

2023 Strathcona County Annual Management Report

Priorities Committee
April 16, 2024

Overview

The 2023 Annual Management Report includes:



- Municipal Operations
- Utility Operations
- Library Operations
- Consolidated Results

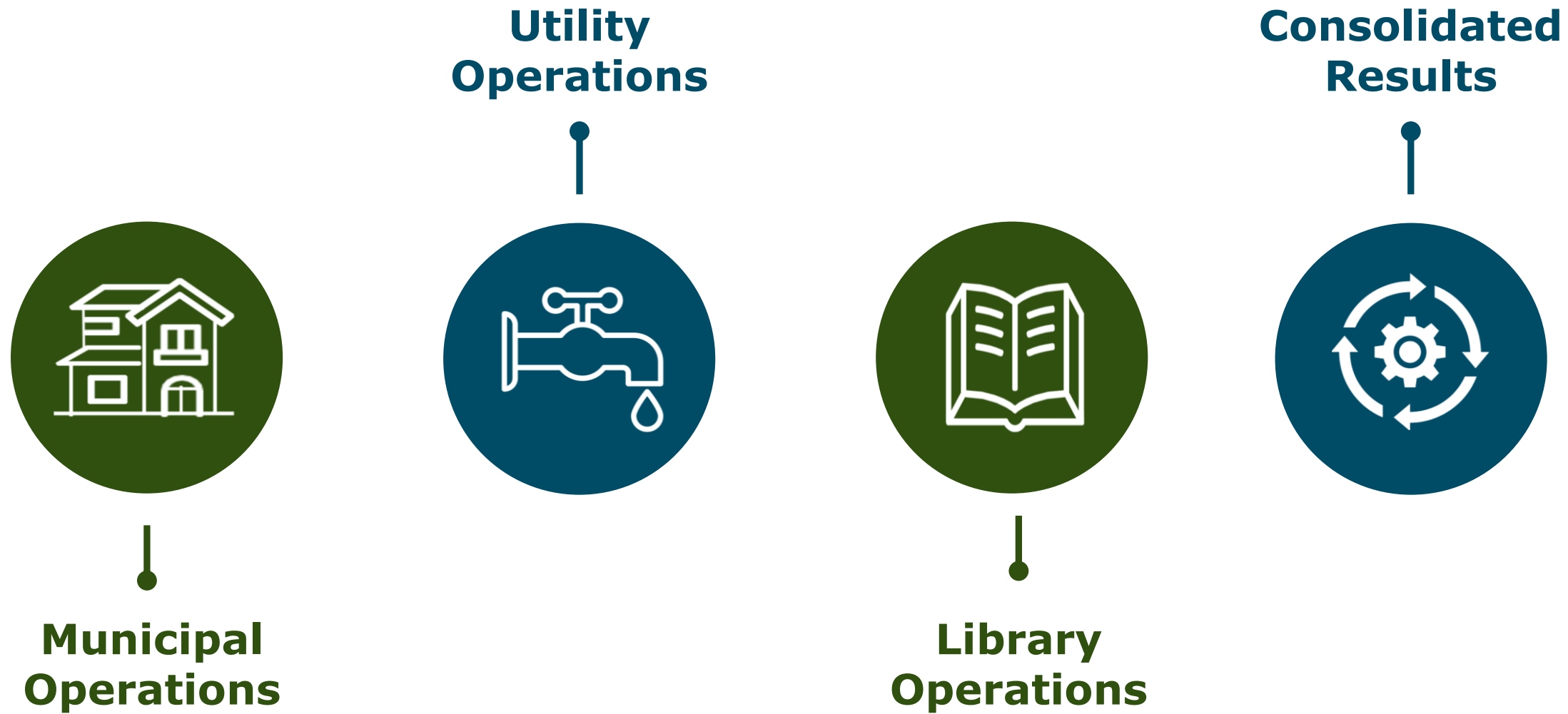


- Capital Budget and Spend
- Capital Spend Variance
- Completed Projects



- Tangible Capital Assets
- Investments
- Long-term Debt
- Reserves

Operating results



Municipal operations

results as of December 31, 2023



**\$16.0M
surplus**



6% Favourable Variance in Revenues



5% Favourable Variance in Expenses

Municipal operations

Municipal Operations

In Thousands

	2023 Budget	2023 Actuals	\$ Favourable (Unfavourable)	% Favourable (Unfavourable)
Revenue				
Property Taxes	\$ 254,304	\$ 259,137	\$ 4,833	2%
Service Fees and Charges	34,051	38,054	4,003	12%
Penalties and Fines	4,429	7,235	2,806	63%
Permit and License Fee	3,312	3,865	553	17%
Investment Income	5,681	8,492	2,811	49%
Government Grants	7,982	10,150	2,168	27%
Other Revenue	4,572	7,235	2,663	58%
Total Revenue	\$ 314,331	\$ 334,168	\$ 19,837	6%
Expenses				
Salaries & Benefits, Employee Expenses	\$ 183,525	\$ 184,815	\$ (1,290)	(1)%
Business Expenses	31,648	26,890	4,758	15%
Purchased Services	58,891	53,160	5,731	10%
Supplies, Materials and Equipment	19,817	17,211	2,606	13%
Interest on Debentures	2,563	2,371	192	7%
Grants Disbursed	13,579	7,698	5,881	43%
Other Expenses	2,194	4,317	(2,123)	(97)%
Intercharges	(3,338)	(3,559)	221	(7)%
Total Expenses	\$ 308,879	\$ 292,903	\$ 15,976	5%
Net Revenue/Expense	\$ 5,452	\$ 41,265	\$ 35,813	657%
Non-Operating Items and Close to Equity	\$ (5,452)	\$ (25,256)	\$ (19,804)	363%
Operating Surplus/Deficit For Tax Purposes	\$ -	\$ 16,009	\$ 16,009	

The financial information provided in the above table excludes non-cash items related to capital and the associated offsets in non-operating items.

Municipal operations surplus explained

Variance	
