

Strathcona County Annual 2024 Management Report

Priorities Committee Meeting
April 22, 2025

Overview

The Annual Management Report includes:



Annual results and variance analysis

- Municipal operations
- Utility operations
- Consolidated results



Capital results

- Capital results
- Completed projects



Key financial indicators

- Tangible capital assets
- Investments
- Long-term debt
- Reserves

Operating results



**Municipal
operations**



**Utility
operations**



**Consolidated
results**

Municipal operations results

as of December 31, 2024

MUNICIPAL OPERATIONS

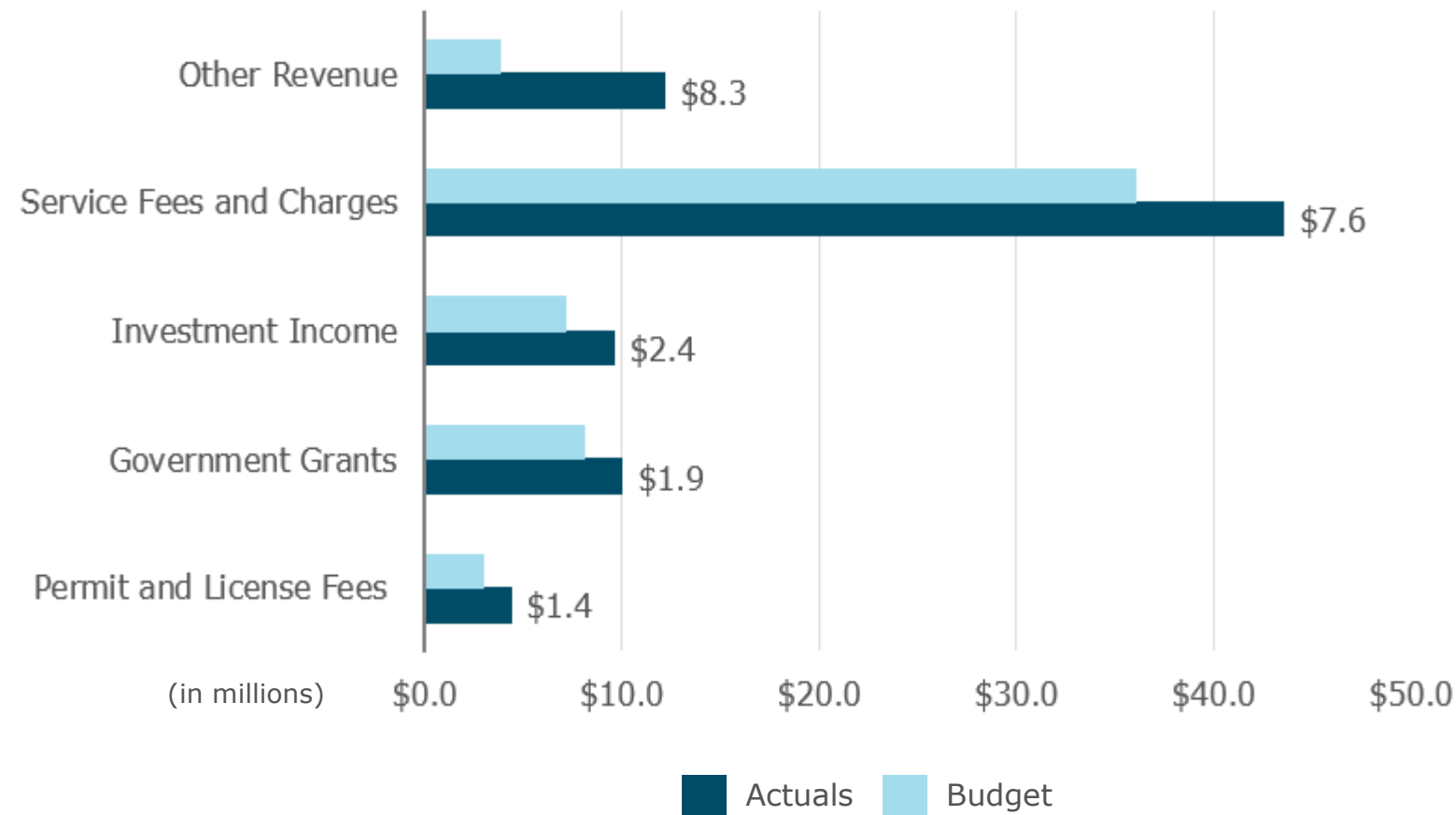
(in thousands of dollars)

	As of December 31, 2024			
	Budget	Actuals	Variance	Variance
Operating Revenue				
Property Taxes	\$ 289,649	\$ 290,983	\$ 1,334	- %
Service Fees and Charges	36,000	43,555	7,555	21%
Penalties and Fines	5,904	6,315	411	7%
Permit and License Fees	2,920	4,345	1,425	49%
Investment Income	7,162	9,582	2,420	34%
Government Grants	8,081	10,013	1,932	24%
Other Revenue	3,848	12,158	8,310	216%
Total Revenue	\$ 353,564	\$ 376,951	\$ 23,387	7%
Operating Expenses				
Salaries, Benefits and Employee Expenses	\$ 193,530	\$ 195,504	\$ (1,974)	(1)%
Business Expenses	29,103	26,987	2,116	7%
Purchased Services	61,254	51,768	9,486	15%
Supplies, Materials and Equipment	20,385	19,449	936	5%
Interest on Debentures	2,397	2,170	227	9%
Grants Disbursed	18,007	17,924	83	- %
Other Expenses	2,126	2,950	(824)	(39)%
Intercharges*	(3,081)	(2,952)	(129)	(4)%
Total Expenses	\$ 323,721	\$ 313,800	\$ 9,921	3%
Net Revenue (Expenses)	29,843	63,151	33,308	112%
Non-Operating Items and Close to Equity	(29,843)	(51,122)	(21,279)	(71)%
Operating Surplus (Deficit) For Tax Purposes	\$ -	\$ 12,029	\$ 12,029	

*Intercharges are an internal cost allocation practice used to record costs of services provided between departments.

