

August 31, 2020

Interim Report

As reported on October 14, 2020



CITY OF
FORT SASKATCHEWAN
ALBERTA

Interim Report | August 2020

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Table of Contents

OPERATING HIGHLIGHTS	2
OPERATING BUDGET	2
CAPITAL PROJECTS	2
FINANCIAL POSITION	3
FINANCIAL RESULTS FROM OPERATIONS	4
ANALYSIS OF SIGNIFICANT VARIANCES	5
CAPITAL BUDGET HIGHLIGHTS	8
FINANCIAL POSITION HIGHLIGHTS	9
NET FINANCIAL ASSETS (NET DEBT)	9
CASH AND INVESTMENTS	9
PROPERTY TAXES RECEIVABLE	10
LONG-TERM DEBT	10
FINANCIAL RESERVES	11
SUPPLEMENTARY FINANCIAL INFORMATION	12
STATEMENT OF FINANCIAL POSITION	12
STATEMENT OF OPERATIONS	13
NET OPERATING BUDGET VARIANCES BY DEPARTMENT	14
FINANCIAL RESERVE BALANCES AND COMMITMENTS	15
STRATEGIC PLAN UPDATE	16
POSITIONED FOR GROWTH	16
EXCELLENCE IN GOVERNMENT	17
A VIBRANT AND THRIVING COMMUNITY	18
WELL PLANNED AND MAINTAINED MUNICIPAL INFRASTRUCTURE	20
CAPITAL PROJECTS	21
BUSINESS SUPPORT	26



OPERATING HIGHLIGHTS

The first eight months of 2020 have been a period of significant challenge for the City of Fort Saskatchewan. On March 11, 2020, the World Health Organization officially declared the spread of the COVID-19 virus a global pandemic. Subsequently, significant public health and safety measures have been put in place by all three levels of Government intended on helping to slow the spread of the virus to ensure the public healthcare system is not overwhelmed while trying to keep the virus from widespread infection, especially with the more vulnerable members of the population.

The public health orders put in place by the provincial government, along with the additional measures put in place by the City of Fort Saskatchewan, resulted in significant disruptions for both City operations, and for the community as a whole.

At a high level the City:

- Closed down public access to all City facilities, and suspended culture and recreation programming
- Observed significant drops in revenues from enforcement, investment income, and transit.
- Allowed for the deferrals of utility bill penalties and property tax payments to provide relief for local business and residents impacted by the pandemic.
- Reduced the municipal property tax increase for 2020 to zero.
- Deferred numerous operating projects and curtailed spending to mitigate the impacts of lower revenue.
- Made significant changes to operations in response to the operational impacts by redeploying and laying off staff, while changing the working conditions for administrative and operational staff still working.

Beginning in June, the City started to reopen its facilities to the public and restarting culture and recreation programming on a modified basis and in compliance with public health orders. The City continues to monitor ongoing changes to public health orders, as well as other announcements from various levels of government an economic relaunch and recovery.

OPERATING BUDGET

In the first eight months of 2020, the City had a \$ 3,000 deficit variance compared to its operating budget. The City is forecasting a \$1,259,000 surplus due to reduced costs from facility closures and being reopened with revised hours due to the COVID-19 pandemic.

Revenues are expected to be \$3,559,000 below budget, primarily due to lower user fees and charges due to facility closures and lower economic activity, waiving of fines and penalties, as well as, lower investment income due to Bank of Canada rate cuts in response to COVID-19.

Expenses are expected to be \$5,815,000 below budget due to facility closures, project deferrals, and a broad based expenditure curtailment in response to COVID-19.

CAPITAL PROJECTS

The 2020 capital program includes 44 capital projects. As at August 31, 2020 the City has completed four projects while 34 were still in progress, five projects were postponed or deferred to 2021, and the



Interim Report | August 2020

As reported on October 14, 2020

additional transit bus project was cancelled due to changes in provincial grant funding. Projects were postponed due to twinning the highway 15 bridge, developer schedules, and COVID-19.

The City spent \$6,415,000 on capital projects in the first eight months of 2020.

FINANCIAL POSITION

As at August 31, 2020, the City had net financial assets of \$ 37,971,000 compared to \$14,579,000 in net financial assets at December 31, 2019. Net financial assets are typically their highest after property taxes being levied in May, cash and cash equivalent balances and the decrease in long term debt payable.

- Investment, cash, and cash equivalent balances increased by \$22,339,000 from December 31, 2019.
- Long term debt was \$33,506,000 compared to \$35,132,000 at December 31, 2019.

The City deferred application of penalties for some taxpayers until October 1, 2020 in order to mitigate financial strain caused by the COVID-19 related restrictions and business closures. At August 31, 2020, 23% of net property taxes were outstanding compared with 15% outstanding at August 31, 2019. Subsequent to the period at September 30, 2020, only 11% of net property taxes were outstanding compared to 12% at September 30, 2019 and a majority of outstanding accounts are on the City's preauthorized monthly payment program.

In order to mitigate the increased risk of non-collection, Council has authorized the City to borrow up to \$40 million to finance the ongoing operating activities of the City through a line of credit facility. However, to date this credit facility has not been accessed.



