

Strathcona County
2015 Second Quarter
Management Report

Prepared by Financial Services

Prepared for
Council
September 29, 2015

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 June 30, 2015 is **\$13.4 million** (Q2 2014 \$9.0 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.

County Operating Segments	2015 Q2 YTD Timing Differences \$M	2015 Q2 YTD Permanent Differences \$M	2015 Q2 YTD Variance \$M	2014 Q2 YTD Variance \$M
Municipal	7.9	4.3	12.2	8.0
Utility	0.5	0.7	1.2	0.9
Library	-	-	-	0.1
PHF	-	-	-	-
TOTAL	8.4	5.0	13.4	9.0

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)

County Operating Segments	2015 Q2 Forecast \$M	2014 Q2 Forecast \$M
Municipal	4.5 (1.7%)	4.9 (1.9%)
Utility	0.7 (1.2%)	1.2 (2.2%)
Library	-	-
PHF	-	-
TOTAL	5.2 (1.5%)	6.1 (1.9%)

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, 2015, and is subject to the uncertainty of unknown events or circumstances which may transpire during the remainder of the year.



4. Analysis of the 2015 Year-End Forecast

a. Municipal Operations – \$4.5 million – Contributing Factors (In Order of Significance)

Favourable:

- i. Personnel cost savings due to staff turnover, vacancies, and deferred hiring
- ii. Unbudgeted gains realized from the disposal of investments
- iii. Municipal property tax revenues exceeding the budget due to actual assessment exceeding projected assessment as a result of new growth
- iv. Savings from lower diesel and gasoline prices and volumes than anticipated
- v. Savings from deferred borrowing
- vi. Savings on utility costs due to lower electricity prices and volumes

Unfavourable:

- i. Lower user fee revenues from Millennium pass and admissions
- ii. Higher than anticipated P1-P3 winter maintenance contract costs

b. Utility Operations – \$0.7 million – Contributing Factors (In Order of Significance)

Favourable:

- i. Unbudgeted external contract revenues
- ii. Personnel cost savings due to delayed hiring, turnover and vacancies

c. Library Operations – No significant items to report.

d. Pioneer Housing Foundations Operations – No significant items to report.

2015-2018 Corporate Business Plan Progress Report (Appendix 1)

An integral component of the Business Plan and Budget Implementation (BPBI) Project includes performance measurement and progress reporting. As such, going forward, 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 on as part of the corporate business plan progress report, including ongoing refinement to the measures themselves as part of an evolving process.

Within the Corporate Business Plan Q2 Progress Report, there are some performance measures that are marked as “under development” and targets that have not yet been set. This reflects administration’s commitment to continue working on developing meaningful measures and informed targets that can be reported on to demonstrate the progression of business plan goals. Through ongoing research, and as work continues as part of the Business Plan and Budget Implementation Project, we will continue to review current performance measures and refine as required.

Council was provided with a preview of the corporate business plan reporting approach and format as part of the Q1 Management Report (May 26, 2015). Corporate business plan reporting will be emphasized within the Q2 and annual (Q4) report.



Capital Activity (Excluding PHF)

1. 2015 Capital Budget and Spending

The 2015 annual Capital Budget (cash flowed), as amended, totals \$221.6 million. The capital spending, as of June 30, 2015, totals \$25.0 million (Q2 2014 \$26.6 million), which represents 11% of the planned expenditures for the year.

2. 2015 Capital Budget Amendments

Eight project amendments have been approved as of Q2 2015 for a \$26.9 million total net increase of the capital budget as follows:

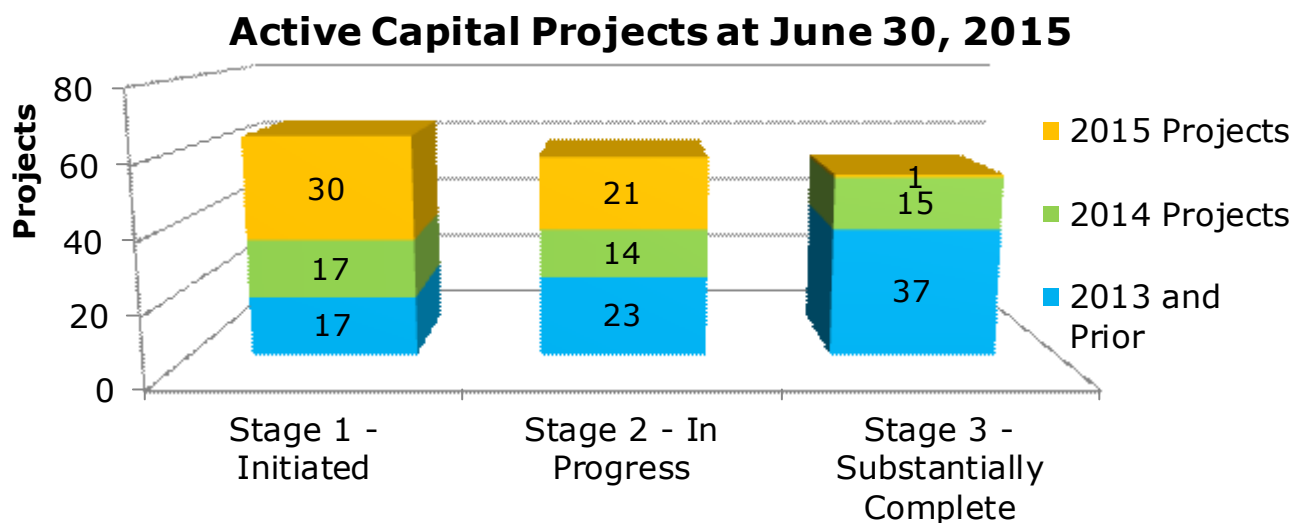
- i. 3 - 2015 projects were added in the amount of \$20.3 million
- ii. 2 - 2015 projects were amended to increase the budget by \$0.1 million
- iii. 3 - 2014 and prior projects were amended to increase the budget by \$6.5 million

3. Update on Completed Projects

During the first half of 2015, thirty four projects were completed \$2.0 million under a total combined budget of \$34.3 million. Of the unused funding, \$0.1 million was budgeted to be funded from external grants, debentures and other sources, and \$1.9 million was budgeted from internal sources (reserves). All funds released are allocated back to their original funding sources, and are available for other emergent or future priorities.

4. Capital Status

The 175 active capital projects, as of June 30, 2015, have been grouped based on work completed according to assessments provided by the responsible departments, consisting of the following project stage groupings; Stage 1 (0 - 10%) Initiated, Stage 2 (11 - 85%) In Progress, and Stage 3 (86 - 99%) Substantially Complete, as illustrated below:



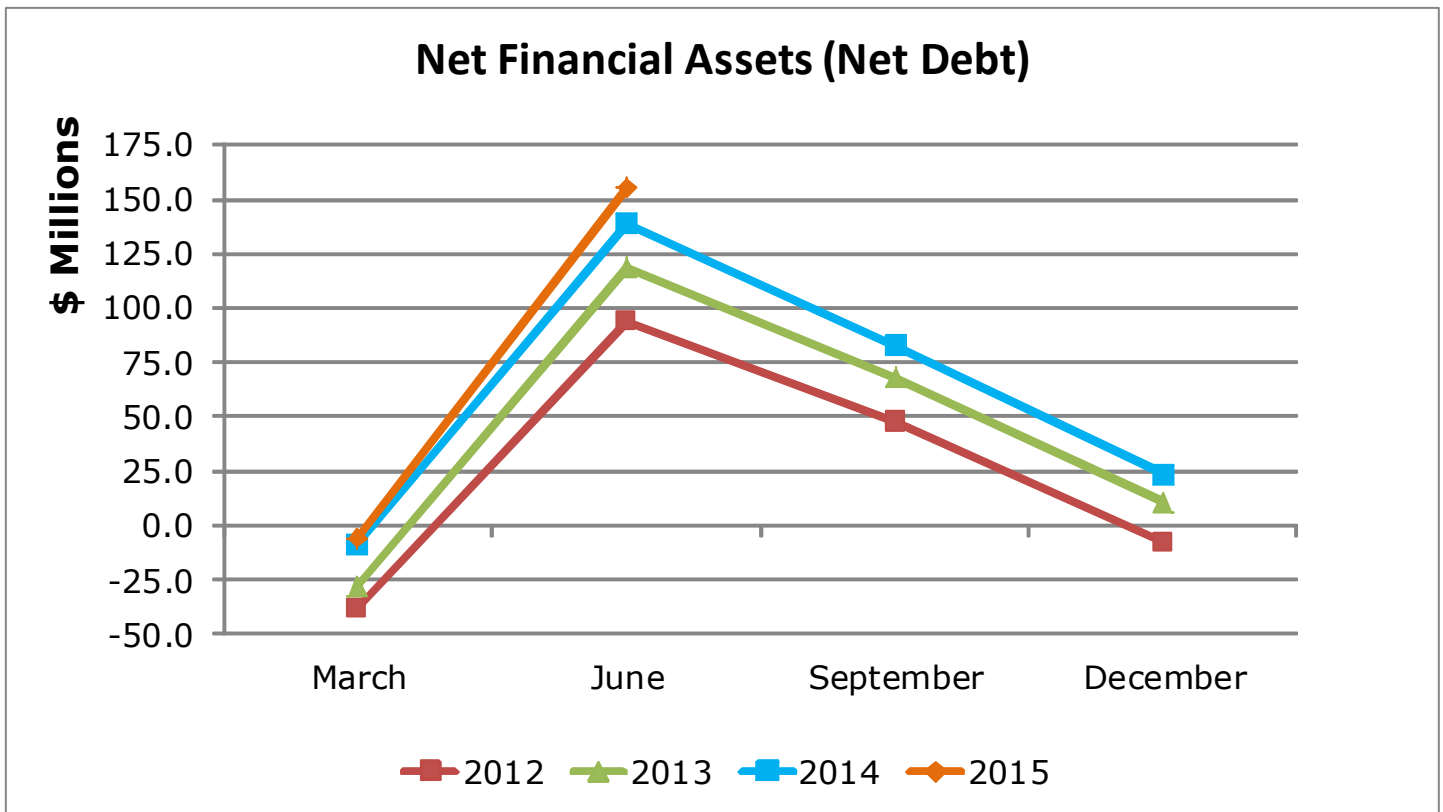
**Assessment of the County’s Financial Condition – Key Financial Indicators
(Appendix 2)**

