

Draft 2016 Annual Operating Surplus for Tax Purposes and Recommended Allocations**Report Purpose**

To inform Council of the draft 2016 annual operating surplus for tax purposes and to seek approval of the recommended surplus allocations.

Recommendations

1. THAT the recommended allocation of the 2016 Utility operating surplus of \$2,250,224 to the Utilities Infrastructure Lifecycle, Maintenance and Replacement reserve (11.4440), be approved.
2. THAT the recommended allocations of the 2016 Municipal operating surplus, as set out in Enclosure 3 of the March 23, 2017 Financial Services report, including transfers to reserve of:
 - \$8,300,000 to the General Land Reserve (1.3803);
 - \$7,920,799 to Municipal Projects Reserve (1.3773);
 - \$2,298,421 to the Contingency Reserve (1.3703);
 - \$160,014 to Municipal Infrastructure Lifecycle, Maintenance and Replacement Reserve (1.3800); and
 - \$100,000 to Broadmoor Golf Course Reserve (1.3809),be approved.

Council History

November 28, 2016 – Council approved the 2017 Operating and Capital Budgets.

December 8, 2015 – Council approved the 2016 Operating and Capital Budgets.

January 17, 2017 – Council approved additional funding to complete the Bremner project.

Strategic Plan Priority Areas

Economy: Strategic allocation of the annual operating surplus for tax purposes supports investment in infrastructure and the provision of quality programs and services.

Governance: Informing Council of the annual operating surplus for tax purposes supports governance through strong fiscal management, stewardship, and accountability.

Social: n/a

Culture: n/a

Environment: n/a

Other Impacts

Policy: FIN-001-008: Allocation of Year-end Operating Surplus for Tax Purposes; Policy FIN-001-024: Financial Reserves

Legislative/Legal: n/a

Interdepartmental: All departments

Summary

Policy FIN-001-008: Allocation of Year-End Operating Surplus for Tax Purposes (Enclosure 1) contains principles and guidelines for the allocation of year-end operating surplus for tax purposes to contribute to the economic sustainability of Strathcona County.

The draft consolidated County operating surplus for tax purposes totals \$21.8 million. The consolidated County operating surplus will be draft until the 2016 Audited Financial Statements are approved by Council. A complete analysis of the operating results will be provided in the 2016 Annual Management Report.

On January 17, 2017, Council approved additional funding to complete the updated scope for the Bremner project, including \$350,000 from 2016 Year End Municipal Operating Surplus.

Recommended Allocations of Municipal Surplus to Reserves

Amount	Description	Reserve Title	Reserve #
\$8,300,000	Strategic Land Allocation	General Land	1.3803
\$4,000,000	Centre in the Park (CITP) Underground Parkade Debt Replacement	Municipal Projects	1.3773
\$3,920,799	Emergent and General Project Allocations	Municipal Projects	1.3773
\$2,298,421	Contingency Reserve Allocation	Contingency	1.3703
\$160,014	Infrastructure Lifecycle, Maintenance and Replacement Allocation	Municipal Infrastructure, Lifecycle, Maintenance and Replacement	1.3800
\$100,000	Broadmoor Sports Complex Reserve Allocation	Broadmoor Golf Course	1.3809
<u>\$18,779,234</u>			

The recommended allocations of the 2016 annual operating surplus, provided in Enclosures 2 and 3 includes balancing the self-sustaining entities (Utilities and Library) and allocations to designated reserves to be expended in future years.

Enclosure

- 1 Policy FIN-001-008 Allocation of Year-End Operating Surplus for Tax Purposes (Document: 9922140)
- 2 Recommended Allocations of the Draft 2016 Operating Surplus of Self-Sustaining Operations (Document:9922460)
- 3 Recommended Allocations of the Draft 2016 Municipal Operating Surplus (Document:9925192)
- 4 2016 Reserve Balance Report Pre Year-End Surplus Allocations (unaudited) (Document: 9923878)
- 5 Presentation: Draft 2016 Annual Operating Surplus for Tax Purposes (Document: 9921112)