

## **Priorities Committee Meeting\_Jun22\_2021**

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### **REPORT FOR INFORMATION**

#### **2021 T1 Operating Results and Forecast**

##### **Report Purpose**

To provide information to Priorities Committee on the 2021 Term 1 operational results and forecast.

##### **Our Prioritized Strategic Goals**

Goal 2 - Manage, invest and plan for sustainable municipal infrastructure  
Governance Requirement

##### **Report**

As part of Term 1 reporting, a review of the County's operational financial results was conducted as of April 30, 2021, with an emphasis on significant variances between actual and budgeted amounts. This review also included a forecast of variances expected through to the end of 2021.

##### **Consolidated County Year-End Forecast**

The consolidated forecasted year-end surplus for Strathcona County totals \$0.4 million including Municipal, Utility and Library operations.

##### **Municipal Operations T1 Variance and Year-End Forecast**

<b>Municipal Variance as at April 30, 2021</b>	
2021 T1 Timing Differences*	\$6.5 million surplus
2021 T1 Permanent Differences	(\$1.2 million) deficit
<b>Total 2021 T1 Municipal Variance at April 30, 2021</b>	<b>\$5.3 million surplus</b>

*\*Timing Differences are largely due to budgeted expenses being projected to occur later in the year than originally expected. Timing effects on budgeted expenses were a result of unexpected weather, billing delays after work completion, and COVID-19.*

<b>Year End 2021 Forecasted Municipal Variance</b>	
<b>2021 Year-End Municipal Forecast</b>	<b>(\$3.4 million) deficit</b>
Budgeted Transfer from Municipal Reserves	\$3.4 million surplus
<b>2021 Year-End Municipal Forecast**</b>	<b>\$0.0 million</b>

*\*\* The Year-End Municipal Forecast is based on the information available as of April 30, 2021 and is subject to the uncertainty of unknown events or circumstances which may take place during the remainder of the year.*

As anticipated, the County has continued to feel the effects of COVID-19 on Municipal operations, particularly within the Recreation, Parks and Culture, and Transit departments. These impacts are expected to continue, but also decrease as the year progresses and operations return to normal. The forecasted shortfalls to revenue are expected to be partly offset by savings on expenses. COVID-19 has also impacted budgeted property assessment growth creating a property tax deficit. The remaining forecasted Municipal deficit will be

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offset by a budgeted transfer from Municipal Reserves, therefore, Municipal operations are forecasted to end the year on budget.

### **Municipal Year-End Forecast – COVID-19 Impacts**

- Property Taxes: (\$1.8 million) deficit
  - Significant contributing factors include: decreased assessment values and growth not formulating as anticipated impacting both regular and supplementary tax revenues.
- Municipal Fees and Charges: (\$7.8 million) deficit
  - Significant contributing factors include: closures and restrictions on facilities and programs, Millennium Card sales placed on hold, reduced ridership of transit, and continued suspension of the U-PASS.
- Operational Adjustments: \$6.2 million surplus
  - Significant contributing factors include: savings in hourly staffing as a result of layoffs and a reduction in staffing levels, vacancies and underfilled positions due to decreased services provided, reduction in costs associated with programming and events, and commodity savings associated with reduced facility usage.

### **Utility Operations Year-End Forecast**

Utility operations are forecasted to be close to budget, with an anticipated \$0.4 million surplus. There are no significant items to note for the Utility operations forecasted surplus. The forecasted surplus is subject to change as it is dependent on summer water and wastewater usage, as well as COVID-19 restrictions.

### **Library Year-End Forecast**

Library operations are forecasted to be very close to budget, with minimal anticipated surplus. There are no significant items to note for the Library operations forecasted surplus.

### **Additional Information**

Corporate information related to the T1 2021 – 2024 Corporate Business Plan Progress Report is included in Enclosure 1 including highlights of a few good news examples of projects that are completed or are progressing well.

### **Council and Committee History**

March 23, 2021	Council approved a summary report for the 2021 T1 financial reporting despite the provisions of the FIN-001-010 Financial Reporting Policy.
November 30, 2020	Council approved the 2021 consolidated operating and capital budgets.

### **Other Impacts**

**Policy:** FIN-001-010: Financial Reporting

**Legislative/Legal:** n/a

**Interdepartmental:** All County Departments

**Master Plan/Framework:** n/a

### **Enclosure**

1. Corporate Business Plan 2021 – 2024 Initiatives Progress Report