\$12.0 million surplus

Significant revenue variances – budget to actuals



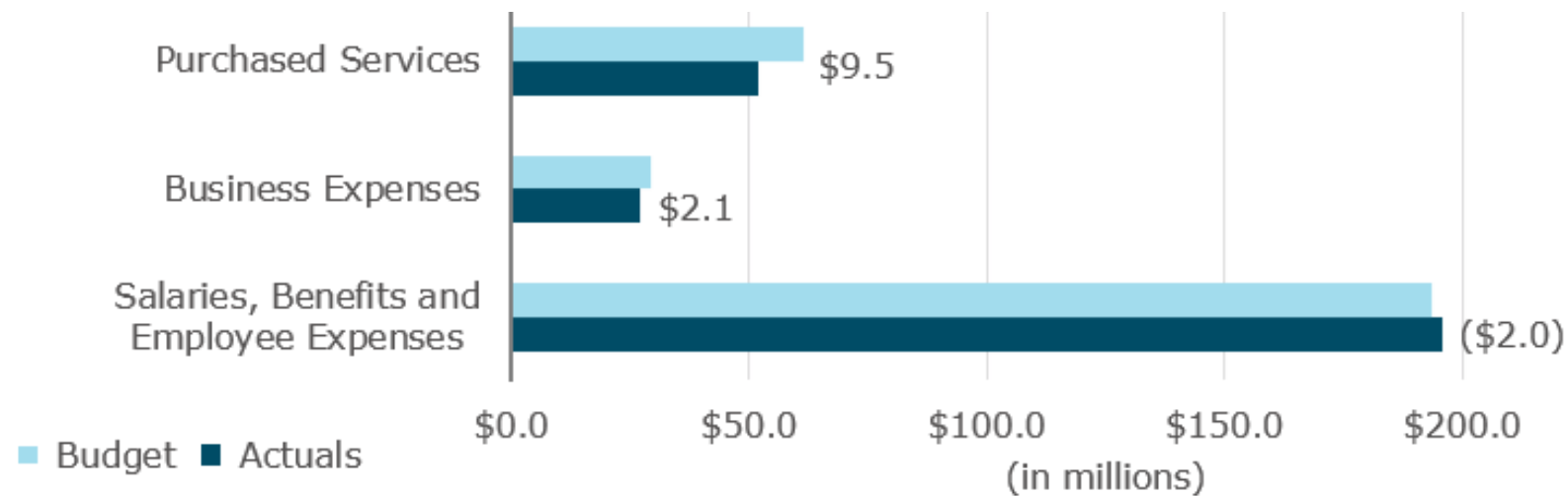
\$8.3 million variance - other revenue

- Change in accounting treatment for employee benefits
- Increase in development related fees from North of Yellowhead project
- Proceeds on sale of land

\$7.6 million variance - service fees and charges

- Higher than anticipated contract revenue for Emergency Services
- Increase in recreation facility usage and membership sales
- Higher than anticipated public transit ridership

Significant expense variances – budget to actuals



\$9.5 million variance - purchased services

- Delay in various projects and consulting services
- Savings achieved through renewal of janitorial services contract
- Reduced snow clearing due to milder climate

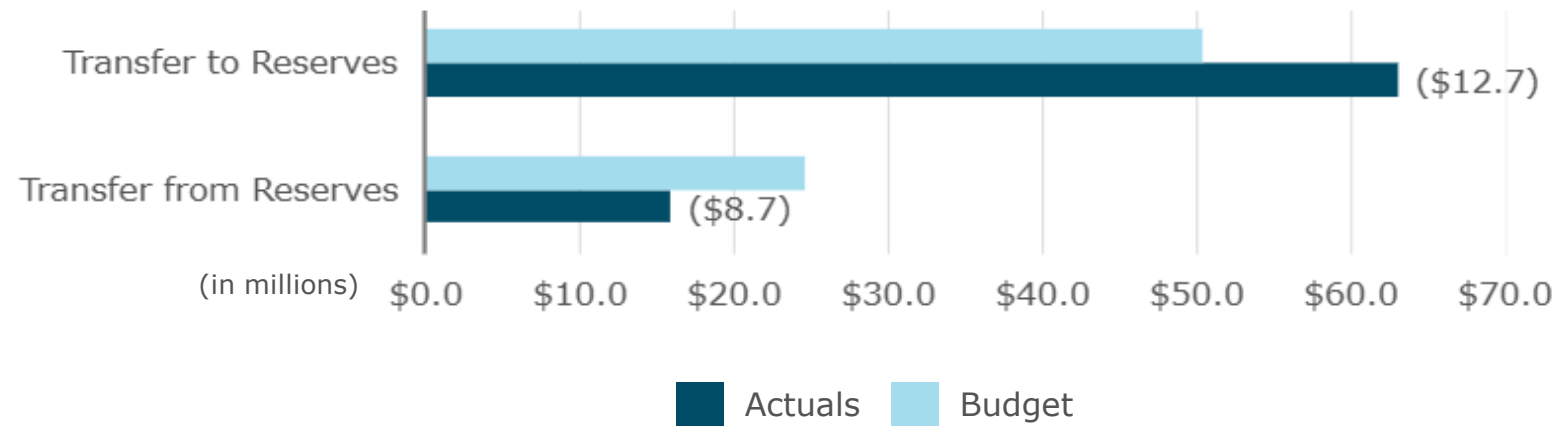
\$2.1 million variance – business expenses

- Saving recognized on utilities costs and rental equipment

(\$2.0 million) variance – salaries and benefits

- Timing difference between budget and collective bargaining agreement settlement
- Offset surplus realized due to position vacancies

Significant non-operating items – budget to actuals



(\$12.7 million) variance – transfer to reserve

- Year end approved operating budget carry forward request
- Attributed to unbudgeted surplus realized in employee benefits

(\$8.7 million) variance – transfer from reserve

- Mainly attributable to less required budget reserve funding than anticipated

Utility operations results

as of December 31, 2024

UTILITY OPERATIONS

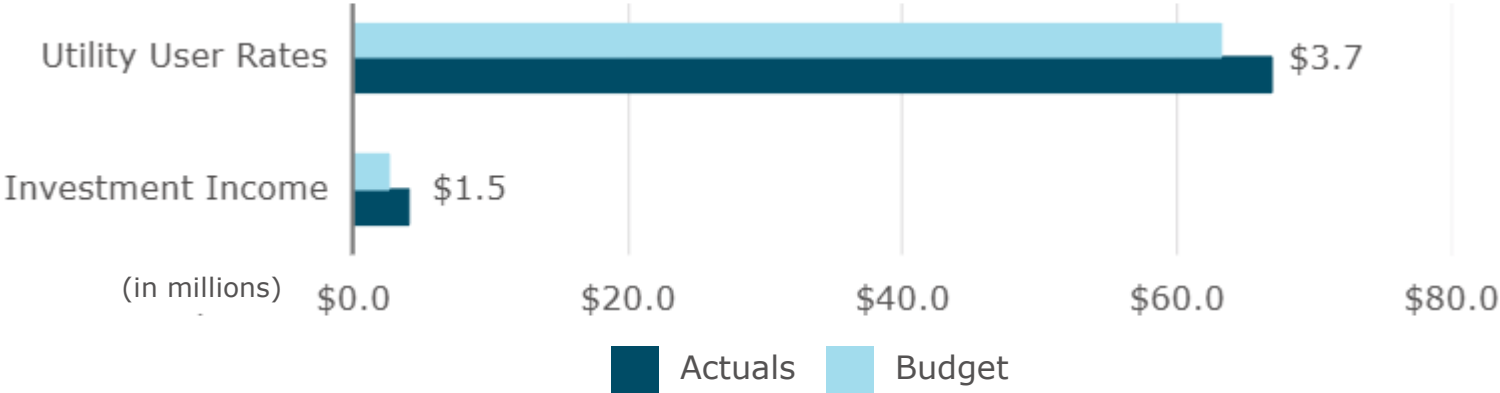
(in thousands of dollars)

