

# **DRAFT** 2015 Annual Operating Surplus for Tax Purposes

**STRATHCONA COUNTY  
COUNCIL MEETING  
FEBRUARY 23, 2016**

# Overview: Year-end Process

- December 8, 2015 - 2016 Budget was approved, including a \$5.4 million allocation of the 2015 Annual Operating Surplus for Tax Purposes
- February 23, 2016 - **DRAFT** 2015 Annual Operating Surplus for Tax Purposes and Recommended Allocations (Council)
- March 1, 2016 - 2015 Reserve Transactions (Council)
- March 22, 2016 - 2015 Q4 Management Report (Council)
- April 26, 2016 - 2015 Audited Financial Statements (Council)

# Annual Operating Surplus for Tax Purpose - Explained

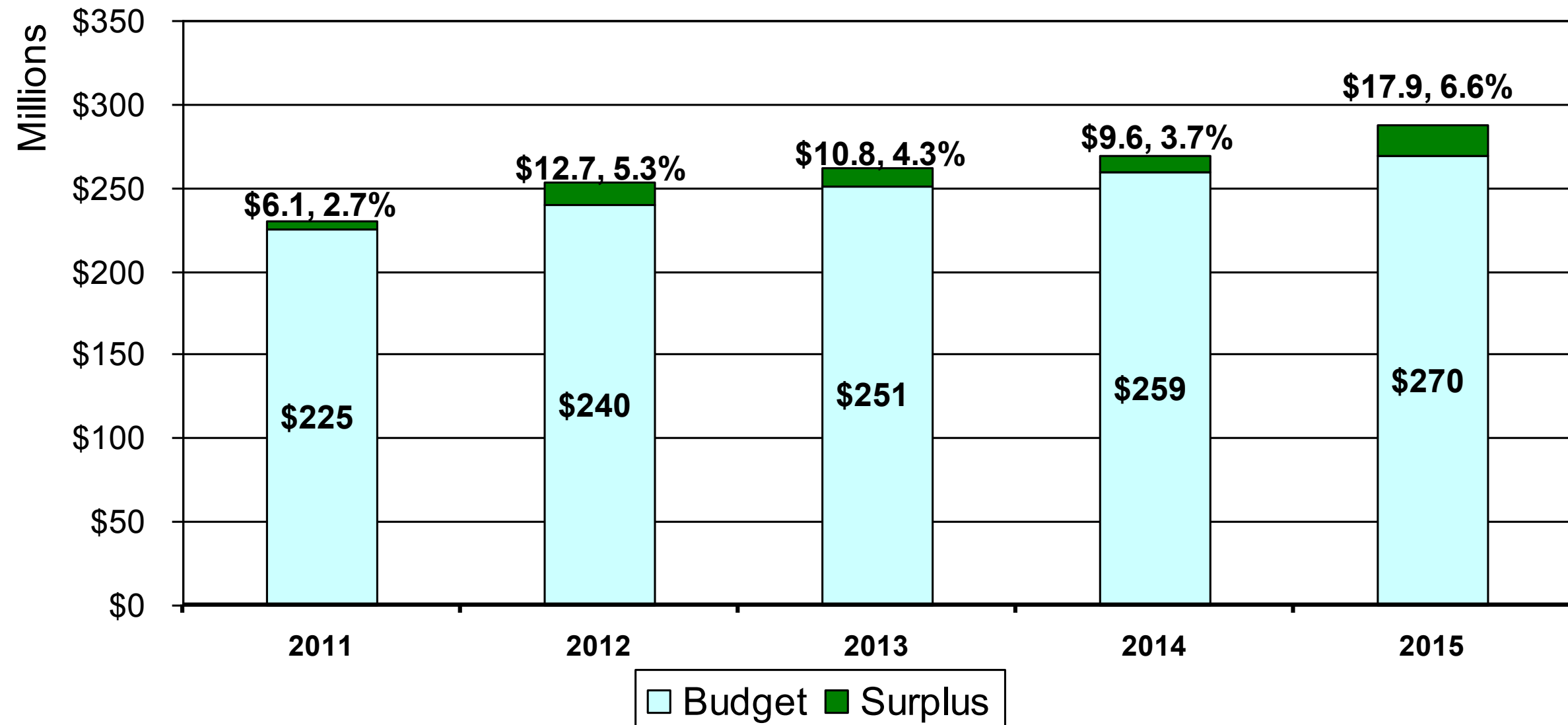
- The fiscal year starts with a balanced operating budget.
- At the end of the year, an operating surplus is experienced if revenues are higher or expenses are lower than budgeted.
- A net surplus results from a combination of unique, generally non-recurring, circumstances that arise during the year.
- 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 - \$17.9M

