

Annual Report

December 2017

OVERVIEW

Rounded to the nearest thousand dollars, except where otherwise stated

This unaudited financial report and the attached management report presents the financial and operating results of the City of Fort Saskatchewan (the "City") for the year ended December 31, 2017. This report is prepared in accordance with the city's management and financial reporting policy FIN-025-C and should be read in conjunction with the City's audited consolidated financial statements for the year ended December 31, 2017.

OPERATING BUDGET

In 2017, the City had a surplus from the operating budget of \$657,000, which includes \$66,000 from utility operations and \$591,000 from general operations. Changes were made in the 2018 budget that reduce the likelihood of operating budget surpluses.

Significant factors that resulted in the surplus include:

Surplus Variances	Deficit Variances
<ul style="list-style-type: none">• Staffing Surplus• Electricity and natural gas usage• Investment income• Traffic safety program deferred• Snow and ice removal• Debenture payments• RCMP contract• Taurus Field not yet in operation	<ul style="list-style-type: none">• Traffic fine revenue• Water supply and distribution• Light turning permits

CAPITAL PROJECTS

The 2017 capital program includes 76 capital projects. As at December 31, 2017, the City had completed 44 projects while 27 were in progress, four are planned to start in 2018, and one was cancelled.

The City spent \$22,941,000 on capital projects in 2017.

FINANCIAL POSITION

At December 31, 2017, the City had \$5,773,000 in net financial assets compared to \$2,506,000 at December 31, 2016.

Cash and investment balances were \$1,366,000 lower than at December 31, 2016.

Long-term debt was \$39,849,000 compared to \$42,727,000 at December 31, 2016.



FINANCIAL RESULTS FROM OPERATIONS

	Budget	2017 Results	Variance	2016 Results
	\$000s	\$000s	\$000s	\$000s
Operating Revenue				
Net Municipal Taxes	43,185	43,351	166	43,350
Sales, Rentals and User Charges	21,625	21,361	(264)	21,186
Government Transfers - Operating	1,569	1,759	190	1,617
Fines and Penalties	4,642	1,469	(3,173)	3,321
Licenses and Permits	1,777	1,409	(368)	1,882
Interest Income	694	998	304	771
Other Revenues	73	248	175	456
Total Operating Revenue	73,565	70,595	(2,970)	72,583
Operating Expenses				
Salaries, Wages and Benefits	27,049	25,793	(1,256)	24,194
Contracted and General Services	12,698	10,787	(1,911)	11,059
Materials, Supplies and Utilities	6,104	5,526	(578)	5,342
Purchases from other Governments	14,380	14,026	(354)	14,259
Transfers to Individuals & Organizations	1,650	1,648	(2)	1,601
Interest and Bank Charges	1,656	1,607	(49)	1,629
Other Expenses	370	176	(194)	312
Total Operating Expenses	63,907	59,563	(4,344)	58,396
Operating Budget Surplus (Deficit) before Other Items	9,658	11,032	1,374	14,187
Other Items				
Net Operating Transfers (to) from Reserves	(6,583)	(7,497)	(914)	(6,612)
Repayment of Debenture Principal	(3,075)	(2,878)	197	(2,504)
Net Other Items	(9,658)	(10,375)	(717)	(9,116)
Operating Budget Surplus (Deficit)	-	657	657	5,071

The operating budget surplus includes transfers to and from reserves and debt repayments that are excluded from Public Sector Accounting Standards ("PSAS") financial reporting. An unconsolidated statement of operations that is consistent with PSAS has been included in Appendix 2. Net variances from the operating budget by departments are also included in Appendix 2.

ANALYSIS OF SIGNIFICANT VARIANCES

SURPLUS VARIANCES

Salaries, wages, and benefits

Salaries, wages, and benefits were \$1,256,000 below budget in 2017. The staffing surplus was primarily the result of staff turnover in the Office of the City Manager, Protective Services, Planning & Development, and Utilities.

Staff turnover results in significant variances because new permanent staff do not receive full benefits until having one year of employment and are not typically hired at the top of their pay scale.

The 2018 approved budget includes mitigation strategies intended to reduce surpluses resulting from salaries, wages, and benefits.

Electricity and natural gas expenses

Electricity and natural gas expenses were \$384,000 below budget in 2017. This is the result of savings from bulk purchasing contracts with the energy suppliers, lower usage due to new energy saving devices like LED lights, and delays in the start of operations at Taurus Field.



<i>Expressed in \$000s</i>	Results for the year ended December 31, 2017			Change from prior year	
	Budget	Actual	Variance	2016 Actual	Variance from 2016
Electricity	2,238	2,019	(219)	1,907	112
Natural gas	543	378	(165)	299	78
Electricity and Natural Gas Surplus	2,781	2,397	(384)	2,206	190

Investment income

Investment income revenue was \$304,000 higher than budget in 2017 due to investment balances and rates of return on investments being higher than planned. The 2018 budget has been adjusted based on the 2016 and 2017 results, and due to the increases in the Bank of Canada overnight rate in 2017.

Other significant surplus variances

- Protective Services did not spend \$250,000 budgeted for a traffic safety education program in 2017 to help mitigate the impact of the loss of traffic fine revenue in 2017.
- Snow and ice removal costs were \$395,000 below budget in 2017. In the 2018 budget, \$350,000 was reallocated from snow and ice removal to a snow removal reserve that can be accessed when major snow clearing operations are required.
- Debenture principal and interest payments will be \$197,000 below budget in 2017 due to the timing of borrowing the final debenture for the Protective Services Building in 2016 and not requiring the debenture for the 2016 sewer reline project until June 2018.
- The RCMP contract was \$440,000 below budget in 2017 due to a number of regular members being temporarily reassigned for parts of the year. Unanticipated transfers out of the detachment in the fourth quarter resulted in a larger variance than anticipated in the Q3 report.
- \$141,000 savings in operational costs at the Taurus Field (excludes wages, benefits, electricity, and natural gas, which are noted elsewhere in this report).
- Planning and development was \$314,000 underspent on the strategic growth initiative. Planned reserve contribution will be used when we move forward with the growth process.



DEFICIT VARIANCES

Traffic fines

In 2016, the City received approval for the wording of affidavits along with permission by the Crown to use the new Intersection Safety Devices ("ISD").