\$4.8M	Higher industrial supplementary taxes collected
\$2.2M	Increase in grants received such as Low-Income Transit Pass, MSI operating (LGFF), and other grants
\$2.0M	Net increase from post pandemic recreation facility usage revenue and membership sales
\$1.9M	Revenue associated with reserve transfer for routine employee benefit management
\$1.6M	Net increase of investment income from favourable interest rates
\$1.5M	Retroactive pay adjustment for RCMP
\$1.1M	Net increase in enforcement revenue
\$1.1M	Reduced expenditures resulting from milder winter conditions.
(\$0.2M)	Other variances in expenses
\$16.0M	Surplus

Utility operations

results as of December 31, 2023



12% Favourable Variance in
Revenues

Utility operations

Utility Operations				
In Thousands				
	2023 Budget	2023 Actuals	\$ Favourable (Unfavourable)	% Favourable (Unfavourable)
Revenue				
Property Taxes	\$ 17	\$ 23	\$ 6	35%
Utility User Rates	58,895	62,985	4,090	7%
Service Fees and Charges	1,167	2,902	1,735	149%
Penalties and Fines	76	121	45	59%
Investment Income	1,320	2,824	1,504	114%
Government Grants	27	-	(27)	(100)%
Other Revenue	118	388	270	229%
Total Revenue	\$ 61,620	\$ 69,243	\$ 7,623	12%
Expenses				
Salaries & Benefits, Employee Expenses	\$ 11,925	\$ 11,937	\$ (12)	-%
Business Expenses	1,620	1,424	196	12%
Purchased Services	13,023	13,219	(196)	(2)%
Supplies, Materials and Equipment	24,877	25,795	(918)	(4)%
Interest on Debentures	2,453	1,836	617	25%
Grants Disbursed	-	16	(16)	-%
Other Expenses	35	(12)	47	134%
Intercharges	2,536	2,483	53	2%
Total Expenses	\$ 56,469	\$ 56,698	\$ (229)	-%
Net Revenue/Expense	\$ 5,151	\$ 12,545	\$ 7,394	144%
Non-Operating Items and Close to Equity	\$ (5,151)	\$ (7,064)	\$ (1,913)	37%
Operating Surplus/Deficit For Tax Purposes	\$ -	\$ 5,481	\$ 5,481	
<i>The financial information provided in the above table excludes non-cash items related to capital and the associated offsets in non-operating items.</i>				

