

2017 SECOND QUARTER MANAGEMENT REPORT

Strathcona County
Council Presentation
September 12, 2017

Overview

2017 Second Quarter Management Report includes:

- The year-to-date consolidated operating results, and the forecasted Annual Operating Surplus for Tax Purposes;
- The year-to-date capital activity;
- Review of the key financial indicators of the County; and
- 2015-2018 Corporate Business Plan reporting update.

Consolidated Operating Variance (page 2)

For the Period Ended June 30, 2017

The year-to-date operating variance of **\$9.0 million** (Q2 2016 \$16.0 million) is comprised of both timing and permanent budget differences.

County Operating Segments	YTD Timing Differences \$M	YTD Permanent Differences \$M	YTD Operating Variance \$M
Municipal	8.0	1.4	9.4
Utility	(0.8)	0.2	(0.6)
Library	0.1	0.1	0.2
Total	7.3	1.7	9.0

2017 Year-end Forecast (page 2)

(Permanent Differences + Forecasted items)

For the Period Ended June 30, 2017

The County's 2017 year-end forecast annual operating surplus for tax purposes¹ is **\$3.8 million – 1.1%** of the 2016 Operating Budget (Q2 2016 \$14.8 million – 4.2%).

County Operating Segments	Forecast \$M	Forecast %
Municipal	3.4	1.2%
Utility	0.2	0.3%
Library	0.2	1.7%
Year-End Forecast Surplus	3.8	1.1%

¹**Annual operating surplus for tax purposes** (cash based budgeting) includes debt repayment expenditures and reserve transactions, and excludes amortization expense, gains/losses on asset disposals and capital revenues, unlike the **PSAS surplus**.

2017 Year-end Forecast (page 3)

(Permanent Differences + Forecasted items)

For the Period Ended June 30, 2017

Municipal Operations = \$3.4 million (In Order of Significance)

Favourable:

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

Capital Activity (Page 3)

As at June 30, 2017

2017 Capital Budget (Cash Flowed):

- The 2017 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.

Update on Completed Projects:

- 37 projects were completed, \$13.8 million under a total combined budget of \$87.3 million.
- All funds released are allocated back to their original funding sources.

2015-2018 Corporate Business Plan

Reporting Update (Appendix 1)

- Reporting on the Corporate Business Plan:
 - Progress on goals and timely information on Key Performance Indicators and measures.
 - Linkages back to the Strategic Plan prioritized goals / outcomes.
- Evolving process occurring throughout the year.
- Reporting to Council will be provided as part of the quarterly and annual management reports, with emphasis on the Q2 and annual Q4 reports.

Assessment of Financial Condition (page 4 - 5)

- Key Financial Indicators

The Key Financial Indicators are based on the Unaudited Consolidated Financial Statements for the period ended June 30, 2017 (Appendix 2):

