

Strathcona County 2017 Second Quarter Management Report

Prepared by Financial Services

Prepared for
Council
September 12, 2017

Year-to-Date Operating Variance and the Year-End Forecast of the Annual Operating Surplus for Tax Purposes for Municipal, Utility and Library Operations

1. Year-to-Date Operating Variance

The operating variance as of June 30, 2017 is **\$9.0 million** (Q2 2016 \$16.0 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.

<i>County Operating Segments</i>	<i>2017 Q2 YTD Timing Differences \$M</i>	<i>2017 Q2 YTD Permanent Differences \$M</i>	<i>2017 Q2 YTD Variance \$M</i>	<i>2016 Q2 YTD Variance \$M</i>
Municipal	8.0	1.4	9.4	16.5
Utility	(0.8)	0.2	(0.6)	(0.6)
Library	0.1	0.1	0.2	0.1
TOTAL	7.3	1.7	9.0	16.0

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)

<i>County Operating Segments</i>	<i>2017 Q2 Forecast \$M</i>	<i>2016 Q2 Forecast \$M</i>
Municipal	3.4 (1.2%)	13.7 (4.9%)
Utility	0.2 (0.3%)	1.0 (1.8%)
Library	0.2 (1.7%)	0.1 (0.5%)
TOTAL	3.8 (1.1%)	14.8 (4.2%)

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 June 30, 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 – \$3.4 million – Contributing Factors (In Order of Significance)

Favourable:

- i. Savings in winter road maintenance (non-P4);
- ii. Personnel cost savings due to staff turnover, vacancies, and deferred hiring (net of slippage); and
- iii. Higher investment income.

b. Utility Operations – No significant impacts to report.

c. Library Operations – No significant impacts to report.

Capital Activity (Excluding PHF)

1. 2017 Capital Budget and Spending

The 2017 Annual Capital Budget (cash flowed), as amended, totals \$168.3 million. The capital spending, as of June 30, 2017, totals \$17.3 million (Q2 2016 \$35.9 million), which represents 10% of the planned expenditures for the year.

2. Update on Project Activity

During the first two quarters of 2017, thirty seven projects were completed with \$13.8 million under a total combined budget of \$87.3 million. Of the unused funding, \$8.8 million was budgeted to be funded from external grants, debentures and other sources, and \$5.0 million was budgeted from internal sources (reserves). All funds released are allocated back to their original funding sources.

3. 2017 Capital Budget Amendments

Twelve project amendments have been approved as of Q2 2017 for a \$13.3 million total net increase of the capital budget.

2015-2018 Corporate Business Plan Reporting (Appendix 1)

An integral component of the Business Plan and Budget Implementation (BPBI) Project includes performance measurement and progress reporting. As such, Q2 and annual (Q4) quarterly management reports will include progress reporting on the goals within the 2015-2018 Corporate Business Plan, which demonstrate linkages to the Strategic Plan.

Performance measures will also be reported as part of the Corporate Business Plan Progress Report, including ongoing refinement to the measures themselves as part of an evolving process.

Council was previously provided with corporate business plan reporting as part of the 2016 Annual (Q4) Management Report (April 11, 2017).



Assessment of the County's Financial Condition — Key Financial Indicators

The following section is prepared based on the Q2 2017 Strathcona County Consolidated Financial Statements (unaudited) provided in Appendix 2. The Consolidated Financial Statements are prepared in accordance with PSAS.

