

# **Strathcona County 2017 First Quarter Management Report**

Prepared by Financial Services

**Prepared for**  
Priorities Committee  
June 13, 2017

**Year-to-Date Operating Variance and the Year-End Forecast of the Annual Operating Surplus for Tax Purposes for Municipal, Utility, Library Operations and Pioneer Housing Foundation (PHF)**

**1. Year-to-Date Operating Variance**

The operating variance at March 31, 2017 is **\$7.3 million** (Q1 2016 \$7.5 million). The operating variance is the difference between the year-to-date actual and budgeted results, and is comprised of timing differences that are expected to reverse during the remainder of the year, and permanent differences that have occurred and will affect the year-end results.

| <b>County Operating Segments</b> | <b>2017 Q1 YTD Timing Differences \$M</b> | <b>2017 Q1 YTD Permanent Differences \$M</b> | <b>2017 Q1 YTD Variance \$M</b> | <b>2016 Q1 YTD Variance \$M</b> |
|----------------------------------|---|--|---------------------------------|---------------------------------|
| Municipal                        | 6.6                                       | 0.6  | 7.2                             | 8.0                             |
| Utility                          | -   | -  | -                               | (0.5)                           |
| Library                          | 0.1                                       | -  | 0.1                             | -                               |
| PHF                              | -   | -  | -                               | -                               |
| <b>TOTAL</b>                     | <b>6.7</b>                                | <b>0.6</b>                                   | <b>7.3</b>                      | <b>7.5</b>                      |

*The year-to-date operating variance includes reserve transactions and debt repayments that are excluded from Public Sector Accounting Standards (PSAS) financial reporting.*

**2. Year-End Forecast of the Annual Operating Surplus for Tax Purposes (Permanent Differences + Forecasted Items)**

| <b>County Operating Segments</b> | <b>2017 Q1 Forecast \$M</b> | <b>2016 Q1 Forecast \$M</b> |
|----------------------------------|-----------------------------|-----------------------------|
| Municipal                        | 1.7 (0.6%)                  | 2.6 (0.9%)                  |
| Utility                          | -                           | -                           |
| Library                          | -                           | -                           |
| PHF                              | -                           | -                           |
| <b>TOTAL</b>                     | <b>1.7 (0.5%)</b>           | <b>2.6 (0.7%)</b>           |

*Please note that the percentages represent the proportion of surplus compared to the respective annual operating budgets. The annual operating surplus for tax purposes includes reserve transactions and debt repayments that are excluded from Public Sector Accounting Standards (PSAS) financial reporting.*

The year-end forecast is based on the information available as of March 31, 2017 and is subject to the uncertainty of unknown events or circumstances which may transpire during the remainder of the year.



### **3. Analysis of the 2017 Year-End Forecast**

#### **a. Municipal Operations – \$1.7 million – Contributing Factors (In Order of Significance)**

Favourable:

- i. Savings in winter road maintenance;
- ii. Higher investment income; and
- iii. Personnel cost savings due to staff turnover, vacancies, and deferred hiring (net of slippage).

#### **b. Utility Operations – No significant impacts to report.**

#### **c. Library Operations – No significant impacts to report.**

#### **d. Pioneer Housing Foundation Operations – No significant impacts to report.**

### **2017 Consolidated PSAS Budget**

The final 2017 Consolidated PSAS budget, provided in Appendix 1, includes adjustments for the allocation of the 2017 cost of living allowance (COLA) from Fiscal Services to each respective department. Additionally, the capital budget (cash flowed) has been updated to include the 2016 unspent capital funding (2016 capital variance carried forward), and the year-to-date capital budget amendments.

The 2017 Capital Budget (cash flowed), as amended, totals \$163.6 million. This represents the total capital expenditure planned to be incurred during 2017, which is comprised of:

- The 2017 Capital Budget approved of \$65.6 million, approved by Council on November 28, 2016;
- 2017 Council approved capital budget amendments of \$1.1 million;
- Unspent prior years budgeted capital expenditures and amendments of \$202.6 million; and
- Budgeted capital expenditures planned to be incurred after 2017 of (\$105.7) million.



**Assessment of the County's Financial Condition – Key Financial Indicators**

The following section is prepared based on the Q1 2017 Strathcona County Consolidated Financial Statements (unaudited) provided in Appendix 2. The Consolidated Financial Statements are prepared in accordance with Public Sector Accounting Standards (PSAS).

