169
Underground
Utility Locates



Great People Taking Care of Strathmore



Development Services



Major Commercial and Industrial Developments

Land Use Decision for a New Marigold and Western Irrigation District Joint-Use Headquarters Office Building



Urban Beekeeping Regulations Implemented

New Municipal Cannabis Store Legislation
7 Cannabis Store Approvals

Solarkrafte Solar Power Project



Improved Development Services Procedures:

- Pre-application Process
- Detailed Team Review Application Review
- Amendments and Permits Templates and Timelines
- Fillable Application Forms



41

New Residential Lots

8

Subdivision Applications

181

Development Permits

6

Home-Based Permits
(Home Occupation Permits)

17

Change of Use (Tenancy) Permits

48

Sign Permits

173

New Business Licences

943

Total Business Licences

200

Building Permits

298

Electrical Permits

169

Gas Plumbing Permits

134

Plumbing Permits

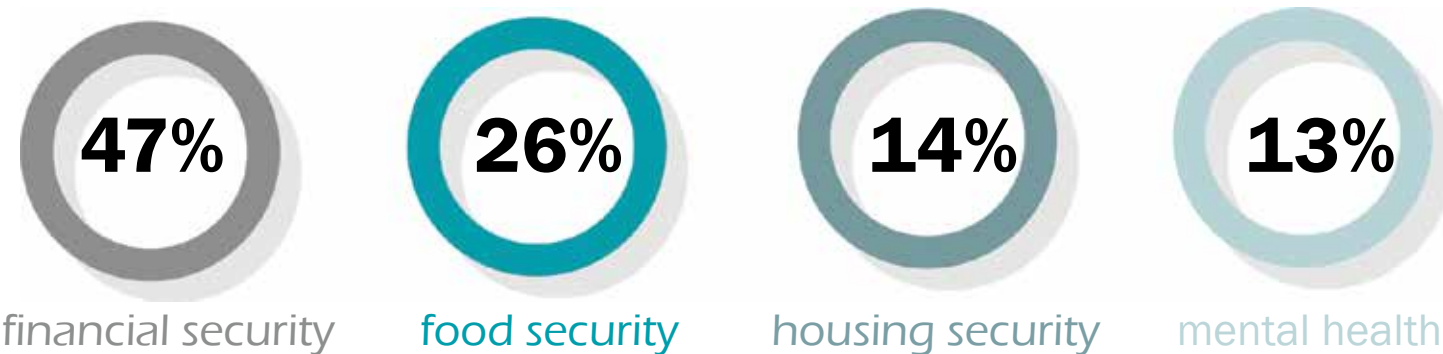


Family and Community Support Services

The Town of Strathmore Family and Community Support Services (FCSS) provides supportive information and referral that connects residents with appropriate resources such as basic needs, financial assistance, emotional and mental health, parenting, child care, youth programs, senior services, recreation, social programs, volunteer opportunities, rental assistance and more. Information and referral services can make a significant difference to the overall quality of life for residents by informing and connecting people with appropriate resources.

REQUESTS

In 2018, FCSS staff responded to over 3000 requests for information and referrals.



Handi Bus Over 6468 trips in 2018.
We purchased a new bus!

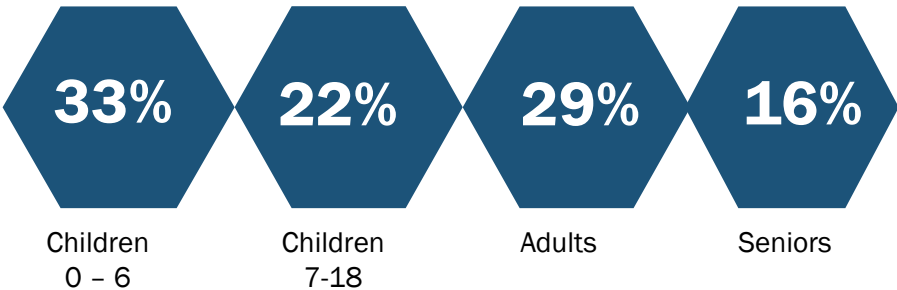


OVER 1000 

Residents participated in community events such as: Volunteer Appreciation, Pumpkins in the Park/ Great Pumpkin Hunt, Family Day, etc.,.

\$46000 in GRANTS

FCSS Grants were distributed to five organizations. The Demographics for the grant funding are:



 159 Tax Returns Completed

The Child, Youth and Family Hub

Our mission is to provide children and youth with meaningful learning opportunities while providing families support and access to new parenting strategies, community resources and referrals.

COMMUNITY IMPACT



527 unique children ages 5-17 years



20 referrals to other supports



22 hrs staff training



1431 volunteer hours donated

PILLARS OF SUPPORT

CHILD & YOUTH PROGRAMMING
PARENT EDUCATION
COMMUNITY COLLABORATION
INFORMATION & REFERRAL
YOUTH MENTORSHIP
FAMILY SUPPORT

PROGRAMS BY THE #'S

AFTERSCHOOL CLUB 4860
MAD SCIENCE 132
FLEX FRIDAYS 135
WINTER CAMP 71
SPRING CAMP 69
SUMMER CAMP 1218
JR. CHEF 252
TEEN TALK 15
TEEN GAMES NIGHT 15
ART 54
ESSENTIAL EDIBLES 320
SPECIAL EVENTS 800



Programming through an Indigenous lens



Community engagement & collaboration



Developing healthy brains through active living



Fostering positive relationships amongst peers

CLIENT FEEDBACK



caregivers agree that their children were given the opportunity to learn new skills and all of their developmental needs were met by participating in programming



surveyed youth agree that the Hub is a safe place to be and it provides engaging activities

“An amazing program, highly recommended.”

“Staff are amazing and very caring, they have made my children come out of their shell.”

“I couldn’t do without this vital service!”

Recreation

Aquatic Centre



Over 49,000
Used the Aquatic Centre
a combination of lessons,
admission, pool rentals,
specialized courses



Increased Use
12.5% Annual
59% Summer

The Aquatic Centre's weekly Provincial Microbiology Reports came back with a perfect results! We chemically test the water in our pools every two hours to make sure they are balanced and within Alberta Government Pool Standards. Additionally, we have ultraviolet systems installed on all three of our pool basins to help further improve the disinfection process. The Aquatic Centre strives to exceed all health and safety standards to provide a fun and safe environment for everyone to enjoy!

NEW Steam Sauna and Enclosed Waterslide

Civic Centre

Facility improvements included new LED lighting, new banquet chairs, new rectangle and round tables, new podiums to coordinate with the new colour scheme, and new vinyl flooring was added to all three halls and the Charles Mercer Room.

1043 Room Rentals = 4607 Rental Hours



Family Centre

Generated over \$400,000 in facility revenue with over 5,500 hours of utilization, supporting 12 organizations and events



Over 2,000 Users of Public Skating and Shinny





Protective Services

2018 Animal Control Activations

23 dogs running at large

19 cats running at large

15 impounded cats

2 dogs in distress

2 dog bites



299
licences



1663
licences

804

Citations Issued
\$93903.00 Total



**Municipal Enforcement
Watch Guard in car video
system launched.**



Hired A Senior
Peace Officer

Fire Hall Received

345 Calls 25%

Annual Increase from 2017



Fire Hall 2018

— — — — —
1400 Training Hours
890 Public Service Hours

Emergency Management



Emergency Event
Training: Incident
Command System
200- Courses for
Municipal Staff

721

Residents Registered for
Strathmore Alerts
(Local Emergency Alerts System)



**First Annual
Protective Services
Community
Summer Camp**



Received an Emergency Social Services (ESS) Grant
in Partnership with Chestermere and Wheatland
County to Facilitate an ESS Exercise by Early 2020



The WREMP (Wheatland Regional Emergency Management Plan) was developed and is in the final stages of approval. This agreement will help our community EM teams to be stronger and better together.

South Central Mutual Aid Agreement was signed on January 31, 2019. This allows us to call on our regional partners if their help is needed and vice versa in an emergency event.

Emergency Management Lunch'n Learns for all Municipal staff and surrounding communities to help be better prepared in the event there is an emergency in our community.

Human Resources

The Town is one of the largest and most diversified employers in Strathmore. Human Resources (HR) strengthens and shapes the Town's workplace by providing HR strategies, solutions and practices to drive effectiveness and performance to benefit all citizens of Strathmore. The Town of Strathmore strives to employ the right people, at the right place, at the right cost.

20 lines of service delivered by 200+ Employees with diverse schedules, employment conditions and needs (full time, part time, casual, volunteer firefighters, consultants)

45 Positions Filled
240+ T4s Produced
13 Disability Cases Supported



As a service organization, the Town's investment in people represents approximately 35% of the total municipal budget. This enables quality service delivery to citizens.