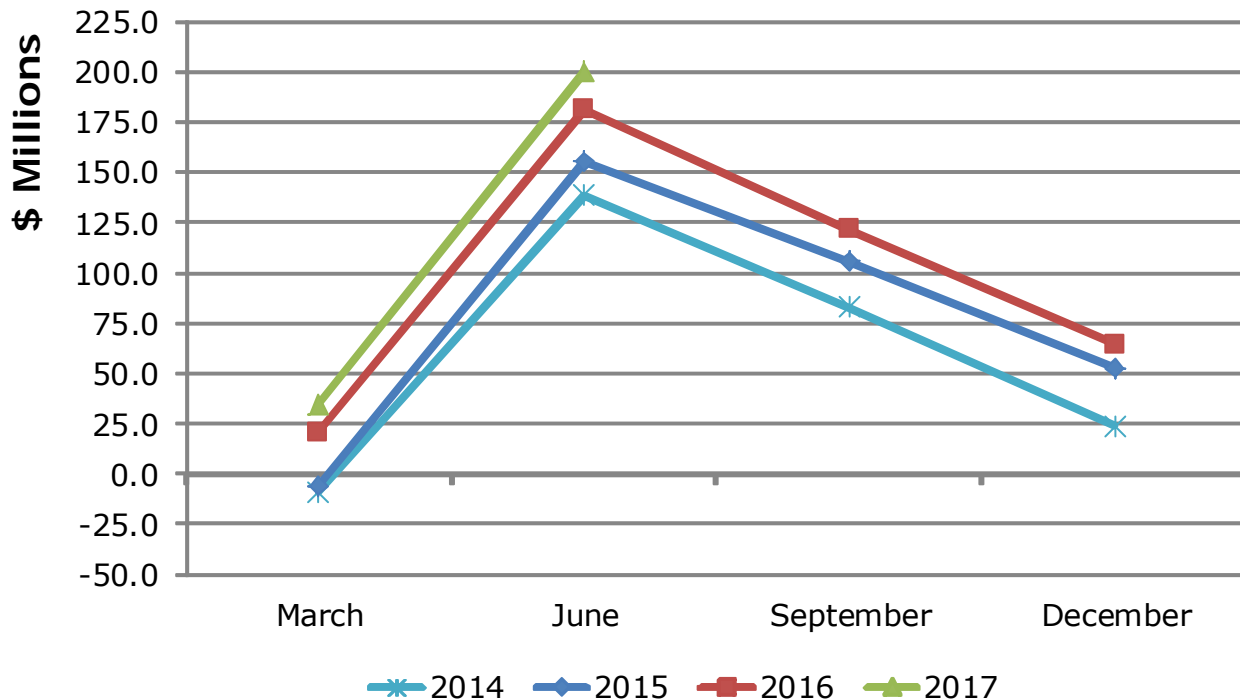
Statement of Financial Position — Highlights

a. Net Financial Assets (Net Debt) Position

As of June 30, 2017, the County's net financial asset position is \$200.4 million compared to a \$64.6 million net financial asset position at December 31, 2016 an increase of \$135.8 million. The increase in net financial assets is expected and mainly due to the timing of property tax revenue, which will be drawn down to finance operations in the second half of 2017.

b. Net Financial Assets Trend Analysis

Net Financial Assets (Net Debt)



c. Long-term Debt

The County has not issued any new debt as of June 30, 2017 (Q2 2016 \$3.0 million). Debt repayment of \$5.0 million (Q2 2016 \$4.8 million) has reduced the 2017 long-term debt opening balance of \$166.1 M to \$161.1 million (Q2 2016 \$154.7 million) as of June 30, 2017.

d. Reserve Reporting

The following table provides a summary of the County's reserve balances as of June 30, 2017:

Reserves	Committed \$M	Designated \$M	Total \$M	Optimal Variance \$M
Municipal				
Stabilization and Contingency	1.6	11.1	12.7	(1.1)
Projects	42.9	29.0	71.9	4.0
Infrastructure, Lifecycle, Maintenance and Replacement	15.6	49.2	64.8	13.0
Special Purpose	19.7	19.8	39.5	9.9
Total Municipal	79.8	109.1	188.9	25.8
Utilities				
Stabilization and Contingency	-	1.3	1.3	(1.4)
Projects	-	-	-	-
Infrastructure, Lifecycle, Maintenance and Replacement	12.8	34.8	47.6	(39.0)
Special Purpose	3.6	-	3.6	-
Total Utilities	16.4	36.1	52.5	(40.4)
Total Library	-	4.4	4.4	-
Total Reserves	96.2	149.6	245.8	(14.6)
Percentage	39.1%	60.9%	100%	

