

# **2020 Annual Management Report**

**Strathcona County  
Priorities Committee  
April 20, 2021**

# Overview

## **The 2020 Annual (T3) Management Report includes:**

- Review of the consolidated operating results (Annual Operating Surplus for Tax Purposes);
- Financial impacts of COVID-19;
- Audit update;
- Review of capital activity; and
- Review of the key financial indicators of the County based on the Draft Consolidated Financial Statements (unaudited).

## **Additional Information**

- Financial statements are referenced throughout the presentation

# 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).*

# DRAFT Annual Operating Surplus for Tax Purposes (page 2)

**Total of \$3.0 million as of December 31, 2020**



**Municipal**  
**(\$1.2 million)**



**Utility**  
**\$3.8 million**



**Library**  
**\$0.4 million**

An **Annual Operating Surplus** is experienced if revenues are higher or expenses are lower than budgeted. A **(deficit)** is experienced if revenues are lower or expenses are higher than budgeted.

The Annual Operating Surplus is consistent with the budget methodology as required by the Municipal Government Act (MGA), and is not equivalent to the surplus calculated in the consolidated financial statements using Public Sector Accounting Standards.

# Financial Impacts due to COVID-19

## **Financial Impacts due to Covid-19:**

- Lower municipal user fees - (\$17.4 million)
- Reduced property tax revenue - (\$3.3 million)
- Lower investment income and other financial impacts - (\$2.6 million)
- Fewer traffic safety act violations- (\$1.6 million)

These were offset by:

- Unbudgeted Municipal Operating Support Transfer grant - \$11.1 million
- Approximate savings from operational adjustments - \$11.0 million

# Financial Impacts due to COVID-19

	2020 Budget (Note 15)	2020	2019
<b>OPERATING REVENUE</b>			
Property Taxes (Note 16)	\$ 232,751	\$ 229,338	\$ 227,651
Utility User Rates	56,840	56,436	54,019
User Fees and Charges	39,218	24,331	42,099
Government Transfers – Operating (Note 17)	6,848	17,935	8,339
Investment Income	9,445	7,822	9,569
Penalties and Fines	6,176	7,013	7,000
Other Operating Revenue (excluding Parkade Event Insurance Proceeds)	9,861	8,682	8,800
Parkade Event Insurance Proceeds (Note 14)	-	1,363	13,358
Other Operating Revenue	9,861	10,045	22,158
<b>TOTAL OPERATING REVENUE</b>	<b>361,139</b>	<b>352,920</b>	<b>370,835</b>

# Audit Update

- Audit is largely complete
- Financial Statements will be presented for Council approval on April 27, 2021
  - Unqualified (i.e. “clean”) audit opinion anticipated
  - Unadjusted Error – \$1.1 million
    - Due to unrecognized storm water ponds
    - There are no remaining uncorrected misstatements that affect the closing balances at December 31, 2020.
  - Draft Consolidated Financial Statements (Unaudited) are provided in Enclosure 1, Appendix 1

# Capital Activity (page 4)

As at December 31, 2020

## 2020 Planned capital spending:

- The 2020 planned capital spending, as amended, totals **\$164.7 million**.

## 2020 Variance to planned capital spending:

- The variance between the planned and actual spending for the 2020 year totals **\$87.5 million**.
- There are many projects and separate factors that contributed to this variance. Highlighted projects include:
  - The Point Aux Pins Acres (Multi-purpose Agricultural Facility)
  - North of Yellowhead
  - Strathcona County Business Transformation and Enterprise Resource Planning (ERP) Replacement project