Strathmore
Motor
Products
Sports Centre
Fully Staffed



11 Summer
Positions
Funded
Through
Grants



KEY SUCCESSES

Creation of a first ever, three-year strategic human resources plan to ensure focused and effective work on priority human resources areas to support Council's strategic priorities

Implementation of workplace health and safety initiatives to ensure our workplace is a safe and respectful place to work

Ongoing efforts in attracting and retaining high quality talent to ensure we can consistently deliver services and be an Employer of Choice in the region

Continued focus on delivering efficient, responsive and cost effective HR services and support to the organization to steward limited resources effectively

Implemented a new employee benefits plan, with an increased focus on wellness, cost efficiency and increasing career attraction and retention of employees



Events and Culture



- 7 Night Markets
- 6 Local Businesses Participating on Average
- 10 Vendors Associated on Average

Third Avenue Grand Opening - A highlight with 27 businesses/vendors participating

100 Entries for Strathmore Stampede Parade



Received grant funding and wage subsidies that exceeded \$100,000.00

Donated \$20,000 in CIF funds and additional \$6,000 in facility donations to support local organizations.



8,000
Estimated
Attendance at Canada Day



Legislative Services

In 2018 Legislative Services implemented a Communications department to increase community service and engagement for the organization and the public.



Implemented the Administrative Response Protocol to Increase Customer Service Levels Throughout the Organization



1221 Instagram followers



Total Likes

4584 Town of Strathmore

840 Strathmore Fire Department

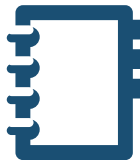
705 The Hub



1839 Total Followers

3501 Tweet Count

(total tweets)



Completed a Municipal Census
(Enumerated 5989 Dwellings)

Completed a Cemetery Master Plan

10,862 Documents Converted to Electronic Records Through Implementation of M-Files



Records Management Software deployed to 81 staff - To enhance the Town's performance by providing an end-to-end, secure and reliable Records Management program through electronic and physical records solutions.

The Municipal Census

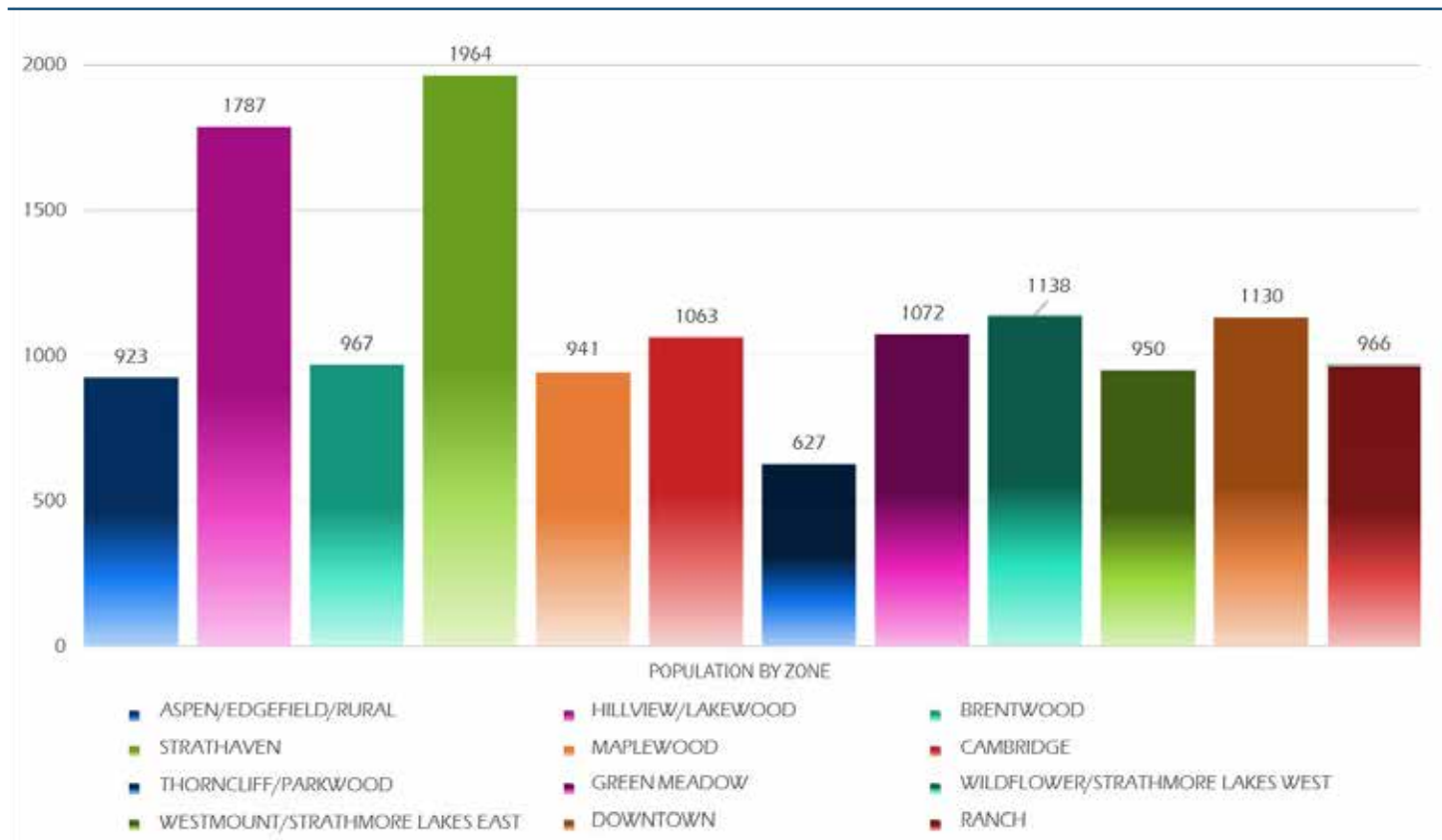
The Municipal Census Program is coordinated by the Town of Strathmore. The Town is responsible for hiring census takers, overseeing the enumeration and for tabulating, analyzing and publishing the results. In addition to providing valuable information for the Town, the program also helps various provincial government departments and local authorities and agencies plan the services they provide to the residents of Strathmore.

In 2018, the Town of Strathmore used a combined approach to conduct the municipal census. An online census option was given to citizens to complete their census online at home without having an enumerator come to visit. Online census responses exceeded previous years with 53.3% (3076) of Strathmore households completing their census online or by calling in their information over the phone. This is an increase of 5.3% over the 2015 census.

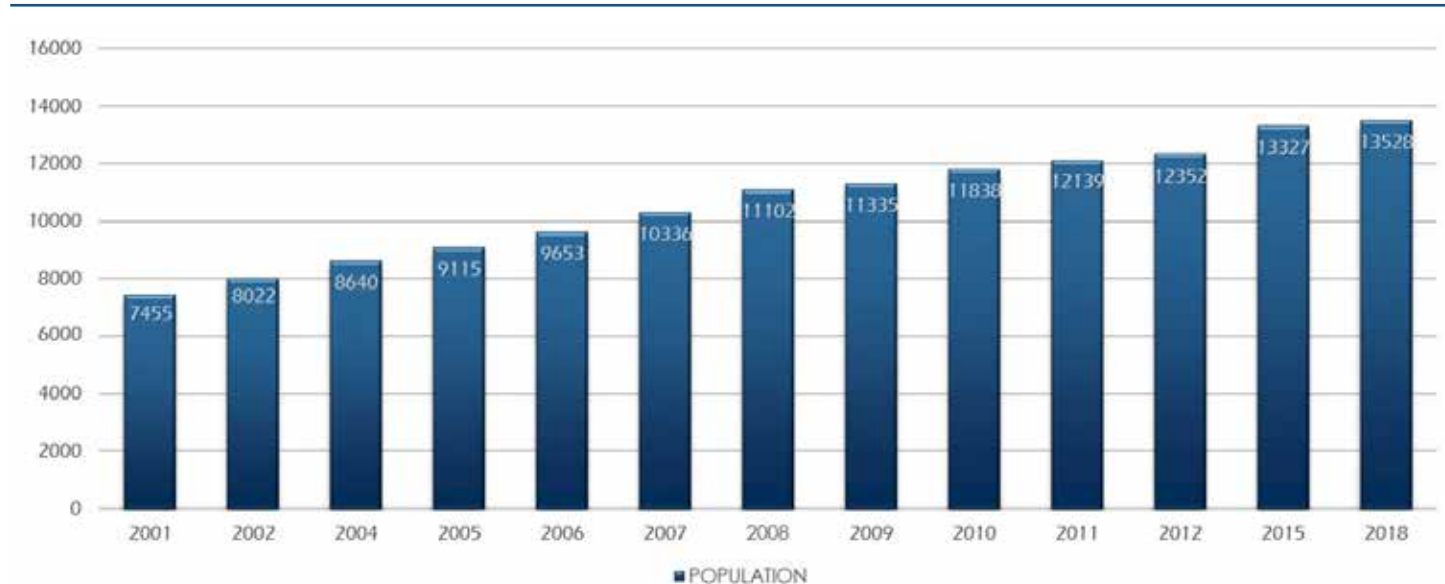
Legislative Services is very pleased with the results of the methods used to compile the following data and are happy to present the following information.