The following section is prepared based on the Q2 2015 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 June 30, 2015, the County’s net financial asset (net debt), position is \$155.5 million compared to a \$23.6 million net financial asset position at December 31, 2014, an increase of \$131.9 million.



Net financial assets (net debt) is trending normally. This 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 of the second half of 2015.

b. Investments

The County held \$366.2 million in investments at June 30, 2015 (Q2 2014 \$346.2 million). This includes \$20.0 million of cash and cash equivalents (0 to 90 day investments). The 2.56% year-to-date weighted average return on investments was higher than the 2.39% budgeted return, which resulted in \$0.3 million favourable variance. Additionally, unbudgeted gains realized from the disposal of investments total \$1.8 million.



e. Reserve Reporting

The following table provides a summary of the County's reserve balances as at June 30, 2015:

Reserves	Committed \$M	Designated \$M	Total \$M
Municipal			
Stabilization and Contingency	0.3	9.2	9.5
Projects	34.4	24.3	58.7
Infrastructure, Lifecycle, Maintenance and Replacement	37.6	22.0	59.6
Special Purpose	16.1	10.2	26.3
Total Municipal	88.4	65.7	154.1
Utilities			
Stabilization and Contingency	-	0.9	0.9
Projects	-	-	-
Infrastructure, Lifecycle, Maintenance and Replacement	3.7	36.2	39.9
Special Purpose	5.4	-	5.4
Total Utilities	9.1	37.1	46.2
Total Library	(0.1)	4.0	3.9
Total Reserves	97.4	106.8	204.2
Percentage	47.7%	52.3%	100%