Utility operations surplus explained

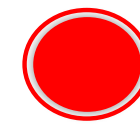
Variance	
\$3.2M	Net increase from higher consumption of water and treatment of wastewater
\$1.5M	Increased investment income from favourable interest rates
\$0.8M	Other variances
\$5.5M	Surplus

Library operations

results as of December 31, 2023



6% Favourable Variance in Revenues



(1%) Unfavourable Variance in Expenses

Library operations

Library Operations				
In Thousands				
	2023 Budget	2023 Actuals	\$ Favourable (Unfavourable)	% Favourable (Unfavourable)
Revenue				
Property Taxes	\$ 10,671	\$ 11,050	\$ 379	4%
Service Fees and Charges	2	9	7	350%
Penalties and Fines	13	15	2	15%
Investment Income	149	392	243	163%
Government Grants	551	563	12	2%
Other Revenue	173	184	11	6%
Total Revenue	\$ 11,559	\$ 12,213	\$ 654	6%
Expenses				
Salaries & Benefits, Employee Expenses	\$ 7,189	\$ 7,038	\$ 151	2%
Business Expenses	244	194	50	20%
Purchased Services	178	151	27	15%
Supplies, Materials and Equipment	627	617	10	2%
Interest on Debentures	689	689	-	-%
Other Expenses	2	37	(35)	(1,750)%
Intercharges	821	1,163	(342)	(42)%
Total Expenses	\$ 9,750	\$ 9,889	\$ (139)	(1)%
Net Revenue/Expense	\$ 1,809	\$ 2,324	\$ 515	28%
Non-Operating Items and Close to Equity	\$ (1,809)	\$ (1,877)	\$ (68)	(4)%
Operating Surplus/Deficit For Tax Purposes	\$ -	\$ 447	\$ 447	
<i>The financial information provided in the above table excludes non-cash items related to capital and the associated offsets in non-operating items.</i>				

Library operations surplus explained

Variance	
\$0.2M	Primarily due to staff vacancies, retirement, and leaves
\$0.2M	Increased investment income from favourable interest rates
\$0.4M	Surplus