In March 2017, as part of the provincial review of ISDs, the Province assessed the use of the City's new ISD locations and the wording of the affidavits. The province determined it was important and necessary to update the affidavits and introduce independent testing of the camera systems by community peace officers. While work to revise and introduce new processes was underway, Fort Saskatchewan's ISD based enforcement was temporarily discontinued. The local Crown Prosecutor arranged to cancel pending court cases.

The results of the collaboration between Fort Saskatchewan and the Province has been identified as the new standard for ISD based enforcement in Alberta.

The City's ISD program began to resume normal operations in September 2017.

As a result of the ISD based enforcement being discontinued for part of the year, the City incurred a \$2,605,000 loss of revenue, net of processing costs, in 2017. The City anticipates fine revenue to increase in 2018, but will remain below budget due to new provincial business rules for photo enforcement that are expected to reduce the number of violations eligible to be fined. The 2019 budget will need to be adjusted to reflect these new business rules.

<i>Expressed in \$000s</i>	Results for the year ended December 31, 2017			Change from prior year	
	Budget	Actual	Variance	2016 Actual	Variance from 2016
Traffic fines	4,302	1,093	(3,209)	2,968	(1,875)
Fine Processing Contractor Costs	(741)	(137)	604	(397)	260
Net loss in revenue from ISD enforcement	3,561	956	(2,605)	2,571	(1,615)

Light turning permits

The City collects revenue from traffic light turning permits, which allow vehicles with high loads to travel through the city and is related to industrial activity north and east of Fort Saskatchewan. In 2017, the City earned \$374,000 less revenue than budgeted. Since the fourth quarter of 2016, the City has seen a significant decline in demand for traffic light turning permits compared to the previous two years. Therefore, the 2018 approved budget included a reduction of revenue from these permits.

Utility operations

Water supply, sewer service, and solid waste are 100% utility rate funded, and are neither subsidized by property taxes nor used to subsidize general operations of the City.

	Variances from utilities operating budget				
	<i>Expressed in \$000s</i>	Water	Sewer	Solid Waste	Total Utilities
For the year ended December 31, 2017					
Revenue		(586)	154	77	(355)
Expenses					-
Salaries, wages and benefits		75	38	89	202
Purchase costs		219	(266)	(80)	(127)
Other expenses		262	(31)	93	324
Reserve transfers and debt repayment		8	30	(16)	22
YTD Operating Budget Surplus (Deficit)		(22)	(75)	163	66

In 2017, revenue from water consumption was \$586,000 below budget due to a decline in water consumption and reduced use of the bulk water station. The lower consumption was partially offset by lower purchase costs.

Revenue from sewer service was \$154,000 higher than budgeted in 2017. Higher usage from an industrial effluent meter offset lower usage by customers that receive water and sewer services.



CAPITAL BUDGET HIGHLIGHTS

The 2017 Capital Program includes 41 new projects and 35 projects that were carried forward from 2016. At December 31, 2017, the City has completed 44 projects, while 27 were in progress, four were delayed, and one had been cancelled. Expenditure in the capital programs are summarized below. Additional project level details are attached in Appendix 3.

	Carried forward from 2016	2017 Capital Budget	Authorized in 2017	Authorized Capital Expenditure	2017 Expenditure	Carried forward to 2018	Surplus (Deficit)
	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s
General Administration	327	1,110	-	1,437	(664)	(771)	2
Protective Services	366	166	-	532	(69)	(348)	115
Fire Services	138	75	-	213	(169)	-	44
Common Services & Equipment Pool	50	926	72	1,048	(374)	(575)	99
Roads & Transportation	4,200	4,600	-	8,800	(5,176)	(2,145)	1,479
Recreation Services	10,130	5,483	432	16,045	(10,008)	(5,599)	438
Culture Facilities & Programs	1,019	260	87	1,366	(1,032)	(247)	87
Utility Rate Funded Projects	2,058	2,752	-	4,810	(1,803)	(1,756)	1,251
Levy Funded Projects	1,280	4,550	-	5,830	(3,646)	(1,993)	191
Total	19,568	19,922	591	40,081	(22,941)	(13,434)	3,706

CURLING RINK

Exterior finishes, electrical and mechanical rough-ins, and drywall are being installed. Interior framing is complete. The ice and viewing area were completed in the fall of 2017 to allow use of the facility during the curling season. Trailers were on site to provide temporary clubhouse and washroom facilities.

TAURUS FIELD

Construction of the facility was substantially completed in 2017. Construction of the grandstands is ongoing. The landscaping completed in the first half of 2018.

SOUTHFORT DRIVE WIDENING

Was completed and is now pending final inspection.

NEIGHBOURHOOD REHAB

The east half of Ross Drive was completed in 2017. ATCO gas lines need to be replaced before rehab work can start on the west half of Ross Drive and Jubilee Drive, delaying completion until 2018.

The neighbourhood rehab program will carry forward \$1,698,000 in approved funding from prior periods into 2018, which includes \$734,000 approved in the 2017 capital budget.

RIVER VALLEY TRAIL SYSTEM

The construction of the bridge and trail has been put on hold until the Highway 15 bridge expansion plan has been finalized.

Trail staircase was constructed in the summer of 2017.

LOCAL ROAD REHAB

The local road rehab program will carry forward \$1,664,000 into 2018, which includes \$985,000 approved in the 2017 capital budget. The Federal Gas Tax Fund and provincial Municipal Sustainability Initiative Grant fund the local road rehab program.

SEWER SERVICE RE-LINE

Favourable market conditions allowed the City to procure a contract to complete the scope of the 2016 and 2017 reline projects within the budget of the 2016 project.



