

# **Strathcona County 2018 Third Quarter Management Report**

Prepared by Corporate Finance

**Prepared for**  
Council  
November 27, 2018

## **1. Year-to-Date Operating Variance and Year-End Forecast of the Annual Operating Surplus for Tax Purposes**

### **1.1 Year-to-Date Operating Variance<sup>1</sup>**

The operating variance as of September 30, 2018 is a **\$2.0 million surplus** (Q3 2017 \$12.4 million). The operating variance is determined through a comparison of the year-to-date budget and actual results, and is composed 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. The third quarter 2018 operating variance is lower in comparison to previous years' results; this was anticipated and is due in part to greater strategic use of reserves, improved alignment with historic trends (budget to actuals), and sensible adjustments to support a less conservative approach to budgeting.

<b>County Operating Segments</b>	<b>2018 Third Quarter YTD Timing Differences</b>	<b>2018 Third Quarter YTD Permanent Differences</b>	<b>2018 Third Quarter YTD Variance</b>	<b>2017 Third Quarter YTD Variance</b>
Municipal	\$2.9M	(\$0.9M)	\$2.0M	\$11.4M
Utility	-	(\$0.1M)	(\$0.1M)	\$0.7M
Library	-	\$0.1M	\$0.1M	\$0.3M
<b>TOTAL</b>	<b>\$2.9M</b>	<b>(\$0.9M)</b>	<b>\$2.0M</b>	<b>\$12.4M</b>

### **1.2 Year-End Forecast of the Annual Operating Surplus for Tax Purposes<sup>1</sup> (Permanent Differences and Forecasted Items)**

<b>County Operating Segments</b>	<b>2018 Year-End Forecast<sup>2</sup></b>		<b>2017 Year-End Forecast<sup>2</sup></b>	
Municipal	-	-	\$10.8M	3.8%
Utility	\$0.2M	0.3%	\$1.1M	1.9%
Library	\$0.1M	0.9%	\$0.2M	2.4%
<b>TOTAL DOLLARS AND WEIGHTED PERCENTAGES</b>	<b>\$0.3M</b>	<b>0.1%</b>	<b>\$12.1M</b>	<b>3.4%</b>

The year-end forecast is based on the information available as of September 30, 2018 and is subject to the uncertainty of unknown events or circumstances which may take place during the remainder of the year.

<sup>1</sup>The Year-to-Date Operating Variance and the Annual Operating Surplus for Tax Purposes evaluate the results using the same method used to prepare the Operating Budget, which is in accordance with the Municipal Government Act (MGA). This method 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 used to prepare the financial statements.

<sup>2</sup>The percentages represent the proportion of surplus (deficit) compared to the respective annual operating budgets.



### **1.3 Analysis of the 2018 Year-End Forecast**

#### **a. Municipal Operations – Forecasted to be on budget**

Municipal operations is forecasted to align with budget for the current year. Some significant items to note are:

- \$1.6 million of investment income due to higher rates and volumes than anticipated
- \$1.0 million savings in supplies and materials for general road maintenance
- \$0.6 million higher traffic fines revenue due to increased focus on traffic enforcement
- \$0.6 million savings on RCMP contract costs
- (\$1.0 million) higher than anticipated Priority 4 (P4) snow clearing costs in excess of the P4 budgeted costs of \$1.5 million
- (\$1.0 million) of unbudgeted costs for the May 2018 North Strathcona County Fire
- (\$0.9 million) lower than anticipated permit revenue primarily from decreased volume

#### **Risks and Strategies:**

Any risk arising from revenue uncertainty or unknown events which may take place during the remainder of the year can be mitigated with a Council approved transfer of funding from reserve. This transfer could be used to fund the \$1.0 million of emergent expenses incurred by Emergency Services and Fleet Services for the May 2018 North Strathcona County Fire and \$1.0 million of expenses incurred by Transportation and Agriculture Services for higher than anticipated P4 winter maintenance costs from the R2 Contingency Reserve.

#### **b. Utility Operations – \$0.2 million forecasted surplus**

Utilities is projecting a \$0.2 million surplus at year-end mainly due to lower debt servicing costs.

The major Alberta Capital Region Wastewater Commission (ACRWC) repair is still ongoing - information on this unbudgeted (\$7.5 million) expenditure and the associated \$7.6 million revenue was presented to Council on July 17, 2018.

#### **c. Library Operations – \$0.1 million forecasted surplus**

No significant items to note.