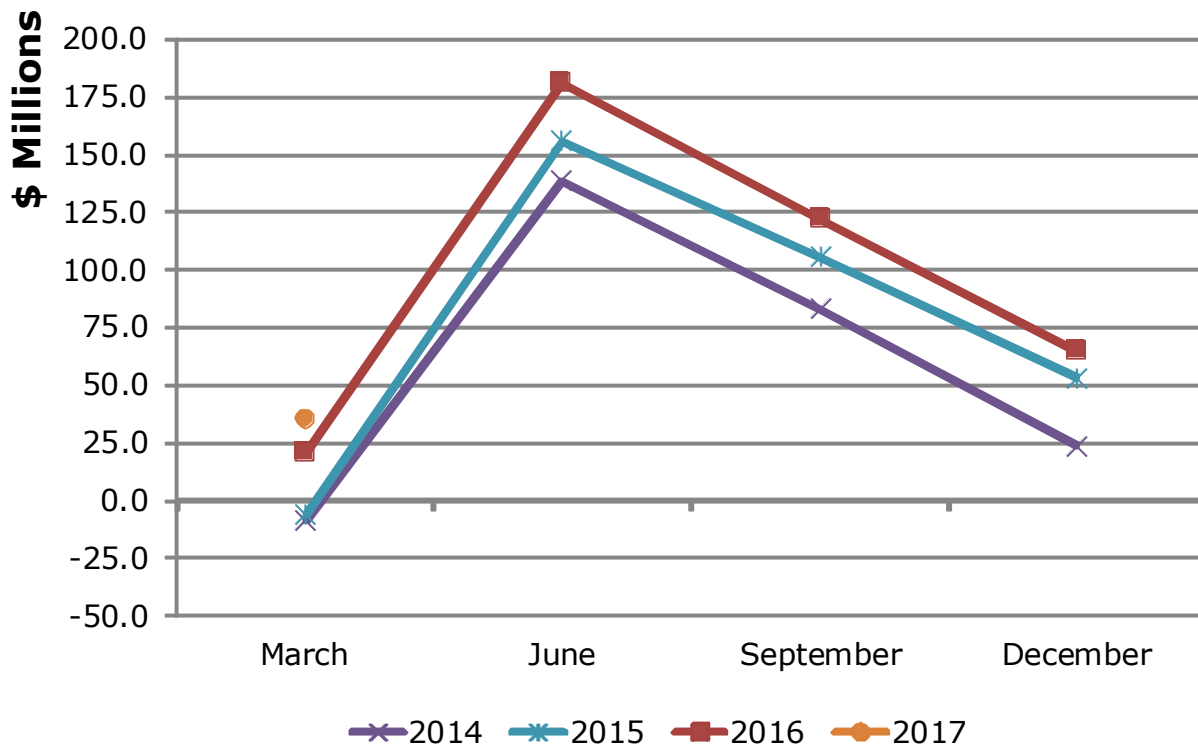
**Statement of Financial Position – Highlights**

**a. Net Financial Assets (Net Debt) Position**

As of March 31, 2017, the County's net financial asset position is \$34.9 million compared to a \$64.6 million net financial asset position at December 31, 2016 a decrease of (\$29.7) million. The decrease in net financial assets is expected for the first quarter, as the Q1 operational activity is financed in advance of the recognition of the 2017 property tax revenue.

**b. Net Financial Assets Trend Analysis**

**Net Financial Assets (Net Debt)**

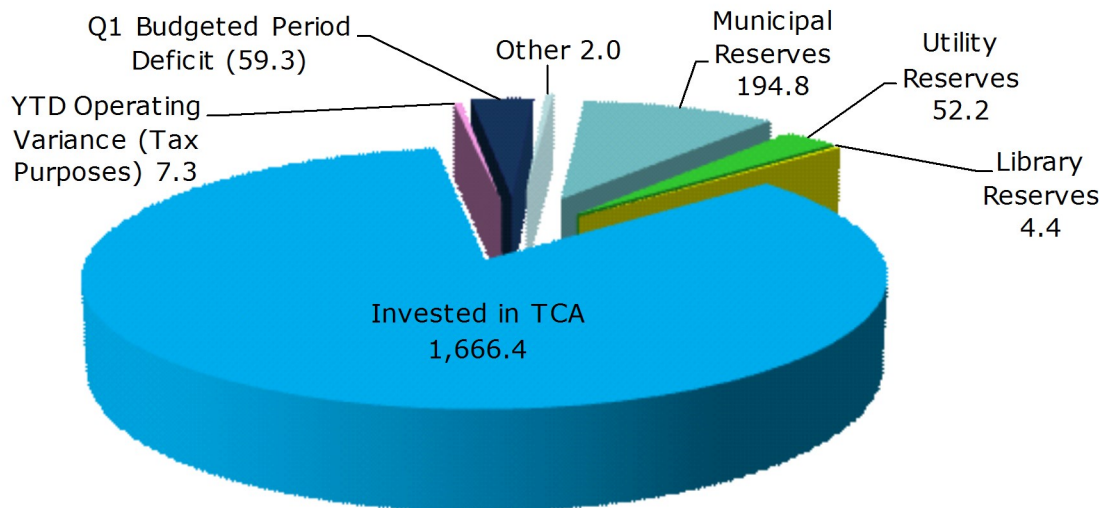


**c. Accumulated Surplus**

Accumulated surplus totals \$1,867.8 million at March 31, 2017 (\$1,909.7 million at December 31, 2016). The composition of the Q1 2017 accumulated surplus is as follows:

- i. Reserves of \$251.4 million (Q4 2016 - \$232.3 million);
- ii. Investments in tangible capital assets of \$1,666.4 million (Q4 2016 - \$1,676.3 million);
- iii. The March 31, 2016 budgeted period operating deficit of (\$59.3) million (Q4 2016 - \$nil);
- iv. The March 31, 2017 year to date favourable operating variance of \$7.3 million (Q4 2016 - \$nil); and
- v. The unrestricted surplus (deficit) of \$2.0 million (Q4 2016 - \$1.1 million).