FINANCIAL POSITION HIGHLIGHTS

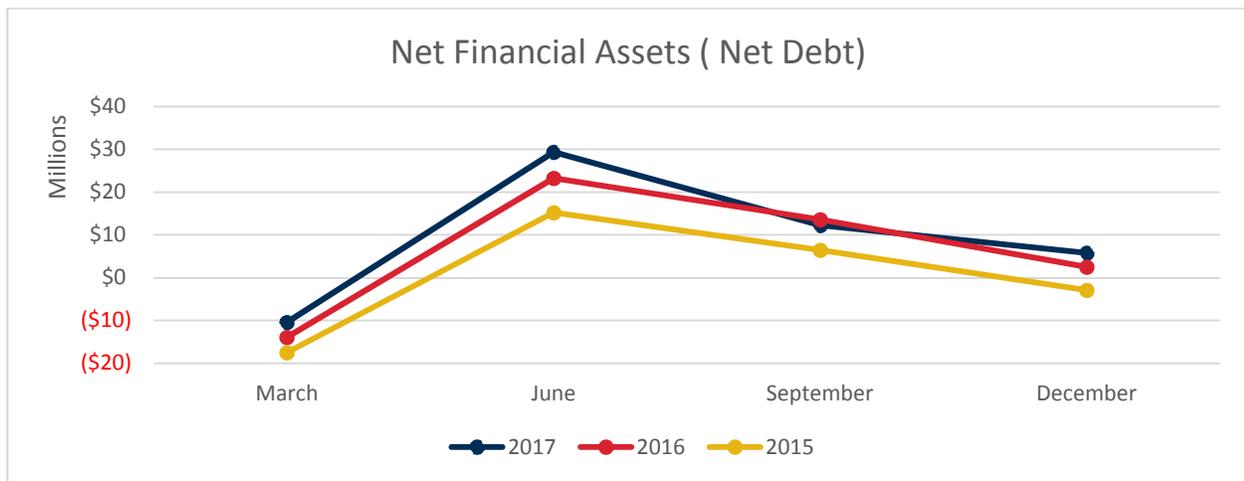
An unconsolidated statement of financial position for the City of Fort Saskatchewan has been included in Appendix 2.

NET FINANCIAL ASSETS

Net financial assets refer to the financial assets of the City less all liabilities, including long-term debt.

As at December 31, 2017, the City's net financial asset position was \$5,773,000 compared to \$2,506,000 at December 31, 2016.

Net financial assets were above the prior year levels at December 31, 2017 due to changes in accounting processes related to the timing of recognition of Capital expenditures in 2017.



CASH AND INVESTMENTS

The City holds funds expected to be used in the next twelve months in its operating accounts or high interest savings accounts. Funds expected to be needed over longer time horizons are invested in guaranteed investment certificates ("GICs") to earn a greater return on investment.

As at December 31, 2017, the City had the following investments:

	December 31, 2017		December 31, 2016	
	\$000s	Return %	\$000s	Return %
Cash and Cash Equivalents				
Operating Accounts	3,560	1.45%	7,390	0.95%
High Interest Notice of Demand Accounts	25,776	1.83%	6,000	1.40%
Total Cash and Cash Equivalents	29,336	1.78%	13,390	1.15%
Investments				
Guaranteed Investment Certificates	25,374	1.94%	42,686	1.77%
Total Investments	25,374	1.94%	42,686	1.77%
Total	54,710	1.85%	56,076	1.62%

The City's high interest notice of demand accounts earn interest at rates from 1.40% to 1.85% and are redeemable upon 31 – 90 days' notice.

The City earns interest at rates between 1.85% and 2.00% from its guaranteed investment certificates. The City's investments in GICs have initial terms of two years and are either non-redeemable or redeemable after one year. All GICs will either mature or become redeemable in July 2018.

The City is reviewing its investment policy (FIN-010-C) and expects to present a revised policy to Council for approval in the first half of 2018.

LONG-TERM DEBT

The City borrows money from the Alberta Capital Finance Authority to fund the construction of capital projects. The total debt outstanding as at December 31, 2017 is \$39,849,000, which has been borrowed for the following projects.

Projects	Weighted Average Interest Rate %	December 31, 2017	December 31, 2016	Fully Repaid
Westpark Reservoir	6.375%	488	631	October 2020
Dow Centennial Centre	5.705%	5,914	6,722	December 2023
Sewer Service Reline	2.371%	3,999	4,527	December 2026
City Centre Square	3.308%	12,952	13,607	December 2033
100 Avenue Rehab	3.571%	5,857	6,133	September 2035
Protective Services Building	3.136%	10,639	11,107	December 2036
Total Long Term Debt		39,849	42,727	

In 2017, the City paid \$2,878,000 in principal and \$1,538,000 in interest expense to service the long-term debt.

Most debentures are paid semi-annually. However, the debenture for the Westpark Reservoir has annual payments made in October.

Council has authorized the issue of \$1,200,000 in new debenture to fund the 2016 sewer service reline project. The City expects to issue a \$1,200,000 debenture to fund this project in June 2018 following its completion.