## **2. Capital Activity Update**

### **2.1 2018 Updated Planned Capital Spending as at the Third Quarter**

The 2018 planned capital spend has been updated to include approved capital budget amendments to September 30, 2018:

The 2018 Capital Budget (approved by Council on December 4, 2017)	\$69.2M
Unspent prior years budgeted capital expenditures	\$227.3M
Approved spending changes resulting from capital budget amendments and funds to be released	(\$72.6M)
Budgeted capital expenditures planned to be incurred after 2018, including approved capital budget amendments	(\$109.4M)
<b>2018 Updated Planned Capital Spend (as at the Third Quarter)</b>	<b>\$114.5M</b>

### **2.2 Capital Spending To Date**

The capital spending as of September 30, 2018, totaled \$53.0 million (2017 Q3 \$50.5 million) which is 46.3% of the planned annual spending (2017 Q3 26.6%). The September 30, 2018 variance between planned and actual capital expenditures is \$61.5 million.

### **2.3 Update on Completed Projects**

As of September 30, 2018, twenty one projects with total combined budgets of \$34.9 million were completed, resulting in the release of \$1.0 million of unused funding/financing. All funds released are allocated back to their original funding sources and are available for other emergent or future capital priorities.

### **2.4 2018 Capital Budget Amendments**

Forty two capital budget amendments have been approved in 2018 resulting in a (\$72.6 million) net decrease to the capital budget. The decrease is composed of:

- Five new projects were added to increase the budget by \$5.9 million
- Twenty four projects approved in 2017 and prior years were amended to decrease the budget by (\$21.7 million)
- Three projects approved in 2017 and prior years were amended to increase the budget by \$1.3 million
- Two projects approved in 2017 and prior years were amended without financial consequences, as funds were repurposed within the projects
- Eight projects approved in 2014 to 2016 were cancelled to decrease the budget by (\$58.1 million)



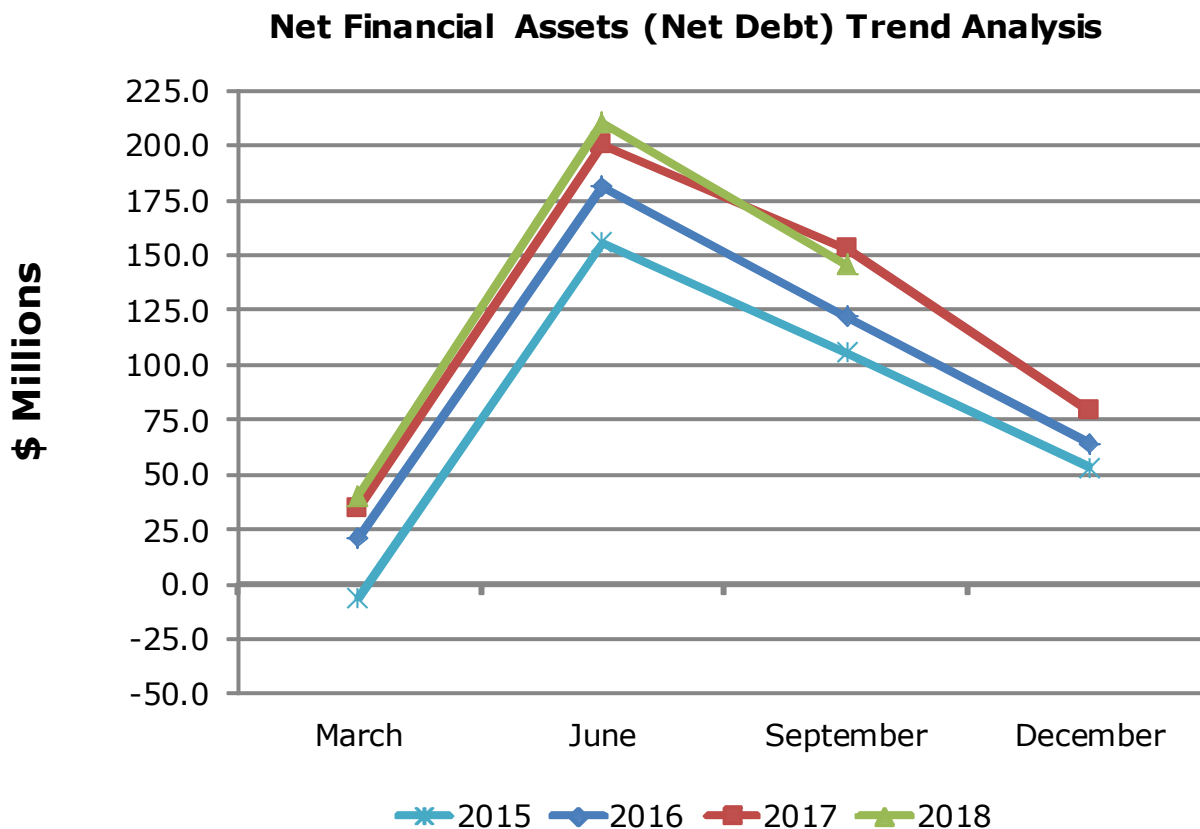
### **3. Assessment of the County's Financial Condition - Key Financial Indicators**