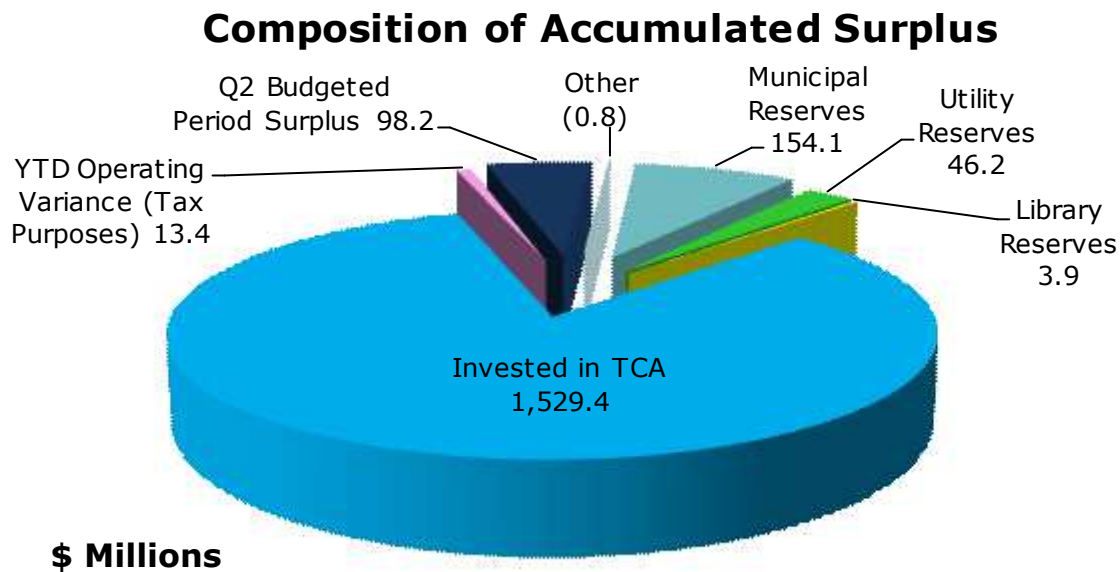
The presentation of reserve groupings is in accordance with the Policy: FIN-001-024 Municipal Reserves.



f. Accumulated Surplus

Accumulated surplus totals \$1,844.4 million at June 30, 2015 (\$1,697.1 million at December 31, 2014). The composition of the Q2 2015 accumulated surplus is as follows:

- i. Reserves of \$204.2 million (Q4 2014 - \$191.5 million);
- ii. Investments in tangible capital assets of \$1,529.4 million (Q4 2014 - \$1,507.0 million);
- iii. The June 30, 2015 budgeted period Surplus of \$98.2 million (Q4 2014 - \$nil);
- iv. The June 30, 2015 year-to-date favourable operating variance of 13.4 million (Q4 2014 - \$nil); and
- v. The unrestricted surplus (deficit) of (\$0.8) million (Q4 2014 - (\$1.4) million).



Appendix

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





2015 Q2 Management Report

For the period ending June 30, 2015

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

Progress

- Initial discussions regarding the Economic Sustainability Framework and the long-term financial sustainability plan with the Finance Advisory Committee and Council have occurred
- Work on a prioritization tool continues as part of the implementation of priority based budgeting
- A long-term infrastructure strategy for utility infrastructure has been completed
- Condition assessments for County facilities are in progress

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) Ensure current and future infrastructure is planned throughout its lifecycle, constructed and managed efficiently and effectively, balancing environmental, economic and operational realities, including capacity.

Key Performance Indicator and Measures	Benchmark	Target
Percentage of debt utilized	32.5% (2014)	TBD
Percentage of committed to designated reserves	46% committed 54% designated (2014)	TBD
Rate of optimal reserve balance to total reserves (under development)		
Infrastructure asset management measure (under development)		





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. Increase public involvement and communicate with the community on issues affecting the County’s future.
- 4. Advance the community’s interests by developing and maintaining strong relationships with our neighbouring

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.

Progress

- More active engagement tools such as the interactive Canada Day survey and #mycanadafest
- Enhancement of community participation through Seniors Travelling Cafes and Newcomers Connect
- Annual “Get Prepared Strathcona” event was held on April 26, with over 300 residents attending
- Enhanced use of digital media; using photographs as part of all media releases
- Implementation of a new 2015 online tax calculator tool
- Strategic Plan Survey collected baseline information and educated residents on strategic direction
- Communication strategy implemented regarding the new Taxi Bylaw to provide clear information

Key Performance Indicator and Measures	Benchmark	Target
Citizens feel informed about services and activities	80.9% (2014)	85% (2018)
Citizen awareness of Strategic Plan	29.2% (2014)	50% (2018)
Citizen satisfaction in opportunity to express opinion (high/very high)	45.8 % (2014)	60% (2018)





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.
- 4. 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

Progress

- Ongoing discussions with City of Edmonton for jointly owned compost cure site
- Memorandum of Understanding for Smart Fare technology with Edmonton and St. Albert Transit has been signed
- Updates to all community group license agreements is currently in progress
- Biosphere Reserve Nomination has been submitted by Beaver Hills Initiative
- Participated in a trade mission with Alberta Industrial Heartland Association to market Strathcona County to attract additional industrial businesses
- Ardrossan Air Quality Monitoring Station has been constructed, is operational and reporting live data

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 by collaborative infrastructure investments and evaluate by decision support tools such as the sustainability frameworks.
- 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.