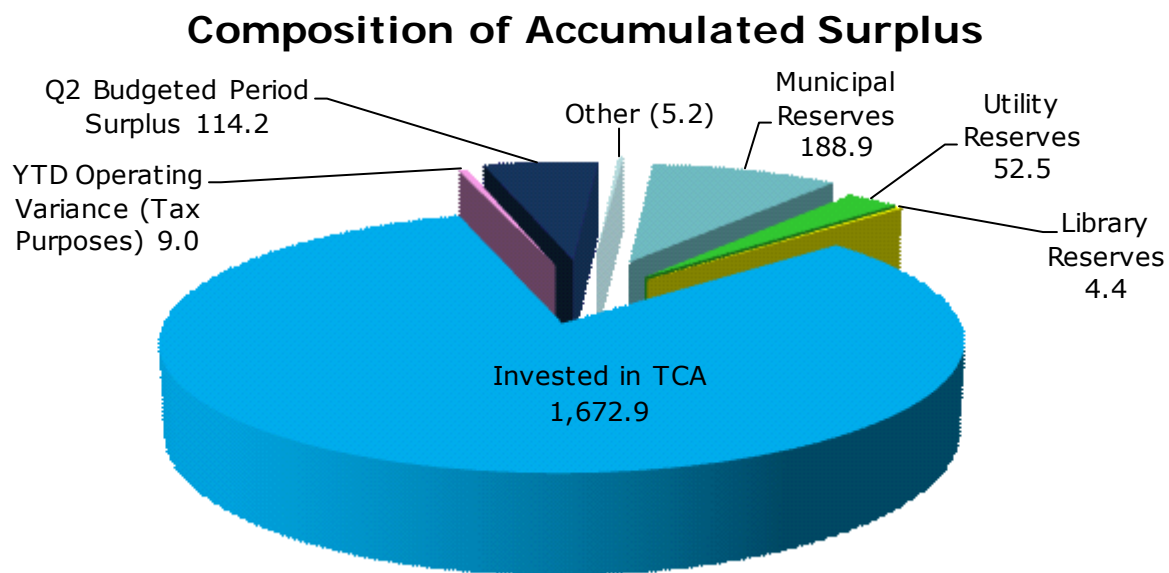
The presentation of reserve groupings is in accordance with the Policy: FIN-001-024 Municipal Reserves. Please note that the optimal variance column is determined through a comparison of the reserve's optimal balance with the designated funds available within the respective reserve. A positive figure indicates a balance above the optimal amount and a negative figure indicates a balance below the optimal amount.



c. Accumulated Surplus

Accumulated surplus totals \$2,036.7 million as of June 30, 2017 (\$1,965.3 million at June 30, 2016). The composition of the Q2 2017 accumulated surplus is as follows:

- i. Reserves of \$245.8 million (Q2 2016 \$229.3 million);
- ii. Investments in Tangible Capital Assets of \$1,672.9 million (Q2 2016 \$1,627.0 million);
- iii. The June 30, 2017 budgeted period operating surplus of \$114.2 million (Q2 2016 \$113.8 million);
- iv. The June 30, 2017 year-to-date favourable operating variance of \$9.0 million (Q2 2016 \$16.0 million); and
- v. The unrestricted deficit of (\$5.2) million (Q2 2016 (\$20.8) million).

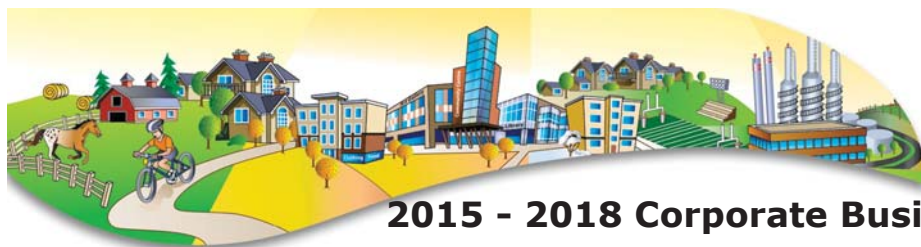


\$ Millions

Appendix

1. 2015-2018 Corporate Business Plan Progress Report
2. Consolidated Financial Statements and Supporting Schedules for the Period Ended June 30, 2017 (unaudited)
3. Glossary of Terms





2015 - 2018 Corporate Business Plan Progress Report

For the period ending June 30, 2017

GOAL 1

Strathcona County has planned for long-term financial sustainability in support of service delivery and infrastructure asset management.

Outcome

Stakeholders are aware of and support multi-year capital and operating budgets and business plans, and the supporting principles and policies.

Linkages back to:

Strategic plan prioritized goals

1. Strategically manage, invest and plan for sustainable infrastructure.

Economic sustainability framework

Objectives

- 1) Establish a long-range financial plan to guide decision making on appropriate growth, balance and timing of operating and capital costs.
- 2) Establish the business planning and budget process to guide priority-based decision making.
- 3) Identify appropriate service levels for the community and their costs.
- 4) Establish an asset management policy and framework which consistently defines approach, roles and standards while considering the diverse requirements of departments.