	As of December 31, 2024			
	Budget	Actuals	Variance	Variance
Operating Revenue				
Property Taxes	\$ 18	\$ 22	\$ 4	22%
Utility User Rates	63,262	66,932	3,670	6%
Service Fees and Charges	1,217	1,438	221	18%
Penalties and Fines	77	162	85	110%
Investment Income	2,556	4,066	1,510	59%
Government Grants	-	-	-	- %
Other Revenue	124	117	(7)	(6)%
Total Revenue	\$ 67,254	\$ 72,737	\$ 5,483	8%
Operating Expenses				
Salaries, Benefits and Employee Expenses	\$ 12,412	\$ 12,606	\$ (194)	(2)%
Business Expenses	846	922	(76)	(9)%
Purchased Services	13,077	11,912	1,165	9%
Supplies, Materials and Equipment	27,883	28,551	(668)	(2)%
Interest on Debentures	2,463	1,693	770	31%
Grants Disbursed	21	18	3	14%
Other Expenses	44	288	(244)	(555)%
Intercharges*	2,129	1,998	131	6%
Total Expenses	\$ 58,875	\$ 57,988	\$ 887	2%
Net Revenue (Expenses)	8,378	14,749	6,371	76%
Non-Operating Items and Close to Equity	(8,378)	(9,628)	(1,250)	(15)%
Operating Surplus (Deficit) For Tax Purposes	\$ -	\$ 5,121	\$ 5,121	

*Intercharges are an internal cost allocation practice used to record costs of services provided between departments.

**\$5.1 million
surplus**

Significant revenue variances – budget to actuals



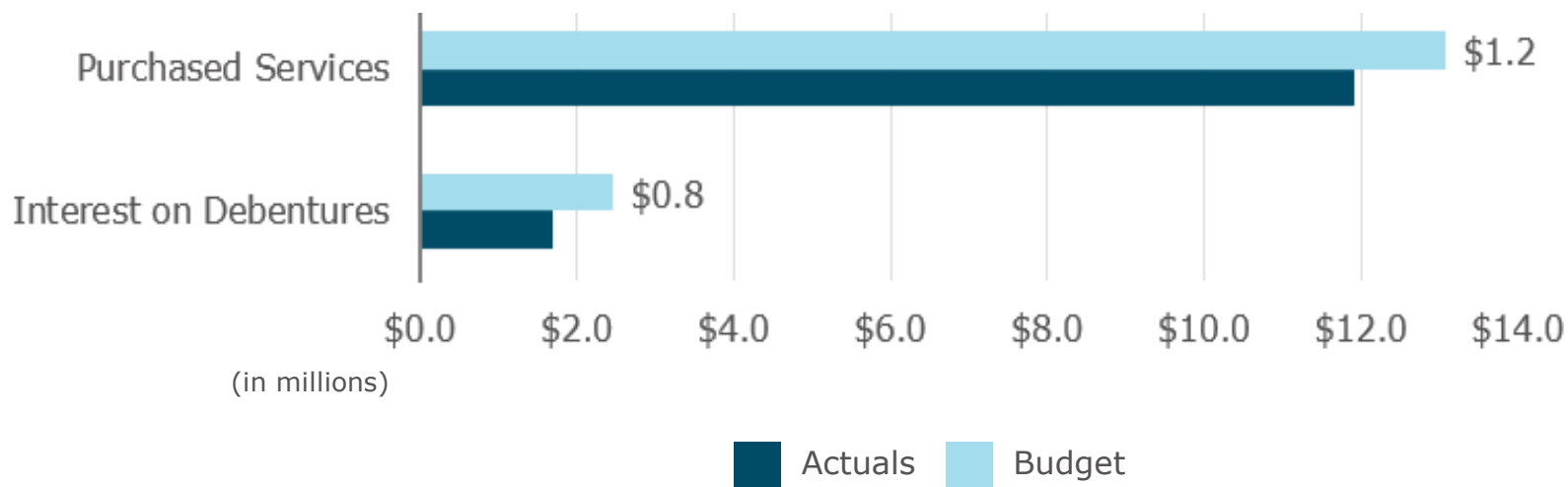
\$3.7 million variance – utility user rates

- Higher than anticipated consumption of water and treatment of wastewater largely driven by weather changes
- Higher than anticipated revenue received in solid waste services

\$1.5 million variance – investment income

- Higher than anticipated returns on investments from favourable interest rates

Significant expense variances – budget to actuals



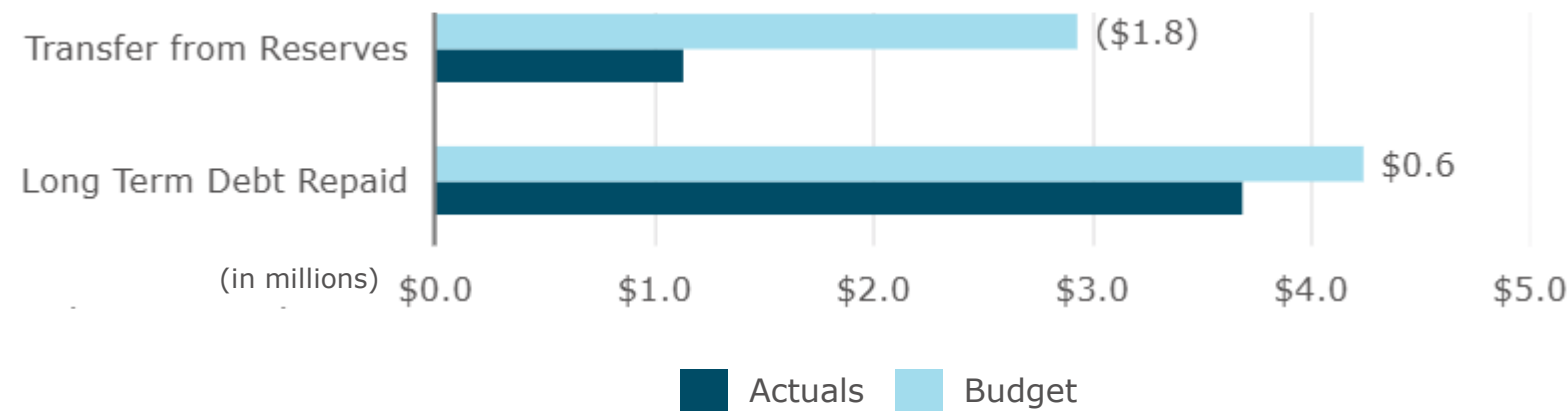
\$1.2 million variance – purchased services

- Lower than anticipated repairs and maintenance for utility operations

\$0.8 million variance – interest on debentures

- Savings in interest due to the timing of debentures being drawn

Significant non-operating items – budget to actuals



(\$1.8 million) variance – transfer from reserve

- Largely attributable to reserve funding for levy funded debt not required.

