

2018 Annual Management Report

**Strathcona County
Priorities Committee
April 16, 2019**

Overview

2018 Annual (Q4) Management Report includes:

1. Review of the consolidated operating results (Annual Operating Surplus for Tax Purposes);
2. Review of capital activity;
3. Review of the key financial indicators of the County; and
4. 2015 – 2018 Corporate Business Plan reporting.

Key term explained

Annual Operating Surplus (Deficit) for Tax Purposes:

- Results from the variances between the approved operating budget and the actual revenue and expenditures that occur during the year
- Is determined on the same basis used in the budget process, which includes certain expenditures for debt repayments, reserve transactions, and excludes capital activity
 - This budgeting method is required by the Municipal Government Act (MGA).
- Is allocated in accordance with Policy FIN-001-008: Allocation of Year-End Operating Surplus for Tax Purposes
 - Should there be a (deficit) at year-end, a transfer from reserve would be required.

Please note: the Annual Operating Surplus for Tax Purposes is not equivalent to the surplus for Public Sector Accounting Standards (PSAS).

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Annual Operating Surplus for Tax Purposes

(page 2)

For the year ended December 31, 2018

Strathcona County operating segments	2018 Annual Operating Surplus for Tax Purposes ¹
Municipal	\$0.0M
Utility	\$0.9M
Library	\$0.0M
Total	\$0.9M

¹The Annual Operating Surplus for Tax Purposes (cash based budgeting) includes debt repayment expenditures and reserve transactions, and excludes amortization expense, gains/loses on asset disposals and capital revenues, unlike the PSAS surplus used to prepare the financial statements.

Capital activity (page 4)

As at December 31, 2018

2018 Planned capital spending:

- The 2018 planned capital spending, as amended, totals **\$115.1 million**.

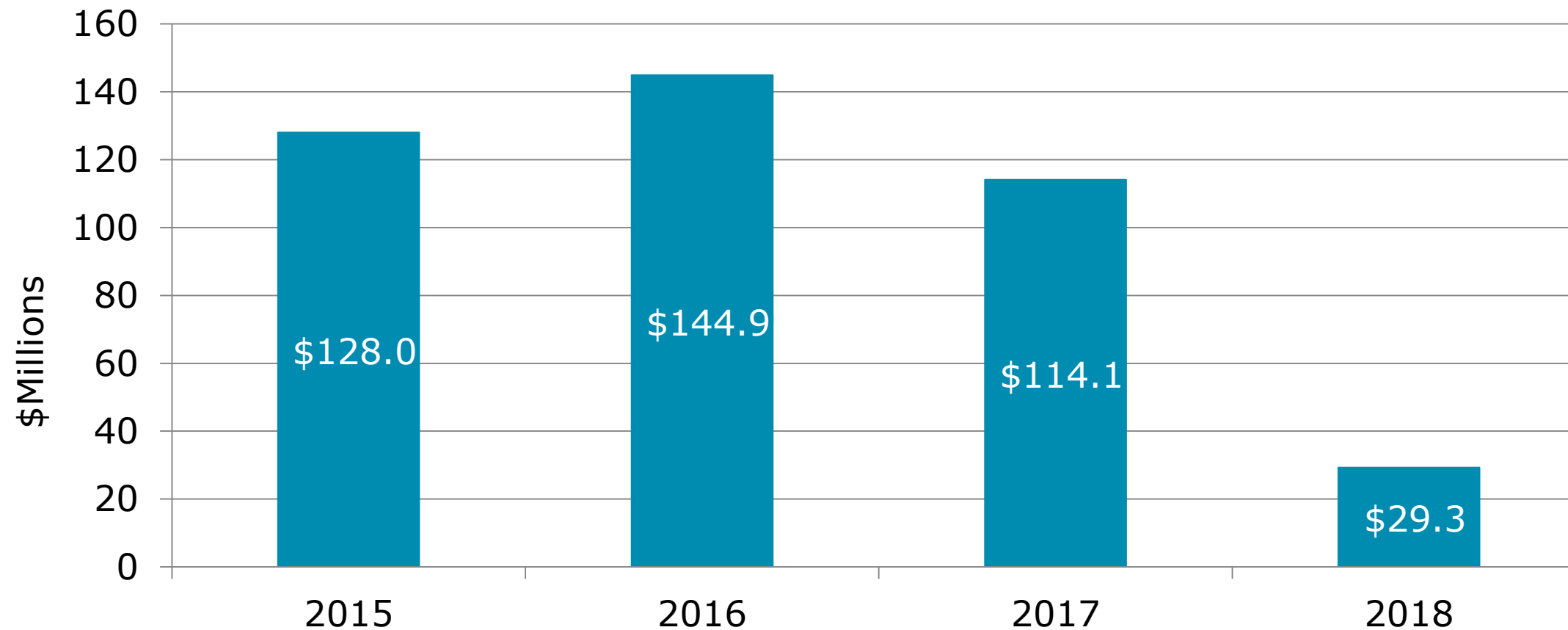
2018 Variance to planned capital spending:

- The variance between the planned and actual spending for the 2018 year totals **\$29.3 million**.

Capital variance (page 4)

As at December 31, 2018

2018 Capital variance = \$29.3 million

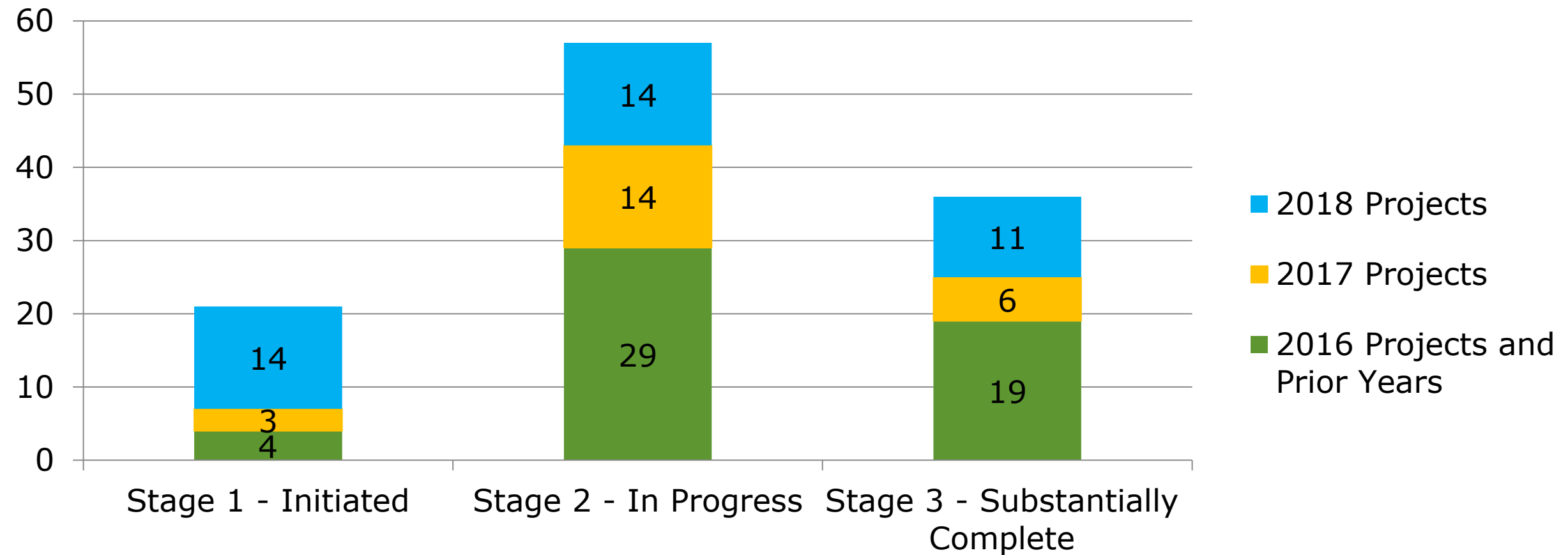


Please note the years presented are based on the adoption of a consistent methodology that commenced in 2015.