2018 CENSUS HIGHLIGHTS	
TOTAL POPULATION (2018)	13,528
TOTAL POPULATION (2015)	13,327
RATE OF CHANGE SINCE 2018	1.51%
NET CHANGE SINCE 2018	201
DWELLING COUNT (2018) (INCLUDING VACANT, BARELAND AND UNDER CONSTRUCTION PROPERTIES)	5,989
DWELLING COUNT (2015)	5,931
RATE OF CHANGE SINCE 2015	0.98%
NET CHANGE SINCE 2015	58
BARELAND LOTS AND LOTS UNDER CONSTRUCTION	238
TOTAL VACANT PROPERTIES	229
TOTAL PROPERTIES NOT ENUMERATED	129
PERCENT OF STRATHMORE PROPERTIES ENUMERATED	98%

Population by Community 2018



Population Growth 2011-2018



	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2012	2015	2018
POPULATION TOTALS	7,455	8,022	8,640	9,115	9,653	10,336	11,102	11,335	11,838	12,139	12,352	13,327	13,528
PERCENTAGE OF INCREASE	4.1%	7.6%	7.7%	5.5%	5.6%	7.1%	7.4%	2.1%	4.4%	2.5%	1.8%	7.9%	1.51%

Capital Project Success

STRATHMORE MOTOR PRODUCTS SPORTS CENTRE



Building construction was completed in 2018. Sponsorships Include: Strathmore Motor Products, Strathmore Sobeys, Strathmore Homes, Magnum Cementing, and Eagle Lake Nurseries.



THIRD AVENUE

As part of the Downtown Revitalization Plan, Third Avenue received an overdue facelift. Summer festival crowds will enjoy the sights of added greenery, beautiful baskets hanging from elegant lamp posts, while relaxing on fine furniture features, situated at each corner plaza. New road top and upgraded sidewalks also adds functional appeal to the new streetscape. The project successfully wrapped up on schedule, in time for the Strathmore Stampede in August.





GREEN CARTS

“The residential bin collection program and the recycle yard have contributed greatly to reduce the amount of waste going to landfills. In fact, in the first few days of our Green Bin Program, 16 tons of compostable material was collected in Strathmore!”

-Mayor Fule-



Corporate Services



Completed the Long Term Financial Plan which focuses on financial sustainability over the long term

Completed Audit of 2018 where the Town received a clean report on the Enhanced Auditor's Report

2018 Revenue Compared to Budget

Actual: \$27,422,00 Budget: \$27,116,000

2018 Actual Expenses Compared to Budget

Actual: \$31,633,000 Budget: \$30,707,000

2018 Capital Spending Compared to 2017

2018: \$16,238,000 2017: \$12,176,000

*Funded by: Government Grants, Reserves,
Long-term Debt, Contributed
Assets, Operations*

2019 Goals

Budget and Reserve Policy

48% Vendors and employees currently using Electronic Funds Transfer (EFT)

75% Is the goal by the end of 2019

Information Technology



Implementation of PerfectMind recreation software

Enhance the utilization of the Questica Program

Property Taxation

50% of tax revenue collected through use of Tax Instalment Payment Plan (TIPP)



Utilities

- Full cost recovery of expenses
- 98% (2017-90%) of the meters can be read remotely
- 5,239 water meters read monthly

Treasurer's Message



The Town of Strathmore continues to make major investments in tangible capital assets. The tangible capital assets increased from \$188 million to \$199 million in 2018. This represents a remarkable commitment by the Town in long term tangible capital assets that will benefit both Town residents and the surrounding community for years to come. The Strathmore Motor Products Sports Centre is an example of this investment.

The Town of Strathmore maintained a healthy reserve balance of \$11.4 million for the year ended December 31, 2018 down marginally from \$12.1 a year earlier. These reserves are either required by legislation or set up at the discretion of Council to provide funding for future expenses. The reserves are invested in Canadian chartered banks commercial notes and are guaranteed by these banks, as provided for by the Municipal Government Act.

Long term debt owed by the Town of Strathmore decreased by \$1.1 million to \$11 million. The overall average interest rate on the outstanding debt is 3.32% and is issued on the credit and security of the Town at large. This represents a utilization of debt

at approximately 27% of the provincial debt limit standard for municipalities, imposed by the Province of Alberta. Funds borrowed by the Town are used for infrastructure of high importance or infrastructure related to essential municipal services.

As we know, we live in an inflationary environment and costs continue to rise. The Town of Strathmore experiences cost increases and these cost increases must be met with a solid financial plan. Cost increases are offset with taxation and/or higher charges for services delivered by the Town. The 2018 residential property taxation increased modestly after several years of no property tax increases. The residential property taxation of a home in Strathmore compared to the average home in Airdrie, Cochrane, Okotoks, Chestermere and High River compares favorably with the second lowest property taxation.

The Town had an excess of revenue over expenses of \$5.8 million in operating and capital combined, which was invested in tangible capital assets. Examples of these investments include Strathmore Motor Products Sports Centre, roads, sidewalks, pathways, machinery, and equipment for maintaining roads, buildings, parks, and public spaces. These investments bring a higher quality of life to the residents of the Town of Strathmore.

The Town of Strathmore continues to maintain a strong financial position. The Town adopted a long-term financial plan as a blue print for keeping the Town on a path of financial sustainability. Further work on matters relating to the Long-Term Financial Plan is ongoing, developing principles and strategies that support good governance and align operations with the Long-Term Financial plan will provide this sustainability. The critical nature of this work will ensure that today's Town of Strathmore and future generations will always enjoy the financial health the Town has built.

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
Director of Corporate Services

Long Term Financial Plan



Table of Contents

Introduction	2
Reasons for Strategy	3
Budget Preparation Factors and Guidelines	3
Guiding Principles	4
Property Taxes	5
Annual Property Tax Adjustment	6
Requisitions – Education and Wheatland Housing	7
Commercial/Residential Municipal Tax Rate	7
Local Improvement Taxes	8
Town Services	10
New Program & Service Requests	10
New Development and Growth	11
Offsite Levies	11
Review of Programs and Service Delivery Models	12
Utility Rates	12
Franchise Fees	13
User Fees and Charges	14
Government Grants	14
Use of Debt	15
Joint Funding Model	15
Budget Surpluses and Reserves	15
Investments	16
Infrastructure Deficit	16
Summary	18
Next Steps	18

Introduction

Strathmore is a growing and every changing municipality. It is a leader in recreation and recreational facilities and has a population of 13,528. It is situated east of Calgary 40 kilometers on the TransCanada highway and is poised for growth. 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. It had a cost of over \$12 million and is scheduled to open in the fall of 2018. Over the previous few years the following infrastructure projects have been completed and have strengthened the community: 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).

The Capital cost of a facility is generally about 30% of the total cost of a facility the balance (70%) is in operating costs of a facility over the life of the facility. **Annual operating cost increases have resulted over the past few years because of adding the above listed new facilities to the town operations.**

In 2010 the town annexed land sufficient to provide for development growth for approximately 50 years.

The Three Year Operating Financial Plan 2019-2021 has been prepared taking into consideration the priorities and direction established by council during the budget deliberations. The 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 the responsible fiscal management of the Town's resources.

The Town of Strathmore will strive to provide a level of municipal service to the community that will take into consideration the community's service expectations and the community's ability to pay for these services. (See Graphs and analysis included in the budget presentation.) As the Town's municipal infrastructure ages, funds must be committed for proper management, maintenance and refurbishment throughout the lifecycle of the municipal infrastructure. **Additional new revenue is required to cover the costs of maintaining this municipal infrastructure and preserving current service levels while providing for new programs and service enhancements.** The Town recognizes that taxpayers are demanding value for money. A balance must be struck between customers' expectations for service and

the taxpayers' ability to pay for these services. 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
2. Provide financial flexibility to meet the needs of the town on either an emergent need or on a traditional needs basis. Provide financial resiliency when an emergent or unexpected need is met.
3. Improve financial controls on expenditures and projects by amending budgets within departments. Improved administrative controls on expenditures will improve operations and the utilization of budgets. This will reduce the overall need for requesting additional funding of projects during a budgetary year overall.
4. Improved vision planning and prioritization of future projects and provide additional investment in reserves to accommodate capital infrastructure reinvestment and to address the infrastructure deficit.
5. Leverage opportunities as opportunities arise.
6. Grow alternative revenue sources to help keep pace with program delivery expectations using fees and other charges.
7. Contain reliance on tax revenue for core service delivery.
8. Review and revise utility rate models to adjust fees and charges so that there is full-cost recovery. Borrow on utility long term capital projects where the project will benefit future generations.
9. Fund new programs or services with net new revenue sources within a sustainable financial model.
10. Maximize the use of grants when available.