# Capital Activity (page 4)

As at December 31, 2020

**In 2020, the County invested \$77 Million in capital projects including:**



**\$31 million** in Roads



**\$25 million** in Buildings



**\$13 million** in Vehicles and Equipment



**\$4 million** in Recreation, Parks and Culture



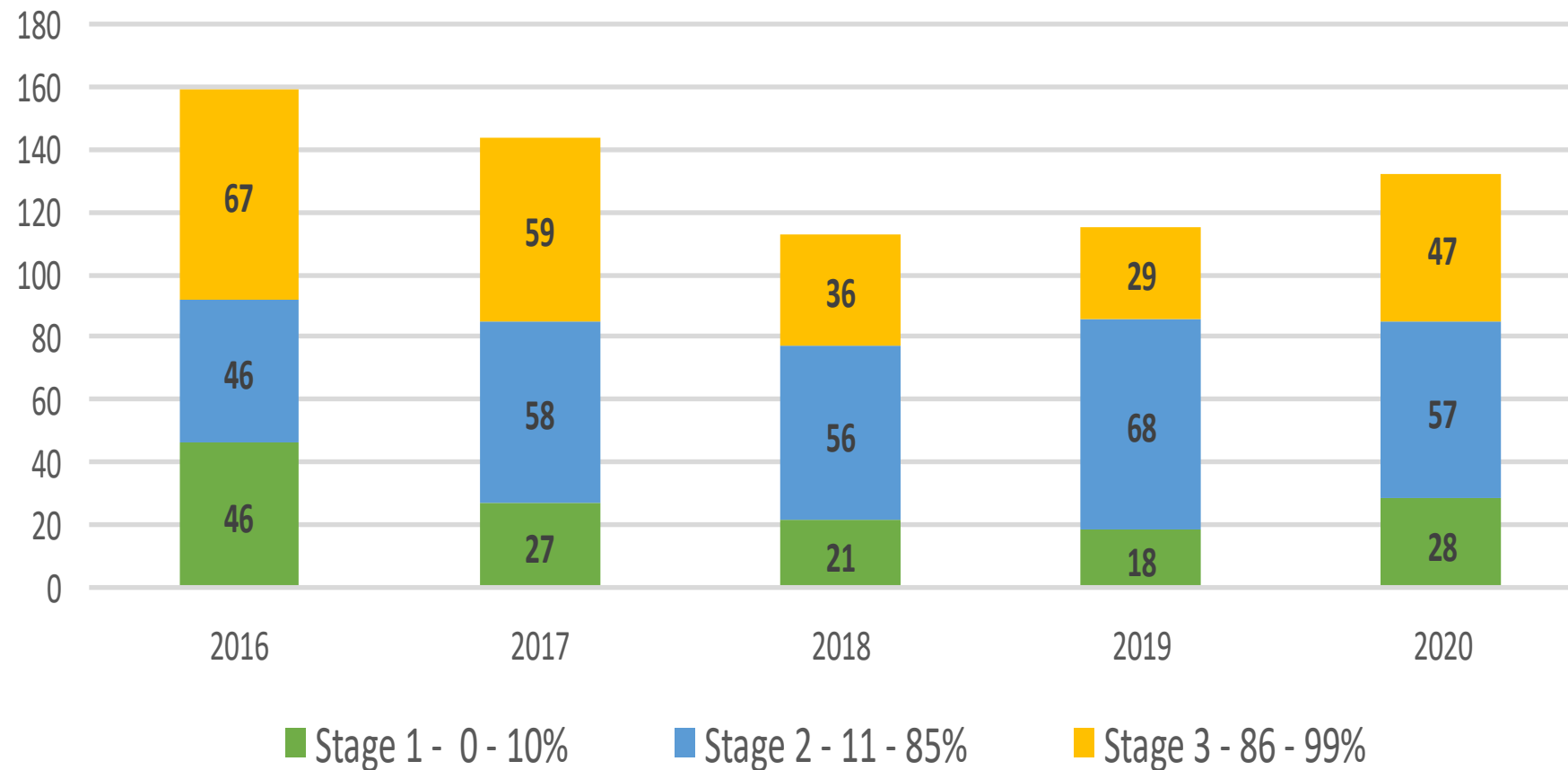
**\$4 million** in Other

# Capital Activity (page 5)

As at December 31, 2020

## Active Capital Project Count by Project Stage:

5 Year Active Capital Project Count by Project Stage



# Capital Activity (page 5)

As at December 31, 2020

## Update on completed projects

- 49 projects were completed:
  - \$6.6 million of funds were released of total combined budgets of \$96.8 million
- The compositions of the total \$6.6 million of funding/financing released is:
  - \$2.9 million reserves
  - \$2.0 million external grants and other sources
  - \$1.7 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, 2020 (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).*