Capital activity (page 4)

As at December 31, 2018

Status of 113 Active capital projects:



Capital activity (page 5)

As at December 31, 2018

Update on completed projects

- 45 projects were completed:
 - \$3.3 million under total combined budgets of \$83.2 million
- The compositions of the total \$3.3 million of funding/financing released is:
 - \$2.8 million reserves
 - \$0.3 million external grants and other sources
 - \$0.2 million of planned debt financing not required

Assessment of financial condition

– key financial indicators (page 6)

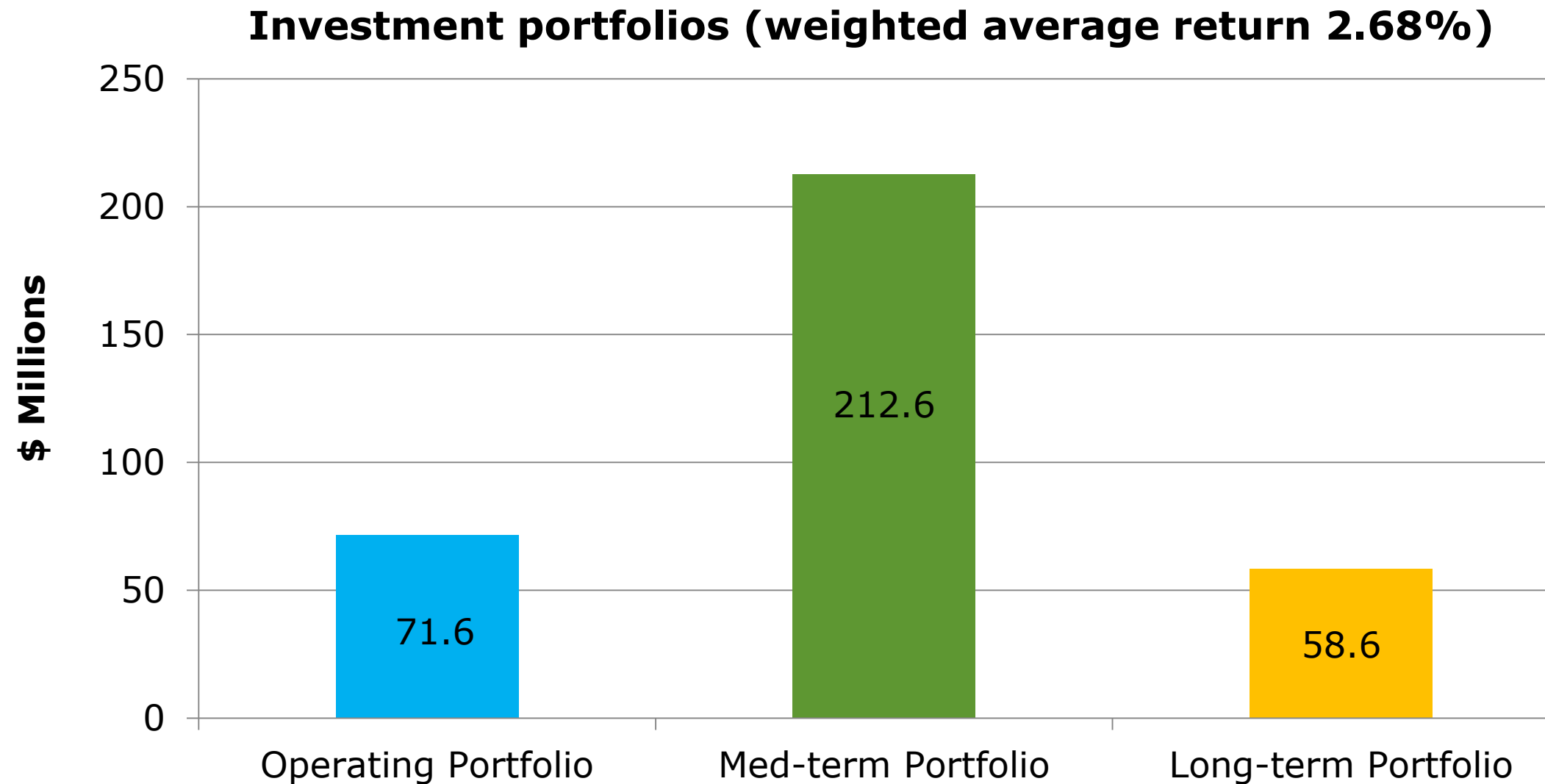
The key financial indicators are based on the unaudited consolidated financial statements for the year ended December 31, 2018 (Appendix 2):