FINANCIAL RESULTS FROM OPERATIONS

Expressed in \$000s	Eight months ended August 31, 2020			Year ended December 31, 2020		
	Budget	Actual	Variance	Budget	Forecast	Variance
Operating Revenue						
Property Taxes	48,138	47,860	(278)	48,198	47,919	(279)
Utility User Rates	12,508	12,415	(93)	18,670	18,492	(178)
User Fees & Charges	4,962	3,322	(1,640)	7,211	4,822	(2,389)
Fines and Penalties	1,502	1,085	(417)	2,254	1,740	(514)
Government Transfers - Operating	1,289	701	(588)	1,794	1,778	(16)
Investment Income	769	745	(24)	1,257	1,014	(243)
Other Revenue	40	117	77	72	132	60
Total Operating Revenue	69,208	66,245	(2,963)	79,456	75,897	(3,559)
Operating Expenses						
Salaries, Wages, and Benefits	(20,747)	(18,811)	1,936	(30,116)	(27,945)	2,171
Purchases from other Governments	(9,886)	(9,711)	175	(14,766)	(14,418)	348
Contracted Services	(4,324)	(3,344)	980	(6,749)	(5,365)	1,384
Utilities	(1,907)	(1,786)	121	(2,930)	(2,791)	139
Materials and Supplies	(1,939)	(1,882)	57	(3,173)	(2,808)	365
Transfers to Individuals and Organizations	(1,528)	(1,172)	356	(1,704)	(1,744)	(40)
Debenture Interest	(629)	(614)	15	(1,227)	(1,214)	13
Service Maintenance Contracts	(2,752)	(2,452)	300	(4,032)	(3,609)	423
Advertising & Printing	(475)	(219)	256	(613)	(373)	240
Training & Development	(452)	(182)	270	(815)	(248)	567
Insurance	(510)	(468)	42	(749)	(698)	51
Phones & Postage	(289)	(259)	30	(431)	(397)	34
Memberships	(362)	(361)	1	(449)	(426)	23
Other Expenses	(106)	(78)	28	(239)	(142)	97
Total Operating Expenses	(45,906)	(41,339)	4,567	(67,993)	(62,178)	5,815
Operating Budget Surplus (Deficit) before Other Items	23,302	24,906	1,604	11,463	13,719	2,256
Other Items						
Repayment of Debenture Principal	(1,653)	(1,666)	(13)	(3,455)	(3,452)	3
Net Operating Transfers (to) from Reserves	(7,888)	(8,935)	(1,047)	(8,008)	(8,467)	(459)
Annexation Gain or Loss	-	(541)	(541)	-	(541)	(541)
Net Other Items	(9,541)	(11,142)	(1,601)	(11,463)	(12,460)	(997)
Operating Budget Surplus (Deficit)	13,761	13,764	3	-	1,259	1,259

The operating budget deficit includes transfers to and from reserves and debt repayments that are excluded from Public Sector Accounting Standards ("PSAS") financial reporting, and excludes amortization and gains or losses on the disposal of tangible capital assets which are included in PSAS. An unconsolidated statement of operations that is consistent with PSAS has been included in Appendix 1. Net variances from the operating budget by departments are also included in Appendix 1. The above forecast does not include allowances for uncollectible property taxes.



ANALYSIS OF SIGNIFICANT VARIANCES

The City has been significantly impacted by COVID-19 and public health orders from the Government of Alberta, including a number facility closures, impacts on demand, and increased costs for facility maintenance. Between April 1 and August 31, 2020, user fees and charges revenues were \$1,705,000 below budget and \$1,486,000 lower than in the same period of 2019. The City is forecasting to be an additional \$727,000 below budget between September and December 2020. Also in that period, the City spent \$154,000 on additional cleaning, personal protective equipment, licenses, and other costs related to telecommunication, and supports for the community.

In response to the pandemic, the City has reduced staffing levels, deferred a number of operating projects, and curtailed non-essential spending.

In June 2020, the City began limited reopenings a number of facilities, providing modified services. However, significant uncertainty exists regarding the demand for these services and ultimately the amount of user fees and charges revenue that will be generated from reopening.

Subsequent to the period, the Government of Alberta announced the Municipal Operating Support Transfer ("MOST") program to assist Municipalities who have seen reduced revenues or incurred costs related to the COVID-19 pandemic. The City expects to receive \$2,777,000 from MOST, which it will use to fund additional expenditures and lost revenue between the period April 1, 2020 and March 31, 2021. The City is still assessing how these funds will be used and has not included them in August 2020 forecast.

REVENUES

Property Taxes

The City is expecting property tax revenues to be \$279,000 lower than budget. This variance relates to a 2019 Government of Alberta decision to reduce grants in place of taxes by 50%, as well as various property reassessments in the period.

User Fees and Charges

Revenue from user fees and charges were \$1,640,000 below budget in the first eight months of 2020 and are forecast to be \$2,389,000 below budget for the year due to COVID-19 related facility closures, a decline in demand for construction related permits, and the waiver of transit fees.

Expressed in \$000s	Eight Months Ended August 31, 2020			Year Ended December 31, 2020		
	Budget	Actual	Variance	Budget	Forecast	Variance
Facility Rental and Lease Revenue	1,145	691	(454)	1,835	1,202	(633)
Admissions	677	320	(357)	1,027	465	(562)
Registrations	488	139	(349)	692	233	(459)
Permits	957	756	(201)	1,319	986	(333)
Transit User Fees	160	81	(79)	249	121	(128)
Advertising and Sponsorship	176	70	(106)	197	124	(73)
Other	1,359	1,265	(94)	1,891	1,690	(201)
User Fees and Charges	4,962	3,322	(1,640)	7,210	4,821	(2,389)



Fines and Penalties

The City is expecting fines and penalties to be \$515,000 below budget for 2020. In the first eight months of 2020, court fines were \$506,000 below budget and are expected to be \$811,000 below budget for the year. Property tax penalties are \$91,000 higher than budget year to date and forecast to be \$301,000 higher than budget for the year.

Court fine revenue is down due to a combination of contributing factors, including 8% less traffic compared to the same period of 2019, temporary changes in process with the contractor and court systems, and one intersection safety device being out of service for two months.

Tax penalties are expected to be higher than normal in 2020 due to economic impacts resulting from low oil prices and COVID-19.

Investment Income

In March 2020, the Bank of Canada cut its target interest rate by 1.5%. These rate cuts are expected to result in the City earning \$243,000 less than it had budgeted in 2020 on its variable rate deposit accounts.

EXPENDITURES

The City has embarked on a broad spending reduction or deferral program in response to the COVID-19 pandemic.

Salaries, wages, and benefits

Expressed in \$000s	Eight Months Ended August 31, 2020			Year Ended December 31, 2020		
	Budget	Actual	Variance	Budget	Forecast	Variance
Staff Surplus before allowance	21,278	18,811	(2,467)	30,885	28,183	(2,702)
Budgeted vacancy / rate allowance	(531)	-	531	(769)	(238)	531
Net Staff Surplus	20,747	18,811	(1,936)	30,116	27,945	(2,171)

Salaries, wages, and benefits were \$1,936,000 lower than budgeted in the first eight months of 2020 and forecasted to be \$2,171,000 under budget by the end of the year. Labour costs are forecasted to be \$2,702,000 below budget for the year before a \$531,000 budgeted allowance for vacancies and wage grid placements.