Budget Preparation - Factors and Guidelines

The Town prepares a three-year operating financial plan and a five-year capital plan in accord with the revisions to the MGA. Section 243 of the MGA outlines 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 policy decisions of council.

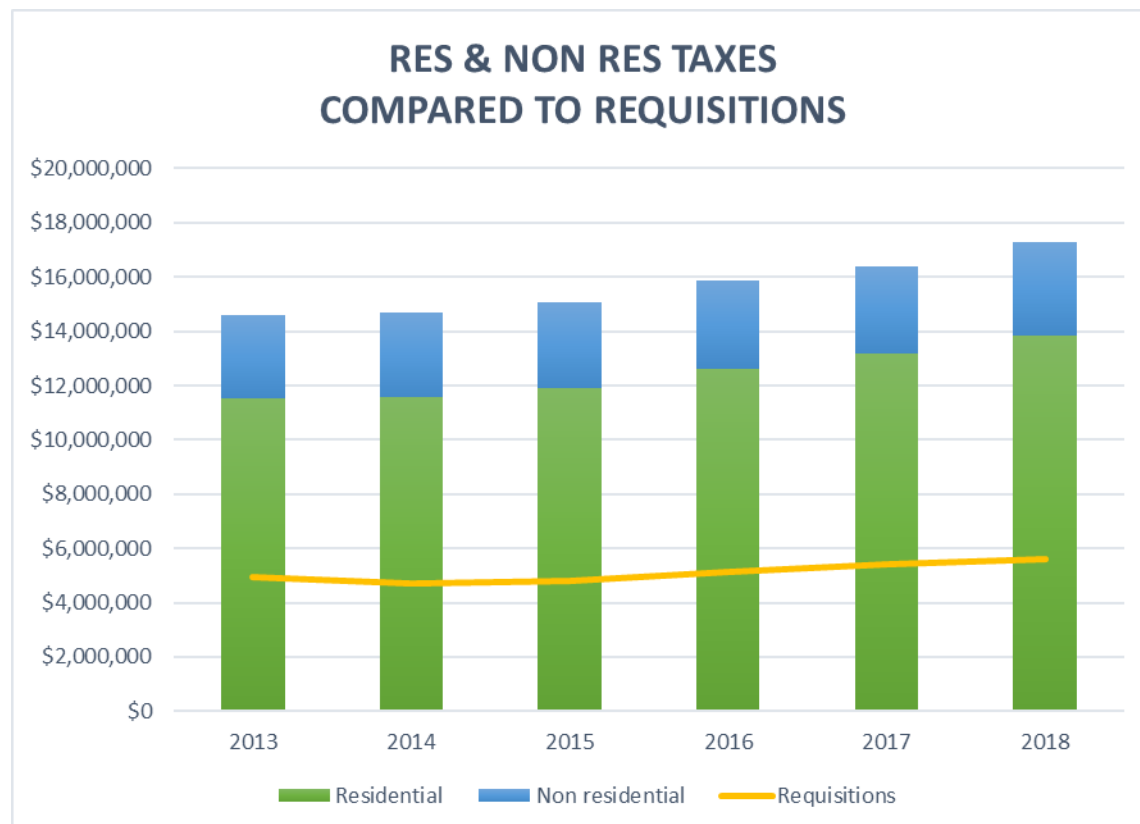
Guiding Principles

1. Integrated approach to financial strategy and planning, using property taxation, local improvement taxes, user fees, franchise fees, reserves and investment income and the use of debt to best serve the citizens of Strathmore.
2. Respect for the tax and utility rate payer. Mitigate significant fluctuations in tax and utility rates, increases in rates should reflect the increase in the consumer price index over the long term.
3. Ensure the capital plan is sustainable, that the capital asset additions will not negatively impact the operating budget and is sustainable and affordable.
4. Deliver value for money is a principle that will be pushed to continuously find efficiency and quality improvements in the way we manage and deliver services. Innovative approaches to the delivery of services, including shared services, contract service models, and public private partnerships will be considered.
5. 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.
6. Reserves are funded 100% with long term investments in accord with Town investment policy. This conservative approach will not compromise safety of principal and the investments will be readily saleable if required.
7. Improving financial strength and sustainability through savings and spending less than total revenue. Reinvest savings in operating or capital reserves.
8. Forward planning on the long-term capital program must identify sources of funding for assets and comply with the *Municipal Government Act*.
9. Contract and term human resources to provide expertise and to limit growth to core FTE's

Property Taxes

Property Taxes are the single largest revenue source for the Town of Strathmore, like almost all 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 31 of the prior year. Assessment values may be appealed following the assessment each year. Property taxes may not be appealed.



	Residential	Non residential	Total	Requisitions
2013	\$11,504,014	\$3,081,076	\$14,585,090	\$4,928,148
2014	\$11,557,747	\$3,119,452	\$14,677,199	\$4,729,448
2015	\$11,896,715	\$3,166,441	\$15,063,156	\$4,793,518
2016	\$12,609,383	\$3,248,985	\$15,858,368	\$5,113,785
2017	\$13,159,375	\$3,228,419	\$16,387,794	\$5,424,124
2018	\$13,837,736	\$3,435,762	\$17,273,498	\$5,618,472

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 2013 to 2018 inclusive, the Town of Strathmore has experienced expense increases at a greater rate than the CPI for Calgary. Property tax adjustments ought to reflect this situation.

For the years 2014 to 2018 the total 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	8.431	\$2,529
2015	7.978	\$2,393
2016	7.923	\$2,377
2017	8.130	\$2,439
2018	8.489	\$2,546

The above shows that total taxes have decreased from \$2,529 by \$90 (3.5%) to \$2,439 for the average residential property owner for the years 2014 to 2017. 2018 was the first year where residential taxes exceeded the level established in 2014.

In the same period (2014-2017) inflation in the Calgary as measured by Statistics Canada CPI was 3.5% increase.

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.

Requisitions – Education and Wheatland Housing

The Town of Strathmore passes on directly the education requisition and Wheatland 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 requisition increased by 18.3% over the three-year period 2015 to 2018 an average of 6.1% per year. The Wheatland Housing requisition increased by 21.5% over the same three-year period an average of 7.2% per year. The increase in taxation because of the requisition increase averaged \$290,000 per year to town property owners.

Commercial/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 2018 was 6.816 while the residential mill-rate was 5.803 a difference of 1.03 mills or a 17.5% 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

	Residential	Non-Residential	% over
Strathmore	5.8030	6.8160	17.5
High River	6.349	8.2536	30
Okotoks	5.2290	7.7640	49
Cochrane	4.5700	6.2900	38
Brooks	7.9860	12.9900	63
Airdrie	4.2000	8.6100	105
Wheatland County	3.682	8.6623	135

Large Alberta Cities

	Residential	Non-Residential	% over
Red Deer	6.626	13.7448	207
Medicine Hat	6.656	15.3104	230
Lethbridge	8.476	19.9387	235
Edmonton	6.198	17.4354	282
Calgary	3.901	15.3234	393

The Province of Alberta for the Education requisition applies a 47% premium on non-residential assessments over residential assessments.

The recommendation is to increase the non-residential taxation to the median point over 4 years. The median point being a premium of 52% non-residential over the residential tax rates. The non-residential mill rate would be increased to 8.821. The property tax for a property assessed at \$300,000 would be \$2,646 an increase of \$601 over the current 2018 property taxes. If the adjustment was to be applied evenly each year over the next four years this would increase the non-residential property taxes by \$150 per year on the tax base in each of the next four years. The current differential is not a sustainable financial model.

Local Improvement Taxes

What is a local Improvement

A Local improvement is a project that Council considers to be of greater benefit to an 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

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 to expand existing ones, the funding available for new or enhanced service levels is limited given ongoing funding constraints. New 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. Taxation should not be considered as the sole source of funding new programs and services, this will 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 84% residential assessment and 16% commercial property assessment. The development of the proposed solar farm may increase the non-residential assessment by approximately 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 that 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 integrate the results from the Recreation and Fire Master Plans into the Offsite levies as rapidly as possible**

Review of Programs and Service Delivery Models

Management continually review on an ongoing basis existing programs and services for relevancy to the community and if the program is meeting the expectations of the stake holders in the community. 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 review of a service delivery model was completed by FCSS on the Home support program. The adjustments made within the program will better direct the available resources to move the program forward during 2019 to meet the needs of the community while balancing financial sustainability. A vehicle and equipment review has been initiated and will be reviewed against our current service delivery model during 2019.