- Statement of financial position
 - Investments
 - Long-term debt
- Net financial asset (net debt) position
 - Net financial assets trend analysis
- Accumulated surplus

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

Key indicator: Investments (page 6)

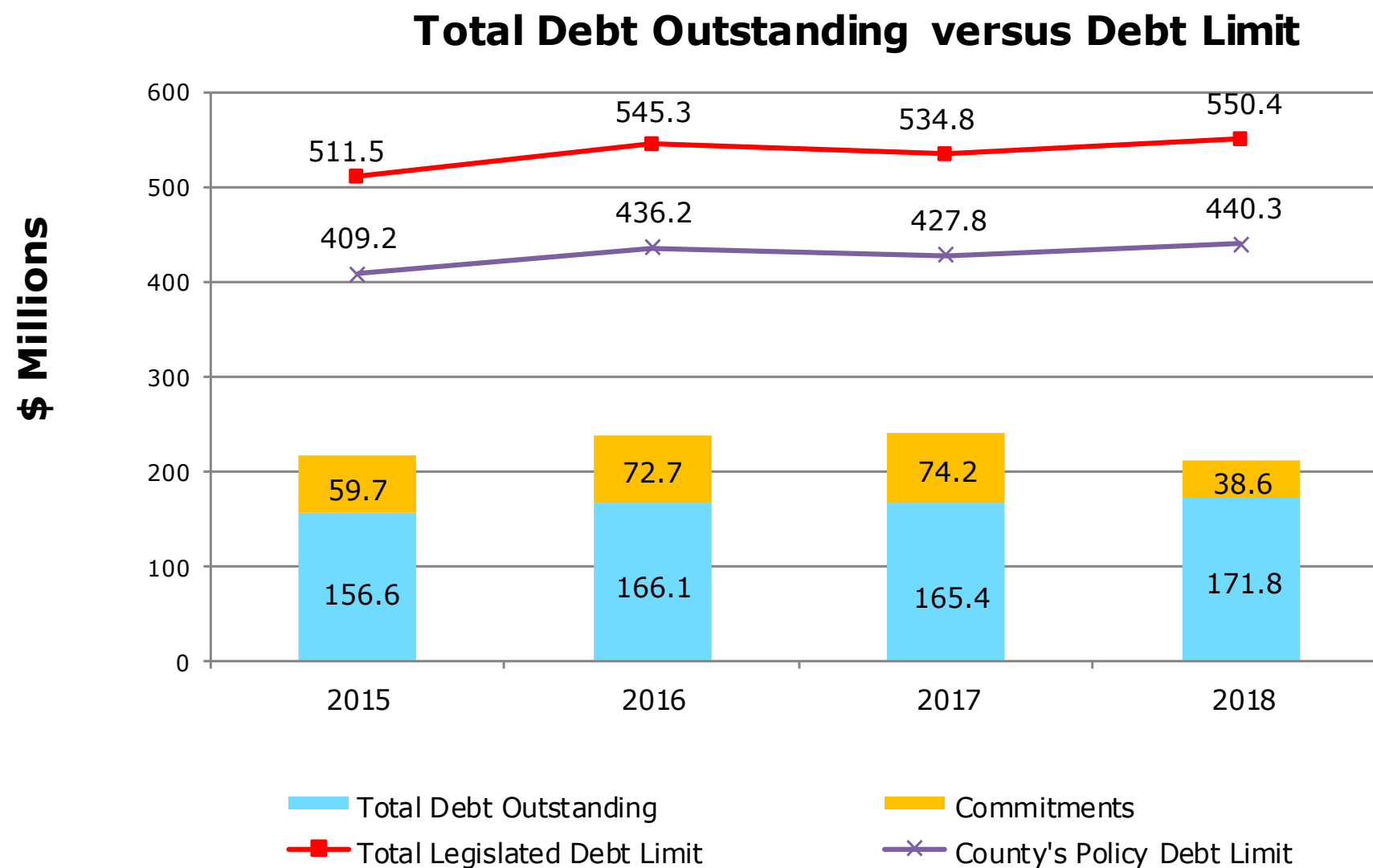
December 31, 2018 investments total \$342.8 million



