



Request for Decision

Title	2016 Annual Audit Sturgeon County Financial Statements
Proposed Motion	<ol style="list-style-type: none">1. That Council approve the 2016 Annual Financial Statements as prepared by Administration and audited by the firm of Hawkings Epp Dumont LLP Chartered Professional Accountants.2. That Council approve the transfer of \$570,000 to the 8.15 Vehicle & Equipment Reserve to fund future acquisitions as approved by Council.3. That Council approve the transfer of \$10,000 to the 8.1 General Operating Reserve to fund OP-21-FCM/AAMDC Committee Appointments as presented in the 2017 approved Budget.4. That Council approve the transfer of \$254,388 to the 8.1 General Operating Reserve for eventual use consistent with achieving Council's Strategic Plan direction and objectives.5. That Council approve the establishment of a gravel pit reclamation liability in the amount of \$617,011.
Administrative Recommendation	That Council approve the 2016 Audited Financial Statements prior to May 1, 2017 and allocate the capital and operating surplus in a manner consistent with achieving Council's Strategic Plan direction and objectives as stated in the Summary of Fiscal Principles, Practices and Policies.
Previous Council Direction	<p>March 8, 2016 - Motion 089/16: That Council approves the transfer of \$1,835,000 from 2016 Transportation Capital Budget to 2016 Transportation Operating Budget to support the Gravel Road Maintenance Program and Drainage Operations.</p> <p>December 8, 2015 - Motion 394/15: That Sturgeon County Council approves the 2016 Operating and Capital Budgets totalling \$70,652,637 as presented in the 2016 Budget Document.</p>
Report	<p><u>Background Information</u></p> <ul style="list-style-type: none">• The Fiscal Year Ended December 31, 2016 ended in a surplus of \$834,388, within approximately 1.8% of budget. <p><u>Revenues:</u></p> <ul style="list-style-type: none">• Sturgeon County's practice and policy on budgeting for revenue is conservative therefore contributing to a variance at year end in actual revenue versus budgeted revenue. A conservative approach in budgeting minimizes the risk of running an annual deficit.

Expenses:

- Overall operating expenses would be near budget if it were not for approximately \$1.8 million in the Transportation local roads program budgeted in capital but expensed in operations per Council direction and \$620,000 in gravel pit reclamation liability costs that have been recognized in 2016 but not budgeted.

Surplus:

- Sturgeon County's surplus is comprised primarily from revenue generation, notably return on investments and fire response billings.

Audit:

- Council has appointed the accounting firm of Hawkings Epp Dumont LLP to perform the audit for Sturgeon County.
- Sturgeon County has obtained permission from the Minister of Municipal Affairs to carry an accumulated deficit relating to the Fort Hills Energy Corporation Funds for more than three (3) years.
- Sturgeon County began to recognize the Fort Hills Energy Corporate Pre-Tax Revenue in 2016 in the amount of \$1,063,879. This amount is not included in the \$834,388 surplus – it is used to pay down the accumulated deficit.
- The Northwest Redwater Partnership Pre-Tax Revenue will begin to be recognized in 2017.

External Communication

- The Sturgeon County 2016 Annual Audited Financial Statements will be published on the Sturgeon County website.

Relevant Policy/Legislation/Practices:

- Section 276 of the *Municipal Government Act*, RSA 2000, c.M-26 requires municipalities to submit an annual report to the Minister by May 1 of each year.
- Section 244 of the *Municipal Government Act*, RSA 2000, c.M-26 allows municipalities to carry an accumulated deficit for a maximum of three (3) years.
- Reserve Policy (PLY_Reserve_Policy_2016) – approved February 23, 2016.


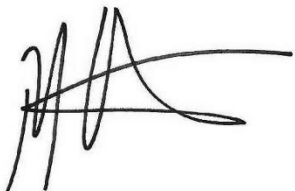
Implication of Administrative Recommendation

Strategic Alignment:

Goal 1.2 Sturgeon County is financially stable and fiscally sustainable.

Organizational:

- Annual Audited Financial Statements must be completed and available to the public May 1.
- The approval of the Financial Statements will allow Administration to file the 2016 Audited Financial Statements on time with Municipal Affairs.