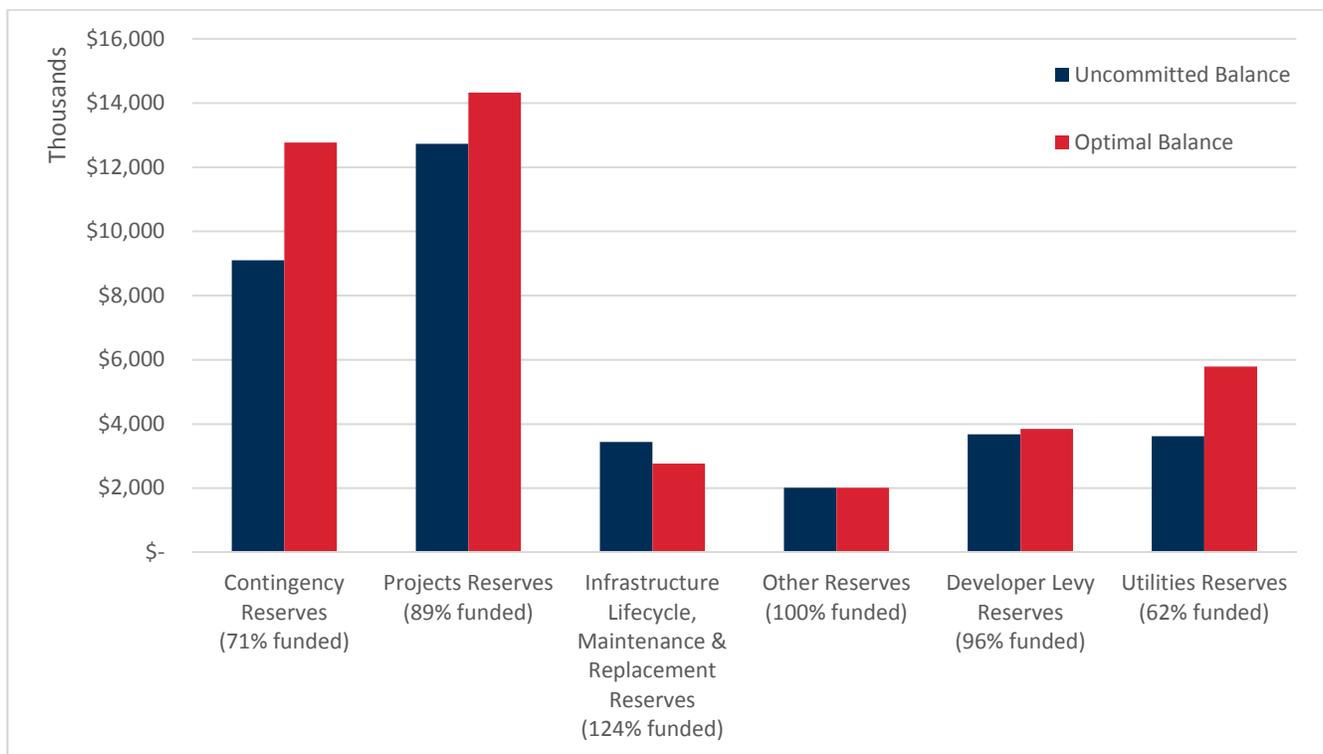


RESERVES

The City maintains a balance between reserve funds, tax revenue, and debt financing. An important component of maintaining this balance is the effective management of reserves. On July 10, 2017, Council approved Financial Reserves Policy FIN-021-C, which provides consistent standards and guidelines for the management of existing reserves and the establishment of new reserves. The Policy directs the establishment of reserves and reserve funding on an ongoing basis to ensure future funding requirements, stabilize fluctuations in operating and capital activities, provide contingency funding, and to reduce the need for debt financing.

The Policy includes a detailed reserve report for each reserve that includes an optimal balance formula which is calculated to ensure that the respective balances are not depleted to the degree that those balances are no longer available to serve their intended purposes. The following graph compares the uncommitted reserve balances at December 31, 2017 to the optimal balances by reserve category.

FIN-021-C is scheduled for a review with Council in 2018.



At December 31, 2017, the City forecasts that its reserve balances will be \$6,931,000 below optimal balances, excluding the 2017 operating budget surpluses. The optimal balance for all reserves at December 31, 2017 is \$41,523,000. Overall at December 31, 2017, uncommitted reserve balances were 83% of optimal balances.

MANAGEMENT REPORT

Grouped by Corporate Strategic Goals, this management report includes relevant actions within the 2014-2017 Strategic Plan, key work plan projects, and operational highlights. Council is provided quarterly reporting in order to support the oversight of the City: to support decision making; ensure accountability; and to provide transparent communication to the public.

GOAL ONE

POSITION FOR GROWTH. Ensure the long term sustainability of our community as a preferred location to live, work and play; as a regional service centre; and as a gateway to Alberta's Industrial Heartland.

- A collaborative public engagement effort titled "My Fort, My City. My Say" was conducted in late 2017. Three branding questions around why people chose Fort Saskatchewan to work, live or visit were included in the questionnaire. Intercept surveys and online questionnaires resulted in over 2300 responses. The survey results were presented to Council in February 2018.
- Transit Park & Ride and North Transfer Station are near completion and will act as primary mobility transfer hubs for the transit system in 2018.
- Taurus Field achieved Substantial Completion in late December. Landscaping will be completed in Spring 2018 with the grandstands being constructed through the winter.
- The Transportation Master Plan was near completion in December 2017. Subsequent to 2017 in March 2018, the draft Transportation Master Plan was presented at a committee of the whole. The Transportation Master Plan will be presented to council later in 2018.

GOAL TWO

STRONG, DIVERSE ECONOMY. Promote the development of economic opportunities and attractions and diversification of the industrial and commercial tax base.

- Economic Development participated in an investment attraction forum and met with Site Selection consultants and brokers to learn how to market the community in a more effective manner.
- The City received \$43,000 in CARES funding from the Province to support the completion of an investment promotion strategy, which evaluated the Economic Development Department's outreach activities and processes. The project also provided recommendations on how to improve marketing materials and provided an overview of the target sectors that would be interested in setting up in Fort Saskatchewan.
- The Economic Development Department began working with the Ministry of Economic Development and Trade to promote the export and trade missions that the provincial government organizes. The purpose is to make local businesses better aware of these opportunities and how they can get involved and grow their market beyond the local and regional borders. This is the first time a municipality has taken such an active role in promoting these activities in partnership with the Province.
- The Economic Development Department, in partnership with our colleagues in Edmonton, Sturgeon County, Lamont County, Strathcona County, AIHA, and the Ministry of Labour, identified significant gaps in the data on labour availability within the region. As a result, a formalized partnership was formed to undertake a comprehensive labour profile for the region, which will be supported by the Ministry of Labour.
- Economic Development undertook discussions with the Chamber of Commerce to identify the training needs of local businesses and how they can be best addressed. We continue to work with the Chamber to bring qualified training to the City and offer it to local businesses.
- A "Starting a Business" guide was developed and posted to the City's website which helps local entrepreneurs understand the process for starting a business. It also provides a list of available resources.
- The Business Support Programs offered by the Economic Development Department continue to support local businesses. In 2017 the Department provided over \$19,000 in support funding to local businesses.
- Fort Saskatchewan continues to see business growth despite a downturn in the economy. In 2017 the City had 1,620 licensed businesses, with 1,077 of these identified as local businesses. This is an increase from 2016 which had 1,502 licensed businesses, 1,013 of these were local.
- The Economic Development Department presented their annual "Economic Update" to the Chamber of Commerce which was well received. The presentation provided a high-level overview of available stats and data which showed that despite a slowdown in the economy, Fort Saskatchewan seemed to be weathering the storm fairly well.
- The Economic Development Department was asked to write a monthly article for the Chamber of Commerce's newsletter. "The Elephant in the Room" has been well received by local businesses and Chamber members for touching on topics that are important to local businesses and to the City itself.