Consolidated results

as of December 31, 2023



**\$21.9M
surplus**



7% Favourable Variance in
Revenues

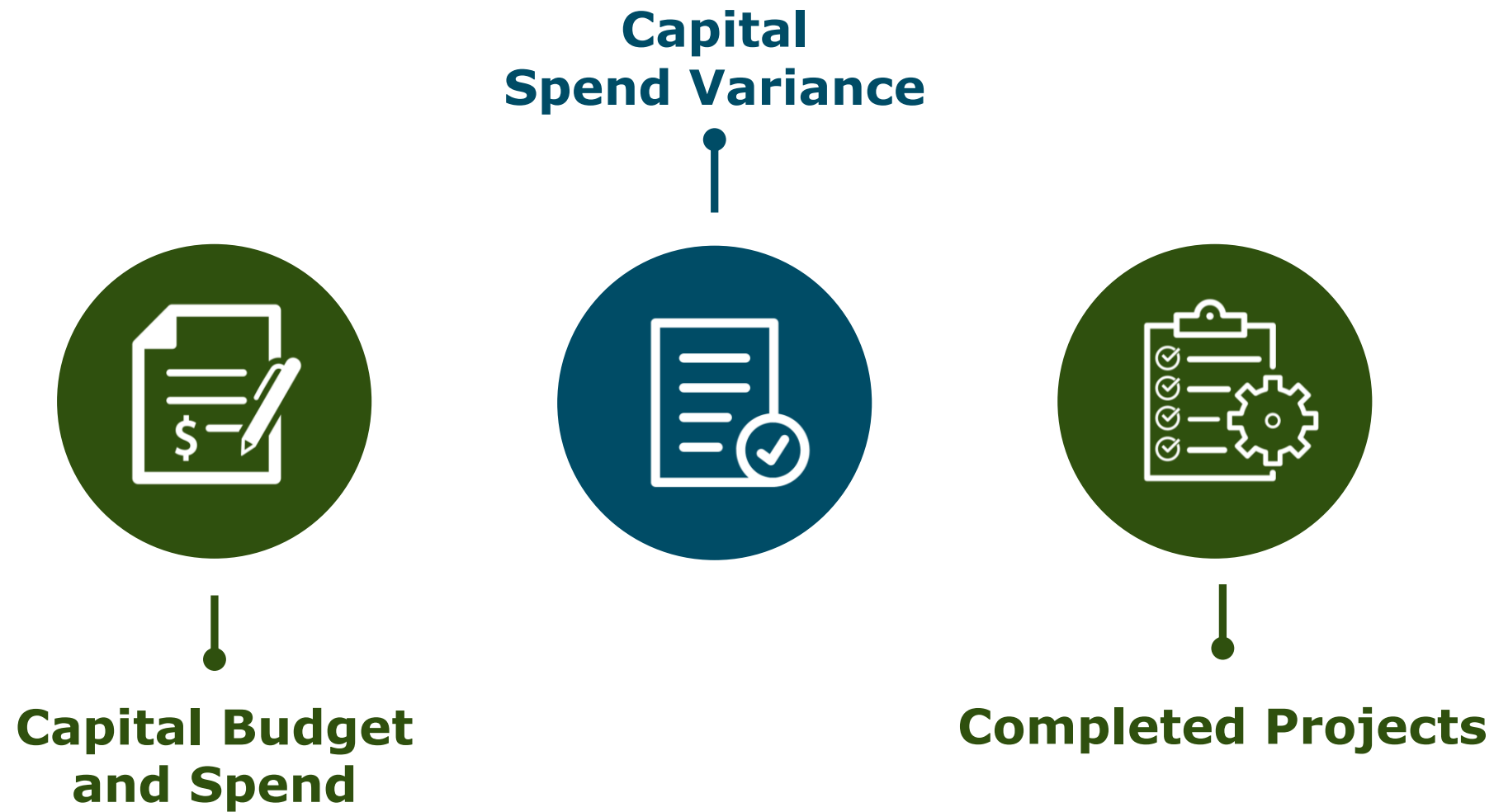


4% Favourable Variance in
Expenses

2023 Consolidated results

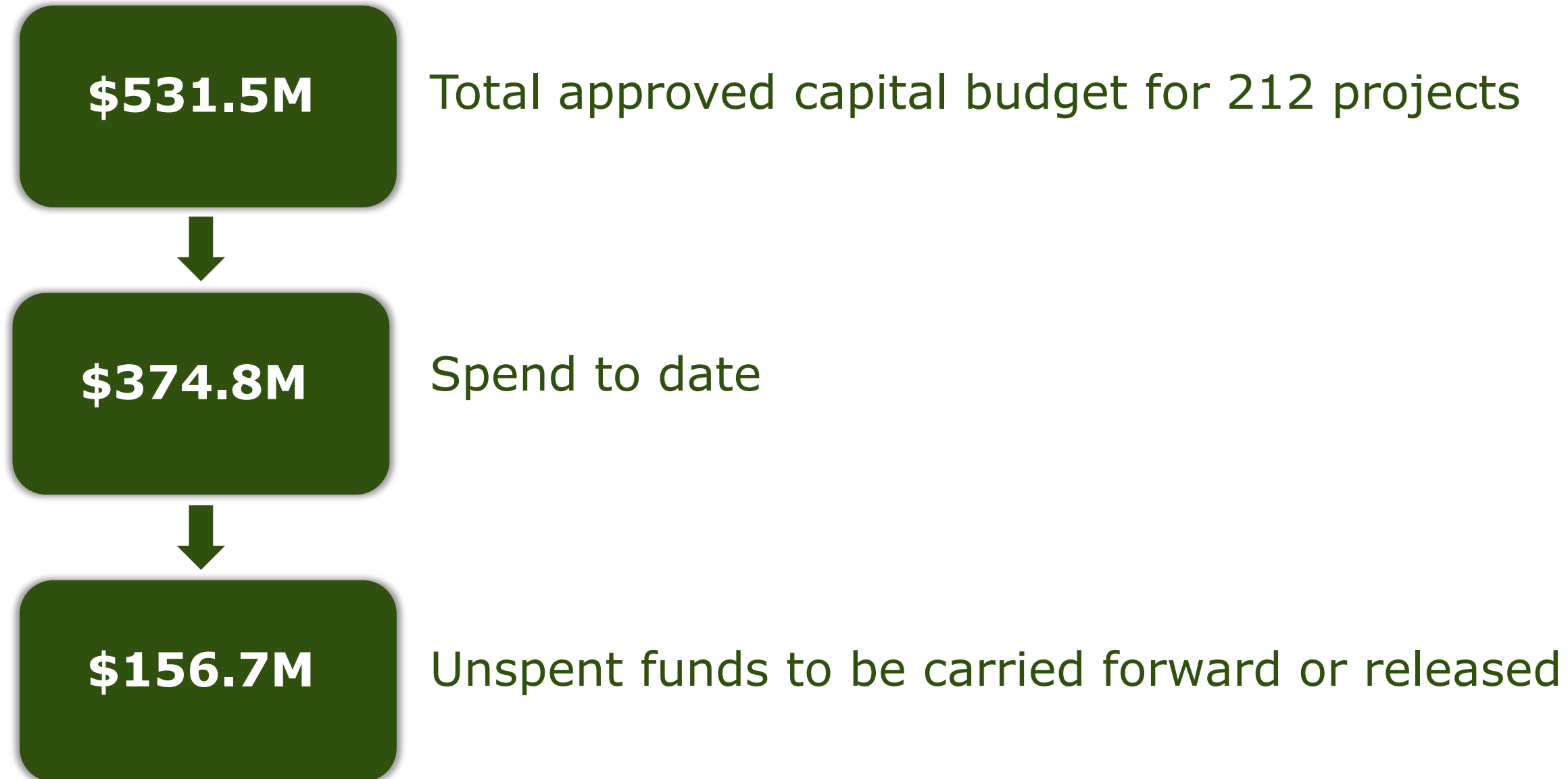
Consolidated Operations				
In Thousands				
	2023 Budget	2023 Actuals	\$ Favourable (Unfavourable)	% Favourable (Unfavourable)
Revenue				
Property Taxes	\$ 264,992	\$ 270,209	\$ 5,217	2%
Utility User Rates	58,895	62,985	4,090	7%
Service Fees and Charges	35,221	40,966	5,745	16%
Penalties and Fines	4,518	7,371	2,853	63%
Permit and License Fee	3,312	3,865	553	17%
Investment Income	7,150	11,708	4,558	64%
Government Grants	8,560	10,713	2,153	25%
Other Revenue	4,863	7,808	2,945	61%
Total Revenue	\$ 387,511	\$ 415,625	\$ 28,114	7%
Expenses				
Salaries, Wages, Benefits and Employee Expenses	\$ 202,639	\$ 203,790	\$ (1,151)	(1)%
Business Expenses	33,512	28,507	5,005	15%
Purchased Services	72,092	66,530	5,562	8%
Supplies, Materials and Equipment Purchases	45,320	43,623	1,697	4%
Interest on Debentures	5,705	4,896	809	14%
Grants Disbursed	13,579	7,714	5,865	43%
Other Expenses	2,231	4,342	(2,111)	(95)%
Intercharges	20	86	(66)	(330)%
