

DRAFT 2016 Annual Operating Surplus for Tax Purposes

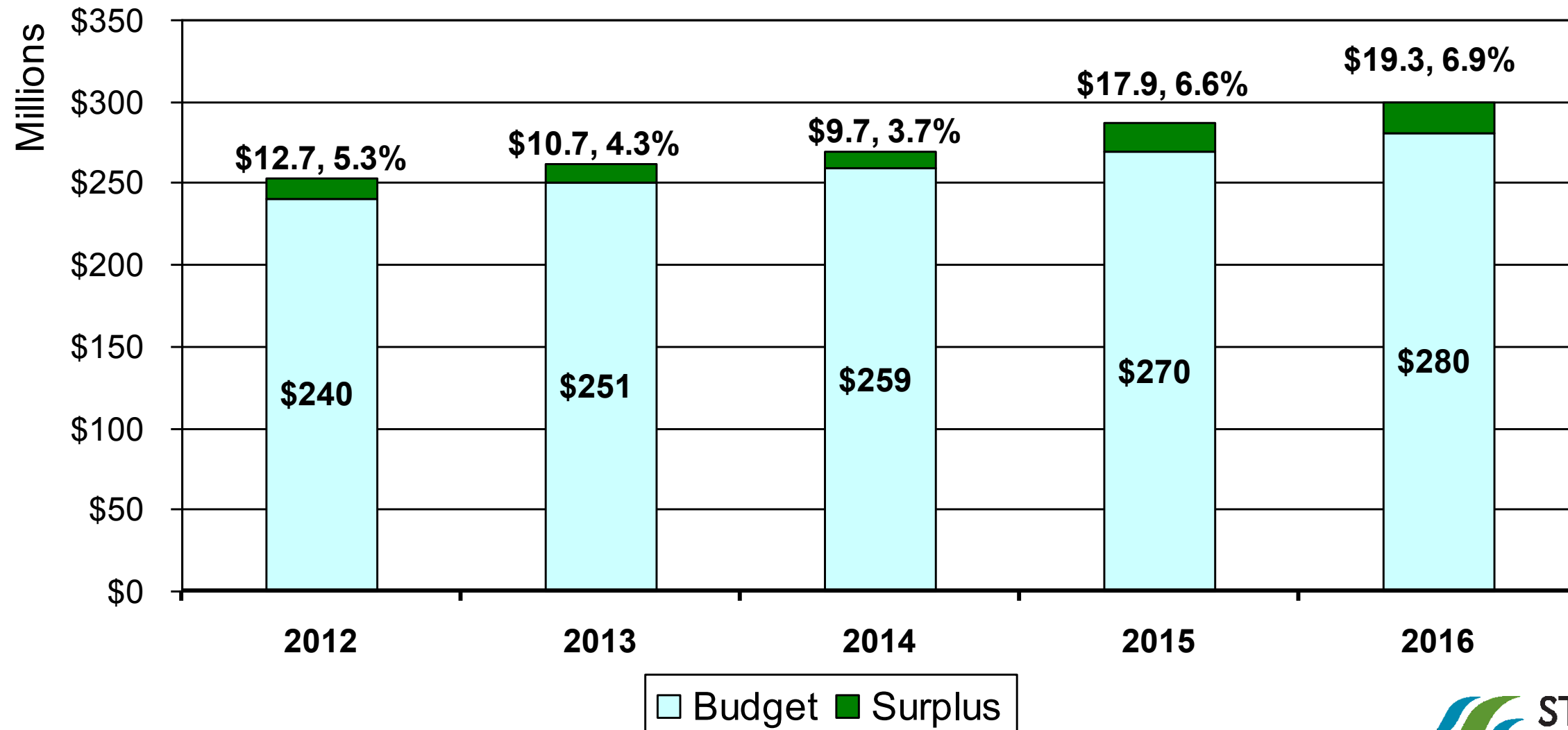
**STRATHCONA COUNTY
COUNCIL MEETING
March 14, 2017**

Annual Operating Surplus for Tax Purpose Explanation

- The fiscal year starts with a balanced operating budget.
- At the end of the year, an operating surplus is experienced if revenues are higher or expenses are lower than budgeted.
- A net surplus results from a combination of unique, generally non-recurring, circumstances that arise during the year.
- At year-end, annual operating surplus is allocated in accordance with Policy FIN-001-008: Allocation of Year-End Operating Surplus for Tax Purposes.

