

Report on Municipal Restricted Surpluses (Reserves)

May 2013

Financial Services



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Introduction

Municipalities throughout Alberta rely on the use of restricted surpluses as part of their fiscal management strategy. Restricted surplus accounts are developed to support a municipality's long range planning process. They allow a municipality to provide programs and services, which may include the acquisition of capital assets, without having to acquire debenture debt or make significant changes in tax levies year to year. Essentially, restricted surpluses smooth large expenses over a period of time rather than incurring them in one year. Restricted surplus funds are set up to help ensure that funding is available to cover both planned and unplanned future events. The level of restricted surplus held by a municipality should be determined by a critical assessment of future needs and potential risks. As stated in the January 24, 2002 task force report to the AAMD&C on restricted surpluses, "Municipalities utilize reserves (municipal restricted surpluses) as a key financial management tool that serves as a mechanism to plan financially for both today and tomorrow."¹

Many municipalities have committed to fiscal management strategies that include the use of reserves (restricted surpluses). As a result, many of these municipalities have seen their overall debt loads and corresponding annual debt payments decrease over the years.² This financial strategy, coupled with others, contributes to good stewardship of public funds. The use of restricted surpluses is a strategy to limit tax supported debt.

Municipalities are sometimes criticized for the amount of restricted surpluses they carry as part of their financial assets. This overall amount will vary depending on the size of the individual municipality, the extent to which a municipality has implemented the "save now and pay later" philosophy and the degree to which the municipality has developed longer term financial plans.³ The purpose of this report is to: reaffirm why the use of restricted surpluses is an effective financial strategy for Parkland County, analyze existing restricted surpluses to determine if levels are appropriate, and reaffirm management's commitment to review restricted surpluses as part of good stewardship practices.

Restricted Surpluses as a Financial Strategy

Municipalities employ various financial strategies as part of their commitment towards ensuring efficient and effective use of public resources. Establishing restricted surpluses is one financial strategy that municipalities can use to complement other good stewardship practices. The following describes how this strategy is utilized.

Often municipalities will use restricted surpluses to fund capital replacements or one time capital items. The utilization of restricted surpluses enables a municipality to maintain

¹ Task force on municipal reserves, Alberta Association of Municipal Districts & Counties, January 24, 2002, Pg. 2.

² Task force on municipal reserves, Alberta Association of Municipal Districts & Counties, January 24, 2002, Pg. 1.

³ Task force on municipal reserves, Alberta Association of Municipal Districts & Counties, January 24, 2002, Pg. 6.

stability in tax rates by avoiding spikes and reduces a municipality's reliance on debenture borrowing to fund capital. Examples of these types of restricted surpluses include:

Future Roads	Equipment Lifecycle
Water and Sewer	County Facilities
Information Technology	Facilities Maintenance
Office Systems	Recreation Facilities

By funding capital through restricted surpluses, the cost of capital is reduced by eliminating the cost of borrowing. For example, the Acheson Fire Station is budgeted at \$10 million which is funded internally. As a result, the cost of the fire station will be \$10 million. If the \$10 million was borrowed from ACFA and repaid over a period of 15 years the cost of the fire station would be \$12.1 million and therefore cost tax payers \$2.1 million more in interest.

In other situations, a municipality will collect money that is legislated for a specific purpose. An example of this would be cash in lieu of municipal reserve. The Municipal Government Act legislates how this money is to be spent and often municipalities will transfer this money into a restricted surplus account to be spent at a later date.

Many municipalities will establish restricted surpluses to hedge against short falls in operating budgets that are outside of the municipality's control. In Parkland County's case examples of these restricted surpluses include the Investment Stabilization Reserve and the Winter Maintenance Reserve. These restricted surpluses serve to aid a municipality in funding deficit positions as a result of excessive snowfalls or sudden unexpected turns in the investment markets.

Further to operating budgets, Parkland County has committed to establishing restricted surpluses to cover future expenditures. Again, these reserves establish stability in tax rates and mitigate the reliance on acquiring debt. Examples of these include the Gravel Aggregates Restricted Surplus and the Waste Management Restricted Surplus.

Restricted surpluses can also be used to shield a municipality from the effects of unforeseen events. Parkland County has established the Disaster Restricted Surplus and the Contingencies Restricted Surplus to mitigate the financial risk associated with unforeseen events.