The following section is prepared based on the Strathcona County Consolidated Financial Statements for the Period Ended September 30, 2018 (unaudited) provided in Appendix 1. The Consolidated Financial Statements are prepared in accordance with Public Sector Accounting Standards (PSAS).

#### **3.1 Net Financial Assets (Net Debt) Position and Trend Analysis**

Net financial assets (or net debt) is the difference between financial assets and liabilities. It is a key indicator of the County's sustainability, which is the ability to maintain services and meet financial commitments. Being in a net financial assets position indicates that financial assets are on hand to provide funding for future planned or emergent needs. A (net debt) position reflects the need to have future revenue pay for past transactions and events.

In the current year, net financial assets are trending normally, and from 2015 to 2017 the County experienced positive increases. The current year is consistent with 2017. As of September 30, 2018, the County's net financial asset position is \$145.8 million compared to a \$79.2 million net financial asset position at December 31, 2017, an increase of \$66.6 million. The significant decrease in net financial assets in the third quarter compared to the second quarter is expected and mainly due to the timing of property tax revenue collection, which has been drawn down to finance operations in the third quarter.



### 3.2 Long-Term Debt

The County has issued new debt in the amount of \$10.9 million as of September 30, 2018 (Q3 2017 \$5.2 million). Debt repayment of \$8.5 million (Q3 2017 \$8.0 million) has reduced the 2018 long-term debt opening balance.

December 31, 2017 Long-Term Debt Balance	\$165.4M
New debt issued to September 30, 2018	\$10.9M
Debt repayment to September 30, 2018	(\$8.5M)
<b>September 30, 2018 Long-Term Debt Balance</b>	<b>\$167.8M</b>

### 3.3 Reserve Reporting

The following table provides a summary of the County's reserve balances as of September 30, 2018:

<b>Reserves</b>	<b>Committed</b>	<b>Designated</b>	<b>Total</b>	<b>Optimal Variance<sup>1</sup></b>
<b>Municipal</b>				
Stabilization and Contingency Projects	\$1.6M	\$13.8M	\$15.4M	\$0.9M
Infrastructure, Lifecycle, Maintenance and Replacement	\$43.9M	\$26.7M	\$70.6M	\$5.0M
Special Purpose	\$33.0M	\$58.3M	\$91.3M	\$20.1M
	\$16.5M	\$22.9M	\$39.4M	\$10.4M
<b>Total Municipal</b>	<b>\$95.0M</b>	<b>\$121.7M</b>	<b>\$216.7M</b>	<b>\$36.4M</b>
<b>Utilities</b>				
Stabilization and Contingency Projects	(\$0.1M)	\$2.3M	\$2.2M	(\$0.4M)
Infrastructure, Lifecycle, Maintenance and Replacement	-	-	-	-
Levy Debt Repayment	\$10.7M	\$37.6M	\$48.3M	(\$36.2M)
	\$3.1M	-	\$3.1M	-
<b>Total Utilities</b>	<b>\$13.7M</b>	<b>\$39.9M</b>	<b>\$53.6M</b>	<b>(\$36.6M)</b>
<b>Total Library</b>	<b>-</b>	<b>\$4.7M</b>	<b>\$4.7M</b>	<b>-</b>
<b>Total Reserves</b>	<b>\$108.7M</b>	<b>\$166.3M</b>	<b>\$275.0M</b>	<b>(\$0.2M)</b>
<b>Percentage of Total Reserves</b>	<b>39.5%</b>	<b>60.5%</b>	<b>100.0%</b>	

<sup>1</sup>The optimal reserve balances as at December 31, 2017 represent a point in time and should be considered in relation to resulting trends and circumstances.

