

2016 THIRD QUARTER MANAGEMENT REPORT

Strathcona County Priorities Committee Presentation November 22, 2016

Overview

- 2016 Third Quarter Management Report includes:
 - The year-to-date consolidated operating results, and the year-end forecasted Annual Operating Surplus for Tax Purposes;
 - The year-to-date capital activity update;
 - Review of the key financial indicators of the County.

Consolidated Operating Variance (page 2)

For the Period Ended September 30, 2016

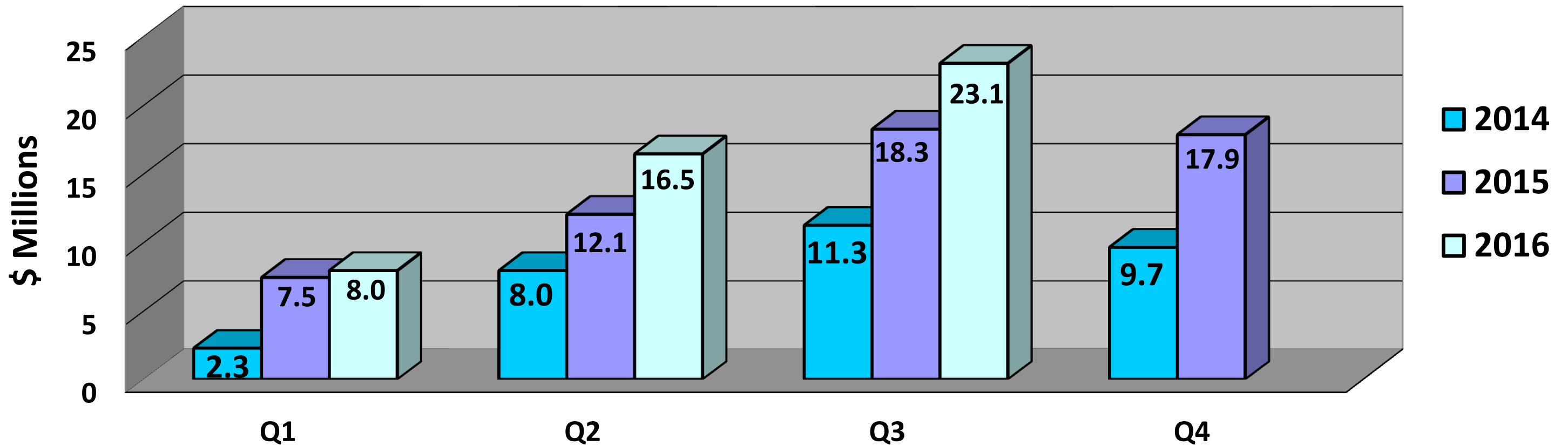
The year-to-date operating variance of **\$24.5 million** (Q3 2015 \$22.1 million) is comprised of both timing and permanent budget differences.

County Operating Segments	YTD Timing Differences \$M	YTD Permanent Differences \$M	YTD Operating Variance \$M
Municipal	9.9	13.2	23.1
Utility	0.1	1.2	1.3
Library	0.1	-	0.1
Pioneer Housing Foundation	-	-	-
Total	10.1	14.4	24.5

Municipal Operating Variance

For the Period Ended September 30, 2016

Municipal (Tax Supported) Operating Variance Trend Analysis



2016 Year-end Forecast (page 2)

(Permanent Differences + Forecasted items)

For the Period Ended September 30, 2016

The County's 2016 year-end forecast annual operating surplus for tax purposes¹ is **\$17.2 million – 4.9%** of the 2016 Operating Budget (Q3 2015 \$14.1 million – 4.2%).

County Operating Segments	Forecast \$M	Forecast %
Municipal	15.8	5.6%
Utility	1.3	2.2%
Library	0.1	1.3%
Pioneer Housing Foundation	-	-
Year-End Forecast Surplus	17.2	4.9%

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**.