\$0.6 million variance – long-term debt repaid

- Largely attributable to the timing of debenture being drawn

Consolidated operations results

as of December 31, 2024

CONSOLIDATED OPERATIONS

(in thousands of dollars)

	As of December 31, 2024			
	Budget	Actuals	Variance	Variance
Operating Revenue				
Property Taxes	\$ 289,667	\$ 291,005	\$ 1,338	- %
Utility User Rates	63,262	66,932	3,670	6%
Service Fees and Charges	39,475	47,267	7,792	20%
Penalties and Fines	5,996	6,492	496	8%
Permit and License Fees	2,920	4,345	1,425	49%
Investment Income	10,013	14,214	4,201	42%
Government Grants	19,714	10,584	(9,130)	(46)%
Other Revenue	3,297	11,634	8,337	253%
Total Revenue	\$ 434,344	\$ 452,473	\$ 18,130	4%
Operating Expenses				
Salaries, Benefits and Employee Expenses	\$ 213,376	\$ 215,547	\$ (2,171)	(1)%
Business Expenses	30,172	28,136	2,035	7%
Purchased Services	74,503	63,896	10,607	14%
Supplies, Materials and Equipment	48,874	48,606	268	1%
Interest on Debentures	5,488	4,508	980	18%
Grants Disbursed	18,028	6,869	11,159	62%
Other Expenses	2,174	3,243	(1,069)	(49)%
Intercharges*	19	(82)	101	532%
Total Expenses	\$ 392,633	\$ 370,723	\$ 21,910	6%
Net Revenue (Expenses)	41,711	81,750	40,039	96%
Non-Operating Items and Close to Equity	(41,711)	(64,298)	(22,586)	(54)%
Operating Surplus (Deficit) For Tax Purposes	\$ 0	\$ 17,452	\$ 17,452	

*Intercharges are an internal cost allocation practice used to record costs of services provided between departments.