Progress

- Implementing multi-year budgeting; implementation planned for 2018 for the 2019 budget cycle.
- Completing utilities' design work for North of Yellowhead, as well as Ardrossan water and wastewater upgrades.
- Inventorying audio visual major components, which are now included in the Facility Lifecycle Program.
- Completing the fleet asset reliability model, resulting in forecasted annual savings in the capital replacement program.

Key performance indicator and measures	2015	2016	2017	2018 Target
Debt service ratio (net operating income/total debt service)	1.3	1.2		TBD
Percentage of committed to designated reserves (committed:designated)	44%:56%	26%:74%	39%:61% (Q2)	TBD
Rate of optimal reserve balance to total reserves (optimal balance/designated reserves)	0.8	1.05	1.10 (Q2)	TBD



GOAL 2

Strathcona County priorities, successes and challenges are known.

Outcome

Citizen, staff, and other stakeholders are informed about the community priorities, successes and challenges.

Linkages back to:

Strategic plan prioritized goals

3. Advance the community's interests by developing and maintaining strong relationships with our neighbouring municipalities and civic organizations to ensure long-term prosperity.
4. Increase public involvement and communicate with the community on issues affecting the County's future.

Objectives

- 1) Provide open, transparent and meaningful stakeholder communication.
- 2) Use various communications tools to make the provision of municipal services known.
- 3) Inform stakeholders of the short- and longer-term strategic and corporate priorities.
- 4) Build support, knowledge and understanding of organizational direction.
- 5) Provide opportunities for public engagement and participation.
- 6) Establish an Open Government policy framework.

Progress

- Completing the annual Strategic Directions survey campaign in April and planning for public engagement in the fall to assist with priority setting for the 2019—2022 business planning cycle.
- Completing the first spring satisfaction survey.
- Implementing the community garden communications plan to map interest in Strathcona County through online survey and engagement events.
- Preparing for the 2017 municipal election, including holding candidate information session.
- Completing public engagement for the outdoor aquatic strategy.

Key performance indicator and measures	2014	2015	2016	2017	2018 Target
Citizen awareness of Council's top four prioritized strategic goals	-	20.7%	29.2%	36.8%	35%
Citizens feel informed about services and activities	80.9%	77.3%	81.7%		85%
Citizen satisfaction in opportunity to express opinion (very satisfied/satisfied)	48.2%	64.3%	55.7%		60%



GOAL 3

Economic opportunities are created through strategic partnerships.

Outcome

New industrial, commercial and residential developments are occurring at fiscally sustainable rates within Strathcona County.

Linkages back to:

Strategic plan prioritized goals

2. Increase and diversify the petrochemical business.
3. Advance the community's interests by developing and maintaining strong relationships with our neighbouring municipalities and civic organizations to ensure long-term prosperity.

Economic sustainability framework

Objectives

- 1) Leverage external and internal partnerships to expand our economic capacity.
- 2) Strengthen relationships with other orders of government and regional municipalities.
- 3) Promote and support partnerships with groups, organizations and businesses in the community.
- 4) Sequence development through collaborative and systematic infrastructure investments.
- 5) Ensure new development is strategically planned and sustainably funded.
- 6) Direct focus on development within the Urban Service Area and Hamlet of Ardrossan.
- 7) Develop a generally available program to promote and support heavy industrial development.

Progress

- Continuing work on the County Transportation Model and partnering with Alberta Transportation and the City of Edmonton on the Regional Transportation Model.
- Marketing the community to potential business investment through advertising feature in chemical business magazine, which will be launched at an upcoming Alberta Industrial Heartland Association trade mission in the middle east.
- Working with neighborhood communities' representatives, Capital Region Intersection Safety Partnership and the School Traffic Safety Partnership committee to address traffic concerns in the community.

Key performance indicator and measures	2014	2015	2016	2017	2018 Target
Municipal tax revenue by source type (residential/non-residential)	37%:63%	38%:62%	35%:65%		TBD
Citizens perception of Strathcona County's municipal government as collaborative (excellent/good)	-	52%	-		60%





GOAL 4

Informed decision making supports quality of life in the community.

Outcome

Anticipated growth maintains quality of life for our community.

Linkages back to:

Strategic plan: overall

Economic sustainability framework

Environmental sustainability framework

Social sustainability framework

Objectives

- 1) Explore and present elements of change, such as the impact of decisions regarding growth.
- 2) Continue to use evidence-based analysis to inform planning and decision making.
- 3) Promote and support partnerships within community-based groups and organizations to align social planning.
- 4) Use program and service evaluation and adjustments to facilitate a safe, healthy and thriving community.