Utility Rates

Utilities being 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 on an annual basis, inflationary increases will be applied to all utility rates, and utility increases greater than 10% will be phased in over a longer period. The Water and Sewer utility combined budget for 2018 did not recover all operating costs. All utility rates be increased by 5% in 2019 to obtain full cost recovery of operating expenses. Providing reserves for future capital cost replacements for utilities will provide a more sustainable financial future.

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 a natural gas or electricity bill 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 \$444,000 from Atco Gas and \$859,000 from Fortis Alberta in 2017. The Franchise fees are an important component of the general revenue to the town and is 11% of the user fee revenue.

The maximum natural gas franchise fee is 35% and the town is currently at 20%. The maximum electrical franchise fee is 20% and the town is currently at 15%. The franchise fees for both the electrical and natural gas being applied in Strathmore is at the average of the surrounding communities.

Recommendation –To increase the Franchise Fees by motion of Council to the provincial maximum over a three period and to make application to Fortis and Atco Gas for the same. The monthly financial impact to the average residential property owner would be \$9.40 monthly total increase, or an annual increase of \$3.13 monthly in each of the next three years.

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 2018 operating budget for the Aquatic Center, Family Center and Civic Center was supported by taxation in the amount of \$2,800,000 in total and is 17% of net municipal taxes.

Recreation fees will be established on the financial concept of full-cost recovery for adult programs, 75% cost recovery for senior programs and 50% cost recovery for youth and disabled. Recreation fees will be reviewed against the fees of other municipalities and adjusted to be competitive.

Cost recovery in the Planning and Development department for the costs of department review of documents from developers is an important aspect of cost containment. The fees and charges for this service require review and updating to move to a sustainable level of cost recovery.

Government Grants

It is anticipated that the Province of Alberta and Government of Canada may over time reduce available grants. The Town of Strathmore is allocated approximately \$3,000,000 in capital grants through the Municipal Sustainability Initiative and the Federal Gas Tax Fund yearly. The total of the capital grants utilized for the capital program from 2014 to 2017 totaled \$14,494,000. The total capital program has in the past been funded by Government Grants, Borrowing, and Reserves. Twenty Eight percent of the 2018 capital program will be 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 rely on grant funding from senior levels of government solely to fund operations or capital needs. **The Town will maximize and leverage available grants for infrastructure and operations where possible. The Town will generally not use grants for utility infrastructure when borrowing capacity exists and the borrowing costs can be recovered thru the utility fees and charges.**

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 use debt for municipal infrastructure of high importance and thirdly use debt only for 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, 2017 the Town was at 31.5% of the debt limit and 29% of the debt-servicing limit.

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, FCSS 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 will attempt to negotiate with Wheatland County a joint funding model that recognizes utilization of town facilities by county residents and county facilities by town residents.** There are several good examples of Joint Funding agreements within the province that recognizes and funds joint use facilities.

Budget Surplus and Reserves

The financial surplus from recent years operating results have been retained in both the Financial Stabilization operating reserve account, and in the unrestricted surplus account. Council authorizes the creation of and utilization of reserve accounts.

\$1,407,000 was budgeted to fund operations, and \$4,580,000 to fund the capital program in 2017 and 2018 from reserves and unrestricted surplus. During the period from 2015 to 2017 the reserves and unrestricted surplus decreased by approximately \$2,000,000.

The unrestricted surplus account at December 31, 2017 had a balance of \$4,779,000.

The Town of Strathmore could consider targets for various reserve accounts to be utilized for the replacement of infrastructure and facilities in the future. This could be funded out of both tax and user fee revenue.

The purpose of this policy is to build reserves and to shift away from reliance upon senior levels of government for funding.

Investments

The Town invests cash not immediately needed for operational or capital purposes, operating and capital reserve balances and the unrestricted surplus in short and long-term investments. The 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 2.5% to 3% annually. Investment income for 2017 was \$601,000.

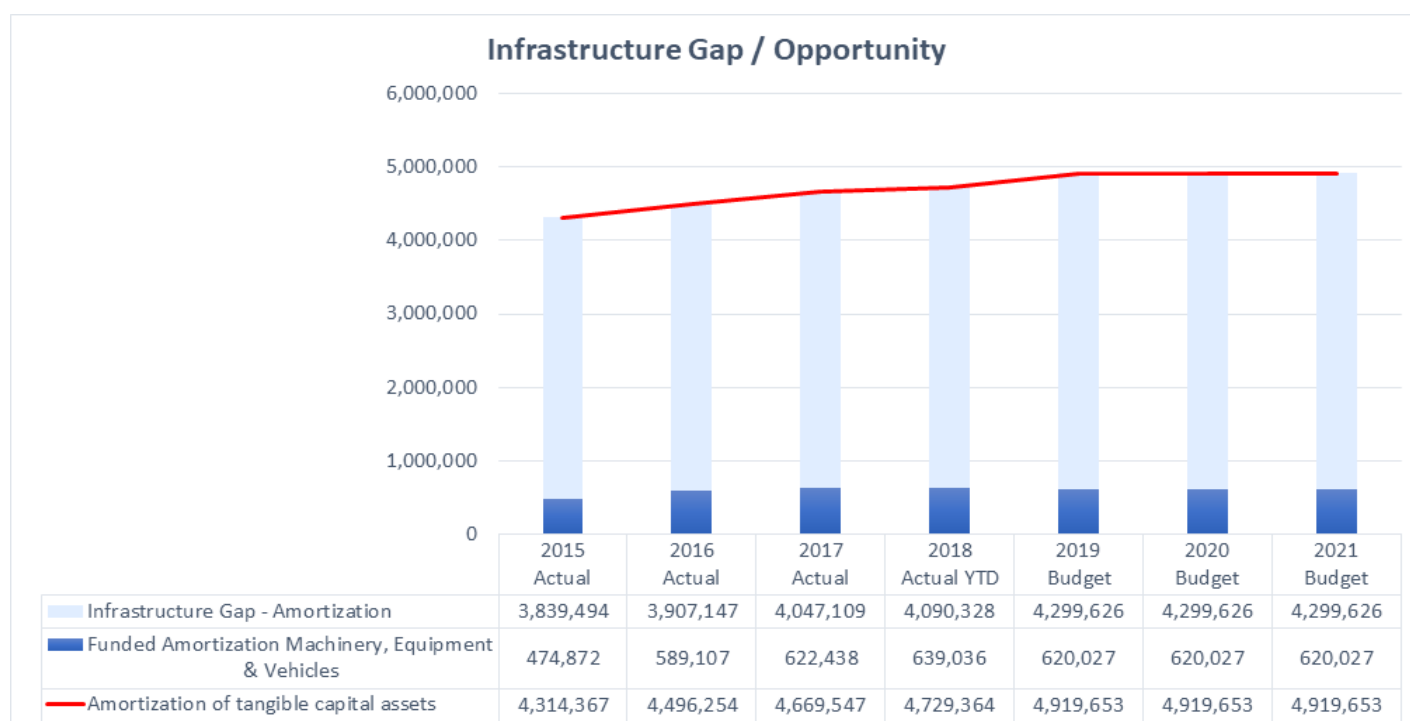
Infrastructure Deficit

The Town of Strathmore has \$212,000,000 worth of Engineered Structures, Buildings, and Land Improvements at cost. This includes water and sewer pipelines, pump stations, reservoirs, storm water management ponds, roads, sidewalks and buildings. The current net book value of these assets amounts to \$160,000,000 and they are 25% depreciated. The depreciation on these assets is \$52,000,000. The Town currently has \$8,200,000 in capital reserves. This would indicate the Town of

Strathmore has an unfunded infrastructure deficit of \$43,800,000. The Town depreciates these assets by \$4,047,000 annually and has no formal plan for funding the replacement of these assets over the long term. The town has established an infrastructure investment reserve and has a balance of \$253,000. This represents approximately 2.3% of the Town of Strathmore net municipal taxes in 2017.

The Town will need to move to a long-term sustainability model that will provide for replacement of assets.

The other factor not considered in any of this is the inflationary factor that over the long term, assets are replaced at a cost much greater than the original purchase cost.



Recommendation: That the town contribute to the Infrastructure Reinvestment Reserve at a rate of no less than 1% of Net Municipal Tax Revenue annually with the goal of having an amount equal to 25% (\$10 Million) of the Infrastructure Deficit within 15 years.