**Composition of Accumulated Surplus**



**\$ Millions**



**Appendix**

1. 2017 Consolidated PSAS Budget
2. Consolidated Financial Statements and Supporting Schedules for the Period Ended March 31, 2017 (unaudited)
3. Glossary of Terms



**STRATHCONA COUNTY**  
**Consolidated Statement of Operations and Accumulated Surplus**  
(in thousands of dollars)

Appendix 1

|   | 2017<br>Budget<br>(Unaudited) | 2016<br>Budget      |
|---|-------------------------------|---------------------|
| <b>OPERATING REVENUE</b>                        |                               |                     |
| Property Taxes                                  | \$ 220,530                    | \$ 219,958          |
| Government Transfers - Operating                | 6,190                         | 5,202               |
| Utility User Rates                              | 54,184                        | 54,084              |
| User Fees and Charges                           | 40,071                        | 40,270              |
| Penalties and Fines                             | 5,862                         | 5,830               |
| Investment Income                               | 5,691                         | 6,093               |
| Other   | 8,383                         | 7,904               |
| <b>TOTAL OPERATING REVENUE</b>                  | <b>340,911</b>                | <b>339,341</b>      |
| <b>EXPENSES</b>                                 |                               |                     |
| <b>Infrastructure and Planning Services</b>     |                               |                     |
| Economic Development and Tourism                | 1,457                         | 1,429               |
| Capital Planning and Construction               | 4,273                         | 4,456               |
| Planning and Development Services               | 10,175                        | 11,182              |
| Transportation and Agriculture Services         | 31,671                        | 31,422              |
| Utilities                                       | 57,350                        | 56,995              |
|   | <b>104,926</b>                | <b>105,484</b>      |
| <b>Community Services</b>                       |                               |                     |
| Emergency Services                              | 34,732                        | 33,967              |
| Family and Community Services                   | 8,393                         | 7,376               |
| Strathcona Transit                              | 19,069                        | 19,310              |
| RCMP and Enforcement Services                   | 24,632                        | 23,315              |
| Recreation, Parks and Culture                   | 43,733                        | 42,708              |
|   | <b>130,559</b>                | <b>126,676</b>      |
| <b>Corporate Services</b>                       | <b>37,981</b>                 | <b>36,931</b>       |
| Chief Financial Officer                         | 7,098                         | 6,642               |
| Senior Administration                           | 6,643                         | 6,576               |
| Elected Officials                               | 1,348                         | 1,303               |
| Fiscal Services                                 | 50,092                        | 50,339              |
| Strathcona County Library                       | 10,435                        | 10,074              |
| Pioneer Housing Foundation                      | 974                           | 974                 |
|   | <b>114,571</b>                | <b>112,839</b>      |
| <b>TOTAL EXPENSES</b>                           | <b>350,056</b>                | <b>344,999</b>      |
| <b>SURPLUS (DEFICIT) BEFORE CAPITAL REVENUE</b> | <b>(9,145)</b>                | <b>(5,658)</b>      |
| <b>CAPITAL REVENUE</b>                          |                               |                     |
| Contributed Tangible Capital Assets             | -                             | -                   |
| Government Transfers - Capital                  | 57,113                        | 41,381              |
| Other Capital Revenues                          | 34,439                        | 58,638              |
| <b>TOTAL CAPITAL REVENUE</b>                    | <b>91,552</b>                 | <b>100,019</b>      |
| <b>ANNUAL SURPLUS</b>                           | <b>82,407</b>                 | <b>94,361</b>       |
| <b>ACCUMULATED SURPLUS, BEGINNING OF YEAR</b>   | <b>1,909,672</b>              | <b>1,824,629</b>    |
| <b>ACCUMULATED SURPLUS, END OF YEAR</b>         | <b>\$ 1,992,079</b>           | <b>\$ 1,918,990</b> |