# Public Sector Accounting Standards

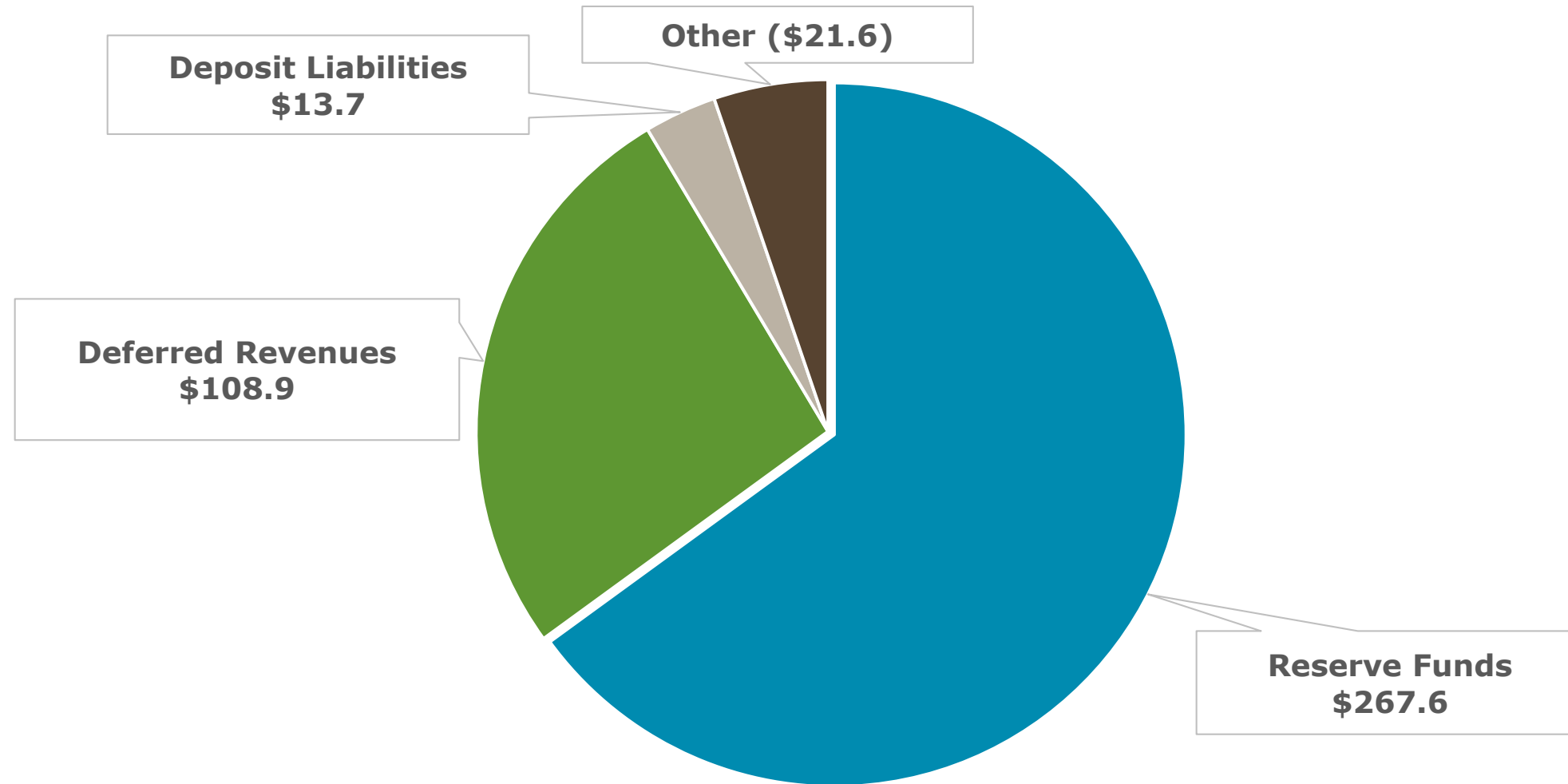
## Financial Statements

	2020	2019
<b>FINANCIAL ASSETS</b>		
Cash and Cash Equivalents	\$ 4,006	\$ 6,400
Accounts Receivable		
Property Taxes	6,262	5,383
Government Transfers	23,586	436
Trade and Other	14,919	15,916
Development Levies and Charges	73	3,359
Investments (Note 2)	368,552	376,560
Investment Interest Receivable	21,772	17,922
	439,170	425,976
<b>LIABILITIES</b>		
Accounts Payable and Accrued Liabilities (Note 3)	63,909	50,385
Deposit Liabilities (Note 4)	13,733	18,665
