

Request for Decision

Title	1:00 p.m. 2023 T3 Financial Report and Audited Financial Statements
Proposed Motion	<ol style="list-style-type: none"> 1. That Council receive the T3 Financial Report for the period ended December 31, 2023 as information. 2. That Council approve the transfer of the 2023 operating surplus in the amount of \$833,545 to the General Operating Reserve. 3. That Council approve the 2023 Audited Financial Statements as prepared by Administration and audited by the accounting firm of MNP.
Administrative Recommendation	Administration recommends that Council receive the 2023 Tri-Annual T3 Financial Report as information, approve a transfer of the 2023 operating surplus to the General Operating Reserve, and approve the 2023 Audited Financial Statements as required by the <i>Municipal Government Act (MGA)</i> .
Previous Council / Committee Direction	<p><u>March 26, 2024 Regular Council Meeting</u> Motion 094/24: That Council direct Administration to prepare the 2024 Taxation Rates Bylaw to reflect a tax rate reduction from 2.13% to 1.37% by replacing new 2024-2025 debt with \$5.0 million from the General Operating Reserve to be replenished with available 2023 operating surplus funding.</p> <p><u>November 22, 2023 Council Budget Meeting</u> Motion 419/23: That Council approve the reallocation of \$4,000,000 in debt funding from the 2024 Capital Budget to the General Operating Reserve to be repaid by the 2023 operating surplus.</p> <p><u>October 24, 2023 Committee of the Whole</u> Motion 141/23: That the Committee accept the 2023 T2 Financial Report as information.</p> <p><u>September 12, 2023 Regular Council Meeting</u> Motion 328/23: That Council accept the 2023 Mid-Year Financial Report as information.</p> <p>Motion 329/23: That Council approve a \$4 million transfer from 2023 taxation revenue to the General Operating Reserve to be used to offset unrealized revenue resulting from assessments reduced through the assessment complaint process.</p>

	<p><u>April 20, 2023 Regular Council Meeting</u> Motion 143/23: That Council give third reading of Bylaw 1625/23.</p> <p><u>December 13, 2022 Regular Council Meeting</u> Motion 481/22: That Council approve the 2023 Operating Budget as amended by motions passed on November 23, and 24, 2022, which represents a 3.9% tax rate increase.</p> <p>Motion 482/22: That Council approve the 2023-2025 Capital Budgets in the amounts of \$35,701,907 for 2023, \$42,114,975 for 2024, and \$38,639,232 for 2025 as referenced in Attachment 3: Capital Funding and Project Listing.</p> <p>Motion 483/22: That Council approve in principle the 2024-2026 Operating Financial Forecast and the 2026-2028 Capital Financial Forecast as presented in the consolidated Operating and Capital Budget and amended by motions passed on November 23 and 24, 2022.</p>
Report	<p><u>Background Information</u></p> <ul style="list-style-type: none"> • The 2023 Operating and Capital Budgets were approved by Council on December 13, 2022, which set in motion the planned financial activities for 2023. • The 2023 Tri-Annual Financial Report and 2023 Capital Project Report (Attachment 1 and 2) summarize the financial activity for operations, capital and treasury for the year ending December 31, 2023. • The 2023 Sturgeon County Audited Financial Statements (Attachment 3) will be presented by Mr. Chris Cholak, Partner with MNP and will allow Council to address any questions. • Should Council choose, it may move to a closed session pursuant to section 197(2) of the MGA and in accordance with section 26 (testing procedures, tests and audits) of the <i>Freedom of Information and Protection of Privacy (FOIP)</i> Act. <p><u>External Communication</u></p> <ul style="list-style-type: none"> • Communication will occur during the Regular Council Meeting and via posted agenda and council minute packages on the website. <p><u>Relevant Policy/Legislation/Practices</u></p> <ul style="list-style-type: none"> • Section 276 of the MGA requires municipalities to submit an annual report to the Minister by May 1 of each year. • Sections 280 and 281 of the MGA provide that each Council must appoint auditors for the municipality and the auditor must report to Council on the annual financial statements.