Often municipalities find themselves in situations where they need to borrow short term to fund municipal operations until such time as revenues from property taxes are realized. In Parkland County, taxes are due on June 30 of each year. January through to June operations need to be funded, including the quarterly school requisition. Although borrowing from an operating line of credit is an acceptable practice, there is a cost to borrowing that is ultimately an additional financial burden passed on to residents. To avoid borrowing for operations GFOA Best Practice indicates that it is "essential that a government maintain adequate levels of working capital in its enterprise funds (restricted surplus). GFOA also recommends that "under no circumstances should the target for working capital be less than forty-five days worth of annual operating expenses and other working capital needs of the

enterprise fund.⁴ For Parkland County this would mean having a total working capital related restricted surplus of approximately \$9.6 million. Parkland County has the Working Capital, Disaster, and Contingency Restricted Surplus balances to address this recommendation.

Restricted Surplus Levels

As stated earlier, municipalities are often questioned on the types and sizes of restricted surpluses. The January 24, 2002 task force report to the AAMD&C on reserves (restricted surpluses) suggests that the amount of restricted surpluses a municipality has is dependent upon its size and its commitment to utilizing restricted surpluses as a financial strategy. The report also urges municipalities to not hold large amounts of uncommitted funds in restricted surplus. To this end, Parkland County holds minimal uncommitted funds in restricted surplus and strives to keep the overall unrestricted surplus which is uncommitted, to a minimum (As at December 31, 2012 the unrestricted surplus was \$2,488,545). Appendix 2 contains graphical representation of Parkland County's accumulated surplus compared to other jurisdictions as created by Municipal Affairs. As you can see Parkland County is below the group median and well below the group maximum for both unrestricted and restricted based on per capita. When you look at Parkland County's unrestricted surplus as a % of the total surplus the County is equal to the group median but well below the group maximum. As for the Restricted Surplus as compared to the total surplus the County is just above the group median but substantially lower than the group maximum. The restricted balance at December 31, 2012 is \$54,323,420. Appendix 1 contains a complete listing of Parkland County's restricted surplus accounts and balances as at December 31, 2012 for review.

As with any financial strategy, continual review of current practices is encouraged. Municipalities who use restricted surpluses should review them on a regular basis to determine if existing levels are appropriate. Management continues to review restricted surpluses on an annual basis to ensure suitability and makes recommendations if changes are required. Appendix 3 contains the recommendations resulting from the annual review.

With the commitment to long term financial planning through restricted surpluses, Parkland County enjoys a strong cash flow position. This results in excellent returns on investments. These returns form an integral part of our revenues reducing reliance on property taxes.

Summary

The opportunity to establish and utilize restricted surpluses serves as an important management tool that assists Municipalities in their efforts to be good stewards of public funds.⁵ Parkland County's current restricted surplus strategy is used to support our

⁴ GFOA Best Practice, *Appropriate Levels of Working Capital in Enterprise Funds (Budget & CAAFR) (2012)*, February 2011, Pg. 2.

⁵ Task force on municipal reserves, Alberta Association of Municipal Districts & Counties, January 24, 2002, Pg. 9.

commitment to limiting tax supported debt, and to ensure stability in tax rates from one year to the next.

The review of current restricted surplus levels in comparison to other municipalities clearly identifies the financial strengths of Parkland County and its beliefs in using restricted surpluses as an economic strategy. Additionally, the fact that we have minimal uncommitted restricted surpluses re-affirms that the County's restricted surplus levels are appropriate. Parkland County is in an enviable position as the contingency and disaster restricted surpluses give the County the ability to manage funding for unexpected events.

Management remains committed to use restricted surpluses as a strategic tool to ensure the fiscal health of Parkland County and to mitigate the impacts on citizens through property taxation. The annual review of restricted surplus accounts has been completed and a summary of changes is included in Appendix 3. Appendix 5 contains Restricted Surplus Authorization forms.