Deferred Revenue (Note 5)	108,876	115,200
Long-Term Debt (Note 6)	150,569	162,182
	337,087	346,432
<b>NET FINANCIAL ASSETS</b>	<b>102,083</b>	<b>79,544</b>

# Key Indicator: Investments (page 6)

## December 31, 2020 Investments Total \$368.6 million

Composition of Investments (in \$ millions)

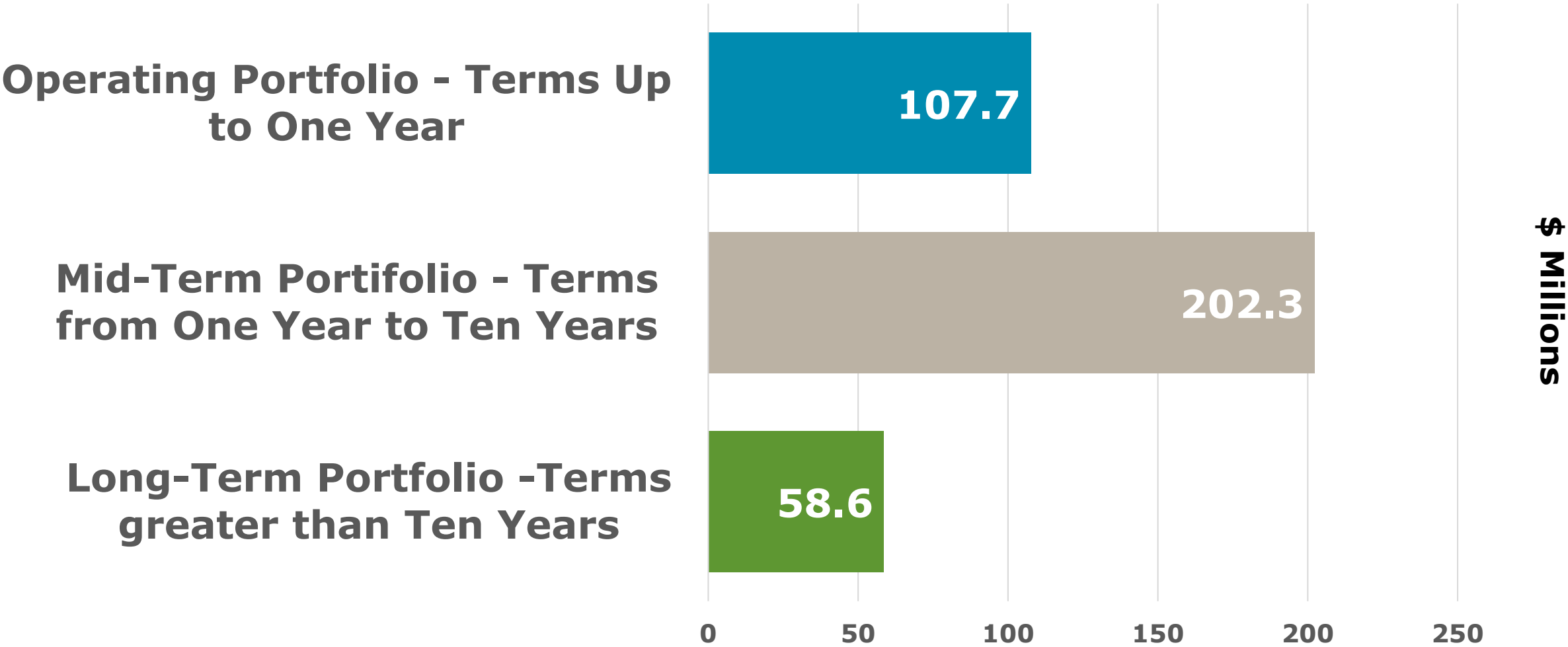


- Invested funds are primarily composed of reserves, deferred revenues and deposit liabilities
- Other mainly represents the use of funds to provide interim financing for capital projects in advance of borrowing