Key indicator: Long-term debt (page 7)

December 31, 2018 debt capacity totals \$229.9 million

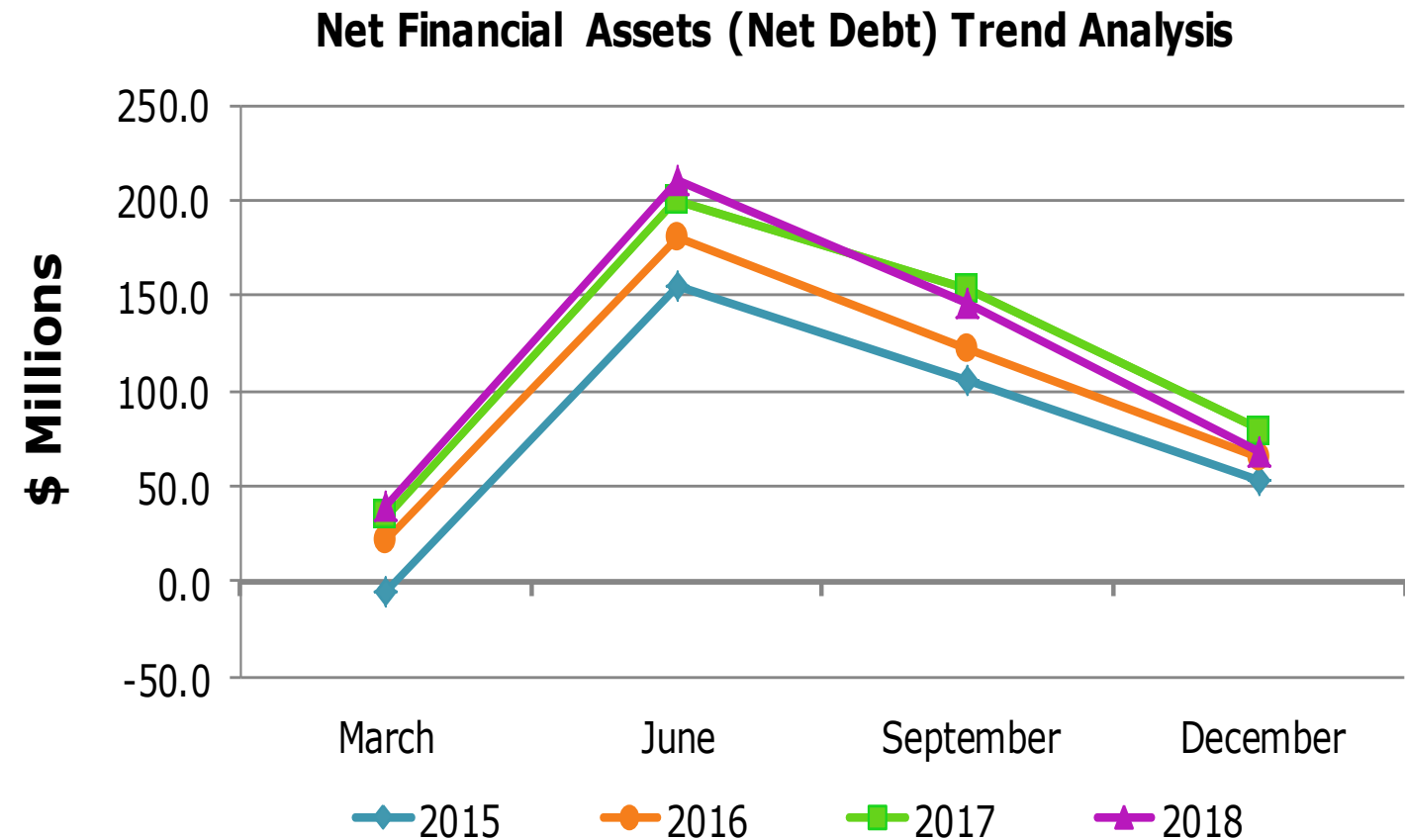
(Based on County's policy debt limit)