Appendix 1 – Restricted Surplus Listing

PARKLAND COUNTY

STATEMENT OF RESTRICTED SURPLUS

As at December 31, 2012

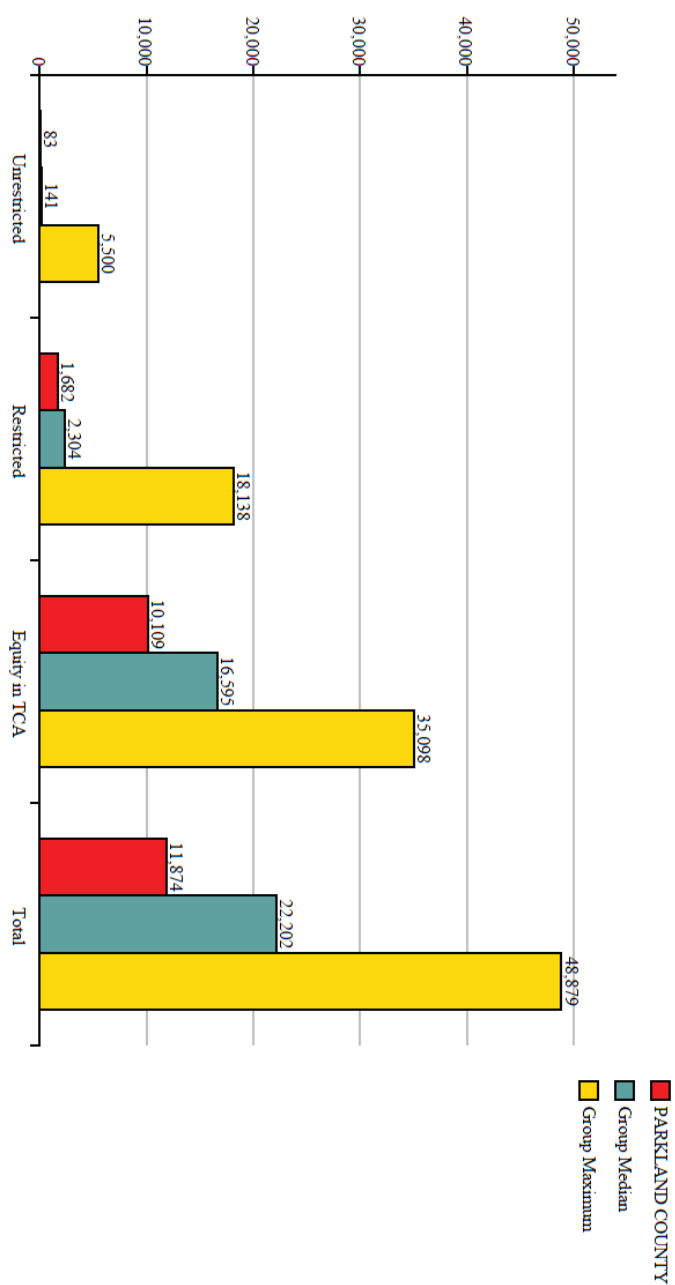
	BALANCE	TRANSFERS	TRANSFERS	BALANCE	CEILING
	Jan. 1, '12	TO	FROM	Dec. 31, '12	AS PER POLICY
Benefit Premium Stabilization	\$ 96,374	\$ 54,962	\$ -	\$ 151,336	147,000
Contingency	4,603,486	700,046	692,554	4,610,977	7,250,000
County Facilities *	7,808,949	695,261	1,111,886	7,392,324	10,000,000
Disaster	838,598	-	135,000	703,598	1,500,000
Early Retirement Incentive	185,602	35,000	95,999	124,603	500,000
Environmental	888,268	-	54,686	833,582	800,000
Entwistle Community Development	-	399,999	-	399,999	
Equipment Lifecycle	1,873,489	1,983,424	1,612,094	2,244,819	
Facility Maintenance *	1,604,239	165,036	95,648	1,673,628	
Fire Facilities *	636,796	3,204	640,000	-	6,000,000
Fire Services Lifecycle	206,406	207,868	148,371	265,903	
Future Capital	445,016	136,600	6,882	574,734	
Future Capital - Entwistle	112,231	-	-	112,231	
Future Operating	1,810,559	1,708,437	162,926	3,356,070	
Future Road Projects *	1,689,128	655,770	8,370	2,336,528	
Granular Aggregates	1,468,515	87,908	134,551	1,421,873	2,000,000
Information Technology	414,115	35,000	118,703	330,412	
Internal Financing	277,462	1,896,450	851,424	1,322,488	
Investment Stabilization	499,329	-	-	499,329	500,000
Local Improvement	-	1,061,834	-	1,061,834	
Long Term Sustainability *	-	2,013,111	-	2,013,111	
Municipal Operations	1,714,334	728,669	93,701	2,349,303	
Municipal Park *	3,643,648	125,894	529,753	3,239,789	
Office Systems	1,130,507	472,665	138,463	1,464,709	
Offsite Levies & Development Charges *	236,452	73,251	21,496	288,207	
Overland Drainage	506,690	-	-	506,690	
Parks - Entwistle	5,570	-	-	5,570	
Protective Services Lifecycle	275,708	74,381	31,816	318,273	
Recreation Facilities *	1,400,991	215,635	261,401	1,355,226	6,000,000
Rural Communications Network Lifecycle	-	-	-	-	
Survey Instruments Lifecycle	44,777	21,737	-	66,514	
Waste Management *	3,087,282	918,363	134,799	3,870,845	4,000,000
Water & Waste Water	3,069,922	509,900	150,903	3,428,918	
Winter Maintenance	1,000,000	-	-	1,000,000	1,400,000
Working Capital	5,000,000	-	-	5,000,000	5,000,000
Total	\$ 46,574,441	\$ 14,980,405	\$ 7,231,426	\$ 54,323,420	