The presentation of reserve groupings is in accordance with the policy: FIN-001-024 Municipal Reserves. 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.

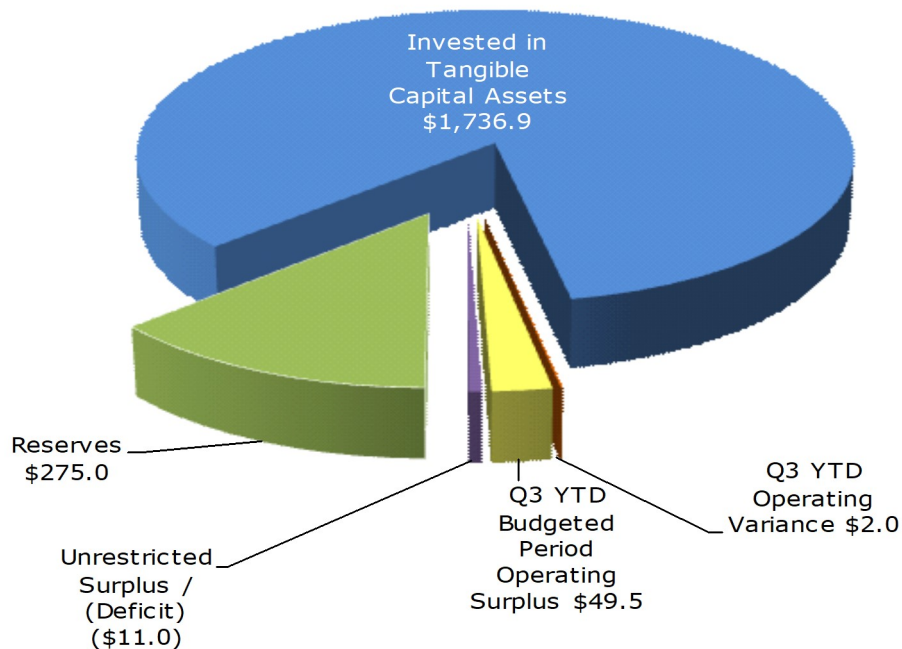


### 3.4 Accumulated Surplus

Accumulated surplus represents the value the County has built over time. That value is impacted by current year operating variances; it increases if the County experiences surpluses and decreases if the County experiences deficits. The value invested in tangible capital assets used to provide services now and in the future, with the exception of land, will have to be maintained and/or replaced over time.

Accumulated surplus totals \$2,052.4 million as of September 30, 2018 (\$2,006.2 million as of September 30, 2017). The composition of accumulated surplus in the third quarter 2018 is illustrated below:

**Composition of Accumulated Surplus  
(in \$ Millions)**



The amount invested in tangible capital assets of \$1,736.9 million (Q3 2017 \$1,688.5 million) is composed of:

- Municipal \$1,441.5 million (Q3 2017 \$1,400.7 million)
- Utilities \$290.0 million (Q3 2017 \$282.4 million)
- Library \$5.4 million (Q3 2017 \$5.4 million)



**Appendices**

1. Consolidated Financial Statements and Supporting Schedules for the Period Ended September 30, 2018 (unaudited)
2. Glossary of Terms





# **STRATHCONA COUNTY**

## **Consolidated Financial Statements**

For the Period Ended September 30, 2018 (in thousands of dollars)

*(unaudited)*

**STRATHCONA COUNTY**  
**Consolidated Statement of Financial Position**  
As at September 30, 2018 (in thousands of dollars)

	September 30, 2018	December 31, 2017
<b>FINANCIAL ASSETS</b>		
Cash and Cash Equivalents	\$ -	\$ 7,042
Accounts Receivable		
Property Taxes	23,416	5,262
Government Transfers	1,845	12,117
Trade and Other	17,314	15,191
Development Levies and Charges	2,180	3,190
Investments	410,829	344,256
Investment Interest Receivable	13,974	10,589
	<b>469,558</b>	<b>397,647</b>
<b>LIABILITIES</b>		
Accounts Payable and Accrued Liabilities	58,831	53,023
Deposit Liabilities	17,554	17,325
Deferred Revenue	79,614	82,712
Long-Term Debt	167,804	165,423
	<b>323,803</b>	<b>318,483</b>
<b>NET FINANCIAL ASSETS</b>	<b>145,755</b>	<b>79,164</b>
<b>NON-FINANCIAL ASSETS</b>		
Tangible Capital Assets	1,904,155	1,886,035
Inventories of Materials and Supplies	796	1,028
Prepaid Expenses	1,708	2,903
	<b>1,906,659</b>	<b>1,889,966</b>
<b>ACCUMULATED SURPLUS</b>	<b>\$ 2,052,414</b>	<b>\$ 1,969,130</b>