Total Expenses	\$ 375,098	\$ 359,488	\$ 15,610	4%
Net Revenue/Expense	\$ 12,413	\$ 56,137	\$ 43,724	352%
Non-Operating Items and Close to Equity	\$ (12,413)	\$ (34,198)	\$ (21,785)	176%
Operating Surplus/Deficit For Tax Purposes	\$ -	\$ 21,939	\$ 21,939	
The financial information provided in the above table excludes non-cash items related to capital and the associated offsets in non-operating items.				

Capital results



Capital budget and spend

as of December 31, 2023



Capital budget and spend

In Thousands									
	Number of Projects	Total Approved Capital Budget	Prior Years Spend	Current Year Spend	\$ Variance	% Variance	Capital Carryforwards	Release of Funds	
Road & Transportation	74	\$ 241,767	\$ 144,218	\$ 58,701	\$ 38,848	16%	\$ 38,381	\$ 467	
Fleet	16	19,470	4,539	4,576	10,355	53%	10,351	4	
Utilities	32	72,696	29,448	7,825	35,423	49%	34,519	904	
Community	36	28,195	13,916	6,665	7,614	27%	6,587	1,027	
Facility	29	155,256	63,504	30,680	61,072	39%	61,040	32	
Transit	13	9,653	5,816	1,016	2,821	29%	1,476	1,345	
Corporate	12	4,451	2,553	1,362	536	12%	150	386	
Total	212	\$ 531,488	\$ 263,994	\$ 110,825	\$ 156,669	29%	\$ 152,504	\$ 4,165	

