

2020 Second Term Management Report

**Council Meeting
October 27, 2020**

Overview

The 2020 Second Term Management Report includes:

1. The year-end forecast of the annual operating surplus (deficit) for tax purposes and analysis;
2. The year-to-date operating variance;
3. A capital activity update;
4. An assessment of the County's key financial indicators, which includes information on reserves; and
5. Corporate business plan initiatives progress report.

Key Terms 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).

Year-To-Date Operating Variance

- The favourable or (unfavourable) difference between budget and actuals at a point in time including any timing differences.

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

2020 Year-End Forecast (page 2)

For the Period Ended August 31, 2020

The County's consolidated 2020 year-end forecasted annual operating surplus (deficit) for tax purposes is **(\$0.5 million)**, composed of both permanent and forecasted differences.

Strathcona County Operating Segments	2020 Year-End Forecast \$M	2020 Year-End Forecast % ¹
Municipal	(\$11.1M)	(3.6%)
Municipal MOST Funding ²	\$10.0M	-
Utility	\$0.4M	0.6%
Library	\$0.2M	2.0%
Total Dollars and Weighted Percentages	(\$0.5M)	(0.1%)

¹The percentages represent the proportion of surplus (deficit) compared to the respective annual operating budgets.

²The provincial and federal governments announced the Municipal Operating Support Transfer (MOST) funding. Strathcona County has been allocated \$11.1 million. Ninety percent is forecasted to be utilized in 2020 and the remaining ten percent is forecasted to be carried over to 2021.

2020 Year-End Forecast (page 2)

For the Period Ended August 31, 2020

Consolidated Operations – (\$0.5 million) forecasted deficit

Significant items to note:

- **\$10.4 million** favourable variance in government grants, the majority of which is due to additional funding from the Municipal Operating Support Transfer (MOST).
- **\$4.8 million** favourable variance in salaries, wages and benefits mainly attributable to savings in hourly staff as a result of layoffs and reduced operations.
- **(\$17.2 million)** unfavourable variance in user fees and charges due to facility closures, program cancellations, capacity restrictions, and a reduction in transit fares.

¹This listing is only a summary of significant amounts and is not a complete reconciliation of all variances which comprise the August 31 forecast.

Year-to-Date Operating Variance (page 3)

For the Period Ended August 31, 2020

The year-to-date operating variance is a **(\$3.4 million) deficit** (T2 2019 (\$1.3 million) deficit) and is composed of both timing and permanent differences.

Strathcona County Operating Segments	2020 Second Term YTD Permanent Differences	2020 Second Term YTD Timing Differences	2020 Second Term YTD Variance
Municipal	(\$7.4M)	\$3.1M	(\$4.3M)
Utility	\$0.3M	\$0.4M	\$0.7M
Library	\$0.2M	-	\$0.2M
Total	(\$6.9M)	\$3.5M	(\$3.4M)

Capital Activity (page 4)

As at August 31, 2020

Annual Planned Capital Spending

- The 2020 planned capital spending, as amended, totals **\$145.2 million**.

Year-to-Date Capital Spending

- The capital spending as of August 31, 2020, totaled \$30.9 million which is 21.3% of the planned annual spending.

Capital Spending Comparison

- The 2020 year-to-date spending is **\$4.4 million** above the average of the three prior year's.

Assessment of Financial Condition

– Key Financial Indicators (page 5)

The key financial indicators are based on the unaudited consolidated financial statements¹ for the period ended August 31, 2020 (Appendix 1):