**\$17.5 million
surplus**

Capital results



**Capital budget
and spend**



**Capital
spend variance**

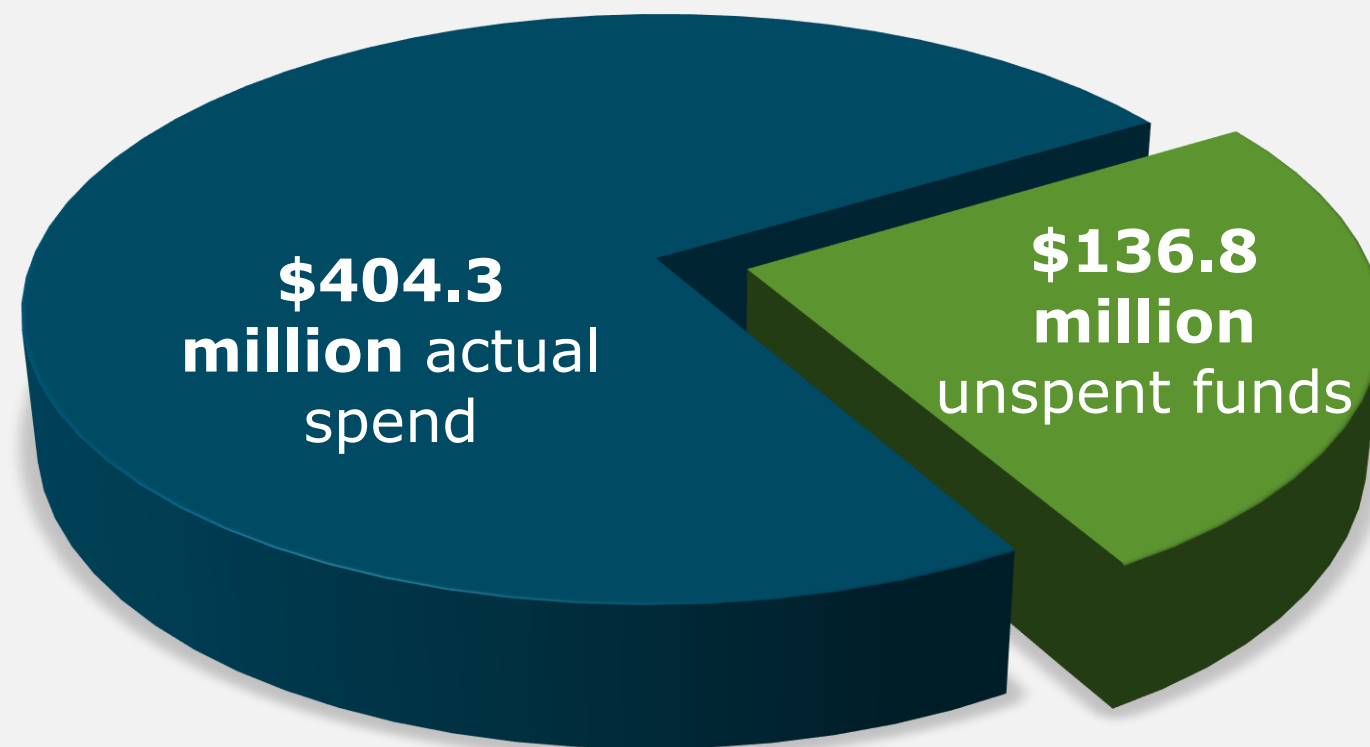


**Projects status
and completion**

Capital budget and spend

as of December 31, 2024

\$541.1 million - total approved capital budget for 199 projects

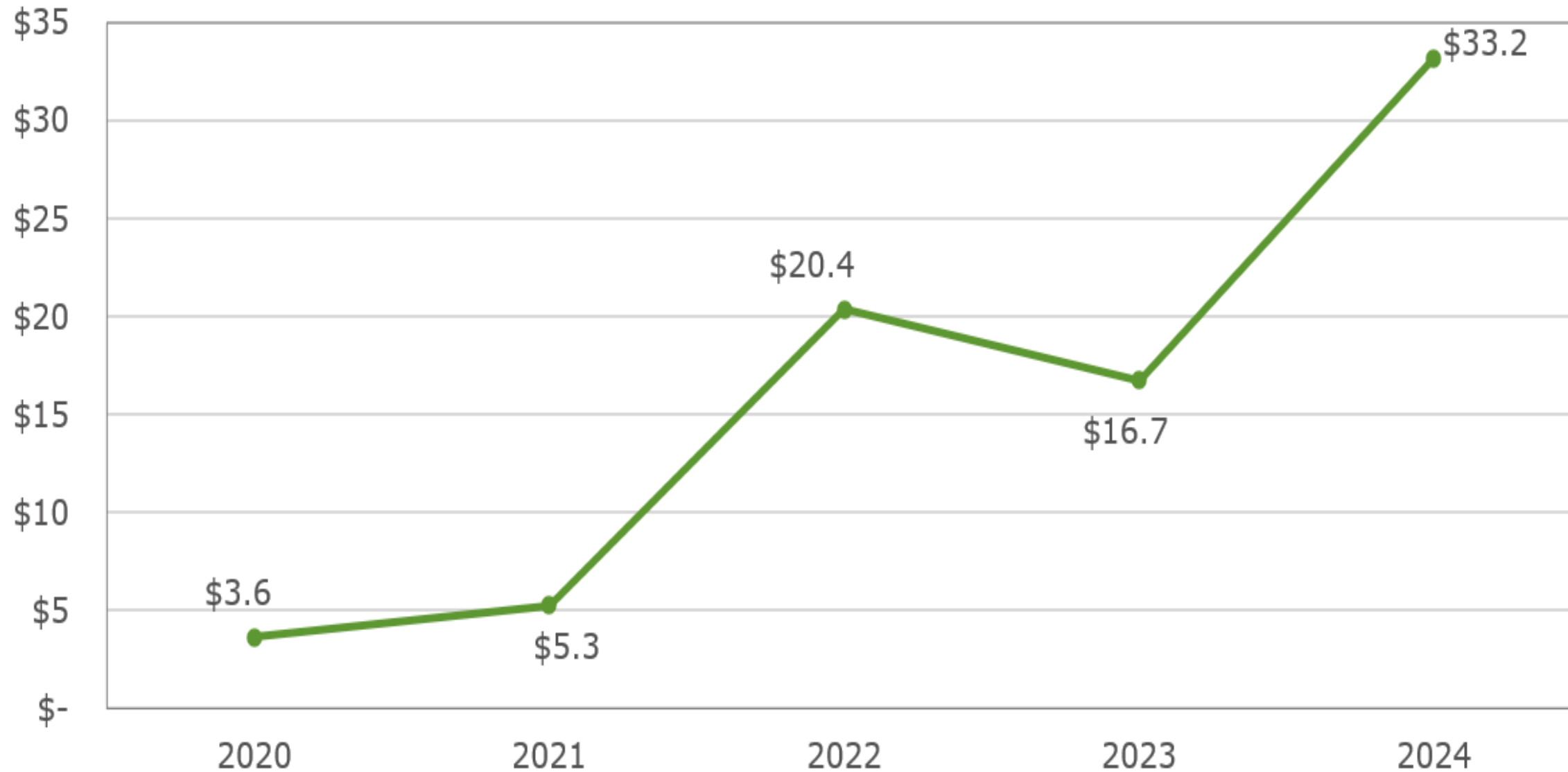


\$122.9 million
carryforward to 2025



\$13.9 million savings

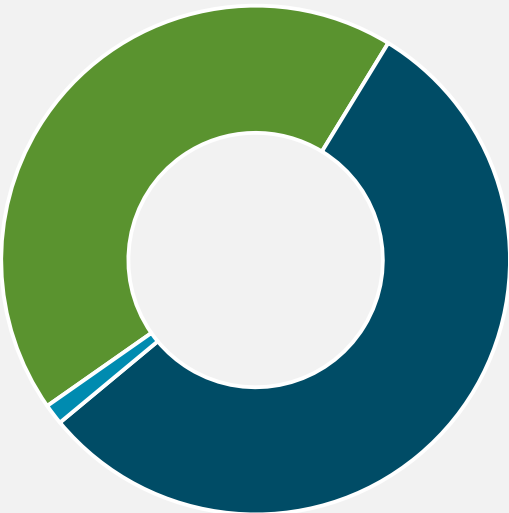
Contributed assets – five-year trend (in \$ millions)



**Total cumulative
amount over five
years: \$79.2
million**

Significant capital variance

■ Total spend to date ■ Funds released from closed projects ■ Variance



Utilities

■ \$33.2 million
■ \$1.0 million
■ \$42.2 million



**Roads and
transportation**

■ \$191.0 million
■ \$2.9 million
■ \$32.2 million



**Facility
multi-year**

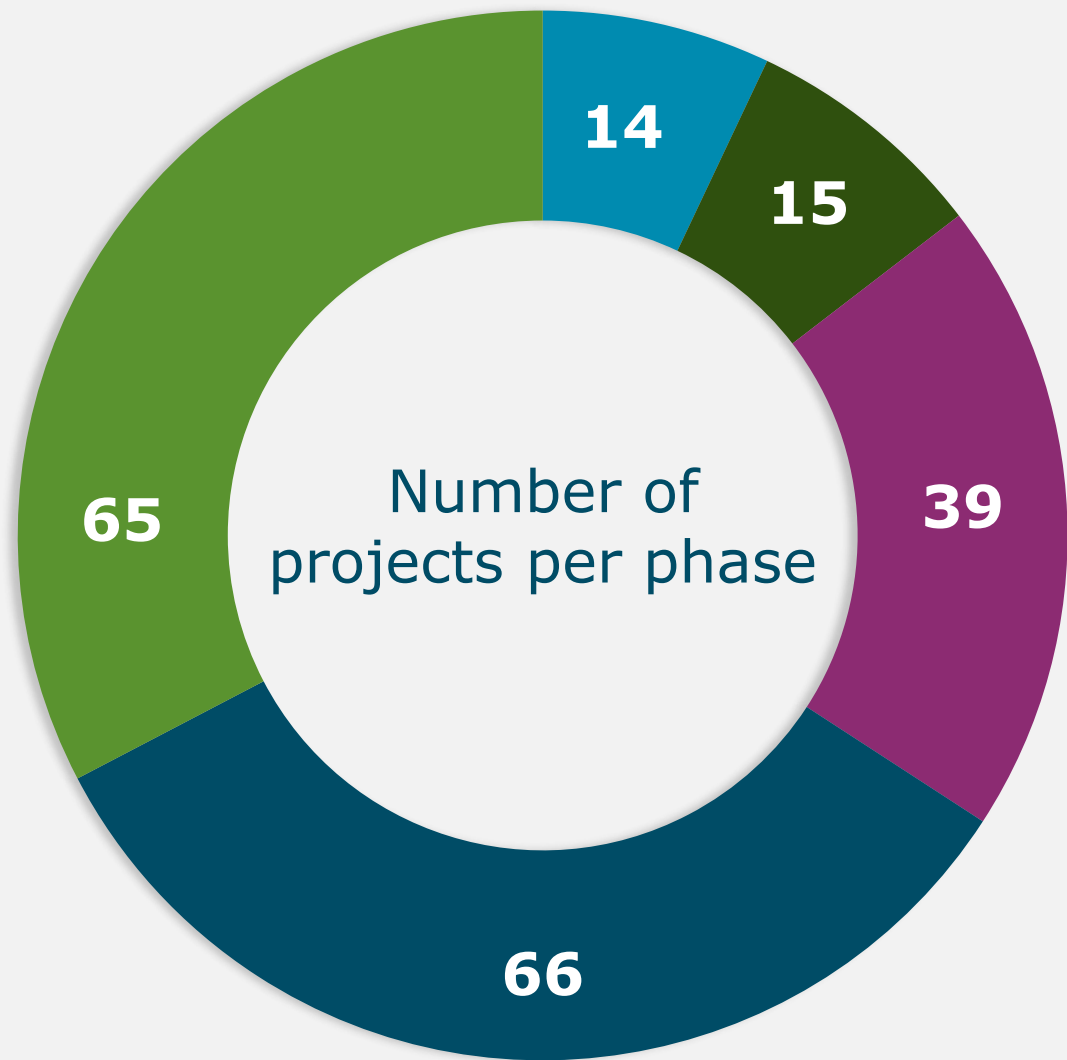
■ \$135.1 million
■ \$8.0 million
■ \$28.0 million