2016 Year-end Forecast (page 3)

(Permanent Differences + Forecasted items)

For the Period Ended September 30, 2016

Municipal Operations = \$15.8 million (In Order of Significance)

- Personnel cost savings
- Lower winter maintenance than anticipated
- Municipal property taxes and supplemental taxes exceeding the budget
- Favourable contract circumstances
- Savings from lower fuel prices and volumes than anticipated
- Savings on supplies and materials for road maintenance

Overall favourable variance was offset by:

- Lower value and volume of building and development permits

Capital Activity (Page 4)

As at September 30, 2016

2016 Capital Budget (Cash Flowed):

- The 2016 Capital Budget (cash flowed), as amended, totals **\$239.8 million**.
- The capital spending, as of September 30, 2016, totals \$64.7 million (Q3 2015 \$60.7 million), which represents 27% of the planned expenditures for the year.

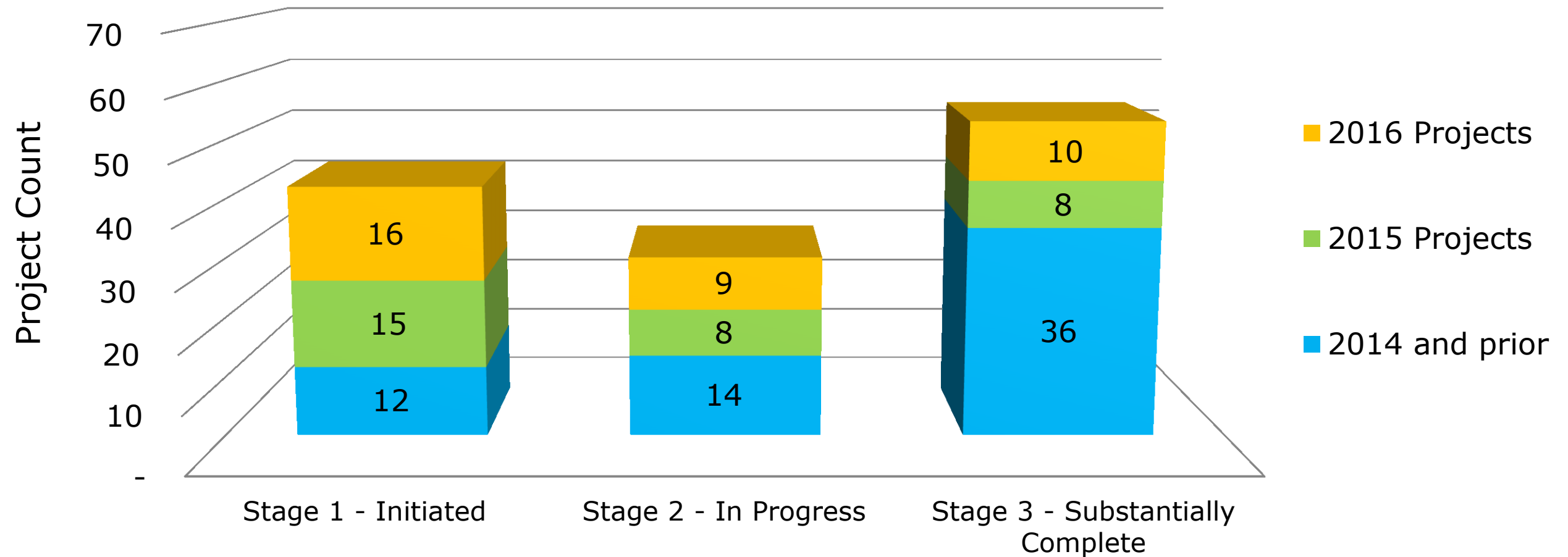
Update on Completed Projects:

- 28 projects were completed \$4.3 million under a total combined budget of \$ 55.4 million
- All funds released are allocated back to their original funding sources

Capital Activity (Page 4)

As at September 30, 2016

128 Active Capital Projects at September 30, 2016



Assessment of Financial Condition (page 5 - 7)