**STRATHCONA COUNTY**  
**Consolidated Statement of Operations and Accumulated Surplus**  
For the period ended September 30, 2018 (in thousands of dollars)

	2018 Period Budget	September 30, 2018	September 30, 2017
<b>REVENUE</b>			
Property Taxes	\$ 221,322	\$ 220,106	\$ 220,091
Utility User Rates	43,448	41,676	40,856
User Fees and Charges	30,101	33,698	30,770
Investment Income	5,036	6,341	6,204
Penalties and Fines	4,976	5,703	6,013
Government Transfers - Operating	5,722	5,665	5,474
Other	7,141	8,590	7,825
<b>TOTAL REVENUE</b>	<b>317,746</b>	<b>321,779</b>	<b>317,233</b>
<b>EXPENSES</b>			
<b>Infrastructure and Planning Services</b>			
Economic Development and Tourism	1,334	1,232	1,125
Planning and Development Services	7,687	6,864	6,532
Transportation and Agriculture Services	25,083	24,981	20,575
Transportation Planning and Engineering	3,834	3,264	3,283
Utilities	42,280	45,389	40,112
	<b>80,218</b>	<b>81,730</b>	<b>71,627</b>
<b>Community Services</b>			
Emergency Services	25,736	26,147	24,122
Family and Community Services	7,309	6,962	6,460
Strathcona Transit	14,807	13,520	13,059
RCMP and Enforcement Services	18,869	18,729	18,781
Recreation, Parks and Culture	33,676	32,969	31,062
	<b>100,397</b>	<b>98,327</b>	<b>93,484</b>
<b>Corporate Services</b>	28,900	26,828	25,197
<b>Elected Officials</b>	1,029	924	841
<b>Financial and Strategic Management</b>	6,447	5,721	5,310
<b>Fiscal Services</b>	41,674	43,614	39,844
<b>Senior Administration</b>	4,440	4,018	3,793
<b>Strathcona County Library</b>	7,870	8,123	7,891
<b>Pioneer Housing Foundation</b>	730	739	487
	<b>90,360</b>	<b>89,228</b>	<b>82,876</b>
<b>TOTAL EXPENSES</b>	<b>270,975</b>	<b>269,285</b>	<b>247,987</b>
<b>SURPLUS BEFORE CAPITAL REVENUE</b>	<b>46,771</b>	<b>52,494</b>	<b>69,246</b>
<b>CAPITAL REVENUE</b>			
Government Transfers - Capital	18,146	17,860	15,702
Contributed Tangible Capital Assets	-	8,745	7,486
Other Capital Revenue	9,041	4,185	4,089
<b>TOTAL CAPITAL REVENUE</b>	<b>27,187</b>	<b>30,790</b>	<b>27,277</b>
<b>PERIOD SURPLUS</b>	<b>73,958</b>	<b>83,284</b>	<b>96,523</b>
<b>ACCUMULATED SURPLUS, BEGINNING OF PERIOD</b>	<b>1,969,130</b>	<b>1,969,130</b>	<b>1,909,672</b>
<b>ACCUMULATED SURPLUS, END OF PERIOD</b>	<b>\$ 2,043,088</b>	<b>\$ 2,052,414</b>	<b>\$ 2,006,195</b>

**STRATHCONA COUNTY**  
**Consolidated Statement of Change in Net Financial Assets (Net Debt)**  
For the period ended September 30, 2018 (in thousands of dollars)