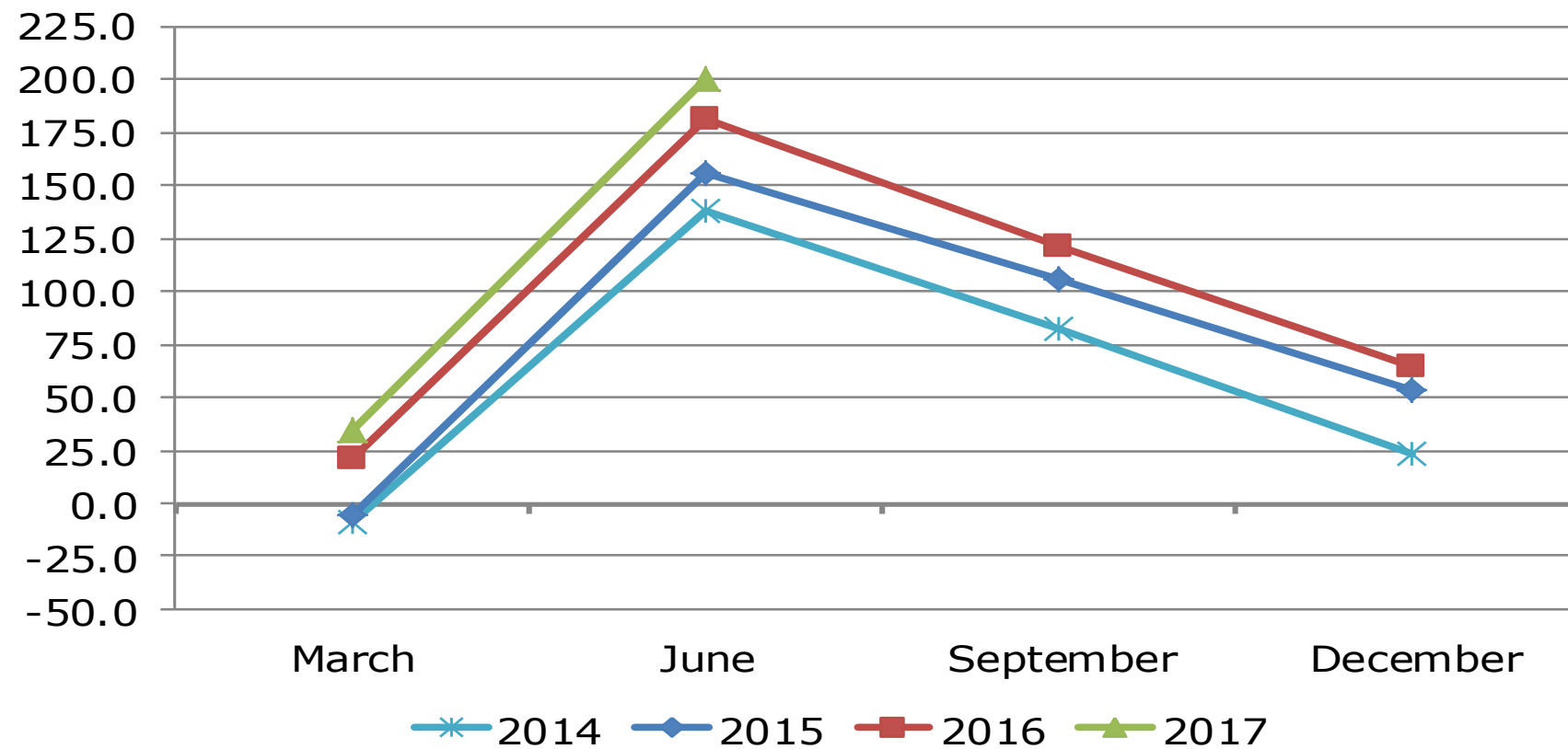
- Net Financial Asset (Net Debt) Position
- Reserves
- Accumulated Surplus

*The unaudited consolidated financial statements are prepared in accordance with **Public Sector Accounting Standards (PSAS)**.*

Key Indicator: Net Financial Assets (Net Debt)

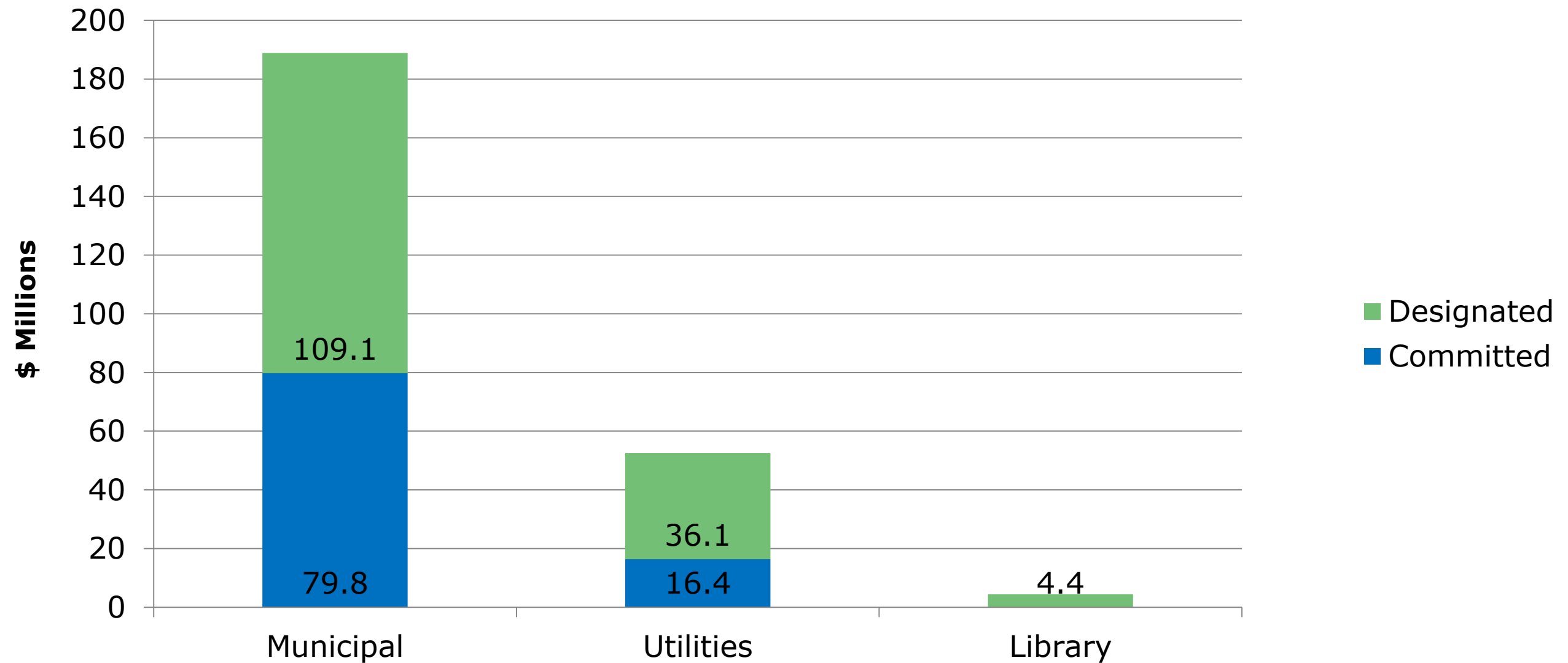
June 30, 2017 Net Financial Assets Total \$200.4 Million