- Key Financial Indicators

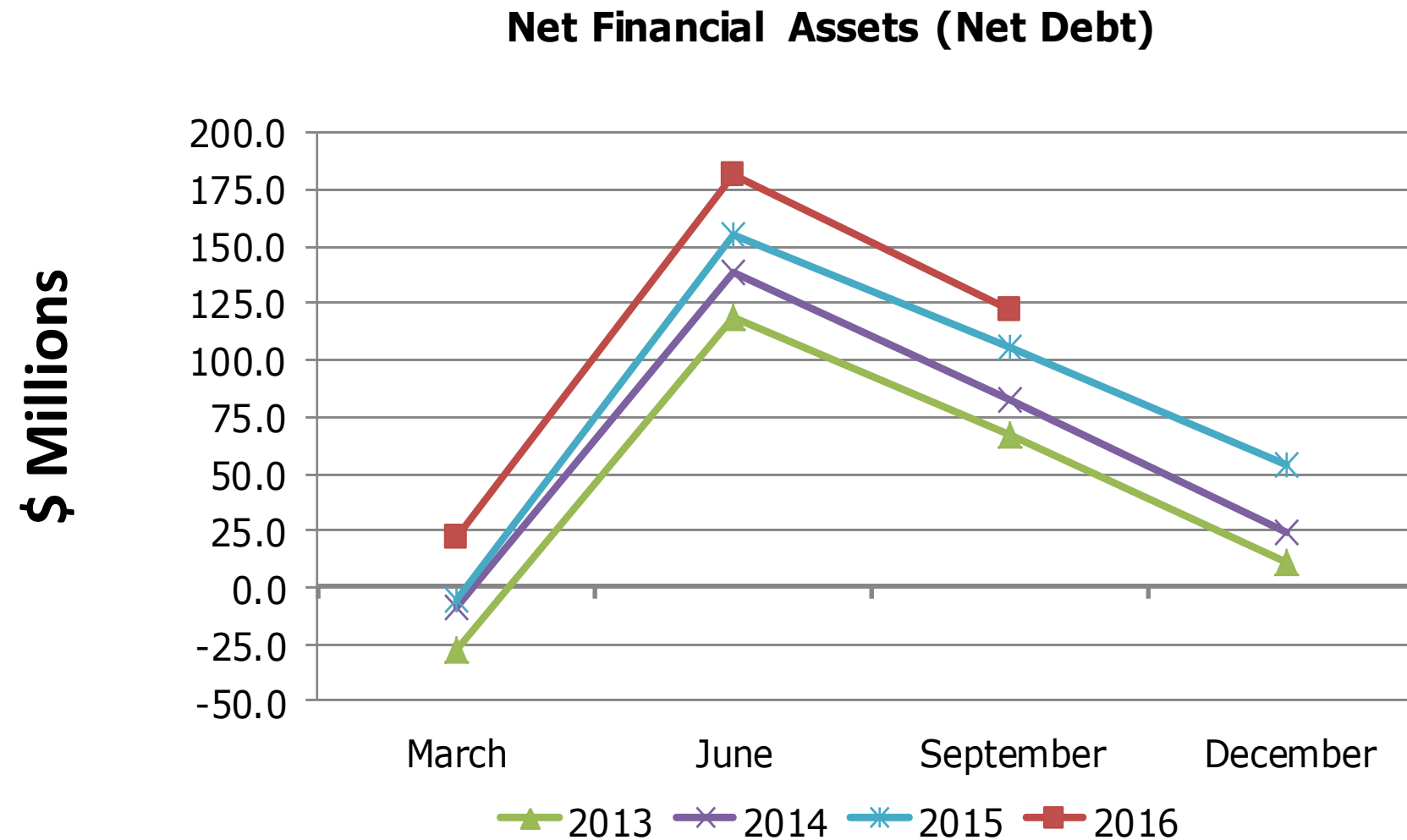
The Key Financial Indicators are based on the Unaudited Consolidated Financial Statements for the period ended September 30, 2016 (Appendix 1):

- 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)