Please note the Annual Operating Surplus for Tax Purposes is not equivalent to the surplus for Public Sector Accounting Standards (PSAS)

DRAFT Annual Operating Surplus Municipal Operations - \$19.3 Million 2012-2016

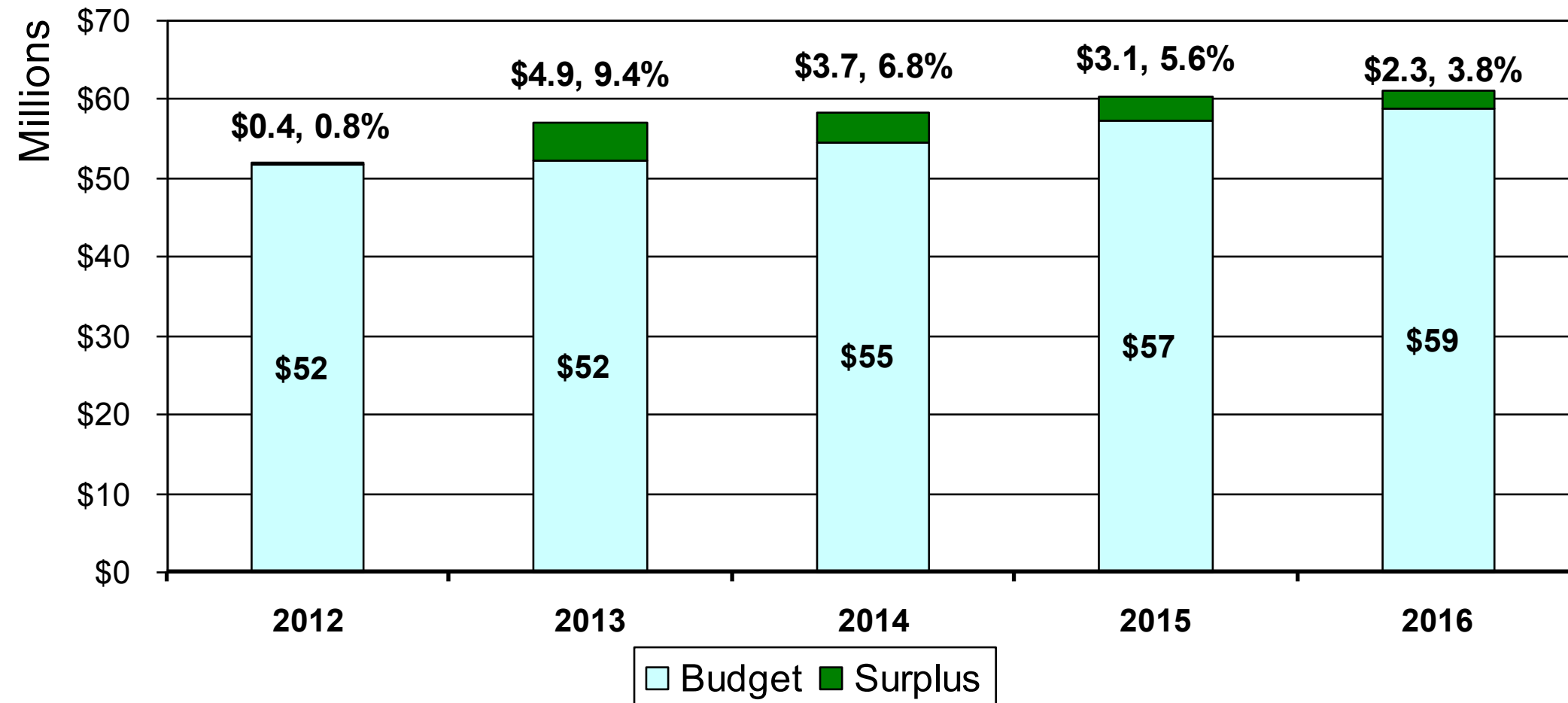


DRAFT Annual Operating Surplus for Tax Purposes - \$19.3 Million Municipal Operations

Preliminary Surplus Analysis of Municipal Operations Favourable (In Order of Significance):

- Commodity cost savings (Fuel, Road Maintenance Materials, Utilities)
- Savings in winter road maintenance
- Favourable contract circumstances
- Municipal property tax revenues and supplemental taxes
- Personnel cost savings
- Unbudgeted gains realized from the disposal of investments and investment income
- Unbudgeted operating grant revenues