# Key Indicator: Investments (page 6)

**December 31, 2020 Investments Total \$368.6 million**

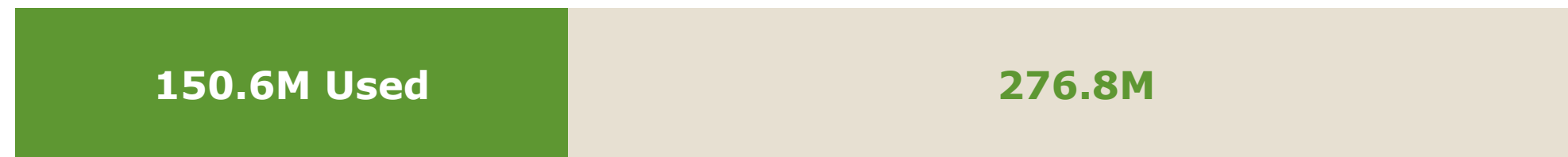
**Investment portfolios (weighted average return 2.76%)**



# Key Indicator: Long-Term Debt (page 7)

## December 31, 2020 Debt Totals \$150.6 million

Strathcona County has used **35%** of the **\$427.4 million** as per the **County's policy debt limit**.



Strathcona County has used **24%** of the **\$71.2 million** as per the **County's policy service on debt limit**.



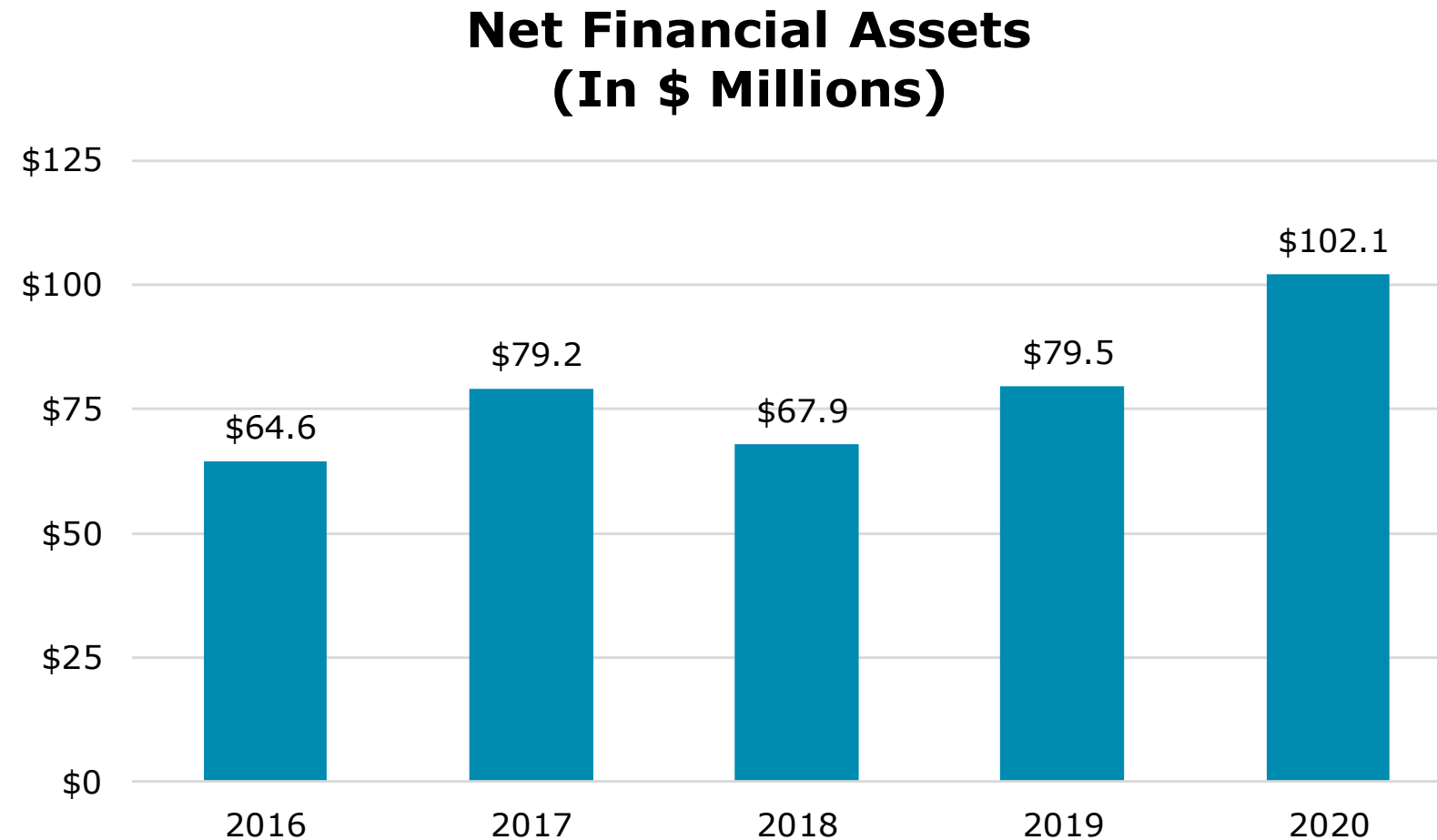
*As per FIN-001-025: Debt Management Policy, the County shall not exceed 80% of the total MGA legislated debt limits.*