The City has deferred filling vacant positions, reduced staff hours, and restricted the use of casual or temporary labour contracts. Culture and Recreation Services has the largest surplus in salary, wages, and benefits at \$1,340,000 year to date, and forecasting a surplus of \$1,425,000 due to COVID-19 related facility closures.

In order to minimize staff layoffs, the City has redeployed a number of staff from closed business units to parks and to other business units that are still operating.

Contracted Services

The Sportsplex ice Plant and Fire Hall generator replacements approved in the 2020 operating budget have been moved to the Capital budget and will be funded by the MSI Capital grant. These replacements represent betterments to the buildings and will comply with new safety regulations and are more efficient than the existing equipment. Together these projects represent \$980,000 operating variance.

Financial Report for the eight months ended August 31, 2020 (UNAUDITED)

Rounded to the nearest thousand dollars, except where otherwise stated

A number of projects that were planned for 2020 have been scaled back, deferred, or cancelled. Some of these changes include spending reductions to the Vision Zero program and special events programming, deferral of firefighter annual medical assessments and implementation of the culture master plan, and cancellation of fitness instructor classes, seniors and youth events.

Other Spending Reductions

The City has reduced spending in a number of areas including materials and supplies, training and development, advertising and printing, and service maintenance contracts. Facility closures and program cancellations have significantly reduced spending by culture and recreation services. Other departments have deferred preventative maintenance, or reduced non-essential spending where possible.

UTILITY OPERATIONS

Water supply, sewer service, and solid waste are 100% utility user rate funded. Property taxes are not used to subsidize utility operations. Likewise, utility user rates do not subsidize the general operations of the City.

Expressed in \$000s	Variances from utilities operating budget			
	Water Supply	Sewer Service	Solid Waste	Total Utilities
For the eight months ended August 31, 2020				
Revenue				
Utility user rates	(333)	241	(2)	(93)
Other revenue	(166)	(12)	92	(85)
Expenses				
Salaries, wages and benefits	4	18	54	75
Commission charges	196	(403)	-	(207)
Contracted services	178	139	(49)	268
Other costs	67	23	42	132
Reserve transfers and debt repayment	(0)	36	(26)	10
YTD Operating Budget Surplus (Deficit)	(52)	42	110	100
For the year ending December 31, 2020				
Revenue				
Utility user rates	(402)	221	3	(178)
Other revenue	(212)	(14)	105	(121)
Expenses				
Salaries, wages and benefits	(9)	7	29	27
Commission charges	229	(378)	-	(149)
Contracted services	134	45	(86)	93
Other expenses	111	(31)	53	133
Reserve transfers and debt repayment	2	45	(25)	21
Forecast Operating Budget Surplus (Deficit)	(147)	(105)	78	(175)

The City's utility operations had a \$100,000 surplus compared to budget in the first eight months of 2020 but are expected to have a \$175,000 deficit for the year. The combined utility-user rates revenue from water and sewer were \$91,000 lower than budgeted at August 31, 2020 due to lower than budgeted water consumption offset by higher industrial effluent usage. Likewise, charges from the Capital Region Northeast Water Services Commission and Alberta Capital Region Wastewater Commission were \$207,000 above budget.



CAPITAL BUDGET HIGHLIGHTS

The 2020 Capital Program includes 14 new projects and 30 multi-year projects that were carried forward from 2019. At August 31, 2020, the City had 34 active projects, four that were complete, one that was cancelled, and five that were on hold for various reasons. The capital programs are summarized below. Additional project level details are attached in Appendix 3.

	Carried Forward from 2019	2020 Capital Budget	Authorized in 2020	Authorized Capital Expenditure	2020 Expenditure	Forecast Remaining Expenditure	Forecast Surplus (Deficit)
	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s
General Administration	694	924	-	1,618	(296)	(1,323)	-
Protective Services	321	365	-	686	(280)	(407)	-
Fire Services	1,799	275	20	2,094	(1,814)	(275)	6
Common Services & Equipment Pool	1,242	1,612	(49)	2,805	(609)	(1,799)	398
Roads & Transportation	3,428	9,930	-	13,358	(2,582)	(10,763)	12
Recreation Services	1,273	113	850	2,236	(386)	(2,047)	(197)
Culture Facilities & Programs	121	-	-	121	-	(121)	-
Utility Rate Funded Projects	2,408	860	2,364	5,632	(428)	(4,919)	285
Levy Funded Projects	3,338	-	-	3,338	(20)	(3,322)	(4)
Total	14,624	14,079	3,185	31,888	(6,415)	(24,976)	500

COVID-19

Due to the financial impact of COVID-19, the City deferred several capital projects.

Construction of the following programs have been deferred: Sump Pump Retrofit Program, Roadway Safety Improvements.

Purchasing for the following programs have been deferred: Protective Services Equipment Lifecycle, portions of the Computer Hardware / Software New Acquisition Program, and portions of the Computer Network Infrastructure Program.

FIRE ENGINE REPLACEMENTS

The City received two new fire engines to replace two existing pumper trucks after the reporting period in May 2020. Cost of the replacements were funded from the Municipal Sustainability Initiative and proceeds from the sale of the old trucks.

HIGHWAY 15 BRIDGE TWINNING

Work by the Province to twin the Highway 15 Bridge, including a pedestrian bridge, is underway. The City is working closely with the Province to coordinate river valley enhancement projects.

NEIGHBOURHOOD AND LOCAL ROAD REHABS

2020 projects focused on Southview Way, 99 Ave, 96A Ave, Harbour Pool Access Road, 93 Ave, 101 St, sections of HWY 21 and sections of HWY 15.



FINANCIAL POSITION HIGHLIGHTS

An unconsolidated statement of financial position for the City of Fort Saskatchewan has been included in Appendix 1.

NET FINANCIAL ASSETS (NET DEBT)

Net financial assets refer to the financial assets of the City less all liabilities, including long-term debt.

As at August 31, 2020, the City had net financial assets of \$37,971,000 compared to the net financial assets of \$14,579,000 at December 31, 2019 and \$29,315,000 at August 31, 2019.

CASH AND INVESTMENTS

The City holds funds expected to be used in the next twelve months in its operating accounts or notice of demand accounts. Funds expected to be needed over longer time horizons are invested in corporate bonds and guaranteed investment certificates ("GIC").