Progress

- Implementing the Social Renewal Framework, which has identified four priority outcomes: affordability; access to programs and services; safety; and connectedness and inclusion.
- Updated the Municipal Development Plan.
- Creating a corporate information technology strategy.
- Testing the effectiveness of our internal and external processes aimed at dealing with catastrophic events, in partnership with Northeast Region Community Awareness Emergency Response and Strathcona District Mutual Assistance Program.

Key performance indicator and measures	2014	2015	2016	2017	2018 Target
Overall citizen satisfaction with quality of life (excellent/very good)	85.6%	80.9%	77.2%		85%
Citizen rating that quality of service is much better/better compared to two years ago	24.6%	29.5%	-		40%



GOAL 5

We are efficient and effective in daily operations.

Outcome

Strathcona County demonstrates efficient operations.

Linkages back to:

Strategic plan: overall

Objectives

- 1) Promote innovation, technology and best practices appropriately.
- 2) Ensure policies, procedures and practices support and guide decision making at an appropriate level, and that policies are regularly presented.
- 3) Continue to support service and program reviews.
- 4) Examine reallocation, or sharing of resources and leverage partnerships and revenue opportunities.
- 5) Support effective County operations and evidence-based decision making through technology, integrated systems, data, tools, and performance measurement.
- 6) Implement an integrated program for reviews focused on efficiency and effectiveness.

Progress

- Promoting recent customer service enhancements, including the ability to order tax certificates on-line and pay property taxes through a third party credit card service.
- Implementing the conventional transit fare budget which includes opportunities for increasing ridership for underrepresented groups, such as youth and seniors.
- Promoting a County Connect video to share successes and describe how the County's investment in the system is making positive differences in service delivery and efficiencies.

Key performance indicator and measures	2014	2015	2016	2017	2018 Target
Citizens feel they are getting value for their tax dollar (very good/good)	51.0%	51.3%	46.1%		65%
Staff collaboration index	79.6	-	-		85
Efficiency/effectiveness service and program reviews <i>*under development</i>	-	-	-	TBD	TBD



GOAL 6

Strathcona County is an employer of choice, attracting and retaining the best people in all aspects of municipal service delivery.

Outcome

Quality service delivery is evident in staff engagement and customer satisfaction.

Linkages back to:

Strategic plan: overall

Objectives

- 1) Promote leadership and collaboration throughout the organization.
- 2) Establish a learning and development framework which supports appropriate training and development opportunities for staff.
- 3) Establish and promote a culture that reflects our corporate values.
- 4) Implement a comprehensive attraction and retention strategy.

Progress

- Developing a Corporate People Plan.
- Introducing three "Officer in Training" courses as part of the Strathcona County Emergency Services Employee Development Program.
- Continuing focus on talent management as part of the Learning and Development Guidelines.
- Developing department action plans in response to the results of the 2017 Employee Engagement Survey.

Key performance indicator and measures	2014	2015	2016	2017	2018 Target
Overall citizen satisfaction with quality of service (very high/high)	79.43%	77.43%	-		85%
Staff engagement index	79.6				85
Staff communication index	72.2	-	-		77
Work environment index	70.0				75
Career and compensation index	69.8				75
Permanent employee voluntary turnover rate	5.30%	4.90%	3.51%		<6%
Permanent employee short-term (less than 12 months) turnover rate	10.53%	4.70%	6.59%		<8%

STRATHCONA COUNTY

Consolidated Financial Statements

For the Period Ended June 30, 2017 (in thousands of dollars)

(unaudited)

STRATHCONA COUNTY
Consolidated Statement of Financial Position
As at June 30, 2017 (in thousands of dollars)

