



Legislation Text

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Audited Financial Statements & Annual Report - Time Specific 2:00 p.m.

Presented by: Brenda Barclay, Manager, Financial Operations and Reporting

RECOMMENDATION(S)

That the City's 2020 Annual Report, including the audited Consolidated Financial Statements for the fiscal year ended December 31, 2020, be approved.

PURPOSE OF REPORT

The Annual Report includes 2020 operational highlights, progress achieved towards implementing the City of St. Albert Strategic Plan, statistical information and discussion of the financial statements, as well as the 2020 audited consolidated financial statements.

ALIGNMENT TO PRIORITIES IN COUNCIL'S STRATEGIC PLAN

N/A

ALIGNMENT TO LEVELS OF SERVICE DELIVERY

Public Communication and Corporate Reporting to Community:

Provision of progress update on Council's Strategic Plan, financials and key performance indicators to support transparency to the community through regular reporting of the City's achievements.

Report is prepared annually to provide update on progress toward achieving established goals and to report on City's financial position.

ALIGNMENT TO COUNCIL DIRECTION OR MANDATORY STATUTORY PROVISION

As per section 276 of the MGA, a municipality must prepare annual financial statements for the immediately preceding year. Once approved the municipality must make its financial statements and the auditors report available to the public by May 1 of the current year.

BACKGROUND AND DISCUSSION

The Annual Report is an important element of the City's transparency and communication efforts, providing residents and stakeholders with quality information on the City's performance. The report highlights the Corporation's major accomplishments and is presented with the City's audited

consolidated financial statements, statistics and management commentary.

Highlights from the 2020 Annual Report across the six Council priority areas include:

Growth Policy Framework

The revision of *Flourish - Growing to 100K*, the City's new Municipal Development Plan (MDP) is nearly complete. After a final round of public engagement, Council provided first reading for the MDP implementation bylaw and the plan was submitted to the Edmonton Metropolitan Region Board (EMRB) for approval. A second and third reading of the bylaw and public hearing will occur, completing this activity, once formal approval from the EMRB is granted. We look forward to using *Flourish* to proactively plan for the City's future population and employment growth.

Economic Development

Focus on support for business growth and development continues. A broader economic sustainability platform has been implemented to develop commerce retention and resiliency strategies. Strategies to enable entrepreneurial ventures and groups are in development.

Building a Transportation Network

A number of key projects achieved significant milestones in 2020. Construction on the Nakî Transit Centre & Park and Ride was completed in 2020. First phase of construction on the Ray Gibbon Drive Twinning Project is nearly complete. The Intelligent Transportation System (ITS) strategy is continuing with its pilot. To-date the technology has been deployed on Boudreau Road and St. Albert Trail in an attempt to improve traffic flow. The Regional Transit Service Commission (RTSC) has been formally established.

Infrastructure Investment - Council approved moving forward with land transfer negotiations to obtain lands for a future community amenities site. The City was able to apply for provincial Municipal Stimulus Program funds as the land transfer agreement is 95 per cent complete and the engineering design for servicing the site was advanced to 100 per cent. Fire Hall #4 preparations are underway. The City has engaged with potential landowners to negotiate future lands and Phase 1 of an environmental site assessment has taken place.

Housing and Social Well-being

Flourish - Growing to 100K, the City's new MDP, identifies opportunities for new land use districts to enable mixed-use opportunities within key locations in mature neighbourhoods. Council approved a new residential front/back district and amendments to incorporate zero lot line residential developments in the Land Use Bylaw. These adjustments will allow the City to address actions for housing diversity and accessibility.

Environmental Stewardship

In 2020, a report summarizing net zero residential development findings was complete. Work to implement these findings will continue into 2021. The Green Environment Strategy will be developed using the new strategic planning framework. This framework provides more structure and ensures alignment of long-term strategies with the Municipal Development Plan and other planning documents and processes.

2020 Financial Highlights

Administration is pleased to present the 2020 audited consolidated financial statements. The City's auditors, KPMG LLP have audited these statements and have provided an unqualified opinion.