At August 31, 2020, the City had the following cash and short term deposits:

	August 31, 2020			December 31, 2019		
	\$000	Interest Rate %	Benchmark	\$000	Interest Rate %	Benchmark
Cash and Cash Equivalents						
Operating Accounts	9,423	0.80%	1.08%	6,183	2.30%	1.61%
Notice of Demand Accounts	51,311	1.09%	1.08%	42,203	2.59%	1.61%
Total	60,734	1.04%	1.08%	48,386	2.56%	1.61%

The City's notice of demand accounts earn interest at rates from 1.00 to 1.10% and are redeemable upon 31 to 90 days' notice. The City's benchmark for short term investments, FTSE Canada 91 day T-Bills Index, had an annualized yield of 1.08% on October 14, 2020.

	August 31, 2020			December 31, 2019		
	Average Yield %	Average Years to Maturity	Book Value \$000	Average Yield %	Average Years to Maturity	Book Value \$000
Guaranteed Investment Certificates	2.36%	4.23	24,980	2.70%	5.24	14,980
Long Term Bond	2.61%	2.82	1,969	2.61%	3.49	1,979
Other	n/a	n/a	55	12.59%	n/a	55
	2.38%	4.12	27,004	2.72%	5.02	17,014

The City's operating and notice of demand accounts earn variable rates of interest and are therefore subject to interest rate risk. The City manages interest rate risk by purchasing securities with maturity dates ranging from 2021 to 2028 so that only a portion of the City's long term portfolio is exposed to interest rate risk in any given year.

ATB Financial, Canadian Western Bank, and Raymond James Ltd. are designated financial institutions for investment purposes, pursuant to the Banking Administration Bylaw C24-18.

PROPERTY TAXES RECEIVABLE

In response to COVID-19, the City deferred the application of property tax penalties to assist taxpayers facing financial hardship due to the pandemic, excluding designated industrial properties. Tax Penalties were deferred to October 1 – 3%, November 1 – 6%, and December 1 – 9% respectively. The City tax collection of 2020 property taxes was slower than in previous years as a result of extending the penalty-free period.

At August 31, 2020, 23% of net property taxes were outstanding compared with 15% outstanding at August 31, 2019. Subsequent to the period at September 30, 2020, only 11% of net property taxes were outstanding compared to 12% at September 30, 2019 and a majority of outstanding accounts are on the City's preauthorized monthly payment program.

LONG-TERM DEBT

Projects	Weighted Average Interest Rate %	August 31 2020	December 31 2019	Fully Repaid
Debentures				
Westpark Reservoir	6.375%	173	173	October 2020
Dow Centennial Centre	5.705%	3,679	4,157	December 2023
Sewer Service Reline	2.371%	3,556	3,882	December 2029
City Hall	3.308%	11,220	11,578	December 2033
100 Avenue Rehab	3.571%	5,124	5,276	September 2035
Protective Services Building	3.136%	9,403	9,658	December 2036
Total Debentures		33,155	34,724	
Capital Leases				
Capital Lease Obligations		351	408	December 2025
Total Long Term Debt		33,506	35,132	

The City borrows money to fund capital projects by issuing debentures and entering into capital leases. The total debt outstanding at August 31, 2020 is \$33,506,000. In the first eight months of 2020, the City paid \$1,569,000 in principal and \$605,000 in interest expense to service debentures and \$57,000 in principal and \$8,000 in interest to service capital leases.

Most debentures are paid semi-annually. However, the City makes payments for the Westpark Reservoir debenture annually each October.

Capital leases have monthly or annual payments up to the year 2025 with implied interests ranging from 0.79% to 5.86%.

At August 31, 2020 the City was at 28% of its provincial Debt Limit (December 31, 2019 – 30%) and 22% of its provincial Service on Debt Limit (December 31, 2019 – 24%). Capital leases do not impact the City's debt limit or debt service limit.

In order to mitigate the increased risks associated with the COVID-19 pandemic, Council has authorized the City to borrow up to \$40 million to finance the ongoing operating activities of the City through a line of credit facility. To date, the City has not drawn any funds through this credit facility.

FINANCIAL RESERVES

At August 31, 2020, the City had \$58,887,000 in financial reserves, of which \$15,830,000 were committed to various capital and operating projects. The City forecasts that it will have uncommitted financial reserve balances at December 31, 2020 of \$43,057,000, including \$37,556,000 in internally restricted reserves and \$5,501,000 in externally restricted reserves. The City's 2020 optimal balance for internally restricted financial reserves is \$36,411,000.

Stabilization and contingency reserves are above optimal balances. However, the capital project, infrastructure lifecycle, maintenance, and replacement reserves are expected to be \$6,533,000 underfunded

Appendix 1 includes a summary of the City's financial reserve balances and commitments.



SUPPLEMENTARY FINANCIAL INFORMATION

STATEMENT OF FINANCIAL POSITION

(Unaudited)

	August 31, 2020	December 31, 2019	August 31, 2019
	\$000s	\$000s	\$000s
Financial Assets			
Cash and Cash Equivalents	60,734	48,386	62,543
Revenues Receivable			
Property Taxes Receivable	10,777	1,124	6,975
Government Transfers Receivable	940	1,523	1,472
Trade and Other Receivables	2,461	2,150	2,084
Inventory Held for Resale	1,309	1,306	1,299
Investments	27,006	17,015	17,308
Total Financial Assets	103,227	71,504	91,681
Liabilities			
Accounts Payable and Accrued Liabilities			
Liabilities			
Trade Payables	(14,311)	(6,486)	(14,074)
Employee Benefit Obligations	(1,549)	(1,417)	(1,412)
Payroll and Remittances	(977)	(695)	(1,034)
Interest Payable	(228)	(228)	(256)
Liability for Contaminated Sites	(1,602)	(1,602)	(1,499)
Deferred Revenue	(11,695)	(9,329)	(6,124)
Deposits on Account	(1,388)	(2,037)	(2,154)
Long-Term Debt	(33,506)	(35,132)	(35,812)
Total Liabilities	(65,256)	(56,925)	(62,366)
Net Financial Assets	37,971	14,579	29,315
Other Assets			
Tangible Capital Assets	500,846	502,182	498,460
Prepaid Expenses	565	471	571
Inventories of Supplies	611	573	670
Total Other Assets	502,022	503,226	499,701
Accumulated Surplus	539,993	517,805	529,016

This statement of financial position for the City of Fort Saskatchewan has not been consolidated with the Fort Saskatchewan Public Library ("Library"). The annual financial statements are prepared in accordance with PSAS, which require that the City's financial statement be consolidated with the Library.