Key Performance Indicator and Measures	Benchmark	Target
Tax revenue by source type	37% residential 63% non-residential (2014)	TBD
Citizens perception of Strathcona County’s municipal government as collaborative (excellent/good)	52% (2015)	60% (2018)
Joint projects and regional initiatives measure (under development)		





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

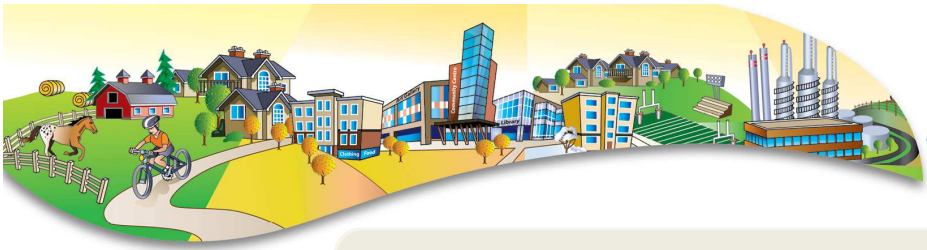
- 1) Explore and present elements of change, such as the impact of decisions regarding growth.
- 2) Continue to use evidence-based analysis to inform planning and decision making.
- 3) Use program and service evaluation and adjustments to facilitate a safe, healthy and thriving community.
- 4) Provide opportunities for public awareness, engagement, and participation.

Progress

- The Agricultural Master Plan has been developed and approved by Council, an implementation strategy is in the development stages
- Census data collection is complete and quality assurance testing is underway
- The North Saskatchewan River Crossing and Highway Linkage study is in progress, which is a collaboration with Alberta Transportation and regional partners including Fort Saskatchewan, Edmonton and Sturgeon County

Key Performance Indicator and Measures	Benchmark	Target
Overall citizen satisfaction with quality of life (very high/high)	83.4% (2014)	85% (2018)
Citizen rating that quality of service is much better/better compared to two years ago	25.6% (2014)	40% (2018)
Evidence-based analysis and decision making measure (under development)		





GOAL 5
We are efficient and effective in daily operations.

Outcome

Strathcona County demonstrates efficient operations.

Linkages back to:

Strategic Plan Prioritized Goals

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

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 decision making through technology, integrated systems, tools, and performance measurement.

Progress

- CountyWorks map modified and additional departments added
- County Connect was internally launched in May 2015
- New meeting management has been successfully implemented, along with iPad technology
- Information Technology Services Organizational Review has been completed and will be coming to Council in Fall 2015
- Fleet Maintenance Software program has been implemented
- Through the Business Plan and Budget Implementation Project, initial research (including background, best practices) on efficiency and effectiveness reviews has been initiated

Key Performance Indicator and Measures	Benchmark	Target
Citizens feel they are getting value for their tax dollar (very good/good)	59% (2014)	65% (2018)
Staff collaboration index	79.6 (2014)	85 (2018)
Operating expenses KPI/measures (under development)		
Efficiency/effectiveness service and program reviews (under development)		





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) Support appropriate training and development opportunities for staff.
- 3) Endorse and promote a culture that reflects our corporate values.
- 4) Support a comprehensive attraction and retention strategy.

Progress

- Implementation of the new Performance Planning and Review process is complete
- External health and safety audit is complete (achieved 90%)
- 2014 internal Staff Engagement Survey results have been shared and action plans developed at corporate and department levels; survey will be conducted every 18 months

Key Performance Indicator and Measures	Benchmark	Target
Overall citizen satisfaction with quality of service (very high/high)	79.4% (2014)	85% (2018)
Staff engagement index	79.6 (2014)	85 (2018)
Staff communication index	72.2 (2014)	77 (2018)
Work environment index	70.0 (2014)	75 (2018)
Career and compensation index	69.8 (2014)	75 (2018)
Permanent employee voluntary turnover rate	5.27% (2014)	TBD
Permanent employee short-term (less than 12 months) turnover rate	10.53% (2014)	TBD



STRATHCONA COUNTY

Consolidated Financial Statements

For the Period Ended June 30, 2015 (in thousands of dollars)

(unaudited)

STRATHCONA COUNTY
Consolidated Statement of Financial Position
As at June 30, 2015 (in thousands of dollars)