# Key Indicator: Net Financial Assets/(Net Debt)

(page 8)

**December 31, 2020 Net Financial Assets total \$102.1 million**

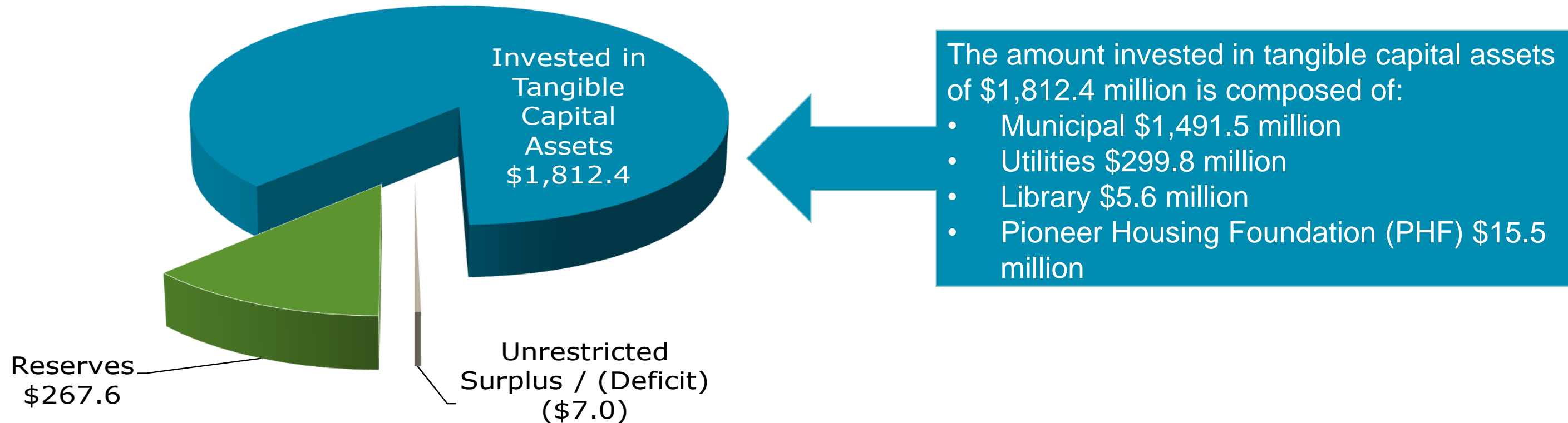


- Net Financial Assets (or Net Debt) is the difference between financial assets and liabilities
- It is a key indicator of the County's ability to maintain services and meet financial commitments

