



Request for Decision

Title	2017 Annual Audited Sturgeon County Financial Statements
Proposed Motion	That Council approve the 2017 Annual Financial Statements as prepared by Administration and audited by the firm of Metrix Group LLP Chartered Professional Accountants.
Administrative Recommendation	That Council approve the 2017 Audited Financial Statements prior to May 1, 2018.
Previous Council Direction	<p>March 27, 2018:</p> <p>Motion 087/18: That Council approve the remaining unaudited, estimated surplus balance of \$1,193,647 be transferred to the 8.1 General Operating Reserve, for eventual use consistent with achieving Council’s Strategic Plan direction and objectives.</p> <p>Motion 086/18: That Council approve a surplus transfer to the 8.2 Contingency Reserve of \$157,535 from the 2017 surplus.</p> <p>September 12, 2017 – Motion 375/17: That Council authorize the CAO to sign the Amended Prepayment of Taxes Agreement with North West Redwater Partnership Sturgeon Refinery (NWR).</p> <p>July 10, 2017 – Motion 358/17: That Council replenish the \$800,000 used from the 8.18 Road Network Reserve (Capital) by December 31, 2017 with revenue anticipated from Supplementary Assessment Tax Revenue.</p> <p>December 13, 2016 – Motion 455/16: That Council approve the 2017 Operating and Capital Budgets.</p>
Report	<p><u>Background Information:</u></p> <ul style="list-style-type: none">• The fiscal year ended December 31, 2017 in an operating surplus of \$1,342,599.• The surplus is slightly lower than the preliminary estimate and is within 2.9% of budget; the corporate target is to be less than 3%.• The financial statements include a transfer to the contingency reserve of \$157,535 and \$1,185,064 to the general operating reserve as approved at the March 27, 2018 regular council meeting.

- Sturgeon County's auditors Metrix Group LLP Chartered Professional Accountants was formerly known as Hawkings Epp Dumont LLP Chartered Professional Accountants prior to January 31, 2018.

Revenues:

- 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.
- Assessment changes (mostly) to Linear Industrial Assessment for 2017 resulted in \$338,343 municipal tax revenue over budget.
- Investment income for 2017 resulted in a \$555,154 revenue over budget. Sturgeon County budgets conservatively for investment income; the 2018 budget was increased to reflect consistent growth in our investment income.

Expenses:

- Savings in the gravel budget for 2017 resulted in an estimated surplus of \$244,769 due to price per tonne being lower than budgeted.
- Savings in the fuel budget for the 2017 resulted in an estimated surplus of \$236,553 due to conservative budgeting.
- The above variances were taken into consideration when developing the 2018 budget.

Audit:

- Council has appointed the accounting firm of Metrix Group LLP Chartered Professional Accountants 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 and Northwest Redwater Partnership for more than three (3) years.
- Sturgeon County began to recognize the Fort Hills Energy Corporate pre-tax revenue in 2016. This amount reduces the approved deficit and does not contribute to the surplus.
- Northwest Redwater Partnership pre-tax revenue will begin recognition in 2019 as per an amended agreement approved by Council.

External Communication:

- The Sturgeon County 2017 Annual Audited Financial Statements will be published on the Sturgeon County website.

	<p><u>Relevant Policy/Legislation/Practices:</u></p> <ul style="list-style-type: none"> • Section 276 of the <i>Municipal Government Act</i>, 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 <i>Municipal Government Act</i>, RSA 2000, c.M-26 allows municipalities to carry an accumulated deficit for a maximum of three (3) years.
<p>Implication of Administrative Recommendation</p>	<p><u>Strategic Alignment:</u></p> <p>Goal 1.2 Sturgeon County is financially stable and fiscally sustainable.</p> <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 2017 Audited Financial Statements on time with Municipal Affairs. <p><u>Financial:</u></p> <p>Sturgeon County’s surplus for 2017 is \$1,342,599.</p>
<p>Alternatives Considered</p>	<p>None.</p>
<p>Implications of Alternatives</p>	<p><u>Strategic Alignment:</u></p> <p>Goal 1.2 Sturgeon County is financially stable and fiscally sustainable.</p> <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 2017 Audited Financial Statements on time with Municipal Affairs. <p><u>Financial:</u></p> <p>Sturgeon County’s surplus for 2017 is \$1,342,599.</p>
<p>Follow up Action</p>	<ol style="list-style-type: none"> 1. The 2017 Audited Financial Statements will be filed with Municipal Affairs and made public by May 1, 2018. 2. Finance and Communications will begin work on the 2017 Annual Financial Report.

Report Reviewed
by:



Ed Kaemingh, Manager Financial Services



Rick Wojtkiw, General Manager Corporate Support



Bill Minnes, County Commissioner-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"/>