	<p><u>Financial:</u></p> <p>Sturgeon County's combined operating and capital surplus for 2016 is \$834,388.</p>
Alternatives Considered	That Council direct administration to seek alternate allocation(s) of the 2016 surplus.
Implications of Alternatives	<p><u>Strategic Alignment:</u></p> <ul style="list-style-type: none"> • Goal 1.2 Sturgeon County is financially stable and fiscally sustainable. <p><u>Organizational:</u></p> <ul style="list-style-type: none"> • Annual Audited Financial Statements must be completed and available to the public May 1. • The approval of the Financial Statements will allow administration to file the 2016 Audited Financial Statements on time with Municipal Affairs. <p><u>Financial:</u></p> <ul style="list-style-type: none"> • Sturgeon County's combined operating and capital surplus for 2016 is \$834,388.
Follow up Action	<ol style="list-style-type: none"> 1. The 2016 Audited Financial Statements will be filed with Municipal Affairs by May 1, 2017. 2. Finance and Communications will begin work on the 2016 Annual Financial Report.
Attachment(s)	1. 2016 Audited Financial Statements (to be distributed at the meeting.)
Report Reviewed by:	 Ed Kaemingh, Manager Financial Services  Rick Wojtkiw, Acting CAO

Strategic Alignment Checklist

Vision: Sturgeon County: a diverse, active community that pioneers opportunities and promotes initiative while embracing rural lifestyles.

Mission: Provide quality, cost effective services and infrastructure to meet the diverse needs of the Sturgeon County community, while improving competitiveness and sustainability.

Focus Areas	Not consistent	N/A	Consistent
Strong Local Governance and Regional Leadership			
<i>We promote consistent and accountable leadership through collaborative and transparent processes (Strategic Plan, pg. 27 MDP)</i>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<ul style="list-style-type: none"> <i>Consistent with neighborhood role (see MDP), master plans,, policies</i> 	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<ul style="list-style-type: none"> <i>Considers fiscal stability and sustainability</i> 	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<ul style="list-style-type: none"> <i>Has a positive impact on regional and sub-regional cooperation</i> 	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Respect the Natural Environment			
<i>We acknowledge the importance of a healthy environment and will minimize and monitor our impact on ecosystems (Strategic Plan, pg. 27 MDP)</i>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<ul style="list-style-type: none"> <i>Compliance with Provincial and Federal regulations and/or legislation</i> 	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<ul style="list-style-type: none"> <i>Ensure effective environmental risk management</i> 	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Community Identity & Spirit			
<i>We will build upon our strengths, where together we will create an inclusive, caring community (Strategic Plan, (Strategic Plan, pg. 27 MDP)</i>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<ul style="list-style-type: none"> <i>Promotes and/or enhances residents' identification with Sturgeon County</i> 	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<ul style="list-style-type: none"> <i>Enhances service provision through community partnerships</i> 	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<ul style="list-style-type: none"> <i>Supports Sturgeon County's cultural history</i> 	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Planned Growth and Prosperity			
<i>We encourage varied and integrated enterprises that enhance our strong economic base, while balancing the needs of the community and natural environment. (Strategic Plan, pg. 27 MDP)</i>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<ul style="list-style-type: none"> <i>Does the proposal align with the Integrated Regional Growth Strategy (map/policies) pg. 26 MDP</i> 	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<ul style="list-style-type: none"> <i>Considers cumulative costs and long-term funding implications</i> 	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<ul style="list-style-type: none"> <i>Targets growth around current or planned infrastructure</i> 	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Maintain and Enhance Strong Communities			
<i>We are committed to a safe, secure community, where our residents are respected and provided with access to opportunities. (Strategic Plan, pg. 27 MDP)</i>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<ul style="list-style-type: none"> <i>Positive impact on residents' quality of life</i> 	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<ul style="list-style-type: none"> <i>Supports and promotes volunteer efforts</i> 	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<ul style="list-style-type: none"> <i>Provides programs and services that are accessible to all residents</i> 	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Operational Excellence			
<i>We have the organizational capability to deliver consistent and defined levels of service to all stakeholders in a professional, efficient, and cost effective manner</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<ul style="list-style-type: none"> <i>Staff have the knowledge, skills and capability to perform their jobs</i> 	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<ul style="list-style-type: none"> <i>Streamlines operational processes and policies</i> 	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<ul style="list-style-type: none"> <i>Promotes engagement and professional interaction with stakeholders</i> 	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<ul style="list-style-type: none"> <i>Considers a cost-structure which allows Sturgeon County to remain competitive within a regional, national and global context</i> 	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>