	June 30 2015 <i>(unaudited)</i>	December 31 2014
FINANCIAL ASSETS		
Cash and Cash Equivalents	\$ 52,331	\$ -
Accounts Receivable		
Property Taxes	43,948	3,299
Government Transfers	31	2,409
Trade and Other	14,987	15,501
Development Levies and Charges	6,119	6,790
Land Held for Resale	2,632	2,625
Investments	346,182	286,988
Investment Interest Receivable	5,861	6,293
	472,091	323,905
LIABILITIES		
Cheques Issued in Excess of Cash	-	3,464
Accounts Payable and Accrued Liabilities	68,751	37,194
Deposit Liabilities	16,680	16,576
Deferred Revenue	73,007	79,058
Capital Leases	177	246
Long-Term Debt	157,952	163,724
	316,567	300,262
NET FINANCIAL ASSETS	155,524	23,643
NON-FINANCIAL ASSETS		
Tangible Capital Assets	1,686,914	1,670,280
Inventories of Materials and Supplies	794	850
Prepaid Expenses	1,187	2,328
	1,688,895	1,673,458
ACCUMULATED SURPLUS	\$ 1,844,419	\$ 1,697,101

STRATHCONA COUNTY
Consolidated Statement of Operations and Accumulated Surplus
For the period ended June 30, 2015 (in thousands of dollars)

	2015 Period Budget <i>(unaudited)</i>	June 30 2015 <i>(unaudited)</i>	June 30 2014 <i>(unaudited)</i>
REVENUE			
Property Taxes	\$ 207,891	\$ 209,051	\$ 198,247
Government Transfers	27,812	13,001	14,915
Utility User Rates	26,652	27,175	25,545
User Fees and Charges	20,264	20,580	21,448
Penalties and Fines	2,485	2,592	2,603
Investment Income	2,662	4,530	2,830
Other Capital Revenues	21,009	768	3,947
Contributed Tangible Capital Assets	-	17,757	11
Other	3,528	5,231	5,358
TOTAL REVENUES	312,303	300,685	274,904
EXPENSES			
Infrastructure and Planning Services			
Capital Planning and Construction	2,025	1,486	2,067
Economic Development and Tourism	772	588	586
Planning and Development Services	5,734	4,484	4,181
Transportation and Agriculture Services	13,779	13,295	13,008
Utilities	25,670	25,720	23,999
	47,980	45,573	43,841
Community Services			
Emergency Services	16,687	15,109	14,837
Family and Community Services	3,752	3,808	3,572
Strathcona Transit	9,537	8,589	8,555
RCMP and Enforcement Services	11,235	10,998	9,983
Recreation, Parks and Culture	19,531	17,840	17,746
	60,742	56,344	54,693
Corporate Services			
Chief Financial Officer	16,467	14,197	12,567
Senior Administration	3,028	2,763	2,278
Elected Officials	3,431	3,215	2,754
Fiscal Services	616	586	551
Strathcona County Library	24,429	25,433	21,311
Pioneer Housing Foundation	4,918	4,789	4,562
	112	467	430
	53,001	51,450	44,453
TOTAL EXPENSES	161,723	153,367	142,987
PERIOD SURPLUS	150,580	147,318	131,917
ACCUMULATED SURPLUS, BEGINNING OF PERIOD	1,697,101	1,697,101	1,613,840
ACCUMULATED SURPLUS, END OF PERIOD	\$ 1,847,681	\$ 1,844,419	\$ 1,745,757

STRATHCONA COUNTY
Consolidated Statement of Change in Net Financial Assets (Net Debt)
For the period ended June 30, 2015 (in thousands of dollars)

	2015 Period Budget <i>(unaudited)</i>	June 30 2015 <i>(unaudited)</i>	December 31 2014
PERIOD SURPLUS	\$ 150,580	\$ 147,318	\$ 83,261
Acquisition of Tangible Capital Assets	(110,818)	(24,972)	(89,769)
Contributed Tangible Capital Assets	-	(17,757)	(28,695)
Amortization of Tangible Capital Assets	24,962	24,881	46,674
Loss on Tangible Capital Assets Transfers and Disposals	-	281	1,948
Proceeds from Transfers and Disposals of Tangible Capital Assets	-	933	678
	<u>64,724</u>	<u>130,684</u>	<u>14,097</u>
Acquisition of Inventories of Materials and Supplies	-	(555)	(557)
Acquisition of Prepaid Expenses	-	(403)	(2,733)
Use of Inventories of Materials and Supplies	-	611	359
Use of Prepaid Expenses	-	1,544	2,054
	<u>-</u>	<u>1,197</u>	<u>(877)</u>
INCREASE IN NET FINANCIAL ASSETS	64,724	131,881	13,220
NET FINANCIAL ASSETS, BEGINNING OF PERIOD	<u>23,643</u>	<u>23,643</u>	<u>10,423</u>
NET FINANCIAL ASSETS, END OF PERIOD	<u>\$ 88,366</u>	<u>\$ 155,524</u>	<u>\$ 23,643</u>