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 protocol in setting the budget and the amount of taxation be determined by the following formula as a minimum tax adjustment: prior year taxes, plus CPI adjustment, plus 1% of net municipal taxes to fund reinvestment reserve, plus the cost of new programs or services, less efficiencies identified savings from program adjustments. Any tax adjustment resulting in less than this amount is really a tax reduction that cannot be sustained in the long term. One percent of the net municipal taxes for 2018 is \$116,500.

Council adopt a 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 utility revenue. The first step is to have the utility departments recover all expenses and not be dependent on tax revenue. The Utilities in 2017 had an actual operating deficit of \$605,000 in aggregate. The budget for 2018 also had a deficit of \$590,000. With a 5% increase in utility rates in 2019, the completion and payout of some long-term utility debt payments in 2018, the utilities can recover current operating costs.

Council instruct Administration to prepare a plan to engage Wheatland County in meaningful discussions on a Joint Services Funding Model. This will reduce the operational deficit of \$2,000,000 for the Aquatic Center and Family Center.

All master plans that require updating proceed as soon as possible. This will assist in funding capital projects into the future.



TOWN OF STRATHMORE
Consolidated Financial Statements
For the year ended December 31, 2018

TOWN OF STRATHMORE
TABLE OF CONTENTS
For the year ended December 31, 2018

INDEPENDENT AUDITOR'S REPORT	1 - 2
MANAGEMENT REPORT	3
FINANCIAL STATEMENTS	
CONSOLIDATED STATEMENT OF FINANCIAL POSITION	4
CONSOLIDATED STATEMENT OF OPERATIONS	5
CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS	6
CONSOLIDATED STATEMENT OF CASH FLOW	7
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS	8 - 20
SCHEDULES TO THE CONSOLIDATED FINANCIAL STATEMENTS	21 - 23



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, 2018, and the consolidated statements of operations, change in net financial assets (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, 2018, and its results of operations 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

May 15, 2019



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.


Acting Chief Administrative Officer

TOWN OF STRATHMORE
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at December 31, 2018

	2018	2017
Financial assets		
Cash and temporary investments (note 2)	\$ 2,204,781	\$ 2,282,563
Taxes and grants in place of taxes receivable (note 3)	534,618	548,934
Trade and other receivables (note 4)	1,752,351	2,897,552
Investments (note 5)	17,725,475	23,671,671
	22,217,225	29,400,720
Liabilities		
Accounts payable and accrued liabilities	6,015,153	6,739,428
Employee benefit obligations (note 6)	297,024	440,496
Deposits	738,003	756,152
Deferred revenue (note 7)	2,562,176	2,710,370
Long-term debt (note 8)	11,021,352	12,170,308
	20,633,708	22,816,754
Net financial assets	1,583,517	6,583,966
Non-financial assets		
Prepaid expenses	113,822	75,061
Inventory for consumption	-	7,511
Tangible capital assets (schedule 2)	199,174,985	188,365,477
	199,288,807	188,448,049
Accumulated surplus (note 9 and schedule 1)	\$ 200,872,324	\$ 195,032,015

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, 2018

	Budget (Unaudited)	2018	2017
Revenue			
Net municipal property taxes (note 12)	\$ 11,590,880	\$ 11,656,047	\$ 10,963,670
User fees and sales of goods	13,009,241	12,840,604	11,828,272
Government transfers for operating (note 13)	1,015,096	1,068,171	1,061,250
Investment income	449,110	411,582	601,071
Penalties and costs of taxes	191,800	191,942	189,105
Licenses and permits	543,350	576,907	604,506
Gain on disposal of capital assets	-	171,971	-
Other	316,378	504,980	486,583
	27,115,855	27,422,204	25,734,457
Expenses (note 14)			
Legislative	332,563	307,766	298,864
Administration	3,359,032	4,099,919	3,206,432
Police, fire, disaster, ambulance and bylaw enforcement	4,592,161	4,718,339	4,300,147
Transportation services	4,569,642	4,889,499	4,102,826
Water supply and distribution	4,275,145	4,115,838	4,015,903
Wastewater treatment and disposal	4,137,805	3,998,495	3,702,688
Waste management	950,510	1,008,420	1,015,953
Public health and welfare services	993,934	966,594	931,852
Planning and development	1,604,366	1,418,555	1,462,055
Parks and recreation	4,953,309	5,085,163	4,337,768
Culture - libraries, museums, halls	938,428	1,024,664	958,864
	30,706,895	31,633,252	28,333,352
Deficiency of revenue over expenses before other	(3,591,040)	(4,211,048)	(2,598,895)
Other			
Government transfers for capital (note 13)	9,286,441	8,019,730	6,333,194
Contributed assets	-	2,031,627	1,595,995
	9,286,441	10,051,357	7,929,189
Excess of revenue over expenses	5,695,401	5,840,309	5,330,294
Accumulated surplus, beginning of year	195,032,015	195,032,015	189,701,721
Accumulated surplus, end of year	\$ 200,727,416	\$ 200,872,324	\$ 195,032,015

TOWN OF STRATHMORE
CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS
For the year ended December 31, 2018

	Budget (Unaudited)	2018	2017
Excess of revenue over expenses	\$ 5,695,401	\$ 5,840,309	\$ 5,330,294
Acquisition of tangible capital assets	(18,615,512)	(14,206,662)	(10,579,836)
Amortization of tangible capital assets	4,594,452	4,879,455	4,669,547
Contributed assets	-	(2,031,627)	(1,595,995)
Gain on disposal of tangible capital assets	-	(172,006)	-
Proceeds on disposal of tangible capital assets	-	721,333	-
	(14,021,060)	(10,809,507)	(7,506,284)
Net change in inventory for consumption	-	7,510	1,379
Net change in prepaid expense	-	(38,761)	(56,659)
	-	(31,251)	(55,280)
Decrease in net financial assets	(8,325,659)	(5,000,449)	(2,231,270)
Net financial assets, beginning of year	6,583,966	6,583,966	8,815,236
Net financial assets (debt), end of year	\$ (1,741,693)	\$ 1,583,517	\$ 6,583,966

TOWN OF STRATHMORE
CONSOLIDATED STATEMENT OF CASH FLOW
For the year ended December 31, 2018

	2018	2017
Operating transactions		
Excess of revenue over expenses	\$ 5,840,309	\$ 5,330,294
Adjustments for items which do not affect cash		
Gain on disposal of tangible capital assets	(172,006)	-
Amortization of tangible capital assets	4,879,455	4,669,547
Contributed assets	(2,031,627)	(1,595,995)
	8,516,131	8,403,846
Net change in non-cash working capital items		
Taxes and grants in place of taxes receivable	14,316	(85,861)
Trade and other receivables	1,145,201	(993,520)
Inventory for consumption	7,510	1,379
Prepaid expenses	(38,761)	(56,659)
Accounts payable and accrued liabilities	(724,275)	3,798,446
Employee benefit obligations	(143,472)	(67,627)
Deposits	(18,149)	(114,367)
Deferred revenue	(148,194)	813,456
Cash provided by operating transactions	8,610,307	11,699,093
Capital transactions		
Proceeds on disposal of tangible capital assets	721,333	-
Acquisition of tangible capital assets	(14,206,662)	(10,579,836)
Cash applied to capital transactions	(13,485,329)	(10,579,836)
Investing transactions		
Decrease (increase) of investments	5,946,196	(5,264,035)
Financing transactions		
Proceeds of long-term debt	340,000	5,000,000
Repayment of long-term debt	(1,488,956)	(1,160,952)
Cash applied to financing transactions	(1,148,956)	3,839,048
Decrease in cash and temporary investments	(77,782)	(305,730)
Cash and temporary investments, beginning of year	2,282,563	2,588,293
Cash and temporary investments, end of year	\$ 2,204,781	\$ 2,282,563

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 Assets for the year.

TOWN OF STRATHMORE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2018

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 in the year of disposal. Assets under construction are not amortized until the asset is available for productive use.

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

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

(iii) **Inventories**

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

2. Cash and temporary investments

	2018	2017
Cash	\$ 2,204,781	\$ 1,019,929
Temporary investments	-	1,262,634
	\$ 2,204,781	\$ 2,282,563

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.

TOWN OF STRATHMORE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2018

3. Taxes and grants in place of taxes receivables

	2018	2017
Taxes and grants in place of taxes receivable	\$ 367,665	\$ 430,071
Arrears	166,953	118,863
	<u>\$ 534,618</u>	<u>\$ 548,934</u>

4. Trade and other receivables

	2018	2017
Trade accounts receivable - operating	\$ 700,294	\$ 1,088,500
Utilities receivable	662,173	577,103
Goods and services tax receivable	228,272	198,050
Municipal grants	191,774	-
Allowance for doubtful accounts	(30,162)	(63,629)
Western Economic Diversification grant	-	450,000
Provincial grants	-	647,528
	<u>\$ 1,752,351</u>	<u>\$ 2,897,552</u>

5. Investments

	2018		2017	
	Cost	Market value	Cost	Market value
Commercial notes	\$ 17,721,548	\$ 17,025,042	\$ 23,667,744	\$ 23,476,205
Other	3,927	3,927	3,927	3,927
	<u>\$ 17,725,475</u>	<u>\$ 17,028,969</u>	<u>\$ 23,671,671</u>	<u>\$ 23,480,132</u>

Commercial notes have interest rates from 0% to 10.22% (2017 - 0% to 9.98%). Maturity dates are from the year 2019 to 2108.