STATEMENT OF OPERATIONS

(Unaudited)

	Eight months ended August 31		
	2020	2020	2019
	Budget	Actuals	Actuals
<i>Expressed in \$000s</i>			
Operating Revenue			
Property Taxes	48,138	47,860	46,979
Utility User Rates	12,508	12,415	11,429
User Fees & Charges	1,502	1,085	2,214
Fines and Penalties	4,962	3,322	4,772
Investment Income	1,289	701	1,024
Government Transfers - Operating	769	745	1,097
Other Revenue	40	117	280
Total Operating Revenue	69,207	66,245	67,796
Operating Expenses			
Infrastructure & Planning Service			
Public Works	(11,398)	(11,131)	(10,879)
Fleet, Facilities, & Engineering	(5,960)	(5,684)	(6,491)
Planning & Development	(1,403)	(1,282)	(1,239)
Economic Development	(540)	(601)	(625)
	(19,301)	(18,698)	(19,233)
Community and Protective Services			
Culture & Recreation Services	(7,499)	(5,143)	(7,234)
Protective Services	(5,411)	(4,524)	(4,660)
Fire Services	(2,654)	(2,448)	(1,650)
Family & Community Support Services	(968)	(827)	(965)
Emergency Management	(125)	(196)	(9)
	(16,657)	(13,139)	(14,519)
Corporate Services Division			
Information Technology	(2,012)	(2,053)	(1,741)
Legislative Services	(1,034)	(977)	(987)
Financial Services	(943)	(909)	(917)
People Services	(957)	(775)	(882)
Corporate Communications	(596)	(474)	(529)
	(5,542)	(5,187)	(5,055)
Senior Leadership	(1,397)	(1,312)	(1,165)
Fiscal Services	(635)	(1,068)	(940)
Elected Officials	(350)	(262)	(316)
Utility Operations	(11,949)	(11,628)	(10,841)
Total Operating Expenses	(55,830)	(51,295)	(52,070)
Surplus (Deficit) before Other Items	13,378	14,950	15,726
Other Items			
Contributed Tangible Capital Assets	4,204	2,134	506
Government Transfers - Capital	6,335	5,123	3,667
Community Capital Funding	541	15	106
Developer Levies	-	378	145
Gain (Loss) from Annexation	-	(411)	-
Net Other Items	11,080	7,237	4,424
Operating Surplus (Deficit)	24,457	22,189	20,149

This statement of operations for the City of Fort Saskatchewan has not been consolidated with the Fort Saskatchewan Public Library ("Library"). The annual financial statements are prepared in accordance with PSAS, which require that the City's financial statements be consolidated with the Library.



NET OPERATING BUDGET VARIANCES BY DEPARTMENT

Expressed in \$000s	Eight months ended August 31, 2020			Year ended December 31, 2020		
	Budget	Actual	Variance	Budget	Forecast	Variance
Infrastructure & Planning Division						
Public Works	(5,997)	(5,844)	153	(8,414)	(8,268)	146
Fleet, Facilities, & Engineering	(4,027)	(4,130)	(103)	(6,421)	(5,747)	674
Planning & Development	(450)	(506)	(56)	(756)	(885)	(129)
Economic Development	(318)	(403)	(85)	(580)	(544)	36
Total Infrastructure & Planning Division	(10,792)	(10,883)	(91)	(16,171)	(15,444)	727
Community & Protective Services Division						
Culture and Recreation Services	(5,309)	(4,229)	1,080	(6,982)	(6,291)	691
Protective Services	(3,474)	(3,758)	(284)	(5,350)	(5,006)	344
Fire Services	(2,772)	(2,645)	127	(3,954)	(3,555)	399
Family & Community Support Services	(357)	(215)	142	(491)	(376)	115
Emergency Management	-	(80)	(80)	-	(126)	(126)
Total Community & Protective Services Division	(11,912)	(10,927)	985	(16,777)	(15,354)	1,423
Corporate Services Division						
Information Technology	(1,989)	(2,008)	(19)	(2,706)	(2,672)	34
People Services	(901)	(733)	168	(1,433)	(1,077)	356
Financial Services	(929)	(890)	39	(1,361)	(1,318)	43
Legislative Services	(1,031)	(977)	54	(1,510)	(1,503)	7
Corporate Communications	(587)	(465)	122	(764)	(685)	79
Total Corporate Services Division	(5,437)	(5,073)	364	(7,774)	(7,255)	519
Senior Leadership	(1,304)	(1,194)	110	(1,929)	(1,723)	206
Elected Officials	(350)	(262)	88	(495)	(420)	75
Fiscal Services	44,458	42,905	(1,553)	43,146	41,630	(1,516)
Utility Operations	(902)	(802)	100	-	(175)	(175)
Operating Budget Surplus (Deficit)	13,761	13,764	3	-	1,259	1,259



Supplementary Financial Information (UNAUDITED)