Key indicator: Net financial assets(Net Debt) (page 8)

December 31, 2018 net financial assets total \$67.9 million

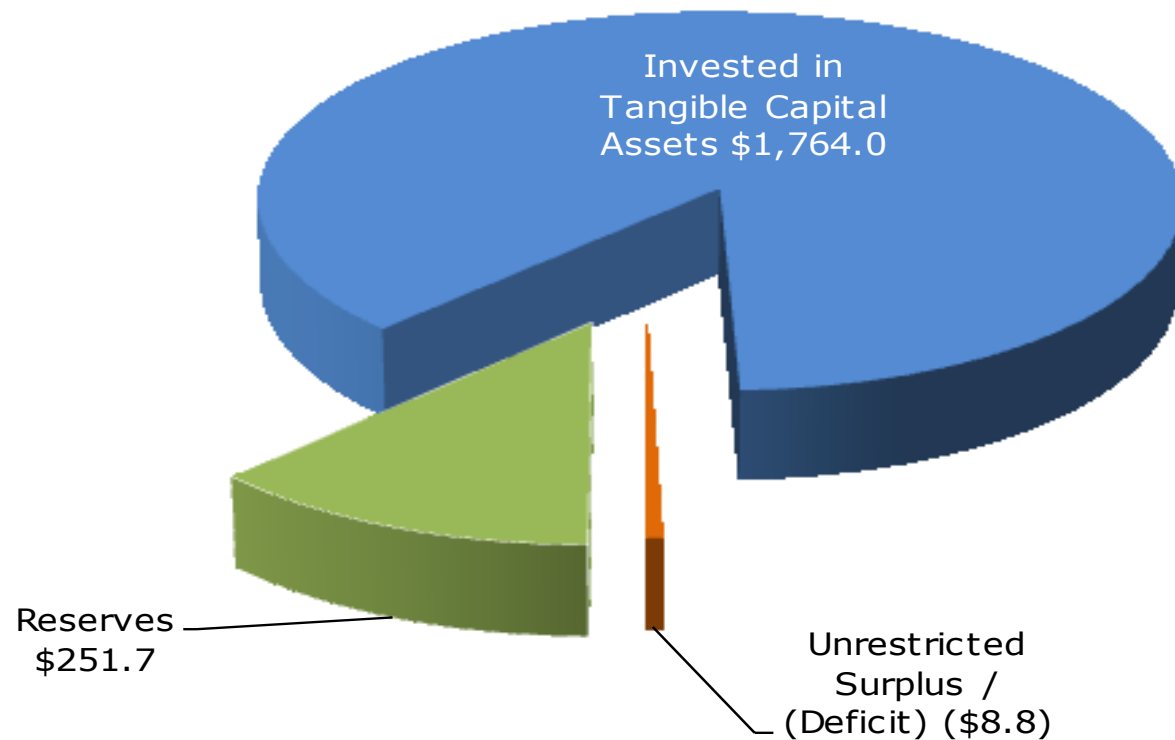
- Net Financial Assets (or Net Debt) is the difference between financial assets and liabilities
- It is a key indicator of the County's ability to maintain services and meet financial commitments



Key indicator: accumulated surplus (page 8)

December 31, 2018 accumulated surplus is \$2.0 billion

Composition of Accumulated Surplus (in \$ Millions)



The amount invested in tangible capital assets of \$1,764.0 million is composed of:

- Municipal \$1,464.6 million
- Utilities \$294.0 million
- Library \$5.4 million

2015 – 2018 Corporate Business Plan final progress report (Appendix 1)

Reporting on the 2015 – 2018 Corporate Business Plan:

- Progress on goals
- Reporting to Council as part of the quarterly and annual management reports, with emphasis on the results of the 2015 – 2018 Corporate Business Plan

Note:

- This is the last report wrapping up the previous 2015 – 2018 Corporate Business Plan
- The second quarter (Q2) 2019 management report will include the initial progress report for the 2019 – 2022 Corporate Business Plan

Questions?