# Key Indicator: Accumulated Surplus (page 8)

December 31, 2020 accumulated surplus is \$2,073 million

## Composition of Accumulated Surplus (in \$ Millions)



*MGA Requirement: Accumulated surplus net of equity in tangible capital assets is a positive balance of \$260.6 million*

# **2020-2023 Corporate Business Plan Initiatives Reports (Enclosure 2)**

# Project Management Elements

- Time
  - The estimated time to reach project completion
- Cost
  - The approved budget for the project including resources and dollars
- Scope
  - The deliverables that fulfill the project's expectations



# Project Health



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



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



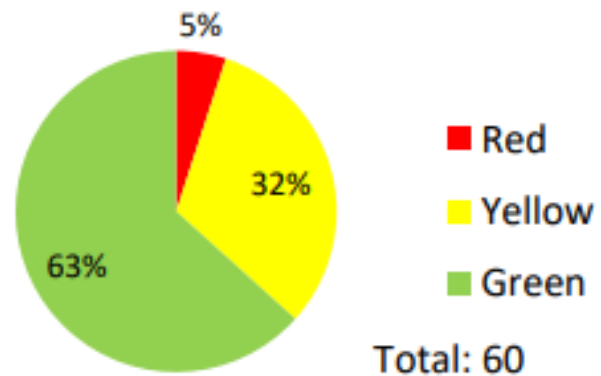
**Red** - Status given when the budget, timeline or scope of the project has fallen dramatically behind, has encountered a major setback, is significantly over budget, or is outside the expected parameters.

# Corporate Business Plan Initiatives Progress Report

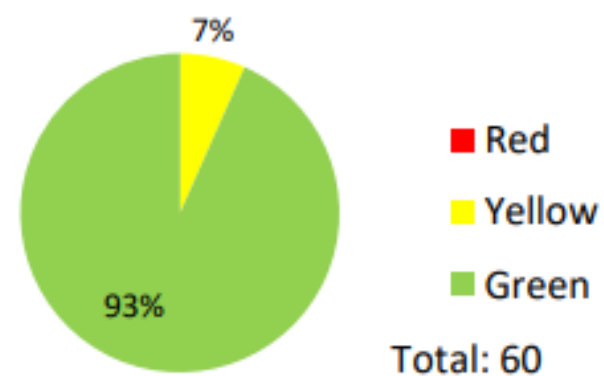
As at December 31, 2020

## Corporate Results

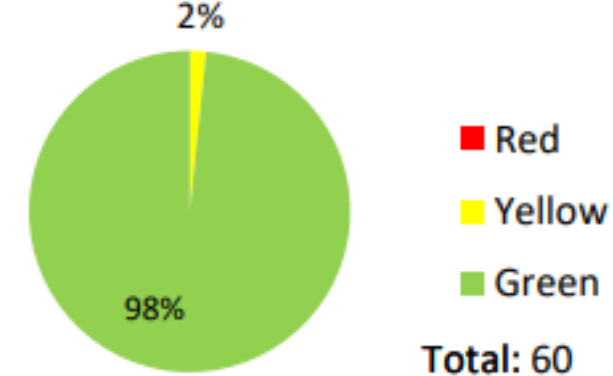
**T3 Time**



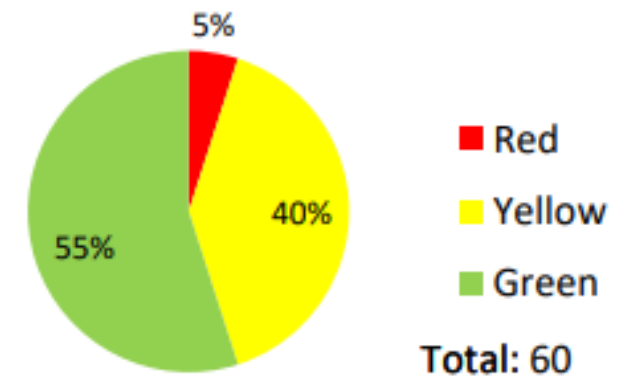
**T3 Scope**



**T3 Budget**



**T3 Overall**



# Questions?