GOAL THREE

VIBRANT AND THRIVING COMMUNITY. Continue to improve and enhance our services and facilities through quality land development to foster a liveable and safe community.

- Corporate Communications worked with Culture Services to prepare a new Christmas parade float that entered an Edmonton parade and the Chamber's Santa Claus parade.
- The Fort Report logo was added to fortsask.ca to allow residents access to the online request for service tool. Promotion of the new request for service program will begin in January 2018.
- All residents on the FCSS Snow Angels Program have been matched. The Seniors Coordinator challenged City staff to work as teams to support residents in the downtown core. Three teams took the challenge and are supporting three residents.
- The November 30th Housing Consultation hosted by Heartland Housing Foundation, in collaboration with FCSS, received feedback on the Home Connector project. Suggestions were addressed and a marketing plan is being developed for review in January.
- FCSS's Rainbow Alliance youth group met with Minister Eggan to discuss the importance of Gay-Straight Alliances in the community. Members of the group were invited to the legislature to witness the passing of Bill 24 and to be interviewed by media.
- On November 25th and 26th the Dow Centennial Centre hosted the annual Chamber of Commerce Christmas Market in the Agrium Indoor Soccer field.
- On December 13th the Dow Centennial Centre hosted its annual an Evening with Santa event. Over 90 children enjoyed a relaxed evening in the Enchanted Forest with hot chocolate, crafts and visiting with Santa.
- Dow Centennial Centre ice users have provided positive comments on the quality of the ice since implementing the REALice © technology last spring.
- Every One Plays program had a successful first year with 166 accepted clients (age ranges from 10 months – 70 years). A total of 50 program requests were made and there were 1,896 visits to the DCC and Harbour Pool. We also referred 11 clients to Kidsport, 2 clients to PCN programs, 1 to FCSS.
- Four events were held in the 4th quarter of 2017:
 - Sheep Leaving Parade continues to grow each year which may lead to a parade route change in 2018.
 - The River Valley Alliance, with member communities, hosted River Fest. The float in all three communities sold out in 5 days.
 - Enchanted Forest gets more popular each year. In 2017, we had 59 trees. That is five more than 2016 and there were 8 trees on the waiting list.
 - Lights Up continues to be popular with families. Well over 1,000 people attended. Families participated in crafts, games, pictures with Santa and more.
- The 2017 - 18 Shell Theatre season launched in October. This season was the first time the theatre had a Broadway Musical on the stage. The spoken word poet, Shane Koyczan, had the largest out of town audience of any show in the last couple of years. Fort Saskatchewan had the fastest sell out of the Barenaked Ladies tour. We also had record merchandise sales for the event. Other artists included KaRAR's Cinderella, Martin Kerr, Nashville Hurricane, Missoula Children's Theatre's Alice in Wonderland,



Element Theatre's Catch Me If You Can, and George Canyon.

- The 2017 - 18 programming year at the Fort Heritage Precinct began in October. All school programs for the year are completely booked.
- The trails and signage at the Fort Heritage Precinct were completed. Lights will be finished by the end of January.
- Harbour Pool ended the year with 104,729 visitors using the facility for lessons, drop in swim times, rentals and school bookings. While this number is slightly lower than 2016, Harbour Pool did have a 6 week shutdown period in 2017. Harbour Pool incorporated the Splash N' Dash program in 2017, a program which is geared towards students who have been in a swim level previously and only have a few items left to complete. The goal of this program was to open up regular programs to those who have not previously been in lessons. Spring still remains the most popular season for lessons with an 87% fill rate. This year Harbour Pool celebrated 35 years of service to the community, and welcomed the public to enjoy free swimming and cupcakes on December 17.
- Infrastructure Management continues the implementation of the new citywide Residential Waste Program, including organics collection, by June 2018. The City procured waste carts which will be delivered in Q2 2018. A public education campaign began in mid-January, 2018.
- Infrastructure Management commissioned a study, addressing site layout and services at the Waste Transfer Station. The current configuration has been in place for about 20 years. The study will include a review of current material collection and disposal practices and will propose site reconfiguration options to improve operations and make best use of available land.
- Transit administration held a public engagement Q&A session with approximately 50 attendees who voiced their experience with the transit system. A survey was distributed at the session as well. Results will be used to guide potential Transit services adjustments and enhancements.
- The City commissioned a drainage study that will provide guidelines to enhance our surface drainage infrastructure. The study will provide criteria for maintenance and response to concerns.
- Closing out 2017, the fire department attended 405 incidents - an 8.5% increase compared to the 373 incidents serviced in 2016. In a breakdown of our incidents, 56.8% were fire related, 20.6% were collision related, 6.2% were hazardous materials related, 11.8% were medical and 4.6% were other types. The fire department saw an increase in 2017 over 2016 of non-emergency services including inspections, educational sessions, occupancy load permits and construction safety plans.
- Municipal Enforcement had 2,396 service calls in 2017, down slightly from the previous year. The unit was below approved staffing levels for an extended period of time in 2017. Three staff were hired in the fourth quarter of 2017. The City expects to fill the remaining vacancy in 2018.
- The RCMP are struggling to fill a large number of positions in Alberta. The Fort Saskatchewan RCMP Inspector position is expected to be filled permanently in the first half of 2018. The support NCO position is expected to be filled by promotion.
- In the fourth quarter, the RCMP's dedicated traffic officer issued 147 violations for various traffic related offences and 25 Criminal Code charges of which 5 were impaired driving related. Four drug related charges were also issued during this period. The officer joined with Municipal Enforcement on 11 occasions to conduct joint operations.
- Approximately 300 hours of proactive patrols were conducted specifically to deter, prevent crime, and increase visibility of our officers in the community. Twenty-five subjects were arrested on warrants during the quarter.

GOAL FOUR

EXCELLENCE IN GOVERNMENT. Be best in class sustainable municipality that delivers high quality, open, and transparent services and communication.