Capital spend variance

Variance	
\$38.8M	Road and transportation multi-year projects
\$35.4M	Utilities multi-year projects
\$61.1M	Facility multi-year projects
\$21.4M	All other capital projects
\$156.7M	Carried forward or released

2023 Completed projects



19 community services projects



11 utilities projects



10 road & transportation projects



10 corporate services projects



6 transit projects



3 facility projects



2 fleet projects

\$70.2M

Capital budget of 2023
completed projects



\$67.7M

Actual spending of 2023
completed projects



\$2.5M

Unspent funds to be
released

Financial position

Key financial indicators as of December 31, 2023



\$2,120.3M

**Tangible
Capital Assets**



\$296.3M

Investments



\$123.0M

**Long
Term Debt**



\$256.4M

Reserves

Key indicator: Tangible capital assets

Net Book Value of \$2,120.3 million as of December 31, 2023

TCA Balance as of December 31, 2022	\$2,051.6M
Acquisitions (inclusive of Contributed Assets and ARO)	\$138.3M
Disposals/Writeoffs (net of amortization)	(\$2.2M)
Annual Amortization	(\$67.4.M)
TCA Balance as of December 31, 2023	\$2,120.3M

County Metrics:



Age of
infrastructure



Infrastructure
investment
ratio

Key indicator: Investments

Total of \$296.3 million as of December 31, 2023

Portfolio	Balance at December 31, 2023	2023 Weighted Average Return	Balance at December 31, 2022	2022 Weighted Average Return
Operating portfolio - terms up to two years	\$127.1M	5.51%	\$101.0M	2.96%
Mid to Long term portfolio - terms from two to fifteen years	\$169.2M	2.86%	\$212.5M	2.92%
Total	\$296.3M	3.91%	\$313.5M	2.93%

Key indicator: Long-term debt

Total balance of \$123M as of December 31, 2023

Long-Term Debt Balance as of December 31, 2022	\$133.1M
New Debt Issued January to December 2023	\$1.0M
Debt Repayments January to December 2023	(\$11.1M)
Long-Term Debt Balance as of December 31, 2023	\$123.0M

The County has utilized



of the
internal
debt limit



of the MGA
legislated
debt limit

Key indicator: Reserves

Municipal reserves



Tax supported

Utility reserves



Utility rate model
supported

Library reserve



Managed and
maintained by the
Library Board

Committed

Funding approved to be applied
toward specific expenditures*

vs

Designated

Funding designated to reserves for
a specific purpose, which has not
yet been approved by Council*

**As per policy FIN-001-024: Financial Reserves*

Key indicator: Reserves

Municipal reserve balance of \$175.7M as of December 31, 2023

Municipal Reserves	Committed	Designated	Total
Stabilization and Contingency	-	\$4.4M	\$4.4M
Projects	\$34.9M	\$21.3M	\$56.2M
Infrastructure, Lifecycle, Maintenance and Replacement	\$24.9M	\$63.7M	\$88.6M
Special Purpose	\$6.0M	\$20.5M	\$26.5M
Total Municipal	\$65.8M	\$109.9M	\$175.7M
Percent of Municipal	37%	63%	100%

Key indicator: Reserves

Utility reserve balance of \$74M as of December 31, 2023

Utilities Reserves	Committed	Designated	Total
Stabilization and Contingency	-	\$4.5M	\$4.5M
Projects	\$0.3M	-	\$0.3M
Infrastructure, Lifecycle, Maintenance and Replacement	\$5.9M	\$63.3M	\$69.2M
Total Utilities	\$6.2M	\$67.8M	\$74.0M
Percent of Utilities	8%	92%	100%

Key takeaways



Strathcona County is in a financially healthy position



The key financial indicators show that the County is favourable in comparison to its comparators



Continue to maintain existing service levels and manage aging infrastructure while meeting financial obligations



Continue to implement financially sustainable strategies while considering taxpayer impacts