DRAFT Annual Operating Surplus Utility Operations - \$2.3 Million 2012-2016

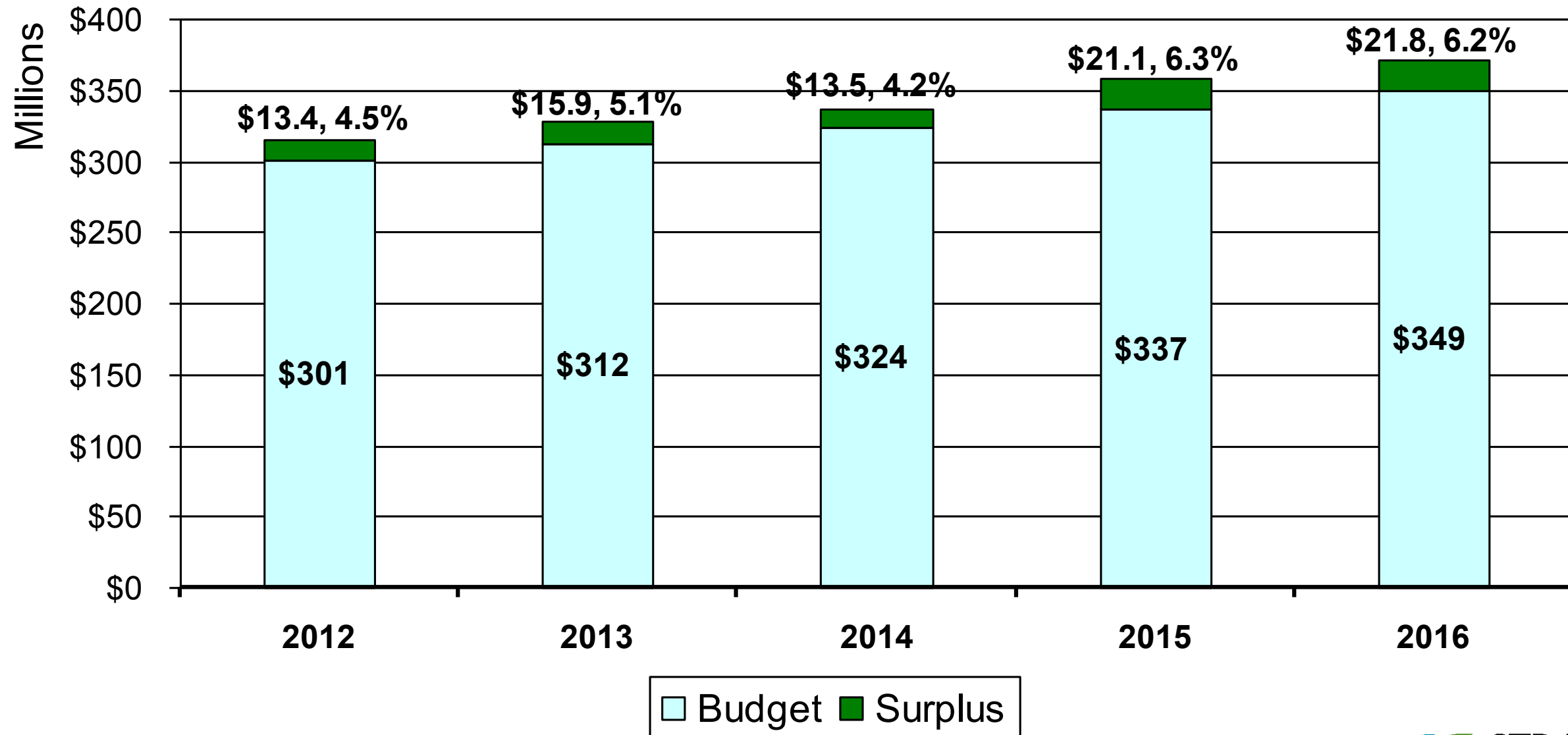


DRAFT Annual Operating Surplus for Tax Purposes - \$2.3 Million Utility Operations

Preliminary Surplus Analysis of Utility Operations Favourable (In Order of Significance):

- Savings in solid waste contracts
- Lower reserve transfers due to lower water services and external contract program net revenue
- Higher solid waste user fee revenue due to higher customer volumes
- Recovery of rural construction deposits
- Savings in water and wastewater purchases due to lower consumption (net of reduced revenues)

DRAFT Annual Operating Surplus County Operations – \$21.8 Million 2012–2016



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County Annual Operating Surplus for Tax Purposes - \$21.8 Million

For the year ended December 31, 2016

Millions \$	Annual Operating Surplus for Tax Purposes
Municipal	19.3
Utility	2.3
Library	0.2
Pioneer Housing Foundation	-
TOTAL	21.8

Policy FIN-001-008: Allocation of Year-End Operating Surplus for Tax Purposes

- The policy recommends that surplus to be allocated to:
 - Designated reserves to be expended in future years,
 - To fund one-time (non-recurring) expenditures of the following year's operating or capital budgets, and/or
 - An allocation to the Stabilization Reserve.
- Annual operating surplus of self-sustaining operations will only be allocated within those operations and respective reserves.
- Library annual operating surplus will be allocated pursuant to the Strathcona County Library Board.

2016 Year End Additional Operating Surplus Recommended Allocations (Enclosures 2 and 3)

Unallocated Consolidated County Surplus = \$21.3M

Description	Amount \$
General Allocations (Municipal) – Enclosure 3	\$ 18.8
Self-Sustaining Operation Allocations (Utilities, Library) – Enclosure 2	2.5
Sub-Total – Unallocated County Surplus	21.3
Previously Approved Allocations of the 2017 Surplus	0.5
Total Consolidated County Surplus	\$ 21.8