**STRATHCONA COUNTY**  
**Consolidated Schedule of Segmented Information**  
(in thousands of dollars)

Appendix 1

|   | Municipal<br>Operations | Utility<br>Operations | Library<br>Operations | Pioneer<br>Housing<br>Foundation | Eliminations | 2017<br>Budget<br>(Unaudited) | 2016<br>Budget |
|---|-------------------------|-----------------------|-----------------------|----------------------------------|--------------|-------------------------------|----------------|
| <b>OPERATING REVENUE</b>                        |                         |                       |                       |                                  |              |                               |                |
| Property Taxes                                  | \$ 211,058              | \$ -                  | \$ 9,472              | \$ -                             | \$ -         | \$ 220,530                    | \$ 219,958     |
| Government Transfers - Operating                | 5,632                   | 7                     | 551                   | -                                | -            | 6,190                         | 5,202          |
| Utility User Rates                              | -                       | 54,184                | -                     | -                                | -            | 54,184                        | 54,084         |
| User Fees and Charges                           | 38,891                  | 1,129                 | 52                    | -                                | -            | 40,071                        | 40,270         |
| Penalties and Fines                             | 5,684                   | -                     | 178                   | -                                | -            | 5,862                         | 5,830          |
| Investment Income                               | 4,662                   | 916                   | 112                   | -                                | -            | 5,691                         | 6,093          |
| Other   | 7,870                   | 6                     | 147                   | 1,254                            | (895)        | 8,383                         | 7,904          |
| <b>TOTAL OPERATING REVENUE</b>                  | <b>273,798</b>          | <b>56,242</b>         | <b>10,512</b>         | <b>1,254</b>                     | <b>(895)</b> | <b>340,911</b>                | <b>339,341</b> |
| <b>EXPENSES</b>                                 |                         |                       |                       |                                  |              |                               |                |
| Salaries, Wages and Benefits                    | 151,643                 | 10,609                | 6,456                 | -                                | -            | 168,708                       | 164,042        |
| Contracted and General Services                 | 49,704                  | 11,998                | 344                   | -                                | -            | 62,046                        | 62,610         |
| Supplies, Materials and Utilities               | 27,010                  | 24,713                | 1,309                 | -                                | -            | 53,033                        | 54,625         |
| Interest on Long-Term Debt                      | 3,572                   | 2,451                 | 919                   | 895                              | (895)        | 6,942                         | 6,869          |
| Grants and Requisitions                         | 1,904                   | 200                   | -                     | -                                | -            | 2,104                         | 2,050          |
| Amortization                                    | 45,929                  | 7,288                 | 1,402                 | 974                              | -            | 55,592                        | 53,287         |
| Other Expenses                                  | 1,534                   | 91                    | 5                     | -                                | -            | 1,631                         | 1,516          |
| <b>TOTAL EXPENSES</b>                           | <b>281,297</b>          | <b>57,350</b>         | <b>10,435</b>         | <b>1,869</b>                     | <b>(895)</b> | <b>350,056</b>                | <b>344,999</b> |
| <b>SURPLUS (DEFICIT) BEFORE CAPITAL REVENUE</b> | <b>(7,499)</b>          | <b>(1,109)</b>        | <b>77</b>             | <b>(615)</b>                     | <b>-</b>     | <b>(9,145)</b>                | <b>(5,658)</b> |
| <b>CAPITAL REVENUE</b>                          |                         |                       |                       |                                  |              |                               |                |
| Contributed Tangible Capital Assets             | -                       | -                     | -                     | -                                | -            | -                             | -              |
| Government Transfers - Capital                  | 59,124                  | (2,011)               | -                     | -                                | -            | 57,113                        | 41,381         |
| Other Capital Revenue                           | 28,627                  | 5,811                 | -                     | -                                | -            | 34,439                        | 58,638         |
| <b>TOTAL CAPITAL REVENUE</b>                    | <b>87,751</b>           | <b>3,800</b>          | <b>-</b>              | <b>-</b>                         | <b>-</b>     | <b>91,552</b>                 | <b>100,019</b> |
| <b>ANNUAL SURPLUS (DEFICIT)</b>                 | <b>80,252</b>           | <b>2,691</b>          | <b>77</b>             | <b>(615)</b>                     | <b>-</b>     | <b>82,407</b>                 | <b>94,361</b>  |
| <b>Reconciliation to Tax Levy Based Budget:</b> |                         |                       |                       |                                  |              |                               |                |
| <i>Surplus (Deficit) from Above</i>             | 80,252                  | 2,691                 | 77                    | (615)                            | -            | 82,407                        | 94,361         |
| <i>Eliminate Government Transfers - Capital</i> | (59,124)                | 2,011                 | -                     | -                                | -            | (57,113)                      | (41,381)       |
| <i>Eliminate Other Capital Revenue</i>          | (28,627)                | (5,811)               | -                     | -                                | -            | (34,439)                      | (58,638)       |
| <i>Eliminate Amortization expense</i>           | 45,929                  | 7,288                 | 1,402                 | 974                              | -            | 55,592                        | 53,287         |
| <i>Add Interfund Entries:</i>                   | -                       | -                     | -                     | -                                | -            | -                             | -              |
| <i>From Reserve Fund</i>                        | 11,240                  | 1,946                 | 1                     | -                                | -            | 13,186                        | 9,644          |
| <i>To Capital Fund</i>                          | 312                     | -                     | (603)                 | -                                | -            | (291)                         | (338)          |
| <i>To Reserve Fund</i>                          | (44,167)                | (4,608)               | (128)                 | -                                | -            | (48,902)                      | (46,732)       |
| <i>Loan Funds Repaid</i>                        | 972                     | -                     | -                     | 500                              | -            | 1,472                         | 593            |
| <i>Capital Leases Repaid</i>                    | -                       | -                     | -                     | -                                | -            | -                             | (109)          |
| <i>Over Borrowed Debt Payments</i>              | 70                      | -                     | -                     | -                                | -            | 70                            | -              |
| <i>Local Improvement Debt Payments</i>          | 4                       | 40                    | -                     | -                                | -            | 44                            | -              |
| <i>Long-Term Debt Repaid</i>                    | (6,860)                 | (3,557)               | (749)                 | (860)                            | -            | (12,026)                      | (10,687)       |
| <b>Balanced Tax Levy Based Budget</b>           | <b>-</b>                | <b>-</b>              | <b>-</b>              | <b>-</b>                         | <b>-</b>     | <b>-</b>                      | <b>-</b>       |