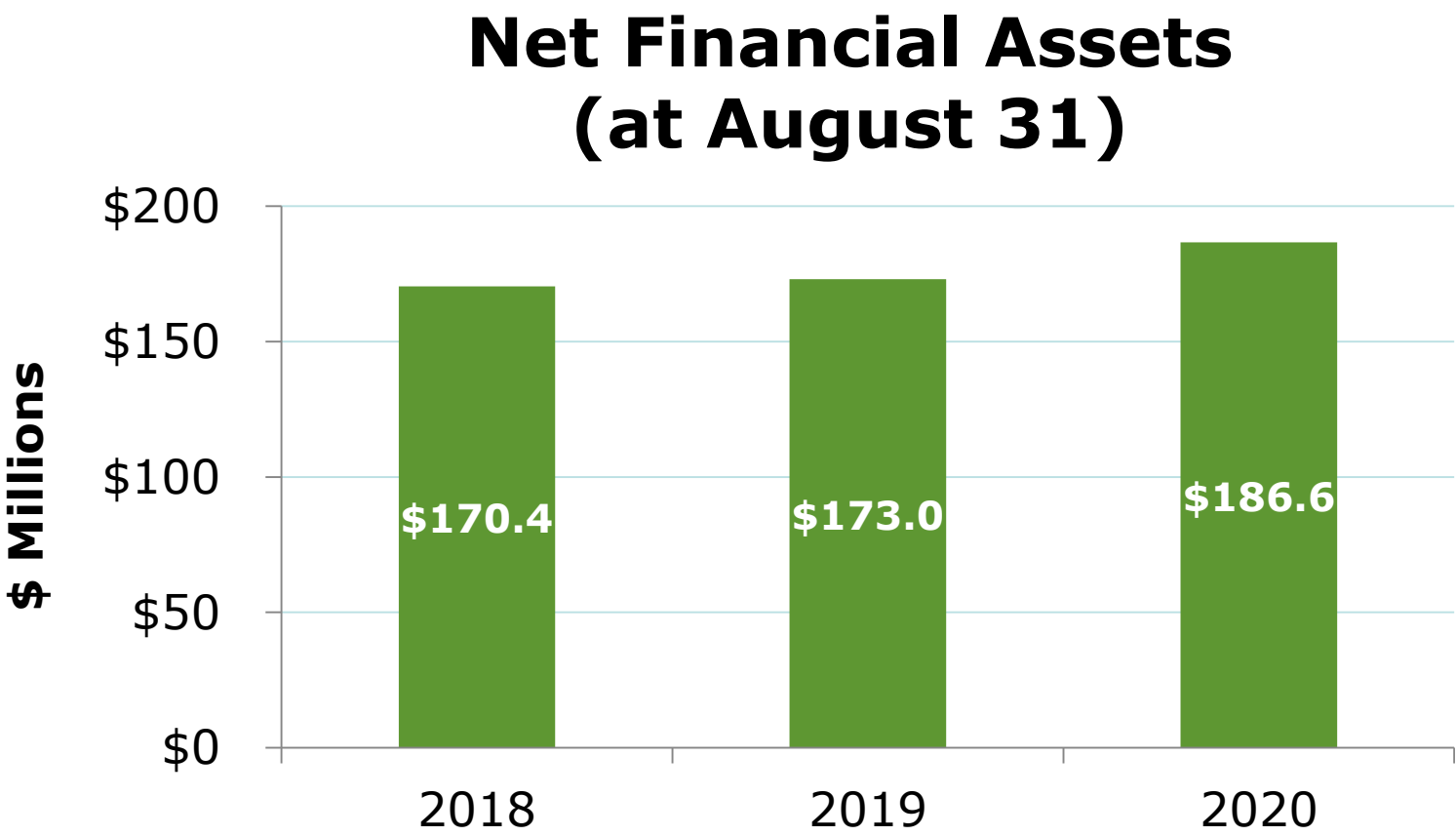
- Net financial assets position
- Long-term debt
- Tangible capital assets
- Reserve reporting

¹The unaudited consolidated financial statements are prepared in accordance with Public Sector Accounting Standards (PSAS).