STRATHCONA COUNTY
Consolidated Statement of Cash Flows
For the period ended June 30, 2015 (in thousands of dollars)

	June 30 2015 <i>(unaudited)</i>	December 31 2014
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:		
OPERATING		
Period Surplus	\$ 147,318	\$ 83,261
Items Not Involving Cash:		
Contributed Tangible Capital Assets	(17,757)	(28,695)
Amortization of Tangible Capital Assets	24,881	46,674
Amortization of Premium (Discount) on Investments	19	(15)
Loss on Tangible Capital Assets Transfers and Disposals	281	1,948
Gain on Disposal of Investments	(1,835)	(540)
Changes to Non-Cash Assets and Liabilities:		
Property Taxes Receivable	(40,649)	566
Government Transfers Receivable	2,378	2,491
Trade and Other Receivables	514	(3,363)
Development Levies and Charges	671	(5,599)
Land held for resale	(7)	0
Accounts Payable and Accrued Liabilities	31,557	(8,331)
Deposit Liabilities	104	1,636
Deferred Revenue	(6,051)	16,196
Inventories of Materials and Supplies	56	(198)
Prepaid Expenses	1,141	(679)
Cash Provided by Operating Activities	<u>142,621</u>	<u>105,352</u>
CAPITAL		
Proceeds from Transfers and Disposals of Tangible Capital Assets	933	678
Acquisition of Tangible Capital Assets	(24,972)	(89,769)
Cash Applied to Capital Activities	<u>(24,039)</u>	<u>(89,091)</u>
INVESTING		
Purchase of Investments	(241,202)	(287,498)
Proceeds from Sale/Maturity of Investments	183,824	268,744
Change to Investment Interest Receivable	432	(1,258)
Cash Applied to Investing Activities	<u>(56,946)</u>	<u>(20,012)</u>
Long-Term Debt Issued	-	4,410
Capital Leases Repaid	(69)	(594)
Long-Term Debt Repaid	(5,772)	(12,352)
Cash Applied to Financing Activities	<u>(5,841)</u>	<u>(8,536)</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	55,795	(12,287)
CASH AND CASH EQUIVALENTS (CHEQUES ISSUED IN EXCESS OF CASH), BEGINNING OF PERIOD	(3,464)	8,823
CASH AND CASH EQUIVALENTS (CHEQUES ISSUED IN EXCESS OF CASH), END OF PERIOD	\$ 52,331	\$ (3,464)

STRATHCONA COUNTY
Consolidated Schedule of Segmented Information
For the period ended June 30, 2015 (in thousands of dollars)