# **STRATHCONA COUNTY**

## **Consolidated Financial Statements**

**For the Period Ended March 31, 2017 (in thousands of dollars)**

*(unaudited)*

**STRATHCONA COUNTY**  
**Consolidated Statement of Financial Position**  
As at March 31, 2017 (in thousands of dollars)

|  | <b>March 31,<br/>2017</b> | <b>December 31,<br/>2016</b> |
|--|---------------------------|------------------------------|
| <b>FINANCIAL ASSETS</b>                  |                           |                              |
| Cash and Cash Equivalents                | \$ 7,318                  | \$ 5,718                     |
| Accounts Receivable                      |                           |                              |
| Property Taxes                           | -                         | 4,050                        |
| Government Transfers                     | 6,681                     | 9,510                        |
| Trade and Other                          | 15,931                    | 16,114                       |
| Development Levies and Charges           | 439                       | 1,617                        |
| Investments                              | 268,862                   | 306,498                      |
| Investment Interest Receivable           | 10,882                    | 10,071                       |
|  | <b>310,113</b>            | <b>353,578</b>               |
| <b>LIABILITIES</b>                       |                           |                              |
| Accounts Payable and Accrued Liabilities | 12,592                    | 41,047                       |
| Deposit Liabilities                      | 15,701                    | 16,082                       |
| Deferred Revenue                         | 83,638                    | 65,747                       |
| Long-Term Debt                           | 163,277                   | 166,140                      |
|  | <b>275,208</b>            | <b>289,016</b>               |
| <b>NET FINANCIAL ASSETS</b>              | <b>34,905</b>             | <b>64,562</b>                |
| <b>NON-FINANCIAL ASSETS</b>              |                           |                              |
| Tangible Capital Assets                  | 1,830,116                 | 1,841,834                    |
| Inventories of Materials and Supplies    | 964                       | 947                          |
| Prepaid Expenses                         | 1,822                     | 2,329                        |
|  | <b>1,832,902</b>          | <b>1,845,110</b>             |
| <b>ACCUMULATED SURPLUS</b>               | <b>\$ 1,867,807</b>       | <b>\$ 1,909,672</b>          |

**STRATHCONA COUNTY**  
**Consolidated Statement of Operations and Accumulated Surplus**  
For the period ended March 31, 2017 (in thousands of dollars)

|   | 2017 Period<br>Budget | March 31,<br>2017   | March 31,<br>2016   |
|---|-----------------------|---------------------|---------------------|
| <b>REVENUE</b>                                      |                       |                     |                     |
| Property Taxes                                      | \$ 55,133             | \$ -                | \$ -                |
| Government Transfers - Operating                    | 1,547                 | 1,270               | 891                 |
| Utility User Rates                                  | 13,546                | 13,386              | 13,745              |
| User Fees and Charges                               | 10,018                | 11,809              | 10,901              |
| Penalties and Fines                                 | 1,465                 | 1,752               | 1,403               |
| Investment Income                                   | 1,423                 | 1,546               | 1,398               |
| Other   | 2,096                 | 1,916               | 2,026               |
| <b>TOTAL REVENUES</b>                               | <b>85,228</b>         | <b>31,679</b>       | <b>30,364</b>       |
| <b>EXPENSES</b>                                     |                       |                     |                     |
| <b>Infrastructure and Planning Services</b>         |                       |                     |                     |
| Capital Planning and Construction                   | 1,068                 | 942                 | 837                 |
| Economic Development and Tourism                    | 364                   | 313                 | 303                 |
| Planning and Development Services                   | 2,544                 | 1,963               | 2,065               |
| Transportation and Agriculture Services             | 7,918                 | 4,849               | 4,314               |
| Utilities   | 14,337                | 12,184              | 12,528              |
|   | <b>26,231</b>         | <b>20,251</b>       | <b>20,047</b>       |
| <b>Community Services</b>                           |                       |                     |                     |
| Emergency Services                                  | 8,683                 | 8,020               | 7,569               |
| Family and Community Services                       | 2,098                 | 1,959               | 1,704               |
| Strathcona Transit                                  | 4,767                 | 4,247               | 4,238               |
| RCMP and Enforcement Services                       | 6,158                 | 6,040               | 5,557               |
| Recreation, Parks and Culture                       | 10,933                | 8,607               | 8,218               |
|   | <b>32,639</b>         | <b>28,873</b>       | <b>27,286</b>       |
| <b>Corporate Services</b>                           | 9,495                 | 8,037               | 7,645               |
| <b>Chief Financial Officer</b>                      | 1,774                 | 1,603               | 1,364               |
| <b>Senior Administration</b>                        | 1,661                 | 1,348               | 1,429               |
| <b>Elected Officials</b>                            | 337                   | 262                 | 260                 |
| <b>Fiscal Services</b>                              | 12,523                | 12,668              | 12,072              |
| <b>Strathcona County Library</b>                    | 2,609                 | 2,506               | 2,452               |
| <b>Pioneer Housing Foundation</b>                   | 243                   | -                   | 245                 |
|   | <b>28,642</b>         | <b>26,424</b>       | <b>25,467</b>       |
| <b>TOTAL EXPENSES</b>                               | <b>87,512</b>         | <b>75,548</b>       | <b>72,800</b>       |
| <b>SURPLUS BEFORE CAPITAL REVENUE</b>               | <b>(2,284)</b>        | <b>(43,869)</b>     | <b>(42,436)</b>     |
| <b>CAPITAL REVENUE</b>                              |                       |                     |                     |
| Contributed Tangible Capital Assets                 | -                     | 1,139               | 2,405               |
| Government Transfers - Capital                      | 14,278                | 646                 | 5,295               |
| Other Capital Revenues                              | 8,610                 | 219                 | 270                 |
| <b>TOTAL CAPITAL REVENUE</b>                        | <b>22,888</b>         | <b>2,004</b>        | <b>7,970</b>        |
| <b>PERIOD SURPLUS</b>                               | <b>20,604</b>         | <b>(41,865)</b>     | <b>(34,466)</b>     |
| <b>ACCUMULATED SURPLUS,<br/>BEGINNING OF PERIOD</b> | <b>1,909,672</b>      | <b>1,909,672</b>    | <b>1,824,629</b>    |
| <b>ACCUMULATED SURPLUS,<br/>END OF PERIOD</b>       | <b>\$ 1,930,275</b>   | <b>\$ 1,867,807</b> | <b>\$ 1,790,163</b> |