	<u>2018 Period Budget</u>	<u>September 30, 2018</u>	<u>December 31, 2017</u>
<b>PERIOD SURPLUS</b>	\$ 73,958	\$ 83,284	\$ 59,458
Acquisition of Tangible Capital Assets	(73,290)	(52,974)	(84,518)
Contributed Tangible Capital Assets	-	(8,745)	(18,167)
Amortization of Tangible Capital Assets	245	42,459	57,292
Loss (Gain) on Disposal of Tangible Capital Assets	-	755	(1,110)
Proceeds from Disposal of Tangible Capital Assets	-	385	2,302
	<u>913</u>	<u>65,164</u>	<u>15,257</u>
Acquisition of Inventories of Materials and Supplies	-	(1,194)	(1,798)
Acquisition of Prepaid Expenses	-	(832)	(3,437)
Use of Inventories of Materials and Supplies	-	1,425	1,717
Use of Prepaid Expenses	-	2,028	2,863
	<u>-</u>	<u>1,427</u>	<u>(655)</u>
<b>INCREASE IN NET FINANCIAL ASSETS</b>	913	66,591	14,602
<b>NET FINANCIAL ASSETS, BEGINNING OF PERIOD</b>	<u>79,164</u>	<u>79,164</u>	<u>64,562</u>
<b>NET FINANCIAL ASSETS, END OF PERIOD</b>	<u>\$ 80,077</u>	<u>\$ 145,755</u>	<u>\$ 79,164</u>

**STRATHCONA COUNTY**  
**Consolidated Statement of Cash Flows**  
For the period ended September 30, 2018 (in thousands of dollars)

	September 30, 2018	December 31, 2017
<b>NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:</b>		
<b>OPERATING</b>		
PERIOD SURPLUS	\$ 83,284	\$ 59,458
Items Not Involving Cash:		
Contributed Tangible Capital Assets	(8,745)	(18,167)
Amortization of Tangible Capital Assets	42,459	57,292
Amortization of Discount on Investments	2	64
Loss (Gain) on Disposal of Tangible Capital Assets	755	(1,110)
(Gain) on Disposal of Investments	-	(944)
Changes to Non-Cash Assets and Liabilities:		
Property Taxes Receivable	(18,154)	(1,212)
Government Transfers Receivable	10,272	(2,607)
Trade and Other Receivables	(2,123)	923
Development Levies and Charges Receivable	1,010	(1,573)
Accounts Payable and Accrued Liabilities	5,808	11,976
Deposit Liabilities	229	1,243
Deferred Revenue	(3,098)	16,965
Inventories of Materials and Supplies	232	(81)
Prepaid Expenses	1,196	(574)
Cash Provided by Operating Activities	113,127	121,653
<b>CAPITAL</b>		
Proceeds from Disposal of Tangible Capital Assets	385	2,302
Acquisition of Tangible Capital Assets	(52,974)	(84,518)
Cash (Applied to) Capital Activities	(52,589)	(82,216)
<b>INVESTING</b>		
Purchase of Investments	(237,506)	(257,256)
Proceeds from Sale/Maturity of Investments	170,930	220,378
Change to Investment Interest Receivable	(3,385)	(518)
Cash (Applied to) Investing Activities	(69,961)	(37,396)
<b>FINANCING</b>		
Long-Term Debt Issued	10,921	9,850
Long-Term Debt Repaid	(8,540)	(10,567)
Cash Provided by (Applied to) Financing Activities	2,381	(717)
<b>(DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS</b>	(7,042)	1,324
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD</b>	7,042	5,718
<b>CASH AND CASH EQUIVALENTS, END OF PERIOD</b>	\$ -	\$ 7,042

**STRATHCONA COUNTY**  
**Consolidated Schedule of Segmented Information**  
**For the period ended September 30, 2018 (in thousands of dollars)**