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, \$3,300,179 (2017 - \$3,466,522) of the investments balance is not available for general use by the Town.

TOWN OF STRATHMORE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2018

6. Employee benefit obligations

	2018	2017
Vacation payable	\$ 282,972	\$ 389,352
Overtime payable	14,052	51,144
	\$ 297,024	\$ 440,496

Vacation and overtime

The vacation and overtime liability is comprised of vacation and accumulated overtime that employees have earned and are vested. Employees are entitled to these benefits within the next budgetary year.

7. Deferred revenue

	2018	2017
Municipal Sustainability Initiative	\$ 1,908,384	\$ 1,990,648
Federal Gas Tax Fund	634,441	344,910
Other prepaid charges	8,613	23,514
Ground search and emergency training	3,451	3,451
Smile cookie donations	7,287	-
Edgefield Recreational Field House	-	347,847
	\$ 2,562,176	\$ 2,710,370

Municipality Sustainability Initiative

The Municipal Sustainability Initiative (MSI) is a funding program aimed at providing financial support for critical core and community infrastructure projects and includes incentives to encourage collaboration and co-operation between neighbouring municipalities. This population based funding program includes operating, capital and affordable housing components. In 2018 the Town was allocated \$99,880 in operating funding (2017 - \$101,130) and was allocated \$5,637,496 in capital funding (2017 - \$2,994,540).

Federal Gas Tax Fund

The Federal Gas Tax Fund is a program to assist municipalities in addressing sustainable municipal capital infrastructure needs. The balance represents funding that is allocated to capital projects that have not been completed at this time.

TOWN OF STRATHMORE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2018

8. Long-term debt

	2018	2017
Self-supported long-term debt	\$ 11,021,352	\$ 12,170,308
Current portion	\$ 953,793	\$ 1,488,955

Principal and interest repayments are due as follows:

	Principal	Interest	Total
2019	\$ 953,793	\$ 354,581	\$ 1,308,374
2020	976,230	322,997	1,299,227
2021	999,491	289,897	1,289,388
2022	1,023,607	256,288	1,279,895
2023	1,048,610	221,791	1,270,401
Thereafter	6,019,621	544,795	6,564,416
	\$ 11,021,352	\$ 1,990,349	\$ 13,011,701

Long term debt is repayable to Alberta Capital Finance Authority, Canada Mortgage and Housing Corporation and CIBC. Interest rates range from 2.634% to 8.125% per annum. The long-term debt is issued on the credit and security of the Town at large. The average annual interest rate is 3.32% (3.34% for 2017).

Interest on long-term debt amounted to \$384,394 (2017 - \$360,510). The Town's total cash payments for interest in 2018 were \$394,724 (2017 - \$370,432).

9. Accumulated surplus

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

	2018	2017
Unrestricted surplus	\$ 1,248,835	\$ 4,779,931
Internally restricted surplus (reserves) (note 10)	11,469,856	12,084,663
Equity in tangible capital assets (note 11)	188,153,633	178,167,421
	\$ 200,872,324	\$ 195,032,015

TOWN OF STRATHMORE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2018

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. Reserves for operating and capital activities changed as follows:

	2018	2017
Operating		
Financial stabilization	\$ 1,367,964	\$ 1,978,233
Potable water	1,037,200	1,017,618
Sanitary sewer	365,426	358,527
Economic	152,245	51,258
RCMP reserve	129,534	127,088
Snow control	101,924	-
Family Centre capital reduction	83,968	82,383
Office revitalization	59,898	74,562
Garbage	49,093	48,166
Affordable housing	47,644	-
General administration	47,501	46,604
Roads, walks and lighting	43,070	42,256
General enforcement	26,199	25,705
Cemetery	12,200	11,970
Sewer conveyance	5,165	5,068
Family Centre	3,252	22,813
	3,532,283	3,892,251
Capital		
Water off-site levies	2,015,745	1,898,147
Storm off-site levies	1,190,587	1,197,533
Sewer off-site levies	1,146,755	1,074,594
Roads off-site levies	551,490	871,024
Capital equipment reserve	465,461	500,438
Water supply	461,685	452,969
Fieldhouse	439,939	531,198
Public works	331,681	387,299
Municipal public reserve	301,367	295,678
Infrastructure reinvestment	257,512	252,651
Storm offsite levies - Eagle Lake	239,546	235,024
Civic Centre	214,997	193,769
Bike pathway levies	117,229	115,016
Sewer off-site levies - Parkwood bypass	51,265	37,630
Sewer off-site levies - Orchard Park	32,813	32,194
Roads, walks and lighting	31,070	30,484
Fire	24,454	23,993
Sewer off-site levies - west	16,232	15,926
Recreation	14,737	14,459
Sewer off-site levies - east Strathmore	14,519	14,245
Storm	9,088	8,917
Aquatic Centre capital equipment reserve	4,803	4,713
Bike pathway	4,598	4,511
	7,937,573	8,192,412
	\$ 11,469,856	\$ 12,084,663

TOWN OF STRATHMORE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2018

11. Equity in tangible capital assets

	2018	2017
Tangible capital assets (schedule 2)	\$ 261,170,011	\$ 246,252,975
Accumulated amortization (schedule 2)	(61,995,026)	(57,887,498)
Long-term debt (note 8)	(11,021,352)	(12,170,308)
Long-term debt - for future tangible capital asset additions	-	1,972,252
	<u>\$ 188,153,633</u>	<u>\$ 178,167,421</u>

12. Net municipal property taxes

	Budget (Unaudited)	2018	2017
Taxation			
Real property taxes	\$ 13,761,321	\$ 13,858,525	\$ 13,159,375
Linear property taxes	193,350	212,287	194,239
Business taxes	3,210,032	3,199,227	3,014,703
Government grants in place of property taxes	19,477	20,537	19,477
Designated Industrial Property	-	9	-
	<u>17,184,180</u>	<u>17,290,585</u>	<u>16,387,794</u>
Requisitions			
Alberta School Foundation Fund	4,939,681	4,970,353	4,786,446
Christ the Redeemer School Division	525,955	533,160	513,128
Wheatland Housing requisition	127,664	130,339	124,550
Designated Industrial Property	-	686	-
	<u>5,593,300</u>	<u>5,634,538</u>	<u>5,424,124</u>
	<u>\$ 11,590,880</u>	<u>\$ 11,656,047</u>	<u>\$ 10,963,670</u>

TOWN OF STRATHMORE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2018

13. Government transfers

	Budget (Unaudited)	2018	2017
Transfers for operating:			
Provincial government	\$ 1,010,096	\$ 860,138	\$ 857,043
Federal government	5,000	16,259	9,941
Municipal government	-	191,774	194,266
	1,015,096	1,068,171	1,061,250
Transfers for capital:			
Provincial government	7,544,600	7,671,883	3,231,041
Federal government	-	-	450,000
Municipal government	1,741,841	347,847	2,652,153
	9,286,441	8,019,730	6,333,194
	\$ 10,301,537	\$ 9,087,901	\$ 7,394,444

14. Expenses by object

	Budget (Unaudited)	2018	2017
Salaries, wages and benefits	\$ 10,867,865	\$ 10,652,544	\$ 9,178,388
Contracted and general services	10,385,064	11,401,287	9,770,986
Materials, goods, supplies and utilities	4,222,821	4,046,041	4,043,881
Bank charges and short term interest	19,900	26,558	32,391
Interest on long term debt	419,293	384,394	360,510
Other expenditures	4,000	954	1,153
Transfers to individuals and organizations	112,700	158,658	197,334
Transfers to other governments	80,800	83,361	79,162
Amortization of tangible capital assets	4,594,452	4,879,455	4,669,547
	\$ 30,706,895	\$ 31,633,252	\$ 28,333,352

TOWN OF STRATHMORE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2018

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:

	2018	2017
Total debt limit	\$ 41,133,306	\$ 38,601,686
Total debt	11,021,352	12,170,308
	<u>\$ 30,111,954</u>	<u>\$ 26,431,378</u>
Debt servicing limit	\$ 6,855,551	\$ 6,433,614
Debt servicing	1,308,374	1,881,091
	<u>\$ 5,547,177</u>	<u>\$ 4,552,523</u>

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.