**STRATHCONA COUNTY**  
**Consolidated Statement of Change in Net Financial Assets (Net Debt)**  
For the period ended March 31, 2017 (in thousands of dollars)

|  | 2017 Budget      | March 31,<br>2017 | December 31,<br>2016 |
|--|------------------|-------------------|----------------------|
| <b>PERIOD SURPLUS</b>                                | \$ 20,604        | \$ (41,865)       | \$ 85,043            |
| Acquisition of Tangible Capital Assets               | (40,895)         | (720)             | (96,906)             |
| Contributed Tangible Capital Assets                  | -                | (1,139)           | (32,711)             |
| Amortization of Tangible Capital Assets              | 13,898           | 13,550            | 54,469               |
| Loss on Disposal of Tangible Capital Assets          | -                | (319)             | 661                  |
| Proceeds from Disposal of Tangible Capital Assets    | -                | 347               | 244                  |
|  | <u>(6,393)</u>   | <u>(30,147)</u>   | <u>10,800</u>        |
| Acquisition of Inventories of Materials and Supplies | -                | (408)             | (1,359)              |
| Acquisition of Prepaid Expenses                      | -                | (269)             | (3,439)              |
| Use of Inventories of Materials and Supplies         | -                | 391               | 1,387                |
| Use of Prepaid Expenses                              | -                | 776               | 3,848                |
|  | <u>-</u>         | <u>490</u>        | <u>437</u>           |
| <b>INCREASE (DECREASE) IN NET FINANCIAL ASSETS</b>   | (6,393)          | (29,657)          | 11,237               |
| <b>NET FINANCIAL ASSETS, BEGINNING OF PERIOD</b>     | <u>64,562</u>    | <u>64,562</u>     | <u>53,325</u>        |
| <b>NET FINANCIAL ASSETS, END OF PERIOD</b>           | <u>\$ 58,169</u> | <u>\$ 34,905</u>  | <u>\$ 64,562</u>     |

**STRATHCONA COUNTY**  
**Consolidated Statement of Cash Flows**  
For the period ended March 31, 2017 (in thousands of dollars)

|  | March 31,<br>2017 | December 31,<br>2016 |
|--|-------------------|----------------------|
| <b>NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:</b> |                   |                      |
| <b>OPERATING</b>   |                   |                      |
| Period Surplus   | \$ (41,865)       | \$ 85,043            |
| Items Not Involving Cash:  |                   |                      |
| Contributed Tangible Capital Assets                                      | (1,139)           | (32,711)             |
| Amortization of Tangible Capital Assets                                  | 13,550            | 54,469               |
| Amortization of Discount on Investments (Gain)                           | 16                | 65                   |
| Loss on Disposal of Tangible Capital Assets                              | (319)             | 661                  |
| Loss (Gain) on Disposal of Investments                                   | 1                 | (732)                |
| Changes to Non-Cash Assets and Liabilities:                              |                   |                      |
| Property Taxes Receivable  | 4,050             | 777                  |
| Government Transfers Receivable  | 2,829             | 343                  |
| Trade and Other Receivables  | 183               | (2,484)              |
| Development Levies and Charges Receivable                                | 1,178             | 1,199                |
| Land Held for Resale   | -                 | 2,632                |
| Accounts Payable and Accrued Liabilities                                 | (28,455)          | (3,730)              |
| Deposit Liabilities  | (381)             | (2,557)              |
| Deferred Revenue   | 17,891            | 1,659                |
| Inventories of Materials and Supplies                                    | (17)              | 28                   |
| Prepaid Expenses   | 507               | 409                  |
| Cash Provided by (Applied to) Operating Activities                       | (31,971)          | 105,071              |
| <b>CAPITAL</b>   |                   |                      |
| Proceeds from Disposal of Tangible Capital Assets                        | 347               | 244                  |
| Acquisition of Tangible Capital Assets                                   | (720)             | (96,906)             |
| Cash Applied to Capital Activities                                       | (373)             | (96,662)             |
| <b>INVESTING</b>   |                   |                      |
| Purchase of Investments  | (13,044)          | (274,454)            |
| Proceeds from Sale/Maturity of Investments                               | 50,664            | 259,916              |
| Change to Investment Interest Receivable                                 | (811)             | (1,854)              |
| Cash (Applied to) Provided by Investing Activities                       | 36,809            | (16,392)             |
| <b>FINANCING</b>   |                   |                      |
| Long-Term Debt Issued  | (1)               | 19,347               |
| Capital Leases Repaid  | -                 | (108)                |
| Long-Term Debt Repaid  | (2,862)           | (9,752)              |
| Cash Provided by (Applied to) Financing Activities                       | (2,863)           | 9,487                |
| <b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>                  | <b>1,601</b>      | <b>1,504</b>         |
| <b>CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD</b>                    | <b>5,718</b>      | <b>4,214</b>         |
| <b>CASH AND CASH EQUIVALENTS, END OF PERIOD</b>                          | <b>\$ 7,319</b>   | <b>\$ 5,718</b>      |