- Corporate Communications supported the development of a communication and resident feedback brochure for Council orientation titled “The Information Pipeline”.
- On October 3rd and 5th, People Services provided an in-house “Supervisors Essentials” workshop for 20 current and potential Supervisors.
- FCSS senior’s calendar for 2018 enhances communication and educates seniors on numerous issues, such as fraud awareness. Residents report that they find the calendars useful and enjoy the Fort Saskatchewan content.
- Planning and Development, with the help of other departments, completed Phase 1 of the Public Engagement program. Phase 2 will commence in the first half of 2018.
- Planning and Development participated/organized a “How to Say No – Positively, The Power of Positive Communication” half day training on December 14th for all staff in the department.
- The NWMP Fort walls palisade came in approximately \$78,000 under budget. A more cost efficient way of pulling out the old support poles was used.
- The Shell Theatre lighting project received a \$75,000 grant from Canada’s Cultural Spaces. The project was completed in September – just in time for the season launch.
- Legislative Services was responsible for coordination of the municipal election and vote on a question, held on October 16th, as well as the subsequent recount from one voting station. Electronic tabulators were used for the first time, and although there were some challenges with the volume of electors in comparison to the number of tabulators supplied, we were happy with the accuracy of the tabulator’s results. In preparation for 2021, appropriate changes will be made to ensure sufficient tabulators are in place.
- Legislative Services, in cooperation with the City Manager and General Manager, Corporate Services, prepared and presented an extensive 4-day orientation for the newly elected Council.
- The Subdivision and Development Appeal Board received 18 appeals to the end of the fourth quarter of 2017, as compared to 26 appeals to the end of the fourth quarter in 2016.
- The Water Meter Reading Enhancement Program has been revised to include potential for real time remote reading by 2021. Project scope and class 2 pricing will be presented to Council in the first half of 2018.
- Finance, in collaboration with Infrastructure Management, developed a framework for a Water Leak Adjustment Program. The program was presented to Council at the December 12th regular Council Meeting. Associated policy and procedures will be presented to Council on February 13, 2018.
- On December 12th, Council approved the 2018 municipal budget establishing total operating revenues and expenses of \$75.9 million and total capital revenues and expenses of \$11 million.
- Updates to the Sewer and Waste Bylaws started during Q4 of 2017. Presentations to Council are scheduled for the first half of 2018.
- Fire Services was the recipient of two grants in Q4; Alliance Pipeline awarded the City \$6,000 and Pembina Pipeline awarded \$4,000. This money is being allocated to offset some equipment and training initiatives.
- An enhanced level of Wi-Fi internet services was installed in the Dow Centennial Centre. The service branded as “Fort WiFi” meets the needs



and expectations of visitors, clients and patrons that are accustomed to mobile data access wherever they go. It will deliver a free internet service that is aimed at providing both residents

and visitors with greater opportunities to stay connected while on the move. More City facilities will be add the same service in the future.

Appendix 2

December 2017

SUPPLEMENTARY FINANCIAL INFORMATION

STATEMENT OF FINANCIAL POSITION

(Unaudited)

	December 31, 2017	December 31, 2016
	\$000s	\$000s
Financial Assets		
Cash and Short Term Deposits	29,336	13,390
Investments	25,374	42,686
Net Taxes Receivable	582	479
Trade and Other Receivables	3,169	4,026
Due from Other Governments	4,110	3,323
Sponsorship Receivable	88	90
Inventory Held for Resale	1,303	1,300
Total Financial Assets	63,962	65,294
Liabilities		
Accounts Payable & Accrued Liabilities	(9,627)	(6,739)
Deposits on Account	(2,847)	(2,047)
Deferred Revenue	(4,256)	(9,648)
Vested Sick Leave	(111)	(128)
Liability for Contaminated Sites	(1,499)	(1,499)
Long-Term Debt	(39,849)	(42,727)
Total Liabilities	(58,189)	(62,788)
Net Financial Assets	5,773	2,506
Other Assets		
Capital Assets	475,394	452,256
Inventories of Supplies	501	505
Prepaid Expenses	521	439
Total Other Assets	476,416	453,200
Accumulated Surplus	482,189	455,706

This unaudited statement of financial position for the City of Fort Saskatchewan has not been consolidated with the Fort Saskatchewan Public Library ("Library").

The audited consolidated financial statements are prepared in accordance with PSAS, which require that the City's financial statement be consolidated with the Library.



STATEMENT OF OPERATIONS

(Unaudited)

	Expressed in \$000s	For the years ended December 31		
		2017 Budget	2017 Actuals	2016 Actuals
Operating Revenue				
Net Municipal Taxes		43,185	43,351	43,350
Sales, Rentals and User Charges		21,625	21,361	21,186
Fines and Penalties		1,569	1,759	1,617
Licenses and Permits		4,642	1,469	3,321
Government Transfers - Operating		1,777	1,409	1,882
Investment Income		694	998	771
Other Revenue		118	279	519
Total Operating Revenue		73,610	70,626	72,646
Operating Expenses				
Salaries, Wages, and Benefits		27,049	25,793	24,194
Contracted and General Services		12,698	10,787	11,059
Materials Supplies, and Utilities		14,380	14,026	14,259
Purchases from other Governments		6,104	5,526	5,342
Transfers to Individuals and Organizations		1,650	1,648	1,601
Interest and Bank Charges		1,656	1,607	1,629
Amortization of Tangible Capital Assets		11,877	13,419	12,876
Loss (Gain) on Disposal of Tangible Capital Assets		(239)	1,226	1,028
Other Expenses		370	176	312
Total Operating Expenses		75,545	74,208	72,300
Surplus (Deficit) before Other Items		(1,935)	(3,582)	346
Other Items				
Contributed Tangible Capital Assets		100	14,974	25,663
Government Transfers - Capital		7,062	14,557	7,170
Developer Levies		-	532	1,204
Net Other Items		7,162	30,063	34,037
Annual Surplus		5,227	26,481	34,383