Rounded to the nearest thousand dollars, except where otherwise stated

FINANCIAL RESERVE BALANCES AND COMMITMENTS

	Dec 31	Activity			Aug 31	Forecast	Forecast	2020	Over
	2019	Contributions	Interest	Withdrawals	2020	Remaining	Uncommitted	Optimal	(Under)
	Balance				Balance	Commitments	Balance	Balance	Funded
	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s
Stabilization and Contingency									
Financial Stabilization and Contingency	10,484	3,499	-	(653)	13,280	(1,280)	12,000	13,085	(1,085)
Future Facility Operating	4,803	1,109	-	(53)	5,859	(22)	5,837	-	5,837
Snow Removal	160	-	-	-	160	-	160	694	(534)
Total Stabilization and Contingency	15,447	4,558	-	(706)	19,299	(1,428)	17,997	13,779	4,218
Capital Projects	8,790	2,450	-	(183)	11,057	(4,762)	6,295	9,692	(3,397)
Infrastructure Lifecycle, Maintenance and Replacement									
Municipal Infrastructure Lifecycle, Maintenance and Replacement	5,972	2,360	116	(669)	7,779	(1,855)	5,924	6,820	(896)
Utilities Infrastructure Lifecycle, Maintenance and Replacement	5,478	2,815	119	(285)	8,127	(4,247)	3,880	6,120	(2,240)
Total Infrastructure Lifecycle, Maintenance and Replacement	11,450	5,175	235	(954)	15,906	(6,102)	9,804	12,940	(3,136)
Total Over/(Under) Funded							34,096	36,411	(2,315)
Specific Purpose									
Land Purchases	1,961	-	-	(5)	1,956	(145)	1,811		
Health, Safety, & Wellness	897	-	-	(134)	763	(158)	605		
Economic Development	804	50	-	(75)	779	(206)	573		
Family & Community Support Services	130	-	-	-	130	(30)	100		
Art in Public Places	91	40	-	-	131	(8)	123		
River Valley Enhancement	284	89	-	-	373	(122)	248		
Total Specific Purpose	4,167	179	-	(217)	4,129	(669)	3,460		
Total Internally Restricted Reserves	39,854	12,362	235	(2,060)	50,391	(12,835)	37,556		
Externally Restricted Reserves									
Developer Levies	5,582	378	82	(20)	6,022	(2,484)	3,558		
Contributions in Lieu of Municipal Reserve Land	985	-	14	-	999	(400)	599		
Fire Waterline	883	-	-	-	883	(110)	773		
Perpetual Care	449	37	7	-	493	(21)	472		
Transportation Assistance	63	-	-	-	63	-	63		
Westpark Estates Community Enhancement	48	-	-	(30)	18	-	18		
Drug Abuse Resistance Education (D.A.R.E.)	18	-	-	-	18	-	18		
Total Externally Restricted Reserves	8,028	415	103	(50)	8,496	(2,995)	5,501		
Total Reserves	47,882	12,777	338	(2,110)	58,887	(15,830)	43,057		

Interim Report | August 2020

Appendix 2 - Strategic Plan Update

STRATEGIC PLAN UPDATE

In June 2018, the City adopted a strategic plan for 2018 – 2022, identifying four goals and a number of strategic initiatives to advance those goals. The report below indicates the progress made toward those goals between May and August 2020.

POSITIONED FOR GROWTH

Goal	Strategically plan, prepare and manage responsible and sustainable growth for our residents and businesses
Outcome	Excellence in planning and smart land use has balanced quality of life, sustainability, and economic development that has shaped how our community has grown to maintain its small-town feeling at heart and where a strong sense of community thrives.

Strategic Initiatives	Progress
Review of Municipal Development Plan and subsequent planning and engineering documents	<ul style="list-style-type: none">Administration hosted the last focus group remotely and conducted online engagement in August. Administration also engaged Council through a series of online videos and opportunities for feedback. The proposed Municipal Development Plan was presented to Council subsequent to the period.
Refresh of Land Use Bylaw - (2019 and 2021)	<ul style="list-style-type: none">Council adopted Land Use Bylaw C23-20 on August 25.
Update the approach to downtown redevelopment	<ul style="list-style-type: none">Administration presented to Committee of the Whole in June with information pertaining to the City's approach and future plans to downtown development.
Ensure strong business retention, support and attraction strategies and programs are in place to retain and grow business and industry	<ul style="list-style-type: none">The newly adopted Land Use Bylaw includes regulatory changes to reduce requirements for permitting.

Interim Report | August 2020

Appendix 2 - Strategic Plan Update

EXCELLENCE IN GOVERNMENT

Goal	Continuous improvement; constantly looking for ways to improve our services through planning, innovation, collaboration and consultation
Outcome	Problem solving, collaboration and leadership has fostered ongoing improvements focusing on our customers' needs enabling positive change to ensure service delivery is efficient and effective and can be delivered on a sustainable basis

Strategic Initiatives	Progress
Continue implementation of health and safety program and procedures in alignment with new provincial regulations and leading practices	<ul style="list-style-type: none"> In June 2020, Public Work's Roads Services Business Unit completed an informal internal health and safety audit which reviewed and scored 10 elements of the Health and Safety program. An action plan has been developed and implemented to address areas of improvement over the next months. A second internal audit is scheduled for June 2021 which will be used to monitor progress.
Enhance public engagement and communication where public is encouraged to be involved	<ul style="list-style-type: none"> Council continues to conduct meetings in a virtual platform. Members participate through the use of Webex and the meeting is posted on YouTube.
Continue ongoing policy and bylaw review to guide actions and minimize risk	<ul style="list-style-type: none"> Council adopted the Council Committee Appointments Policy and Procedure to assist with the process of determining Council appointments to organizations.
Continue enhancements to water billing and transmission programs	<ul style="list-style-type: none"> The water meter reading enhancement project is in progress and the public portal launch is anticipated to be completed in early 2021.
Development of advocacy strategy to direct and strengthen the City's message when addressing policies and issues with other levels of government, agencies, or regional neighbours; including provincial/ federal grants, regional transportation, emergency medical services/coresponses, community spaces/school planning, and housing options	<ul style="list-style-type: none"> Priority recommendations were shared with Council during the March Strategic Planning Session. A strategy will return to Council in early September.

Interim Report | August 2020

Appendix 2 - Strategic Plan Update

A VIBRANT AND THRIVING COMMUNITY

Goal	Support diverse community needs to create a complete community where everyone, regardless of circumstance is able to experience all the City has to offer
Outcome	Residents live in vibrant, inclusive, and livable neighbourhoods where they are able to participate fully in all aspects of the community.