Net Financial Assets (Net Debt)



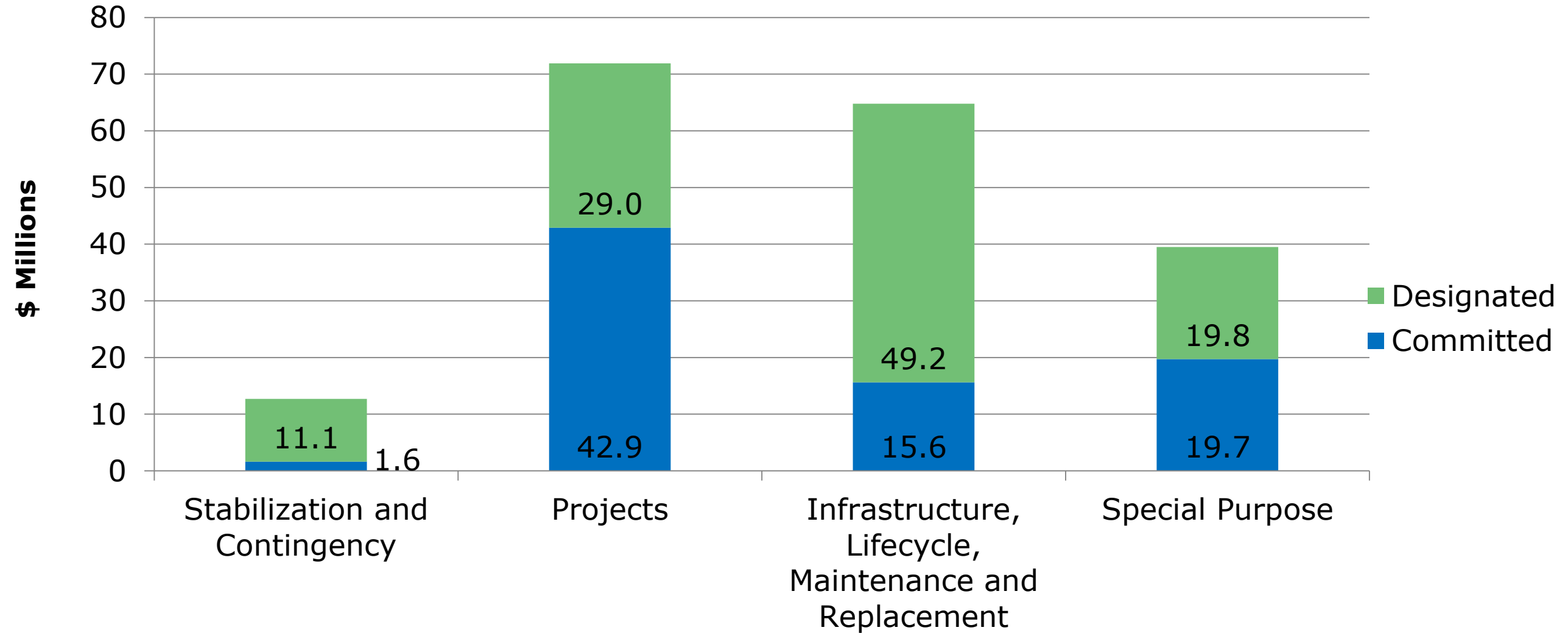
2017 Reserve Balances (page 5)