Implication of Administrative Recommendation	<p><u>Strategic Alignment</u> Collaborative Governance – Providing Council and the public with transparent financial information and results supports future decision making and adheres to the financial reporting requirements of the MGA.</p> <p><u>Organizational</u> The approval of the financial statements will allow Administration to file the 2023 Audited Financial statements and financial information return with Municipal Affairs.</p> <p><u>Financial</u></p> <ul style="list-style-type: none"> • The 2023 operating surplus balance as of December 31, 2023, was \$5,833,545 with \$5,000,000 being committed to funding new 2024-2025 debt leaving a balance of \$833,545 to be transferred to the General Operating Reserve for future consideration. • The consolidated 2023 capital budget consisted of \$67.3 million and can be summarized as follows: <ul style="list-style-type: none"> ▪ \$37.7 million in capital funding spent in 2023. ▪ \$1.9 million reclassified as operating expenses. ▪ \$4.0 million in funding or budget authority releases. ▪ \$2.5 million in funding required to balance budget shortfall. ○ The remaining \$28.0 million capital budget authorities and funding is being carried forward into 2024 for project needs.
Alternatives Considered	<p>That Council approve the 2023 Audited Financial Statements as prepared by Administration and audited by the firm MNP with an alternate allocation for the uncommitted portion of the 2023 Operating Surplus.</p>
Implications of Alternatives	<p><u>Strategic Alignment</u> Dependent on Council direction.</p> <p><u>Organizational</u> Dependent on Council direction.</p> <p><u>Financial</u> Dependent on Council direction.</p>
Follow up Action	<ol style="list-style-type: none"> 1. Post the 2023 Audited Financial Statements to the Sturgeon County website (Corporate Finance & Treasury and Corporate Communications, April 2024).
Attachment(s)	<ol style="list-style-type: none"> 1. Attachment 1: 2023 Tri-Annual Financial Report 2. Attachment 2: 2023 Capital Project Report 3. Attachment 3: 2023 Audited Financial Statements 4. Attachment 4: 2023 Audit Findings Report 5. Attachment 5: 2023 Sturgeon County Audit Presentation MNP 6. Attachment 6: Reserve Policy

Report Reviewed by:	Sabrina Duquette, Manager, Corporate Finance & Treasury Andrew Hayes, General Manager, Financial Services & Chief Financial Officer Reegan McCullough, County Commissioner – CAO
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Strategic Alignment Checklist

Vision: *Offering a rich tapestry of historical, cultural, and natural experiences, Sturgeon County is a municipality that honours its rural roots and cultivates desirable communities. Uniquely situated to provide world-class agricultural, energy, and business investment opportunities, the County prioritizes responsible stewardship and dreaming big.*

Guiding Principles: Collaboration | Accountability | Flexibility | Excellence | Safety | Future Readiness | Affordability | Innovation

Community Outcome	Not consistent	Consistent	N/A
Planned Growth			
<ul style="list-style-type: none"> Internationally competitive to attract, grow and sustain diverse businesses; tenacious focus on new growth and innovation 	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<ul style="list-style-type: none"> Modern broadband and digital capabilities 	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<ul style="list-style-type: none"> Low cost, minimal red-tape regulations 	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<ul style="list-style-type: none"> Reliable and effective infrastructure planning; comprehensive land use and infrastructure planning 	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Thriving Communities			
<ul style="list-style-type: none"> Beautiful, surprising places with high standards; integrated natural spaces & trail systems; healthy and resilient 	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<ul style="list-style-type: none"> Engaging cultural, historical, and civic amenities; strong community identity and pride 	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<ul style="list-style-type: none"> Safe, welcoming, and diverse communities; small community feel and personal connection; commitment to high quality of life 	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Environmental Stewardship			
<ul style="list-style-type: none"> Clean air, land, and water; Carbon neutral municipal practices; circular economy opportunities 	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<ul style="list-style-type: none"> Conservation of natural areas and agricultural lands; enhanced greening and biodiversity; safekeeping ecosystems 	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<ul style="list-style-type: none"> Sustainable development; partnerships with industry and others to drive emission reductions 	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Collaborative Governance			
<ul style="list-style-type: none"> Predictable and stable external relationships; volunteer partnerships 	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<ul style="list-style-type: none"> Meaningful connections with Indigenous communities 	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<ul style="list-style-type: none"> Ongoing community consultation and engagement; transparent and action-oriented decision making based on sound rationale 	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<ul style="list-style-type: none"> Respectful and informed debate; clear and supportive governance processes 	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Operational Excellence			
<ul style="list-style-type: none"> Engaged and effective people – Council, Admin and Volunteers; continuous learning and improvement mindset; nimble and bold, with strong leadership 	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<ul style="list-style-type: none"> Quality cost-effective service delivery; robust procurement and operational practices and policies; asset management and performance measurement; careful debt and reserve stewardship; long-term financial planning and sustainability 	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<ul style="list-style-type: none"> Future focused thinking to proactively respond to emerging opportunities and challenges 	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<ul style="list-style-type: none"> Alternative revenue generation and service delivery models integrated strategic and business planning 	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>