	June 30, 2017	December 31, 2016
FINANCIAL ASSETS		
Cash and Cash Equivalents	\$ 25,268	\$ 5,718
Accounts Receivable		
Property Taxes	46,623	4,050
Government Transfers	531	9,510
Trade and Other	15,410	16,114
Development Levies and Charges	821	1,617
Investments	431,355	306,498
Investment Interest Receivable	11,648	10,071
	<u>531,656</u>	<u>353,578</u>
LIABILITIES		
Accounts Payable and Accrued Liabilities	69,408	41,047
Deposit Liabilities	16,870	16,082
Deferred Revenue	83,867	65,747
Long-Term Debt	161,064	166,140
	<u>331,209</u>	<u>289,016</u>
NET FINANCIAL ASSETS	<u>200,447</u>	<u>64,562</u>
NON-FINANCIAL ASSETS		
Tangible Capital Assets	1,834,010	1,841,834
Inventories of Materials and Supplies	830	947
Prepaid Expenses	1,419	2,329
	<u>1,836,259</u>	<u>1,845,110</u>
ACCUMULATED SURPLUS	<u>\$ 2,036,706</u>	<u>\$ 1,909,672</u>

STRATHCONA COUNTY
Consolidated Statement of Operations and Accumulated Surplus
For the period ended June 30, 2017 (in thousands of dollars)

	2017 Period Budget	June 30, 2017	June 30, 2016
REVENUE			
Property Taxes	\$ 220,505	\$ 220,202	\$ 221,548
Utility User Rates	29,246	26,741	28,220
User Fees and Charges	20,246	20,637	19,811
Government Transfers - Operating	4,074	4,356	4,008
Investment Income	2,575	3,289	2,755
Penalties and Fines	2,695	3,255	2,711
Other	3,885	4,348	6,747
TOTAL REVENUES	283,226	282,828	285,800
EXPENSES			
Infrastructure and Planning Services			
Transportation Planning and Engineering	2,121	2,251	1,917
Economic Development and Tourism	768	705	696
Planning and Development Services	5,125	4,431	4,397
Transportation and Agriculture Services	16,343	12,398	11,955
Utilities	26,506	24,881	25,911
	50,863	44,666	44,876
Community Services			
Emergency Services	17,348	16,114	16,520
Family and Community Services	4,389	4,533	4,120
Strathcona Transit	9,531	8,510	8,531
RCMP and Enforcement Services	12,350	12,357	11,888
Recreation, Parks and Culture	20,713	19,688	18,830
	64,331	61,202	59,889
Corporate Services	17,844	16,993	16,075
Chief Financial Officer	3,669	3,340	2,953
Senior Administration	3,324	2,990	3,103
Elected Officials	677	587	568
Fiscal Services	25,960	27,201	24,686
Strathcona County Library	5,302	5,446	5,380
Pioneer Housing Foundation	487	487	325
	57,263	57,044	53,090
TOTAL EXPENSES	172,457	162,912	157,855
SURPLUS BEFORE CAPITAL REVENUE	110,769	119,916	127,945
CAPITAL REVENUE			
Contributed Tangible Capital Assets	-	3,219	4,349
Government Transfers - Capital	14,278	2,376	7,418
Other Capital Revenue	8,610	1,523	973
TOTAL CAPITAL REVENUE	22,888	7,118	12,740
PERIOD SURPLUS	133,657	127,034	140,685
ACCUMULATED SURPLUS, BEGINNING OF PERIOD	1,909,672	1,909,672	1,824,629
ACCUMULATED SURPLUS, END OF PERIOD	\$ 2,043,329	\$ 2,036,706	\$ 1,965,314

STRATHCONA COUNTY
Consolidated Statement of Change in Net Financial Assets (Net Debt)
For the period ended June 30, 2017 (in thousands of dollars)

	2017 Period Budget	June 30, 2017	December 31, 2016
PERIOD SURPLUS	\$ 133,657	\$ 127,034	\$ 85,043
Acquisition of Tangible Capital Assets	(42,066)	(17,347)	(96,906)
Contributed Tangible Capital Assets	-	(3,221)	(32,711)
Amortization of Tangible Capital Assets	27,305	27,821	54,469
Loss on Disposal of Tangible Capital Assets	-	116	661
Proceeds from Disposal of Tangible Capital Assets	-	454	244
	<u>118,895</u>	<u>134,857</u>	<u>10,800</u>
Acquisition of Inventories of Materials and Supplies	-	(828)	(1,359)
Acquisition of Prepaid Expenses	-	(479)	(3,439)
Use of Inventories of Materials and Supplies	-	945	1,387
Use of Prepaid Expenses	-	1,389	3,848
	<u>-</u>	<u>1,028</u>	<u>437</u>
INCREASE IN NET FINANCIAL ASSETS	118,895	135,885	11,237
NET FINANCIAL ASSETS, BEGINNING OF PERIOD	<u>64,562</u>	<u>64,562</u>	<u>53,325</u>
NET FINANCIAL ASSETS, END OF PERIOD	<u>\$ 183,457</u>	<u>\$ 200,447</u>	<u>\$ 64,562</u>