### 2011-2015



# **DRAFT Annual Operating Surplus for Tax Purposes - \$17.9M**

## ***Municipal Operations***

	<i>Millions</i>
	<i>\$</i>
Q3 Forecast	11.7
Additional Surplus	6.2
Annual Operating Surplus	17.9

**The additional surplus realized in Q4 2015 is primarily a result of (in order of significance):**

- P4 snow clearing savings
- Favourable RCMP contract circumstances
- Additional penalties and fines revenue
- Additional supplementary tax revenue than budgeted
- Higher than anticipated building permit revenue

# **DRAFT Annual Operating Surplus for Tax Purposes - \$17.9M *Municipal Operations***

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

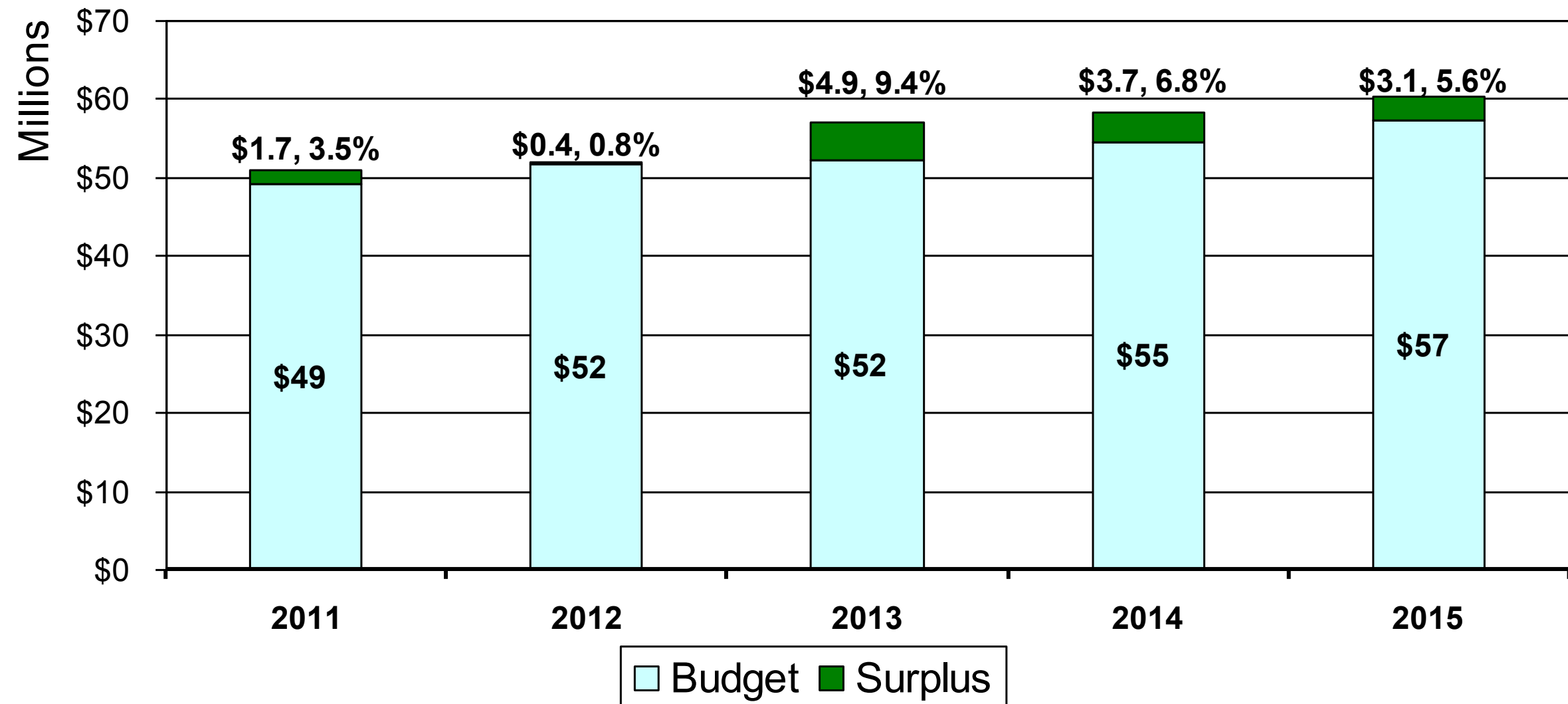
Favourable:

- Municipal property tax revenue and supplemental taxes
- Savings from lower fuel, road oil and asphalt prices
- Savings in contracted services (including P4 and RCMP)
- Unbudgeted gains on the disposal of investments
- Personnel cost savings
- Unbudgeted grant revenue
- Savings on utility costs due to lower prices and volumes
- Additional penalties and fines revenue

# **DRAFT** Annual Operating Surplus

## Utility Operations - \$3.1 M

### 2011-2015



# **DRAFT** Annual Operating Surplus for Tax Purposes - \$3.1M *Utility Operations*

	<i>Millions</i> \$
Q3 Forecast	2.4
Additional Surplus	0.7
Annual Operating Surplus	3.1

The additional surplus realized in Q4 2015 is primarily a result of:

- Deferred sanitary sewer rehabilitation
- Unbudgeted external contract revenue



# **DRAFT Annual Operating Surplus for Tax Purposes - \$3.1M *Utility Operations***

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

Favourable:

- Unbudgeted external contract revenue
- Lower water and wastewater volumes than anticipated

# **DRAFT** County Annual Operating Surplus for Tax Purposes - \$21.1M

For the year ended December 31, 2015

<i>Millions</i> \$	Annual Operating Surplus for Tax Purposes
Municipal	17.9
Utility	3.1
Library	0.1
Pioneer Housing Foundation	-
<b>TOTAL</b>	<b>21.1</b>

# 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.
- A balanced allocation to the three options is also recommended to contribute to the economic health and sustainability of Strathcona County.
- 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.

# 2015 Year End Additional Operating Surplus Recommended Allocations (Enclosures 2 and 3)

***Unallocated Consolidated County Surplus = \$15.7M***

Description	Amount \$
General Allocations ( <i>Municipal</i> ) – Enclosure 3	\$ 11,748,427
Cost Matching Allocations ( <i>Municipal</i> ) – Enclosure 3	786,359
Self-Sustaining Operation Allocations ( <i>Utilities, Library</i> ) – Enclosure 2	3,145,573
<b>Sub-Total – Unallocated County Surplus</b>	<b>15,680,359</b>
Approved 2016 Budget Allocation of Surplus (One-time Items)	5,383,590
<b>Total Consolidated County Surplus</b>	<b>\$ 21,063,949</b>

# 2015 Year End Additional Operating Surplus Recommended Allocations (Enclosure 3)

General and Cost Matching Allocations - Municipal	Amount \$
<u>General Allocations</u>	
Centre in the Park (CITP) Underground Parkade	\$ 11,023,427
Emergent Project Allocations	725,000
<u>Cost Matching Allocations</u>	
WCB Partnerships in Injury Reduction rebate	489,781
Road Project Deficiency Holdback and Asphalt Penalties	296,578
<b>TOTAL</b>	<b>\$ 12,534,786</b>