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) Salary	(2) Benefits & allowances	2018	2017
Council				
Mayor Pat Fule	\$ 51,877	\$ 1,578	\$ 53,455	\$ 34,213
Councillor Denise Peterson	28,381	796	29,177	29,585
Councillor Robert Sobol	28,681	811	29,492	29,690
Councillor Jason Montgomery	28,481	4,943	33,424	6,376
Councillor Lorraine Bauer	28,681	4,953	33,634	6,271
Councillor Tari Cockx	28,681	4,953	33,634	6,376
Councillor Melanie Corbiell	29,481	850	30,331	5,327
Mayor Michael Ell	-	-	-	41,754
Councillor Rocky Blokland	-	-	-	23,406
Councillor Steve Grajczyk	-	-	-	22,798
Councillor Brad Walls	-	-	-	23,405
CAO - James Thackray	\$ 196,250	\$ 49,659	\$ 245,909	\$ 229,994

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

16. Salary and benefits disclosure, continued

(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 has contracted EPCOR Water services Inc. to provide management and operations services related to the public utilities and infrastructure system until 2020. Billing under the contract is an annual rate of \$2,449,465, 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, 2019 until December 31, 2020. The Town is obligated to purchase a minimum of 4,899,200 kWh to a maximum of 7,460,400 of kWh each year of electrical power under the agreement.

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 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 \$31,004 which increases each year by the consumer price index (CPI).

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 H&H Huxted Enterprises Ltd. to provide automated curbside solid waste and organic collection for a five year term ending December 31, 2022. Billing under the contract is an annual rate of \$718,272.

TOWN OF STRATHMORE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2018

18. 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 259,000 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 10.39% of pensionable earnings up to the year's maximum pensionable earnings under the Canada Pension Plan and 14.84% on pensionable earnings above this amount. Employees of the Town are required to make current service contributions of 9.39% of pensionable salary up to the year's maximum pensionable salary and 13.84% on pensionable salary above this amount.

Total current service contributions by the Town to the LAPP in 2018 were \$695,613 (2017 - \$633,348). Total current service contributions by the employees of the Town to the LAPP in 2018 were \$638,030 (2017 - \$582,436).

At December 31, 2017, the LAPP disclosed an actuarial surplus of \$4.84 billion.

19. Budget amounts

The 2018 budget for the Town was approved by Council on December 20, 2017 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	\$ 5,695,401
Less: Capital expenditures	(18,615,512)
Long-term debt repayments	(1,536,461)
Add: Amortization	4,594,452
Transfers from reserves	3,388,520
Long-term debt proceeds	6,473,600
Equals: Balanced budget	\$ -

20. 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.

21. Contaminated sites liability

The Town has adopted PS3260 liability for contaminated sites. The Town did not identify any financial liabilities in 2018 (2017 - nil) as a result of this standard.

22. 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, 2018

Schedule of changes in accumulated surplus

Schedule 1

	Unrestricted	Restricted	Equity in tangible capital assets	2018	2017
Balance, beginning of year	\$ 4,779,931	\$ 12,084,663	\$ 178,167,421	\$ 195,032,015	\$ 189,701,721
Excess of revenue over expenses	5,840,309	-	-	5,840,309	5,330,294
Unrestricted funds designated for future use	(2,779,249)	2,779,249	-	-	-
Restricted funds used for operations	972,493	(972,493)	-	-	-
Restricted funds used for tangible capital assets	-	(2,421,563)	2,421,563	-	-
Current year funds used for tangible capital assets	(11,785,099)	-	11,785,099	-	-
Contributed tangible capital assets	(2,031,627)	-	2,031,627	-	-
Disposal of tangible capital assets	549,326	-	(549,326)	-	-
Amortization of tangible capital assets	4,879,455	-	(4,879,455)	-	-
Long-term debt repaid	(1,488,956)	-	1,488,956	-	-
Proceeds of long-term debt used for capital	2,312,252	-	(2,312,252)	-	-
Change in accumulated surplus	(3,531,096)	(614,807)	9,986,212	5,840,309	5,330,294
Balance, end of year	\$ 1,248,835	\$ 11,469,856	\$ 188,153,633	\$ 200,872,324	\$ 195,032,015

TOWN OF STRATHMORE
SCHEDULES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2018

Schedule of tangible capital assets										Schedule 2	
	Land	Land improvements	Buildings	Engineered structures	Machinery and equipment	Vehicles	Construction in progress	2018	2017		
Cost:											
Balance, beginning of year	\$ 18,252,693	\$ 3,811,399	\$ 25,336,922	\$ 182,425,585	\$ 8,017,895	\$ 3,524,866	\$ 4,883,615	\$ 246,252,975	\$ 234,077,144		
Acquisitions	-	235,824	842,212	4,547,363	1,580,759	150,567	8,881,564	16,238,289	12,175,831		
Transfers	-	-	1,266,851	-	115,040	-	(1,381,891)	-	-		
Disposals	(251,608)	-	-	(594,054)	(220,398)	(255,193)	-	(1,321,253)	-		
Balance, end of year	18,001,085	4,047,223	27,445,985	186,378,894	9,493,296	3,420,240	12,383,288	261,170,011	246,252,975		
Accumulated amortization:											
Balance, beginning of year	-	1,759,859	8,869,524	41,969,464	3,658,469	1,630,182	-	57,887,498	53,217,951		
Annual amortization	-	187,720	549,745	3,454,530	506,477	180,983	-	4,879,455	4,669,547		
Disposals	-	-	-	(378,231)	(138,503)	(255,193)	-	(771,927)	-		
Balance, end of year	-	1,947,579	9,419,269	45,045,763	4,026,443	1,555,972	-	61,995,026	57,887,498		
Net book value	\$ 18,001,085	\$ 2,099,644	\$ 18,026,716	\$ 141,333,131	\$ 5,466,853	\$ 1,864,268	\$ 12,383,288	\$ 199,174,985	\$ 188,365,477		
2017 net book value	\$ 18,252,693	\$ 2,051,541	\$ 16,467,397	\$ 140,456,121	\$ 4,359,427	\$ 1,894,684	\$ 4,883,615	\$ 188,365,477			

TOWN OF STRATHMORE
SCHEDULE TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2018

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	\$ 11,656,047	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11,656,047	
User fees and sales of goods	1,528,733	236,432	552,391	9,333,636	185,974	14,091	989,347	12,840,604	
Government transfers for operating	99,880	410,048	15,300	-	306,350	-	236,593	1,068,171	
Investment income	234,760	2,940	53,085	95,249	230	986	24,332	411,582	
Penalties and costs of taxes	191,942	-	-	-	-	-	-	191,942	
Licenses and permits	104,255	396,091	-	-	300	76,261	-	576,907	
Gain on disposal of capital assets	380,348	-	20,415	(215,404)	-	-	(13,388)	171,971	
Other	55,783	54,701	16,246	27,951	98,437	-	251,862	504,980	
	14,251,748	1,100,212	657,437	9,241,432	591,291	91,338	1,488,746	27,422,204	
Expenses									
Salaries, wages and benefits	2,537,993	1,805,434	1,400,046	544,646	682,821	868,308	2,813,296	10,652,544	
Contracted and general services	1,376,453	2,634,968	736,419	4,445,409	189,888	433,102	1,585,048	11,401,287	
Materials, goods, supplies and utilities	332,308	143,065	848,797	1,845,919	48,066	50,853	777,033	4,046,041	
Bank charges and short term interest	26,558	-	-	-	-	-	-	26,558	
Interest on long term debt	-	-	49,736	237,183	-	-	97,475	384,394	
Other expenditures	244	-	-	-	-	-	710	954	
Amortization of tangible capital assets	96,040	134,872	1,854,501	2,049,595	-	11,542	732,905	4,879,455	
Transfers to individuals and organizations	38,089	-	-	-	45,819	54,750	20,000	158,658	
Transfers to other governments	-	-	-	-	-	-	83,361	83,361	
	4,407,685	4,718,339	4,889,499	9,122,752	966,594	1,418,555	6,109,828	31,633,252	
Excess (deficiency) of revenue over expenses before other									
	9,844,063	(3,618,127)	(4,232,062)	118,680	(375,303)	(1,327,217)	(4,621,082)	(4,211,048)	
Other									
Government transfers for capital	-	202,089	2,049,844	1,354,391	-	-	4,413,406	8,019,730	
Contributed assets	-	-	2,031,627	-	-	-	-	2,031,627	
	-	202,089	4,081,471	1,354,391	-	-	4,413,406	10,051,357	
Excess (deficiency) of revenue over expenses									
	\$ 9,844,063	\$ (3,416,038)	\$ (150,591)	\$ 1,473,071	\$ (375,303)	\$ (1,327,217)	\$ (207,676)	\$ 5,840,309	