These financial statements meet the requirements of Section 276 of the Municipal Government Act and are consistent with Canadian Generally Accepted Accounting Principles as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants.

These financial statements represent the consolidated operating and capital activities of the City of St. Albert, the City of St. Albert Public Library, and the Arts and Heritage Foundation of St. Albert.

Administration offers the following high-level financial analysis:

Consolidated Statement of Financial Position

The City's financial position remains strong at \$103.2 million in net assets, which is equal to the City's financial assets of \$225.5 million less liabilities of \$122.3 million.

The City's financial assets grew from 2019 by \$.9 million, as a result of an increase of investments by .4 million, offset by a decrease in receivables of .3 million.

On the other side of the equation the City's liabilities also decreased by \$14.5 million from 2019, due largely to a decrease in deferred revenue mainly for capital projects. These projects included the Barrier Wall, Fire Hall #1 and Campbell Park and Ride.

The City's non financial assets of \$1,113 was an increase from 2019 of \$68.9 million. These non financial assets include tangible capital assets (TCA), prepaids and inventories of material and supplies. The \$68.9 million increase is attributed to TCA which is made up of buildings, land, roads, machinery and equipment.

In a little more detail, engineered structures increased by \$41.3 million which is made up of \$19 million for contributed assets from Developers for Erin Ridge and Riverside Developments and \$6 million for Ray Gibbon Drive Improvements. Land improvement increased by \$17.7 million due to \$11 million for the Campbell Road Park and Ride and \$3 million for the Barrier Wall.

Overall the City's Accumulated Surplus or municipal equity increased to \$1,216.2 from \$1,131.8. The majority of the accumulated surplus is \$1,064 in equity in TCA. This is tangible capital assets, less depreciation, less debt. The second component is Reserves of \$153 million.

Consolidated Statement of Operations and Accumulated Surplus

This statement details the City's revenues and expenses on a consolidated basis. The first section of the statement focuses on the consolidated operating revenues and expenses which resulted in an annual surplus before capital revenue of \$3.1 million. As a result of COVID-19, changes to the City's operations were required, which included the closure of facilities and programs, changes to services, reallocating resources and deferring projects.

Total operating revenues decreased by \$2.1 million from 2019. The largest decreases are coming from the following areas:

- Sales and User Fees decreased \$9.4 million due to facility closures, reduction in Transit service and program cancellations.
- Fines and Penalties decreased by \$2.7 million as a result of a decrease in tickets issued, and deferral of penalties for utility and tax payments.
- Other Revenue decreased by \$2.3 million, due to a decrease in donations and the Smart Fare program rollout.

These decreases were offset by an increase in Operating Government Transfers of \$7.8M and Property Taxes of \$3.8M.

On the other side, the operating expenses also decreased by \$4.7 million in the following functional areas:

- Public Works and Transit decrease of \$2.4 million due a reduction in services, creating less expenses for fuel, transit contracted services and salaries.
- Community and Recreation Services decreased by \$5.6 million due intermittent recreation facility and service closures.
- Corporate Financing decreased by \$.7 million due to lower interest revenue.

These decreases were offset by an increase in Utility Services of \$2.1M and smaller increases in Emergency Services and Executive Leadership of \$1.0M each.

Near the bottom of the page, capital revenues increased to \$81.2 million which was mainly due to an increase in Contributed Capital Assets from Developers and Government Capital Transfers.

Overall, the City's annual surplus remains financially strong at \$84.3 million. This annual surplus is different than operating surplus as it includes non-cash items, such as amortization and contributed assets.

More detailed variance explanations on the functional divisions can be found in the fourth quarter report that was presented as in information item on February 16.

STAKEHOLDER COMMUNICATIONS OR ENGAGEMENT

The Annual Report, once approved, will be posted to the City website

IMPLICATIONS OF RECOMMENDATION(S)

Financial:

None at this time.

Legal / Risk:

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Program or Service:

None at this time.

Organizational:

None at this time.

ALTERNATIVES AND IMPLICATIONS CONSIDERED

N/A

Report Date: April 19, 2021

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