September 30, 2016 Net Financial Assets Total \$121.6 Million



2016 County Reserve Balances (page 6)

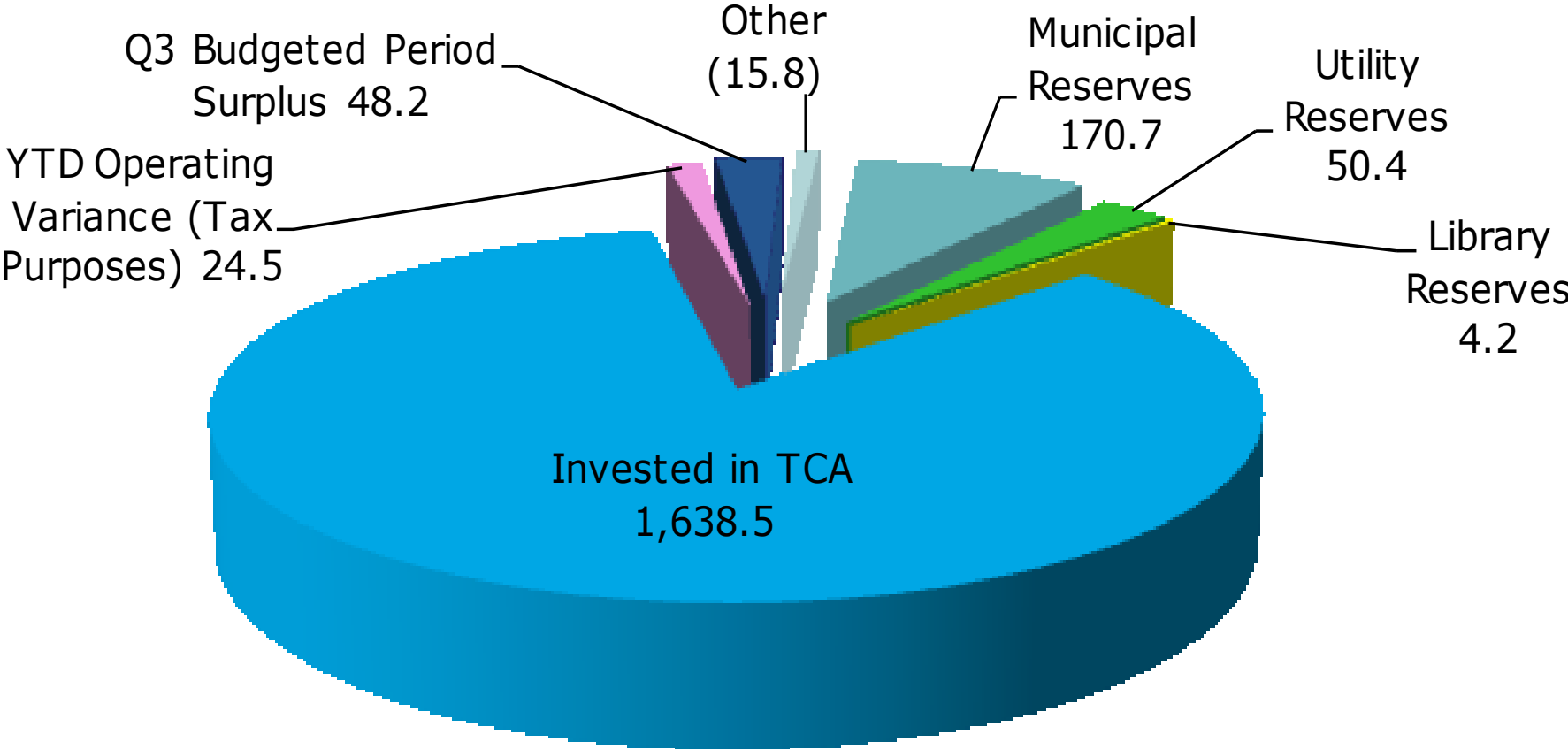
September 30, 2016 Reserve Balance is \$225.3 Million

County Reserves	Committed \$M	Designated \$M	Total \$M	Optimal Variance \$M
Total Municipal	88.9	81.8	170.7	5.4
Total Utilities	8.7	41.7	50.4	(34.6)
Total Library	-	4.2	4.2	-
Total Reserves	97.6	127.7	225.3	(29.2)
Percentage	43%	57%	100%	

Key Indicator: Accumulated Surplus (Page 7)

September 30, 2016 Accumulated Surplus is \$1,921 Million

Composition of Accumulated Surplus



\$ Millions

Questions?