Key Financial Indicator: Net Financial Assets (page 5)

August 31, 2020 Net Financial Assets total \$186.6 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 Financial Indicator: Long-Term Debt (page 5)

August 31, 2020 Long-Term Debt total \$156.3 million

December 31, 2019 Long-Term Debt Balance	\$162.2M
New debt issued to August 31, 2020	-
Debt repayment to August 31, 2020	(\$5.9M)
August 31, 2020 Long-Term Debt Balance	\$156.3M

Key Financial Indicator: Tangible Capital Assets

(page 5)

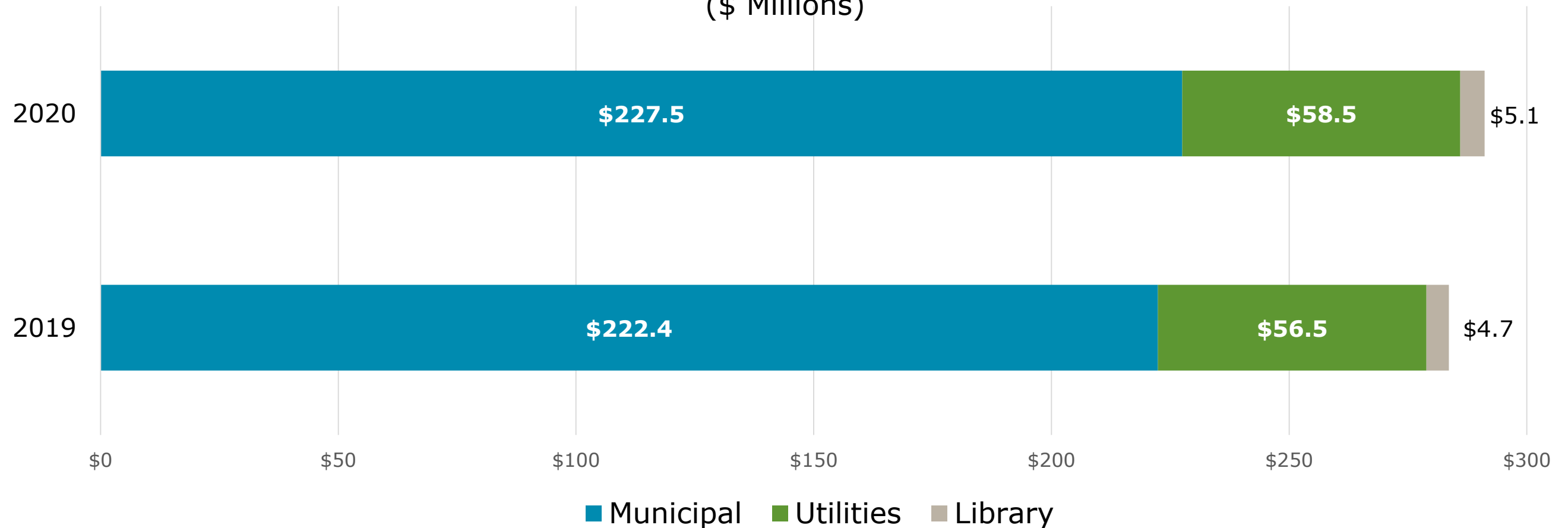
As at August 31, 2020

- The most significant element of the County's financial position.
- As at August 31, 2020, the County's tangible capital assets net book value totals **\$1,936.7 million**.
- For the period ended August 31, 2020:
 - Purchased and contributed asset additions total **\$31.1 million**
 - Disposals total **(\$2.0 million)**
 - Amortization (net of disposals) totals **(\$38.6 million)**

Reserve Reporting (page 6)

August 31, 2020 Reserve total \$291.1 million

Composition of Reserves
(\$ Millions)



Corporate Business Plan Initiatives Progress Report

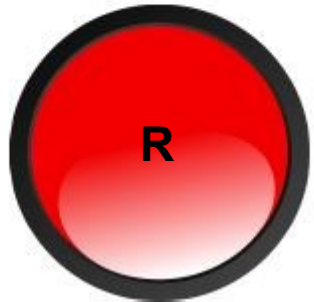
Project Health



Green - Status given when project is running within budget, timeline, or scope expectations.



Yellow - Status given when the budget, timeline or scope of the project is at risk or deserves special attention.