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OPERATING BUDGET VARIANCES BY DEPARTMENT

	<i>Expressed in \$000s</i>	Year ended December 31, 2017		
		Budget	Actuals	Variance
Elected Officials				
Mayor		(132)	(119)	13
Council		(312)	(277)	35
Total Elected Officials		(444)	(396)	48
City Manager Division				
Office of the City Manager		(1,962)	(1,599)	363
Legislative Services Department		(1,062)	(1,108)	(46)
Total City Manager Division		(3,024)	(2,707)	317
Corporate Services Division				
Corporate Communications		(817)	(777)	40
Financial Services Department		40,911	41,492	581
People Services Department		(1,462)	(1,220)	242
Information Technology Department		(2,245)	(2,250)	(5)
Total Corporate Services Division		36,387	37,245	858
Community & Protective Services Division				
Culture Services Department		(2,513)	(2,326)	187
Family & Community Support Services Department		(703)	(551)	152
Fire Services Department		(2,096)	(2,051)	45
Protective Services Department		(3,748)	(5,300)	(1,552)
Recreation Department		(6,416)	(6,213)	203
Total Community & Protective Services Division		(15,476)	(16,441)	(965)
Infrastructure & Planning Division				
Economic Development Department		(557)	(477)	80
Infrastructure Management Department		(7,903)	(7,925)	(22)
Planning & Development Department		(940)	(891)	49
Project Management Department		(8,043)	(7,818)	225
Total Infrastructure & Planning Division		(17,443)	(17,111)	332
Utilities				
Water		-	(22)	(22)
Sewer		-	(74)	(74)
Solid Waste		-	163	163
Total Utilities		-	67	67
Operating Budget Surplus		-	657	657



Appendix 3

December 2017

CAPITAL PROJECTS

		Project Budget \$000s	Expenditure To Date \$000s	Forecast Expenditure \$000s	Forecast Surplus (Deficit) \$000s	Estimated Completion Date	Comments
General Operations							
General Administration							
16018	New Computer Hardware / Software	195	175	20	-	Sept 2018	Replacement of recreation and point of sale software underway, to be completed in 2018
16021	City Hall Space Development	450	-	450	-	Dec 2019	Placeholder, requires additional funding to commence
16033	Project Management Software	100	82	18	-	Jun 2018	Integration with Dynamics GP being finalized
17010	City Hall Exterior Steps	60	-	60	-	Jun 2018	Vendor selected, project to be completed in 2018
17023	Computer Equipment Replacement	181	179	-	2	Complete	
17024	Computer Network Infrastructure	297	178	119	-	Jun 2018	Replacement of recreation and point of sale software underway, to be completed in 2018
17028	New Computer Hardware / Software	367	268	99	-	Jun 2018	Replacement of recreation and point of sale software underway, to be completed in 2018
17048	Council Chambers Upgrades	5	-	5	-	Apr 2018	Project to be completed in Q2 2018
Total General Administration		1,655	882	771	2		



Capital Projects (UNAUDITED)

Rounded to the nearest thousand dollars, except where otherwise stated

		Project Budget \$000s	Expenditure To Date \$000s	Forecast Expenditure \$000s	Forecast Surplus (Deficit) \$000s	Estimated Completion Date	Comments
Protective Services							
13022	Protective Services Building	12,000	11,832	168	-	Complete	Pending final costs for communications tower from RCMP
16036	New Intersection Safety Device Cameras	223	25	-	198	Complete	Installed at no cost as part of extended agreement. Surplus could be used to cover shortfall in Animal Control Kennel
17032	Animal Control Kennel Building	100	-	180	(80)	Jun 2019	Design work under review
17033	Municipal Enforcement Patrol Vehicle	66	69	-	(3)	Complete	
Total Protective Services		12,389	11,926	348	115		
Fire Services							
16052	Land, New Fire Station	4,408	4,408	-	-	Complete	
17012	Breathing Air Compressor	75	-	-	75	Delayed	Cancelled subsequent to the period
17054	Gear Locker	-	16	-	(16)	Complete	Funded from corporate grants
17055	Thermal Imaging Camera	-	15	-	(15)	Complete	Funded from corporate grants
Total Fire Services		4,483	4,439	-	44		



Capital Projects (UNAUDITED)

Rounded to the nearest thousand dollars, except where otherwise stated

		Project Budget \$000s	Expenditure To Date \$000s	Forecast Expenditure \$000s	Forecast Surplus (Deficit) \$000s	Estimated Completion Date	Comments
Common Services & Equipment Pool							
16007	Replace two skid-steer loaders	101	51	-	50	Complete	
17004	Equipment Replace - 3/4 tonne truck	35	38	-	(3)	Complete	
17005	Equipment Replace - Cavalier	32	29	-	3	Complete	
17006	Front Mount Mower Replacement	90	88	-	2	Complete	
17007	Equipment Replace - 1/4 tonne truck	25	32	-	(7)	Complete	
17008	Small Mower Replacement	68	64	-	4	Complete	
17009	Equipment Replace - Backhoe	150	-	150	-	Jun 2018	To be purchased in second quarter 2018
17015	Replace two skid-steer loaders	101	51	-	50	Complete	
17025	Replace Case Loader	225	-	225	-	Jun 2018	To be purchased in second quarter 2018
17027	Replace Freightliner & Attachments	200	-	200	-	Jun 2018	Delivery expected in 2018
17049	Replace Parks Utility Vehicle	32	32	-	-	Complete	
17050	Replace Turf Vacuum	40	40	-	-	Complete	
Total Common Services & Equipment Pool		1,099	425	575	99		



Capital Projects (UNAUDITED)

Rounded to the nearest thousand dollars, except where otherwise stated

		Project Budget \$000s	Expenditure To Date \$000s	Forecast Expenditure \$000s	Forecast Surplus (Deficit) \$000s	Estimated Completion Date	Comments
Roads & Transportation							
13028	Neighbourhood Rehabilitation	2,100	1,893	-	207	Complete	Surplus to be used for 2018 program
14021	Neighbourhood Rehabilitation	1,700	1,376	-	324	Complete	Surplus to be used for 2018 program
15031	Neighbourhood Rehabilitation	1,800	1,367	-	433	Complete	Surplus to be used for 2018 program
14031	Transit Park & Ride	3,400	3,233	167	-	Jul 2018	Landscaping to continue into summer 2018
15020	Replace Fuel Tank	320	310	-	10	Complete	
15025	86 Ave / Southfort Dr. Widening	2,400	2,241	159	-	Complete	Pending final inspections
16017	Local Road Rehabilitation	2,600	1,921	-	679	Complete	Surplus to be used for 2017 program, funded from Federal Gas Tax Fund and MSI Grant
16031	Access Road & Parking West River's Edge	100	-	100	-	Jan 2018	Completed subsequent to period
16053	Northern Transfer Station	-	105	-	(105)	Complete	Funded from corporate grants
16054	Bus Stops	-	69	-	(69)	Complete	Funded from corporate grants
17019	Local Road Rehabilitation	2,600	1,615	985	-	Complete	Surplus will be used for 2018 program
17020	Neighbourhood Rehabilitation	2,000	1,266	734	-	Oct 2018	West half of Ross drive and Jubilee to be completed in 2018 after ATCO gas lines are replaced
Total Roads & Transportation		19,020	15,396	2,145	1,479		