**Fleet
multi-year**

■ \$22.2 million
■ \$1.2 million
■ \$6.0 million

Capital project status



- Not started (0% completed)
- Planning (1% to 20% completed)
- In progress (21% to 75% completed)
- Substantially completed (76% to 99% completed)
- Closed (100% completed)

2024 completed projects



14 utilities projects



14 road and transportation projects



11 fleet projects



10 community services projects



10 facility projects

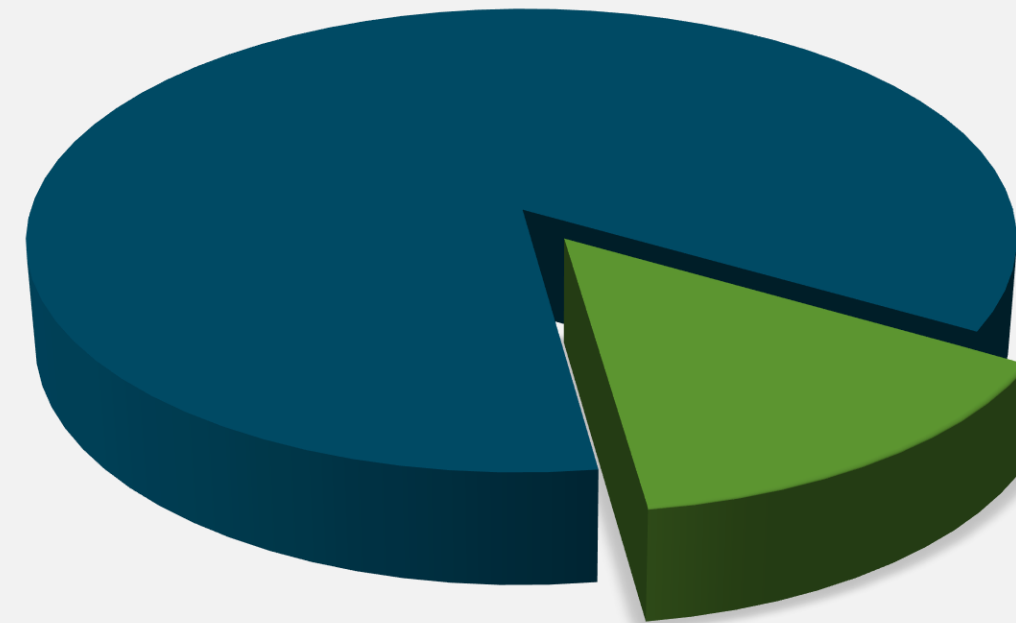


4 transit projects



2 corporate services projects

\$65.8 million actual spending
of 2024 completed projects



\$11.1 million unspent
funds to be released

Key financial indicators

as of December 31, 2024



**\$2.2
billion**

**Tangible
capital assets**



**\$298.2
million**

Investments



**\$112.8
million**

**Long-term
debt**



**\$303.7
million**

Reserves

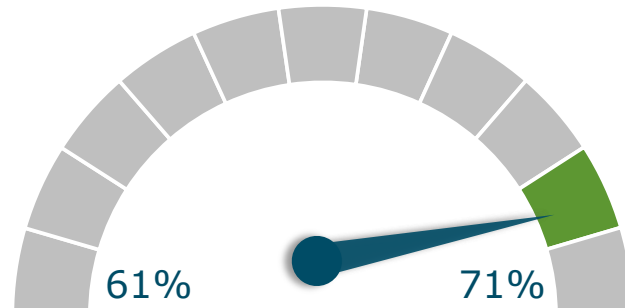
Key indicator: tangible capital assets

Net book value of \$2.2 billion as of December 31, 2024



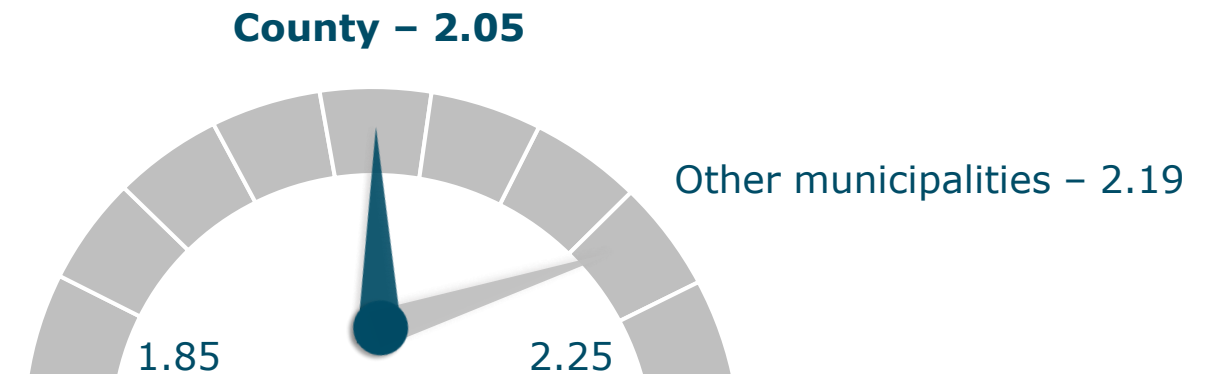
Book value **increase** in 2024 primarily due to:

- Asset acquisitions
- Contributed assets
- Increased asset values related to Asset Retirement Obligations



Financial age of infrastructure

**comparison with equivalent municipalities*



Infrastructure investment ratio

**comparison with equivalent municipalities*

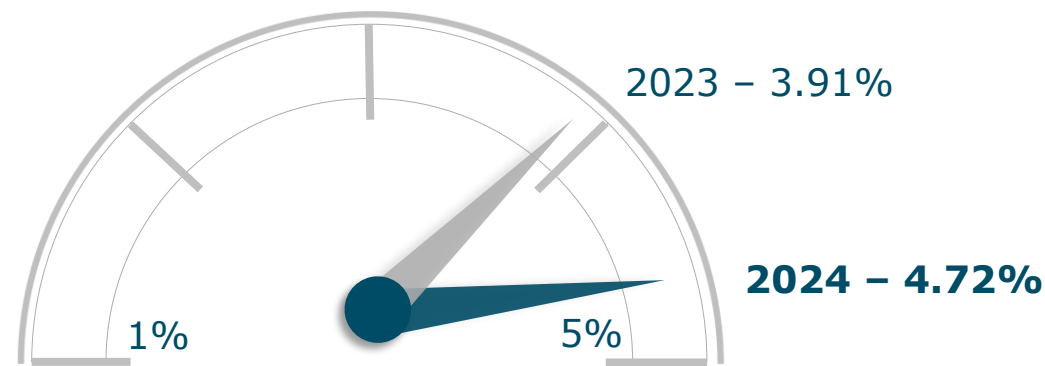
Key indicator: investments

Total of \$298.2 million as of December 31, 2024



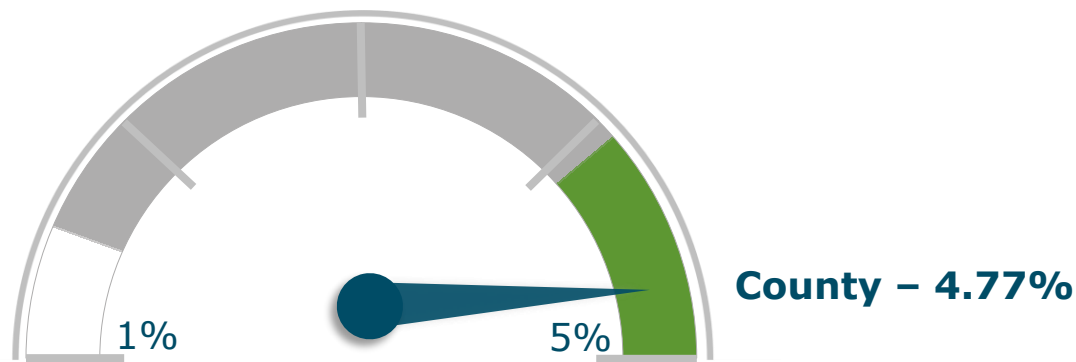
The County's investment portfolio consists of:

- Term deposits and notes
- Government guaranteed bonds
- Principal protected noted
- Corporate bonds