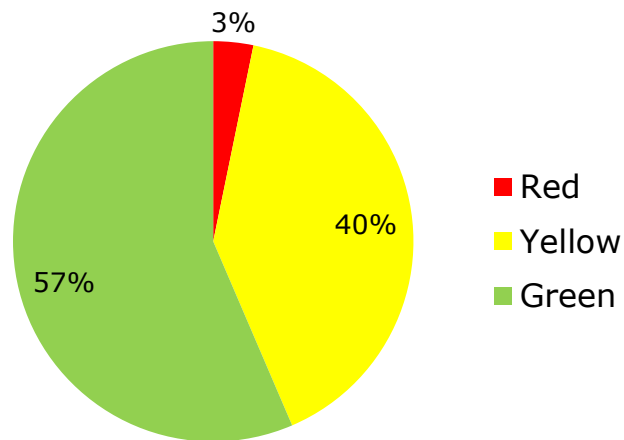


Red - Status given when the budget, timeline or scope of the project has fallen dramatically behind, has encountered a major setback, is significantly over budget, or is outside the expected parameters.

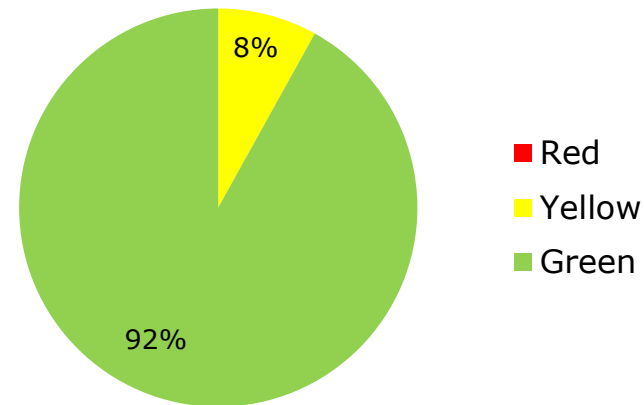
Corporate Business Plan Initiatives Progress Report As at August 31, 2020

Corporate Results

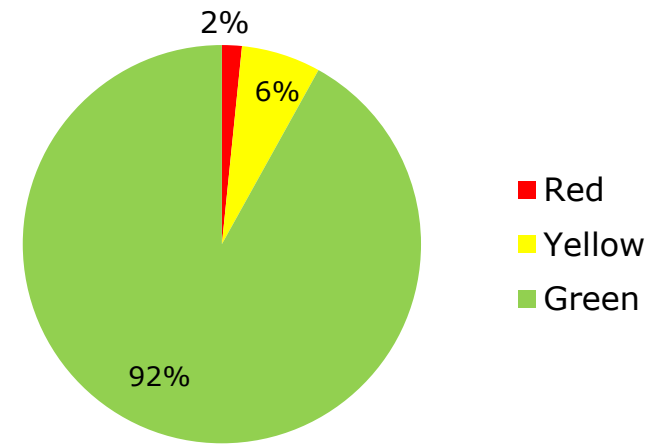
T2 Time



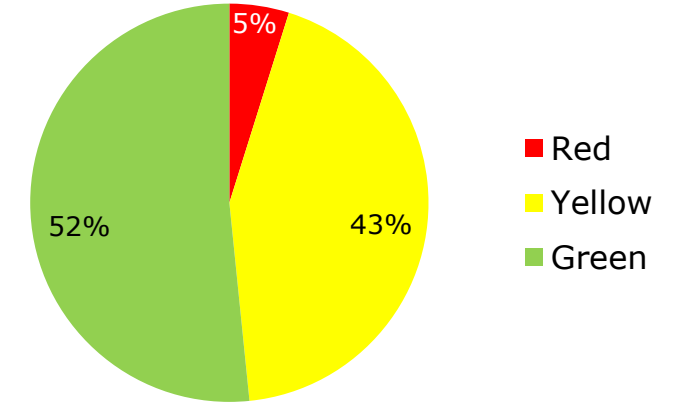
T2 Scope



T2 Budget



T2 Overall



Questions?