Strategic Initiatives	Progress
Undertake a collaborative approach to addressing community needs through coordinated partnerships with local agencies and organizations	<ul style="list-style-type: none"> • Partnering with the RCMP's Traffic/Crime Reduction Unit, the City conducted three joint traffic operations targeting speed in playground zones. • The City's Neighbourhood Connector Program allows Municipal Enforcement Officers to make referrals to residents for family and community support services. • The City partnered with the Fort Saskatchewan Public Library to provide a book delivery service during their annual book drive. Many isolated seniors took advantage of this added service.
Follow the Strong Community Strategy as a guiding document to address the priorities of the community as identified through the Building Bridges Coalition	<ul style="list-style-type: none"> • The City is collaborating with other community organizations to determine how we may best support families once the financial benefits have ended and with the anticipated increased anxiety around the return to school. Community organizations will be working closely together to come up with solutions on how best to support the community during these challenging times.
Develop strategies and advocate for a variety of housing options integrated throughout the community to serve the needs of residents	<ul style="list-style-type: none"> • The newly adopted Land Use Bylaw allows for garage and garden suites. This is a new type of housing form in the community.
Facilitate neighbourhood and community building programs and remove barriers to community initiatives to encourage connections to neighbours and further develop community	<ul style="list-style-type: none"> • The City's Neighbourhood Connector program officially launched with three active volunteer connectors trained. The hope is to have neighbours within these neighbourhoods form positive relationships with each other and generate ideas on how they may better the community in partnership with the City.
Build community awareness of social issues to facilitate social inclusion and social support networks	<ul style="list-style-type: none"> • The Pride Week Committee hosted their second annual Pride Week in June. The events were all held virtually this year, with a positive response by many community members on the City's commitment to continuing to celebrate the LGBTQ2S+ community. The week included an inclusive and affirming service put on by the United Church, a trivia night hosted by a local business, Safer Spaces online training and the week ended with a drag show by local performers filmed at the Shell Theatre.

Interim Report | August 2020

Appendix 2 - Strategic Plan Update

Strategic Initiatives	Progress
Ensure a continuum of social supports, education, and resources are available that evolve to meet changing community needs	<ul style="list-style-type: none">• The City created a support line for residents during the early start of COVID-19 to offer assistance with finding available resources and to provide emotional support. The service will continue indefinitely to support our residents and will also provide regular mental health check in's upon request.• The City has continued to offer counselling services with no interruption in service. Sessions are offered over the phone or through videoconferencing. In person sessions will be offered in the near future for those residents where the other options may create a barrier to accessing our services.• The City supported seniors throughout the quarantine to provide grocery delivery service. The service will continue to be offered to seniors that are current clients of the Home Support program and have no family support available to them.• The Bridge mental health youth hub acquired additional grant funding from the Provincial government. The hub steering committee is working on hiring a coordinator to manage the day to day operations of the site. The committee is currently working on reopening in late September to safely offer services once again to youth.

Interim Report | August 2020

Appendix 2 - Strategic Plan Update

WELL PLANNED AND MAINTAINED MUNICIPAL INFRASTRUCTURE

Goal	Strategically manage, invest, and plan for sustainable municipal infrastructure
Outcome	Critical infrastructure is in place, maintained, optimized and strategically planned to meet the future needs of the community

Strategic Initiatives	Progress
Continued exploration of regional collaboration opportunities for projects (Edmonton Metropolitan Regional Board Servicing Plan, Inter-municipal Collaboration Frameworks, River Valley Alliance)	<ul style="list-style-type: none">At the June 9 Regular Council Meeting Council continued to support an application to establish a Regional Transit Services commission with Fort Saskatchewan as a member. Council requested Administration to approach Strathcona County to discuss and negotiate costs for provisions of a commuter transit partnership.At the June 23 Regular Council Meeting, representatives of the Edmonton Metropolitan Regional Board provided an update on the Metropolitan Region Servicing Plan.
Pursue grant opportunities and other synergies with regional initiatives for infrastructure projects, including readiness with “shovel ready” projects for emergent grants	<ul style="list-style-type: none">The province announced the Municipal Stimulus Program in which \$3.2 million is available to the City for eligible projects that are shovel ready. Subsequent to the period, Council approved the Transfer Station Site Enhancement project at the September 22, 2020 Regular Council Meeting for consideration for this stimulus program.

Interim Report | August 2020

Appendix 3 - Capital Projects

CAPITAL PROJECTS

		Project Budget \$000s	Expenditure To Date \$000s	Forecast Expenditure \$000s	Forecast Surplus (Deficit) \$000s	Estimated Completion Date	Comments
General Operations							
General Administration							
16021	City Hall Space Development	1,100	86	1,013	-	Dec 2020	
16033	Project Management Software	100	94	6	-	Dec 2020	Systems integration ongoing
19011	Computer Equipment Replacement	333	296	37	-	On-Going	
19012	Computer Network Infrastructure	381	217	164	-	On-Going	
19017	Computer Hardware / Software New Acquisitions	775	673	102	-	On-Going	Purchase completed for 2020
Total General Administration		2,689	1,366	1,323	-		

		Project Budget \$000s	Expenditure To Date \$000s	Forecast Expenditure \$000s	Forecast Surplus (Deficit) \$000s	Estimated Completion Date	Comments
Protective Services							
19035	Animal Control Kennel Building	355	313	42	-	Dec 2020	
20001	Protective Services Equipment Lifecycle Replacement	280	-	280	-	Dec 2021	Deferred to 2021
20048	ME Patrol Vehicle	85	-	85	-	Dec 2021	
Total Protective Services		720	313	407	-		
Fire Services							
18011	Fire Engine Replacement	1,800	1,797	-	3	Complete	
20013	Firefighting Lucas Automated CPR System	20	17	-	3	Complete	System funded by community donations
20042	Fire Station Direct Capture Exhaust System	275	-	275	-	Dec 2020	
Total Fire Services		2,095	1,814	275	6		



Interim Report | August 2020

Appendix 3 - Capital Projects

		Project Budget \$000s	Expenditure To Date \$000s	Forecast Expenditure \$000s	Forecast Surplus (Deficit) \$000s	Estimated Completion Date	Comments
Common Services & Equipment Pool							
18022	New Tandem Flat Deck Attachment	20	-	20	-	Dec 2020	
19013	Transit Smart Fare Equipment	234	-	234	-	Apr 2021	
19027	Vehicle Replacement	2,347	1,242	1,105	-	On-Going	
19034	Transit Bus	398	-	-	398	Cancelled	Cancelled due to changes in provincial grant
20050	Public Works & Fire Hall New Backup Power System	440	-	440	-	Dec 2020	
Total Common Services & Equipment Pool		3,439	1,242	1,799	398		