	<u>Municipal Operations</u>	<u>Utility Operations</u>	<u>Library Operations</u>	<u>Pioneer Housing Foundation</u>	<u>Eliminations</u>	<u>June 30 2015 (unaudited)</u>	<u>June 30 2014 (unaudited)</u>	<u>June 30 2015 Budget (unaudited)</u>
REVENUE								
Property Taxes	\$ 200,282	\$ 6	\$ 8,763	\$ -	\$ -	\$ 209,051	\$ 198,247	\$ 207,891
Government Transfers - Operating	2,994	16	-	-	-	3,009	4,965	2,910
Government Transfers - Capital	9,964	27	-	-	-	9,992	9,950	24,902
Utility User Rates	-	27,175	-	-	-	27,175	25,545	26,652
User Fees and Charges	19,238	1,253	89	-	-	20,581	21,448	20,264
Penalties and Fines	2,511	-	81	-	-	2,592	2,603	2,485
Investment Income	3,987	515	28	-	-	4,530	2,830	2,662
Other Capital Revenues	661	107	0	-	-	768	3,947	21,009
Contributed Tangible Capital Assets	9,687	8,067	3	-	-	17,757	11	-
Other	4,431	2	12	1,122	(336)	5,231	5,358	3,528
TOTAL REVENUE	<u>253,754</u>	<u>37,168</u>	<u>8,976</u>	<u>1,121,617.46</u>	<u>(336)</u>	<u>300,685</u>	<u>274,904</u>	<u>312,303</u>
EXPENSES								
Salaries, Wages and Benefits	65,940	4,972	2,839	-	-	73,751	66,666	77,560
Contracted and General Services	19,951	5,555	195	-	-	25,701	25,283	28,618
Supplies, Materials and Utilities	11,683	10,583	576	-	-	22,842	22,970	25,063
Interest on Long-Term Debt	1,669	1,361	498	336	(336)	3,528	3,755	3,545
Grants and Requisitions	1,366	-	-	-	-	1,366	1,307	1,208
Amortization	20,593	3,125	679	467	-	24,864	21,832	24,962
Loss on Tangible Capital Assets								
Transfers and Disposals	206	75	-	-	-	281	143	-
Other Expenses	984	48	2	-	-	1,034	1,031	767
TOTAL EXPENSES	<u>122,392</u>	<u>25,719</u>	<u>4,789</u>	<u>803</u>	<u>(336)</u>	<u>153,367</u>	<u>142,987</u>	<u>161,723</u>
PERIOD SURPLUS (DEFICIT)	131,363	11,449	4,187	319	-	147,318	131,917	150,580
ACCUMULATED SURPLUS (DEFICIT), BEGINNING OF PERIOD	<u>1,389,560</u>	<u>289,613</u>	<u>9,317</u>	<u>16,035</u>	<u>(7,424)</u>	<u>1,697,101</u>	<u>1,613,840</u>	<u>1,697,101</u>
ACCUMULATED SURPLUS (DEFICIT), END OF PERIOD	<u>\$ 1,520,923</u>	<u>\$ 301,062</u>	<u>\$ 13,504</u>	<u>\$ 16,354</u>	<u>\$ (7,424)</u>	<u>\$ 1,844,419</u>	<u>\$ 1,745,757</u>	<u>\$ 1,847,681</u>

STRATHCONA COUNTY
Consolidated Schedule of Tangible Capital Assets
As at June 30, 2015 (in thousands of dollars)

Cost	Balance at December 31 2014 <i>(unaudited)</i>	Additions <i>(unaudited)</i>	Contributed Additions <i>(unaudited)</i>	Disposals <i>(unaudited)</i>	Balance at June 30 2015 <i>(unaudited)</i>
Land	\$ 446,022	\$ -	\$ -	\$ -	\$ 446,022
Land Improvements	79,068	2,692	986	(52)	82,694
Buildings	369,042	-	-	(975)	368,067
Engineered Structures	1,074,869	1,772	16,768	(1,011)	1,092,398
Machinery and Equipment	64,124	1,899	-	(29)	65,994
Books and Periodicals	5,267	290	3	-	5,560
Vehicles	69,538	99	-	(77)	69,560
Assets under Construction	45,794	18,220	-	-	64,014
	\$ 2,153,724	\$ 24,972	\$ 17,757	\$ (2,144)	\$ 2,194,309

Accumulated Amortization	Balance at December 31 2014 <i>(unaudited)</i>	Disposals <i>(unaudited)</i>	Amortization Expense <i>(unaudited)</i>	Balance at June 30 2015 <i>(unaudited)</i>
Land	\$ -	\$ -	\$ -	\$ -
Land Improvements	26,318	(52)	2,153	28,419
Buildings	82,039	(19)	3,917	85,937
Engineered Structures	315,355	(758)	13,104	327,701
Machinery and Equipment	30,180	(24)	2,862	33,018
Books and Periodicals	2,276	-	263	2,539
Vehicles	27,276	(77)	2,582	29,781
Assets under Construction	-	-	-	-
	\$ 483,444	\$ (930)	\$ 24,881	\$ 507,395

Net Book Value	Balance at December 31 2014 <i>(unaudited)</i>	Balance at June 30 2015 <i>(unaudited)</i>
Land	\$ 446,022	\$ 446,022
Land Improvements	52,750	54,275
Buildings	287,003	282,130
Engineered Structures	759,514	764,697
Machinery and Equipment	33,944	32,976
Books and Periodicals	2,991	3,021
Vehicles	42,262	39,779
Assets under Construction	45,794	64,014
	\$ 1,670,280	\$ 1,686,914

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.