STRATHCONA COUNTY
Consolidated Statement of Cash Flows
For the period ended June 30, 2017 (in thousands of dollars)

	June 30, 2017	December 31, 2016
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:		
OPERATING		
Period Surplus	\$ 127,034	\$ 85,043
Items Not Involving Cash:		
Contributed Tangible Capital Assets	(3,221)	(32,711)
Amortization of Tangible Capital Assets	27,821	54,469
Amortization of Discount on Investments	34	65
Loss on Disposal of Tangible Capital Assets	116	661
Gain on Disposal of Investments	(246)	(732)
Changes to Non-Cash Assets and Liabilities:		
Property Taxes Receivable	(42,573)	777
Government Transfers Receivable	8,979	343
Trade and Other Receivables	704	(2,484)
Development Levies and Charges Receivable	796	1,199
Land Held for Resale	-	2,632
Accounts Payable and Accrued Liabilities	28,361	(3,730)
Deposit Liabilities	788	(2,557)
Deferred Revenue	18,120	1,659
Inventories of Materials and Supplies	117	28
Prepaid Expenses	910	409
Cash Provided by Operating Activities	<u>167,740</u>	<u>105,071</u>
CAPITAL		
Proceeds from Disposal of Tangible Capital Assets	454	244
Acquisition of Tangible Capital Assets	(17,347)	(96,906)
Cash Applied to Capital Activities	<u>(16,893)</u>	<u>(96,662)</u>
INVESTING		
Purchase of Investments	(195,973)	(274,454)
Proceeds from Sale/Maturity of Investments	71,330	259,916
Change to Investment Interest Receivable	(1,578)	(1,854)
Cash Applied to Investing Activities	<u>(126,221)</u>	<u>(16,392)</u>
FINANCING		
Long-Term Debt Issued	-	19,347
Capital Leases Repaid	-	(108)
Long-Term Debt Repaid	(5,076)	(9,752)
Cash (Applied to) Provided by Financing Activities	<u>(5,076)</u>	<u>9,487</u>
INCREASE IN CASH AND CASH EQUIVALENTS	19,550	1,504
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	5,718	4,214
CASH AND CASH EQUIVALENTS, END OF PERIOD	<u>\$ 25,268</u>	<u>\$ 5,718</u>

STRATHCONA COUNTY
Consolidated Statement of Cash Flows
For the period ended June 30, 2017 (in thousands of dollars)

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CASH AND CASH EQUIVALENTS, END OF PERIOD	<u>\$ 25,268</u>	<u>\$ 5,718</u>

STRATHCONA COUNTY
Consolidated Schedule of Segmented Information
For the period ended June 30, 2017 (in thousands of dollars)