		Project Budget \$000s	Expenditure To Date \$000s	Forecast Expenditure \$000s	Forecast Surplus (Deficit) \$000s	Estimated Completion Date	Comments
Roads & Transportation							
18036	Point Aux Pins Road Enhancement	1,900	263	1,637	-	Dec 2022	
18037	River Road Realignment	400	76	324	-	On-Hold	Ongoing land negotiations
18042	Clover Park Secondary Access	83	61	10	12	Dec 2020	
19007	Local Road Rehabilitation	9,664	7,776	1,888	-	On-Going	
19008	Neighbourhood Rehabilitation	11,065	6,016	5,049	-	On-Going	2020 construction has been completed
19009	Veterans Way Corridor Widening	500	163	337	-	Dec 2021	
20002	Roadway Safety Improvements	100	-	100	-	Dec 2021	Partially deferred to 2021
20010	Old Gaol Bridge Rail Replacement	130	-	130	-	Dec 2020	
20028	112st Widening	1,300	46	1,254	-	Dec 2021	Construction is deferred to 2021
20046	99ave Street Lamp Lifecycle Replacement	100	66	34	-	Dec 2020	
Total Roads & Transportation		25,242	14,467	10,763	12		



Interim Report | August 2020

Appendix 3 - Capital Projects

Interim Report | August 2020

Appendix 3 - Capital Projects

		Project Budget \$000s	Expenditure To Date \$000s	Forecast Expenditure \$000s	Forecast Surplus (Deficit) \$000s	Estimated Completion Date	Comments
Recreation Services							
12025	River Valley Trail System	4,201	3,130	1,071	-	On-Hold	Trail and bridge on hold due to Hwy-15 twinning project
18043	Gymnastic Building	3,468	3,316	350	(198)	Dec 2020	Parking lot improvements to be funded from surplus in Project 19007 Local Road Rehab
20032	Harbour Equipment Lifecycle Replacement	60	-	60	-	Dec 2020	
20047	DCC Equipment Lifecycle Replacement	53	52	-	1	Complete	
20060	Sportsplex Ice Plant	850	284	566	-	Apr 2021	
Total Recreation Services		8,632	6,782	2,047	(197)		
Cultural Facilities & Programs							
14040	River Valley Enhancements	195	74	121	-	On-Hold	Project on hold as a result of work being done on highway alignment
Total Cultural Facilities & Programs		195	74	121	-		
Total General Operations		43,012	26,058	16,735	219		



Interim Report | August 2020

Appendix 3 - Capital Projects

		Project Budget \$000s	Expenditure To Date \$000s	Forecast Expenditure \$000s	Forecast Surplus (Deficit) \$000s	Estimated Completion Date	Comments
Utility Operations							
16039	Transfer Station - Office Replacement	75	7	68	-	Apr 2021	Rolled into site enhancements approved in September 2020
18003	Water Meters - Lifecycle Replacement	2,352	1,673	398	281	Apr 2021	Costs lower than expected
18023	Bulk Water Station Modernization	570	164	406	-	Dec 2021	
18028	Water Reservoir Lifecycle Renewal	1,250	203	1,047	-	Dec 2021	
19018	Sump Pump Retrofit Program	1,858	1,198	661	-	On-Going	2020 project completed
19039	River Road Waterline	2,450	500	1,950	-	Dec 2020	
20014	Pointe Aux Pins Water Supply Connection	389	-	389	-	Dec 2020	
20016	Second Sewage Grinder	50	45	-	5	Complete	
Total Utility Operations		8,994	3,789	4,920	285		
City Funded Capital Projects		52,006	29,847	21,655	504		

		Project Budget \$000s	Expenditure To Date \$000s	Forecast Expenditure \$000s	Forecast Surplus (Deficit) \$000s	Estimated Completion Date	Comments
Levy Funded Capital Projects							
15014	Southfort Meadows - Park Amenity	650	-	650	-	On-Hold	Pending new development
16050	119 Street & Hwy 15 Intersection Upgrades	1,750	98	1,652	-	Dec 2020	
19010	450 mm Water main - Area 3 to Dow Main	1,000	-	1,000	-	On-Hold	Pending new development
19060	94st Southpointe Roundabout	581	565	20	(4)	Dec 2020	Expected overage to be funded from levy
Total Levy Funded Capital Projects		3,981	662	3,322	(4)		
City and Developer Capital Projects		55,987	30,510	24,977	500		



Interim Report | August 2020

Appendix 5 - The City at a Glance

BUSINESS SUPPORT

In the first eight months of 2020, the City has paid out the following amounts under the Business Development Incentives Policy FIN-014-C:

Recipient	Nature & Scope	Estimated Project Cost	Incentive Approved	Incentive Paid To Date
Urban Centre Plaza Ltd.	Storefront improvements including installation of floor-ceiling windows on ground floor commercial space	\$48,690	\$10,000	\$10,000
Switzer Financial Services	Storefront improvements to 10202A and 10202B on 100th Ave.	\$39,993	\$20,000	\$19,996
Vivid Vison	New equipment to enhance services for children and non-verbal patients.	\$10,000	\$5,000	\$4,715
Prairie Fire Landscaping	Purchase of landscaping equipment to expand service offerings	\$12,000	\$5,000	\$5,000
Serenity Funeral Homes	New equipment to enhance services offered to families	\$3,024	\$1,512	\$1,512
		\$113,707	\$41,512	\$41,223

In the first eight months of 2020, the City has paid out the following amounts under the E-Commerce Support Grant Policy FIN-013-C:

Recipient	Nature & Scope	Estimated Project Cost	Incentive Approved	Incentive Paid To Date
Fort Distillery	Social media marketing to encourage shopping on their website.	\$1,000	\$1,000	\$1,000
Associated Telecom	Implement online payment service, upgrading phone & database systems	\$7,510	\$1,000	\$1,000
Little Caesars	Local advertising to promote online ordering through their website	\$1,000	\$1,000	\$1,000
Marble Slab	Local advertising to promote online ordering through their website	\$1,000	\$1,000	\$1,000
Pita Pit	Local advertising to promote online ordering through their website	\$1,000	\$1,000	\$1,000
The Barn Door	Created an e-commerce website and local advertising to encourage shopping and bring awareness to the website	\$1,145	\$1,000	\$1,000



Interim Report | August 2020

Appendix 5 - The City at a Glance

Master Cleaners	Build a website to show their services and social media marketing to bring people to the website	\$1,026	\$1,000	\$1,000
		\$13,681	\$7,000	\$7,000