Capital Projects (UNAUDITED)

Rounded to the nearest thousand dollars, except where otherwise stated

		Project Budget \$000s	Expenditure To Date \$000s	Forecast Expenditure \$000s	Forecast Surplus (Deficit) \$000s	Estimated Completion Date	Comments
Recreation Services							
12025	River Valley Trail System	4,201	3,121	750	330	Delayed	Landscaping around staircase completed. Bridge and trail along highway have been put on hold due to highway twinning project
15034	Pointe Aux Pins road conversion	300	232	-	68	Complete	
16026	West River's Edge Dog Park	600	526	-	74	Complete	
16029	Skateboard/BMX Park	465	31	434	-	Sep 2018	Detailed design work underway, construction subject to Skateboard Society fundraising
16030	Curling Rink Revitalization	5,000	2,789	2,211	-	Jun 2018	Landscaping will carry into summer of 2018
16032	High Performance Sports Field & Amenities	9,653	8,427	1,226	-	Jun 2018	Building passed occupancy inspection. Grandstand construction underway. Landscaping scheduled in 2018
16051	West River's Edge Dock	66	66	-	-	Complete	Funded by Lions Club
17001	Dow Centennial Centre Wi-Fi	147	146	-	1	Complete	
17013	Kinsmen Park Play Area	130	130	-	-	Complete	
17014	Harbour Pool Universal Change Room	1,030	97	933	-	Sep 2018	Construction design approved
17017	Shell Theatre Light Mixing Console	21	21	-	-	Complete	
17038	Dow Centennial Centre Ice Compressor	50	43	-	7	Complete	
17044	Ball Diamond Backstop & Fence	23	23	-	-	Complete	Legion #1 & #2 ballpark completed, Legion #2 was planned for 2018
17045	West River's Edge Dock	16	23	-	(7)	Complete	
17047	Viewing Deck & Signage Original Fort	45	-	45	-	Delayed	To be funded and built by Historical Society
17052	Ice Making Machine	-	35	-	(35)	Complete	
Total Recreation Services		21,747	15,710	5,599	438		



Capital Projects (UNAUDITED)

Rounded to the nearest thousand dollars, except where otherwise stated

		Project Budget \$000s	Expenditure To Date \$000s	Forecast Expenditure \$000s	Forecast Surplus (Deficit) \$000s	Estimated Completion Date	Comments
Cultural Facilities & Programs							
14040	River Valley Enhancements	195	74	121	-	Delayed	Project on hold as a result of work being done on highway alignment
16001	Canada 150 Grant Fort Heritage Precinct Access	415	290	126	(1)	Mar 2018	Completed subsequent to period
16002	Fort Heritage Precinct Site Enhancements	750	746	-	4	Complete	
17026	Upgrade NWMP Fort Palisade Walls	180	101	-	79	Complete	
17042	Theatre Dimmer System	80	122	-	(42)	Complete	Received \$75,000 Grant (split 50-50 to cover expenses for 17042 and 17051)
17051	Shell Theatre House Lighting	87	40	-	47	Complete	Received \$75,000 Grant (split 50-50 to cover expenses for 17042 and 17051)
Total Cultural Facilities & Programs		1,707	1,373	247	87		
Total General Operations		62,100	50,151	9,685	2,264		
Utility Rate Funded Projects							
16037	Water Meters - Radio Upgrades & Lifecycle	710	562	148	-	Aug 2018	Work is ongoing
16039	Transfer Station Office Replacement	75	-	75	-	Oct 2018	Request For Proposal has been issued
15032	Sewer Service Relines	1,200	907	-	293	Complete	Surplus will be used to fund 16020
16020	Sewer Service Relines	1,200	599	601	-	Jun 2018	Includes scope of work for 17021
17021	Sewer Service Relines	1,200	-	-	1,200	Cancelled	Project cancelled. Scope of work will be completed under 16020
17022	Sump Pump Retrofit Program	300	418	-	(118)	Complete	Phase 1 completed in Sienna in August with the connection of 20 homes. Project overrun resulted from capitalizing design work that was budgeted in operations.
17039	Solid Waste Cart Purchase	932	-	932	-	Jun 2018	Carts have been ordered with delivery expected in 2018
17053	Sump Pump Retrofit Program (design-part of 17022)	-	124	-	(124)	Complete	
Total Utility Rate Funded Projects		5,617	2,610	1,756	1,251		
City Funded Capital Projects		67,717	52,761	11,441	3,515		



Capital Projects (UNAUDITED)

Rounded to the nearest thousand dollars, except where otherwise stated

		Project Budget \$000s	Expenditure To Date \$000s	Forecast Expenditure \$000s	Forecast Surplus (Deficit) \$000s	Estimated Completion Date	Comments
Levy Funded Capital Projects							
8020	Southfort Highway Access - Westpark	6,003	5,889	-	114	Complete	Complete, pending final costs
13009	Medium Industrial Secondary Water Supply	2,863	2,786	-	77	Complete	
15014	Southfort Meadows - Park Amenity	650	-	650	-	Dec 2018	Waiting on the developer to build the park. The development stopped as there were no lots being built
16050	Intersection Upgrades - 119 street & Hwy 15 (Design)	250	61	189	-	Oct 2018	Design is complete. Waiting on development to start construction
17002	Southfort Drive Widening - Allard Way to South Greenfield	4,250	3,374	876	-	Sep 2018	Construction is underway
17030	Traffic Lights on 94 Street	300	22	278	-	Sep 2018	Traffic patterns being monitored
Total Levy Funded Capital Projects		14,316	12,132	1,993	191		
City and Developer Capital Projects		82,033	64,893	13,434	3,706		