Weighted average

**Strathcona County 2023 to 2024 comparison*



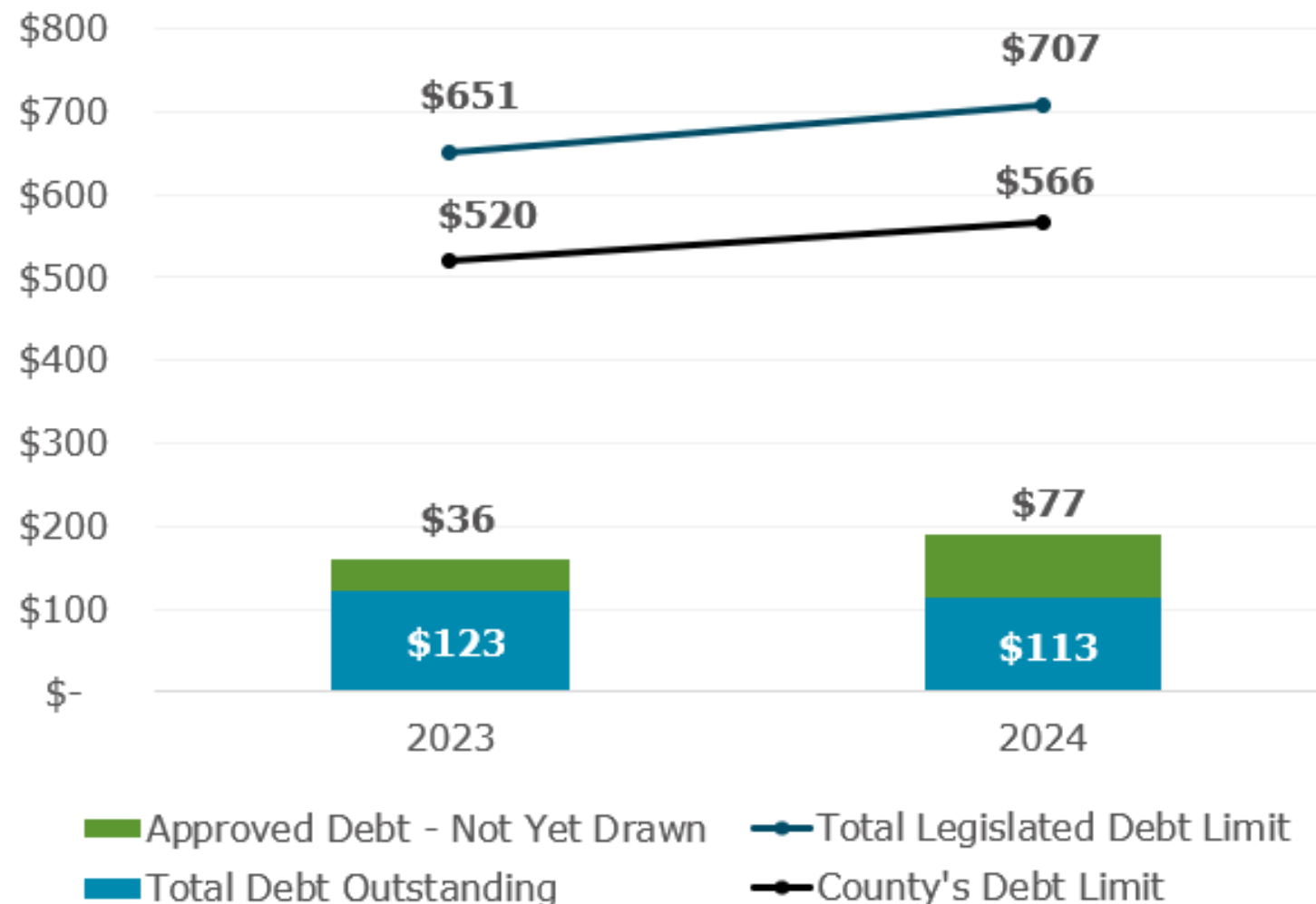
Rate of return on investment

■ equivalent municipalities

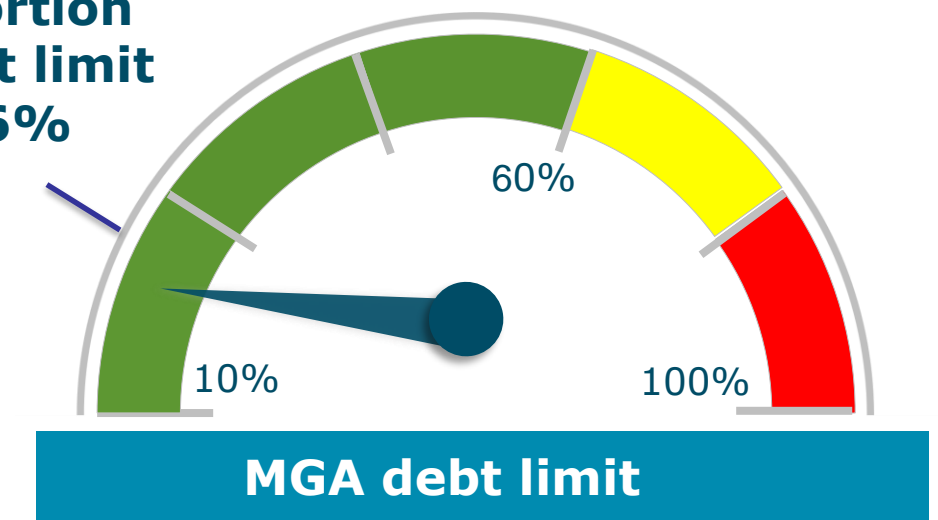
Key indicator: long-term debt

Total balance of \$112.8 million as of December 31, 2024

Total Debt Outstanding Versus Debt Limit
(in millions)



County's portion
of MGA debt limit
utilized - 16%



Key indicator: reserves

Municipal reserves



Tax supported

Utility reserves



Utility rate model supported

Committed

Funding approved to be applied toward specific expenditures*

vs

Uncommitted

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 \$212.1 million as of December 31, 2024

Municipal reserves	Committed	Uncommitted	Total
Operations, stabilization and contingency	\$5.3M	\$28.7M	\$34.0M
Capital	\$33.5M	\$24.0M	\$57.5M
Infrastructure lifecycle	\$40.4M	\$37.7M	\$78.1M
Special purpose	\$8.4M	\$34.2M	\$42.6M
Total municipal	\$87.6M	\$124.6M	\$212.2M
Percent of municipal	41%	59%	100%

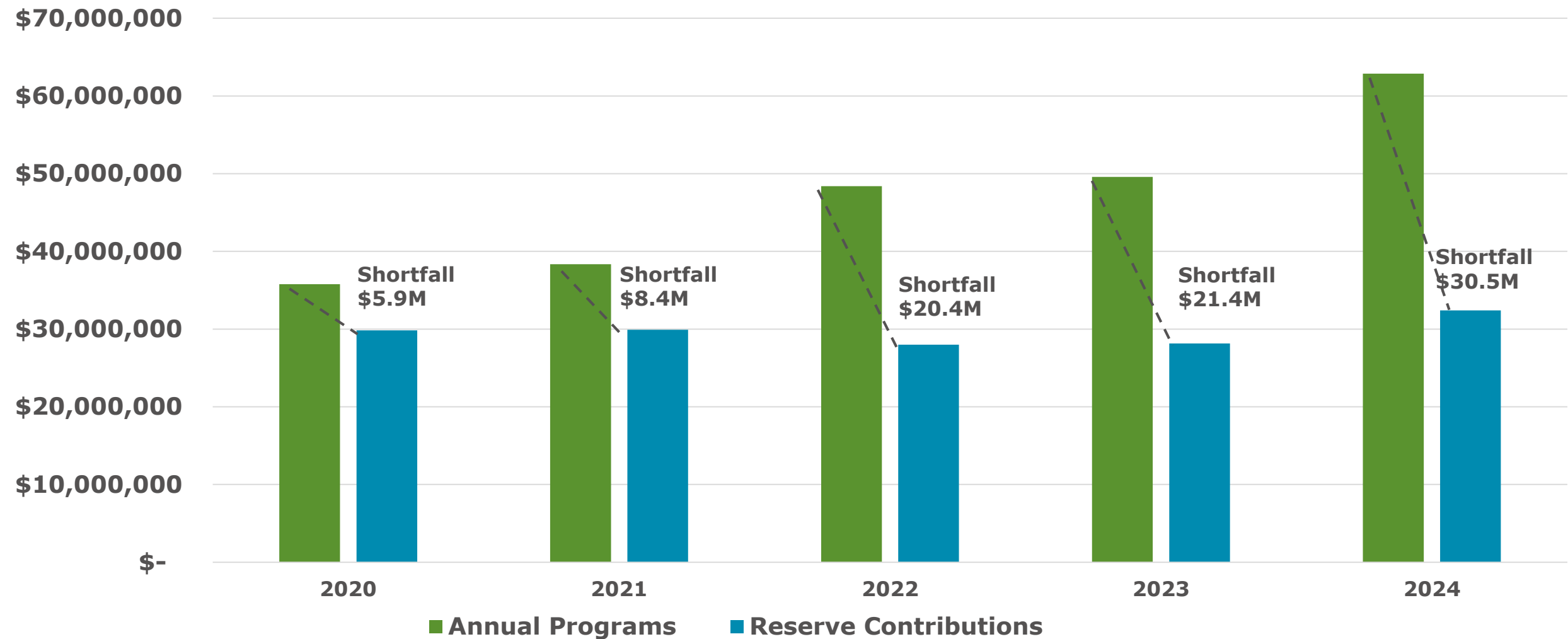
Key indicator: reserves

Utility reserve balance of \$84.0 million as of December 31, 2024

Utilities reserves	Committed	Uncommitted	Total
Operations, stabilization and contingency	\$0.1M	\$6.7M	\$6.8M
Capital	-	-	-
Infrastructure lifecycle	\$27.0M	\$50.2M	\$77.2M
Total utilities	\$27.1M	\$56.9M	\$84.0M
Percent of utilities	32%	68%	100%

Key indicator: reserves

Annual programs vs contributions



Summary



Consolidated operations achieved a surplus of \$17.5 million



66% of capital projects have reached substantial or full completion



Strathcona County has strong financial position and is effectively managing financial sustainably and growth

Questions?