	Municipal Operations												Eliminations	June 30, 2017	June 30, 2016	2017 Period Budget
	Infrastructure and Planning Services	Community Services	Corporate Services	Chief Financial Officer	Senior Administration	Elected Officials	Fiscal Services	Total Municipal Operations	Utility Operations	Library Operations	Total Strathcona County	Pioneer Housing Foundation				
OPERATING REVENUE																
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 210,752	\$ 210,752	\$ 6	\$ 9,444	\$ 220,202	\$ -	\$ -	\$ 220,202	\$ 221,548	\$ 220,505
Utility User Rates	-	-	-	-	-	-	-	-	26,741	-	26,741	-	-	26,741	28,220	29,246
User Fees and Charges	2,160	15,082	275	215	61	-	2,153	19,945	661	31	20,637	-	-	20,637	19,811	20,246
Government Transfers - Operating	55	3,728	-	-	25	-	-	3,808	17	531	4,356	-	-	4,356	4,008	4,074
Investment Income	-	-	-	-	-	-	2,666	2,666	564	59	3,289	-	-	3,289	2,755	2,575
Penalties and Fines	10	2,497	-	-	-	-	665	3,173	-	82	3,255	-	-	3,255	2,711	2,695
Other Revenue	157	3,064	132	93	-	-	668	4,114	11	445	4,570	133	(355)	4,348	6,747	3,885
TOTAL OPERATING REVENUE	2,382	24,371	407	308	86	-	216,904	244,458	28,000	10,592	283,050	133	(355)	282,828	285,800	283,226
EXPENSES																
Salaries, Wages and Benefits	13,602	42,893	11,142	3,090	2,612	498	556	74,393	5,101	3,102	82,596	-	-	82,596	77,958	84,753
Contracted and General Services	3,021	10,150	4,135	444	284	64	1,015	19,113	4,511	169	23,793	-	-	23,793	24,925	29,519
Supplies, Materials and Utilities	3,064	7,320	1,574	(221)	94	25	165	12,021	10,053	673	22,747	-	-	22,747	22,629	24,709
Interest on Long-Term Debt	-	-	-	-	-	-	1,636	1,636	1,210	467	3,313	355	(355)	3,313	3,293	3,408
Grants and Requisitions	63	658	82	-	-	-	584	1,387	-	-	1,387	-	-	1,387	1,385	1,397
Amortization	-	-	-	-	-	-	23,054	23,054	3,586	695	27,335	487	-	27,822	26,294	27,792
Gain/Loss on Asset Disposals	-	-	-	-	-	-	(271)	(271)	387	-	116	-	-	116	-	-
Other Expenses	35	181	60	27	-	-	462	765	33	340	1,138	-	-	1,138	1,371	879
TOTAL EXPENSES	19,785	61,202	16,993	3,340	2,990	587	27,201	132,098	24,881	5,446	162,425	842	(355)	162,912	157,855	172,457
SURPLUS (DEFICIT) BEFORE CAPITAL REVENUE	(17,403)	(36,831)	(16,586)	(3,032)	(2,904)	(587)	189,703	112,360	3,119	5,146	120,625	(709)	-	119,916	127,945	110,769
CAPITAL REVENUE																
Contributed Tangible Capital Assets	-	-	-	-	-	-	1,219	1,219	1,980	20	3,219	-	-	3,219	4,349	-
Government Transfers - Capital	-	-	-	-	-	-	2,267	2,267	109	-	2,376	-	-	2,376	7,418	14,278
Other Capital Revenues	-	-	-	-	-	-	472	472	62	-	534	989	-	1,523	973	8,610
TOTAL CAPITAL REVENUE	-	-	-	-	-	-	3,958	3,958	2,151	20	6,129	989	-	7,118	12,740	22,888
ANNUAL SURPLUS (DEFICIT)	\$ (17,403)	\$ (36,831)	\$ (16,586)	\$ (3,032)	\$ (2,904)	\$ (587)	\$ 193,661	\$ 116,318	\$ 5,270	\$ 5,166	\$ 126,754	\$ 280	\$ -	\$ 127,034	\$ 140,685	\$ 133,657

STRATHCONA COUNTY
Consolidated Schedule of Tangible Capital Assets
As at June 30, 2017 (in thousands of dollars)

Cost	Balance at January 1, 2017	Additions	Contributed Additions	Disposals	Balance at June 30, 2017
Land	\$ 491,112	\$ 4	\$ 3	\$ -	\$ 491,119
Land Improvements	106,236	155	356	(21)	106,726
Buildings	445,163	2,745	-	-	447,908
Engineered Structures	1,159,091	3,278	2,842	-	1,165,211
Machinery and Equipment	71,774	2,040	-	(1,710)	72,104
Books and Periodicals	5,841	215	20	-	6,076
Vehicles	75,516	548	-	(1,583)	74,481
Assets under Construction	41,784	8,362	-	-	50,146
	\$ 2,396,517	\$ 17,347	\$ 3,221	\$ (3,314)	\$ 2,413,771

Accumulated Amortization	Balance at January 1, 2017	Disposals	Amortization Expense	Balance at June 30, 2017
Land Improvements	\$ 34,002	\$ -	\$ 2,394	\$ 36,396
Buildings	100,410	-	5,139	105,549
Engineered Structures	346,276	-	14,075	360,351
Machinery and Equipment	37,225	(1,188)	3,204	39,241
Books and Periodicals	2,717	-	292	3,009
Vehicles	34,053	(1,555)	2,717	35,215
Assets under Construction	-	-	-	-
	\$ 554,683	\$ (2,743)	\$ 27,821	\$ 579,761

Net Book Value	Balance at June 30, 2017
Land	\$ 491,119
Land Improvements	70,330
Buildings	342,359
Engineered Structures	804,860
Machinery and Equipment	32,863
Books and Periodicals	3,067
Vehicles	39,266
Assets under Construction	50,146
	\$ 1,834,010

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.