June 30, 2017 Reserve Balance is \$245.8 Million



2017 Municipal Reserve Balances (page 5)

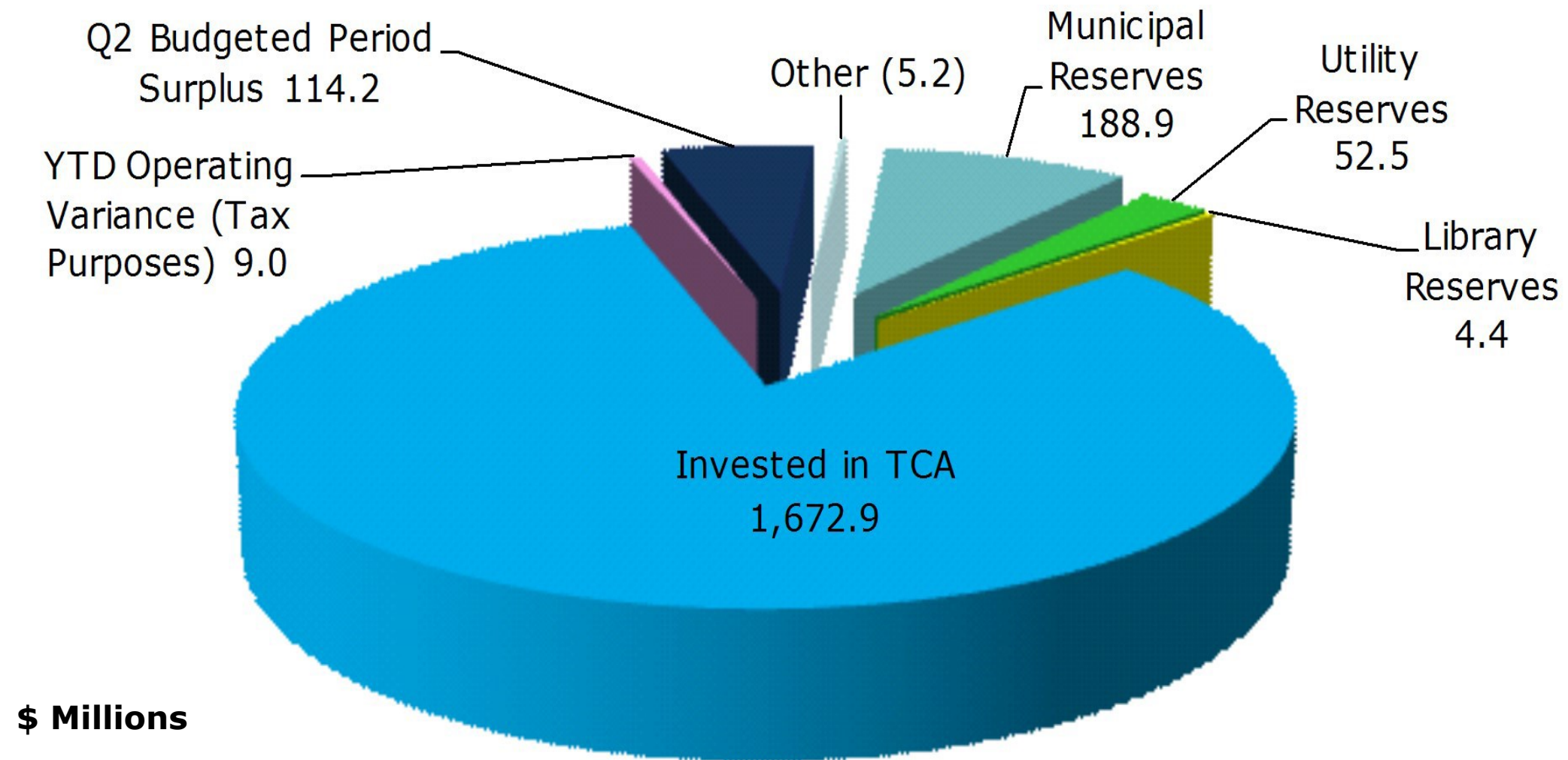
June 30, 2017 Municipal Reserve Balance is \$188.9 Million



Key Indicator: Accumulated Surplus (Page 6)

June 30, 2017 Accumulated Surplus is \$2,036.7 Million

Composition of Accumulated Surplus



Questions?