	Municipal Operations											
	Infractructure and Planning Services	Community Services	Corporate Services	Financial and Strategic Management	Senior Administration	Elected Officials	Fiscal Services	Total Municipal Operations	Utility Operations	Library Operations	September 30, 2018	2018 Period Budget
OPERATING REVENUE												
Property Taxes	\$ 33,527	\$ 65,766	\$ 28,367	\$ 6,133	\$ 4,348	\$ 1,029	\$ 71,513	\$ 210,683	\$ 6	\$ 9,417	\$ 220,106	\$ 221,322
Utility User Rates	-	-	-	-	-	-	-	-	41,676	-	41,676	43,448
User Fees and Charges	2,911	22,237	406	292	62	-	2,260	28,168	5,483	47	33,698	30,101
Investment Income	-	-	-	-	-	-	5,295	5,295	915	131	6,341	5,036
Penalties and Fines	14	4,104	-	-	-	-	1,464	5,582	-	121	5,703	5,722
Government Transfers - Operating	228	4,765	-	-	-	-	85	5,078	23	564	5,665	4,976
Other	579	4,904	148	251	7	-	2,159	8,048	21	521	8,590	7,141
TOTAL OPERATING REVENUE	37,259	101,776	28,921	6,676	4,417	1,029	82,776	262,854	48,124	10,801	321,779	317,746
EXPENSES												
Salaries, Wages and Benefits	21,432	67,702	17,888	5,360	3,423	724	1,272	117,801	8,253	4,790	130,844	128,918
Contracted and General Services	8,580	16,833	7,189	736	306	160	1,795	35,599	12,074	284	47,957	47,884
Supplies, Materials and Utilities	6,128	12,013	1,584	(410)	158	40	(19)	19,494	17,577	939	38,010	40,343
Interest on Long-Term Debt	-	-	-	-	-	-	2,629	2,629	1,709	693	5,031	5,066
Grants and Requisitions	140	1,412	82	-	131	-	567	2,332	8	-	2,340	2,083
Amortization	-	-	-	-	-	-	35,683	35,683	5,706	1,065	42,454	45,441
Loss (Gain) on Asset Disposals	-	-	-	-	-	-	760	760	(4)	-	756	-
Other Expenses	61	367	85	35	-	-	927	1,475	66	352	1,893	1,240
TOTAL EXPENSES	36,341	98,327	26,828	5,721	4,018	924	43,614	215,773	45,389	8,123	269,285	270,975
SURPLUS BEFORE CAPITAL REVENUE												
	918	3,449	2,093	955	399	105	39,162	47,081	2,735	2,678	52,494	46,770
CAPITAL REVENUE												
Government Transfers - Capital Contributed Tangible Capital Assets	-	-	-	-	-	-	17,848	17,848	12	-	17,860	18,146
	-	-	-	-	-	-	2,785	2,785	5,960	-	8,745	-
Other Capital Revenue	-	-	-	-	-	-	1,873	1,873	2,301	11	4,185	9,041
TOTAL CAPITAL REVENUE	-	-	-	-	-	-	22,506	22,506	8,273	11	30,789	27,187
PERIOD SURPLUS												
	\$ 918	\$ 3,449	\$ 2,093	\$ 955	\$ 399	\$ 105	\$ 61,668	\$ 69,587	\$ 11,008	\$ 2,689	\$ 83,284	\$ 73,958

**STRATHCONA COUNTY**  
**Consolidated Schedule of Tangible Capital Assets**  
As at September 30, 2018 (in thousands of dollars)

<b>Cost</b>	Balance at January 1, 2018	Additions	Contributed Additions	Disposals	Balance at September 30, 2018
Land	\$ 499,530	\$ -	\$ -	\$ -	\$ 499,530
Land Improvements	115,426	395	273	-	116,094
Buildings	455,981	1,764	-	(78)	457,667
Engineered Structures	1,193,865	15,096	8,472	-	1,217,433
Machinery and Equipment	74,168	2,128	-	(168)	76,128
Books and Periodicals	6,132	436	-	-	6,568
Vehicles	76,063	4,117	-	(3,857)	76,323
Assets under Construction	60,377	29,038	-	-	89,415
	\$ 2,481,542	\$ 52,974	\$ 8,745	\$ (4,103)	\$ 2,539,158

<b>Accumulated Amortization</b>	Balance at January 1, 2018	Disposals	Amortization Expense	Balance at September 30, 2018
Land Improvements	\$ 38,564	\$ -	\$ 3,880	\$ 42,444
Buildings	111,479	-	8,403	119,882
Engineered Structures	363,819	-	21,835	385,654
Machinery and Equipment	40,940	(163)	4,482	45,259
Books and Periodicals	2,965	-	466	3,431
Vehicles	37,740	(2,800)	3,393	38,333
	\$ 595,507	\$ (2,963)	\$ 42,459	\$ 635,003

<b>Net Book Value</b>	Balance at January 1, 2018	Balance at September 30, 2018
Land	\$ 499,530	\$ 499,530
Land Improvements	76,862	73,650
Buildings	344,502	337,785
Engineered Structures	830,046	831,779
Machinery and Equipment	33,228	30,869
Books and Periodicals	3,167	3,137
Vehicles	38,323	37,990
Assets under Construction	60,377	89,415
	\$ 1,886,035	\$ 1,904,155

**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 or (deficit).
- **Budgeted Slippage** – An adjustment to the budget at the corporate level to offset projected surpluses based on historical trends.
- **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 favorable or (unfavorable) difference between budget and actuals at a point in time including any Timing Differences.