**STRATHCONA COUNTY**  
**Consolidated Schedule of Segmented Information**  
For the period ended March 31, 2017 (in thousands of dollars)

|   | <b>Municipal<br/>Operations</b> | <b>Utility<br/>Operations</b> | <b>Library<br/>Operations</b> | <b>Pioneer Housing<br/>Foundation</b> | <b>Eliminations</b> | <b>March 31,<br/>2017<br/>(unaudited)</b> | March 31,<br>2016<br>(unaudited) | 2017 Period<br>Budget<br>(unaudited) |
|---|---------------------------------|-------------------------------|-------------------------------|---------------------------------------|---------------------|---|----------------------------------|--------------------------------------|
| <b>OPERATING REVENUE</b>                                      |                                 |                               |                               |                                       |                     |   |                                  |                                      |
| Property Taxes  | \$ -                            | \$ -                          | \$ -                          | \$ -                                  | \$ -                | \$ -                                      | \$ -                             | \$ 55,133                            |
| Government Transfers - Operating                              | 1,260                           | 10                            | -                             | -                                     | -                   | 1,270                                     | 891                              | 1,547                                |
| Utility User Rates  | -                               | 13,386                        | -                             | -                                     | -                   | 13,386                                    | 13,745                           | 13,546                               |
| User Fees and Charges   | 11,505                          | 287                           | 16                            | -                                     | -                   | 11,808                                    | 10,901                           | 10,018                               |
| Penalties and Fines   | 1,710                           | -                             | 42                            | -                                     | -                   | 1,752                                     | 1,403                            | 1,465                                |
| Investment Income   | 1,271                           | 258                           | 17                            | -                                     | -                   | 1,546                                     | 1,399                            | 1,423                                |
| Other   | 1,951                           | 6                             | 17                            | 197                                   | (255)               | 1,916                                     | 2,027                            | 2,096                                |
| <b>TOTAL OPERATING REVENUE</b>                                | <b>17,698</b>                   | <b>13,946</b>                 | <b>91</b>                     | <b>197</b>                            | <b>(255)</b>        | <b>31,678</b>                             | <b>30,364</b>                    | <b>85,227</b>                        |
| <b>EXPENSES</b>   |                                 |                               |                               |                                       |                     |   |                                  |                                      |
| Salaries, Wages and Benefits                                  | 35,251                          | 2,305                         | 1,430                         | -                                     | -                   | 38,985                                    | 36,431                           | 42,177                               |
| Contracted and General Services                               | 8,038                           | 2,020                         | 97                            | -                                     | -                   | 10,154                                    | 10,329                           | 15,512                               |
| Supplies, Materials and Utilities                             | 4,589                           | 5,444                         | 374                           | -                                     | -                   | 10,407                                    | 10,006                           | 13,258                               |
| Interest on Long-Term Debt                                    | 960                             | 616                           | 257                           | 255                                   | (255)               | 1,833                                     | 1,805                            | 1,736                                |
| Grants and Requisitions                                       | 603                             | -                             | -                             | -                                     | -                   | 603                                       | 774                              | 526                                  |
| Amortization  | 11,419                          | 1,783                         | 347                           | -                                     | -                   | 13,550                                    | 13,066                           | 13,898                               |
| Loss (Gain) on Tangible Capital Assets                        |                                 |                               |                               |                                       |                     |   |                                  |                                      |
| Transfers and Disposals                                       | (319)                           | -                             | -                             | -                                     | -                   | (319)                                     | (2)                              | -                                    |
| Other Expenses  | 317                             | 16                            | 1                             | -                                     | -                   | 334                                       | 390                              | 408                                  |
| <b>TOTAL EXPENSES</b>   | <b>60,858</b>                   | <b>12,184</b>                 | <b>2,506</b>                  | <b>255</b>                            | <b>(255)</b>        | <b>75,547</b>                             | <b>72,800</b>                    | <b>87,514</b>                        |
| <b>SURPLUS BEFORE CAPITAL REVENUE</b>                         | <b>(43,160)</b>                 | <b>1,763</b>                  | <b>(2,415)</b>                | <b>(58)</b>                           | <b>-</b>            | <b>(43,870)</b>                           | <b>(42,436)</b>                  | <b>(2,288)</b>                       |
| <b>CAPITAL REVENUE</b>  |                                 |                               |                               |                                       |                     |   |                                  |                                      |
| Contributed Tangible Capital Assets                           | 1,139                           | -                             | -                             | -                                     | -                   | 1,139                                     | 2,405                            | -                                    |
| Government Transfers - Capital                                | 607                             | 39                            | -                             | -                                     | -                   | 646                                       | 5,295                            | 14,278                               |
| Other Capital Revenues  | 192                             | 27                            | -                             | -                                     | -                   | 219                                       | 270                              | 8,610                                |
| <b>TOTAL CAPITAL REVENUE</b>                                  | <b>1,939</b>                    | <b>66</b>                     | <b>-</b>                      | <b>-</b>                              | <b>-</b>            | <b>2,004</b>                              | <b>7,970</b>                     | <b>22,888</b>                        |
| <b>ANNUAL SURPLUS</b>   | <b>(41,221)</b>                 | <b>1,829</b>                  | <b>(2,415)</b>                | <b>(58)</b>                           | <b>-</b>            | <b>(41,866)</b>                           | <b>(34,465)</b>                  | <b>20,602</b>                        |
| <b>ACCUMULATED SURPLUS (DEFICIT),<br/>BEGINNING OF PERIOD</b> | <b>1,569,757</b>                | <b>322,339</b>                | <b>9,759</b>                  | <b>15,242</b>                         | <b>(7,424)</b>      | <b>1,909,672</b>                          | <b>1,824,629</b>                 | <b>1,909,672</b>                     |
| <b>ACCUMULATED SURPLUS (DEFICIT),<br/>END OF PERIOD</b>       | <b>\$ 1,528,537</b>             | <b>\$ 324,168</b>             | <b>\$ 7,345</b>               | <b>\$ 15,184</b>                      | <b>\$ (7,424)</b>   | <b>\$ 1,867,806</b>                       | <b>\$ 1,790,163</b>              | <b>\$ 1,930,275</b>                  |

**STRATHCONA COUNTY**  
**Consolidated Schedule of Tangible Capital Assets**  
As at March 31, 2017 (in thousands of dollars)

| <b>Cost</b>               | Balance at<br>January 1,<br>2017 | Additions | Contributed<br>Additions | Disposals  | Balance at<br>March 31,<br>2017 |
|---------------------------|----------------------------------|-----------|--------------------------|------------|---------------------------------|
| Land                      | \$ 491,112                       | \$ -      | \$ -                     | \$ -       | \$ 491,112                      |
| Land Improvements         | 106,236                          | 49        | 355                      | -          | 106,640                         |
| Buildings                 | 445,163                          | 773       | -                        | -          | 445,936                         |
| Engineered Structures     | 1,159,091                        | 2,011     | 784                      | -          | 1,161,886                       |
| Machinery and Equipment   | 71,774                           | 1,078     | -                        | (895)      | 71,957                          |
| Books and Periodicals     | 5,841                            | 78        | -                        | -          | 5,918                           |
| Vehicles                  | 75,516                           | 52        | -                        | 1,488      | 74,080                          |
| Assets under Construction | 41,784                           | (3,320)   | -                        | -          | 38,465                          |
|                           | \$ 2,396,517                     | \$ 720    | \$ 1,139                 | \$ (2,383) | \$ 2,395,994                    |

| <b>Accumulated Amortization</b> | Balance at<br>January 1,<br>2017 | Disposals  | Amortization<br>Expense | Balance at<br>March 31,<br>2017 |
|---------------------------------|----------------------------------|------------|-------------------------|---------------------------------|
| Land Improvements               | \$ 34,002                        | \$ -       | \$ 1,185                | \$ 35,187                       |
| Buildings                       | 100,410                          | -          | 2,310                   | 102,720                         |
| Engineered Structures           | 346,276                          | -          | 7,039                   | 353,315                         |
| Machinery and Equipment         | 37,225                           | (886)      | 1,566                   | 37,905                          |
| Books and Periodicals           | 2,717                            | -          | 146                     | 2,863                           |
| Vehicles                        | 34,053                           | (1,469)    | 1,304                   | 33,888                          |
| Assets under Construction       | -                                | -          | -                       | -                               |
|                                 | \$ 554,683                       | \$ (2,355) | \$ 13,550               | \$ 565,878                      |

| <b>Net Book Value</b>     | Balance at<br>January 1,<br>2017 | Balance at<br>March 31,<br>2017 |
|---------------------------|----------------------------------|---------------------------------|
| Land                      | \$ 491,112                       | \$ 491,112                      |
| Land Improvements         | 72,234                           | 71,452                          |
| Buildings                 | 344,753                          | 343,217                         |
| Engineered Structures     | 812,815                          | 808,571                         |
| Machinery and Equipment   | 34,549                           | 34,052                          |
| Books and Periodicals     | 3,124                            | 3,055                           |
| Vehicles                  | 41,463                           | 40,192                          |
| Assets under Construction | 41,784                           | 38,465                          |
|                           | \$ 1,841,834                     | \$ 1,830,116                    |

**GLOSSARY OF TERMS:**

- **Annual Operating Surplus for Tax Purposes** – The annual surplus or (deficit) resulting from the modified cash flow basis, which includes debt repayment expenditures and reserve transactions, and excludes amortization expense, gains/losses on asset disposals and capital revenues, unlike the Public Sector Accounting Standards (PSAS) Surplus.
- **Committed** – Funding approved as per FIN-001-024: Municipal Reserves policy to be applied towards specific expenditures.
- **Designated** – Funding designated to reserves for a specific purpose, which has not yet been approved by Council to be applied towards specific expenditures.
- **Forecast Variances** – Future variances to budget that have yet to occur, but are expected to be realized based on current information, and are projected to affect the year-end surplus or (deficit).
- **Permanent Differences** – Variances to budget that have occurred and will affect the year-end surplus or (deficit).
- **PSAS Surplus** – The surplus or (deficit) resulting from financial statements prepared in accordance with PSAS.
- **Timing Differences** – Variances to budget that are expected to reverse during the remainder of the year and not affect the year-end surplus or (deficit).
- **Year-End Forecast** – Permanent Differences plus the Forecast Variances make up the Year-End Forecast surplus or (deficit).
- **Year-To-Date Operating Variance** – The favourable or (unfavourable) difference between budget and actuals at a point in time including any Timing Differences.