* Interest bearing

Appendix 2 – Accumulated Surplus Comparison

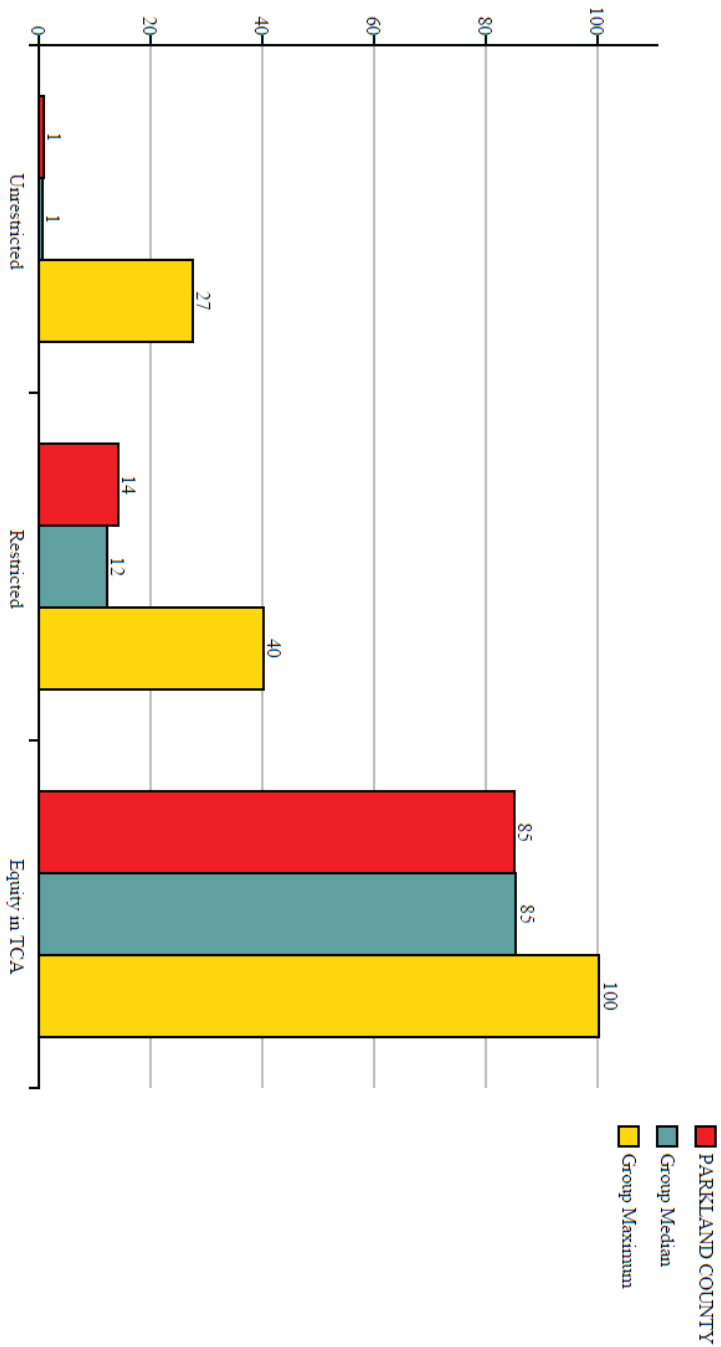
Financial Indicator Graphs PARKLAND COUNTY

Accumulated Surplus Per Capita, 2011



Financial Indicator Graphs
PARKLAND COUNTY

Accumulated Surplus Categories as % of Total, 2011



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Comparatives: Wood Buffalo, Strathcona County, Rocky View County, Yellowhead County, Foothills No. 31, Greenview No. 16, County of Grande Prairie No. 1, Lacombe County, Clearwater County, Leduc County, Red Deer County, Cypress County, Sturgeon County

Appendix 3 – Recommendations Summary

Our annual review consisted of reviewing Restricted Surplus accounts to identify:

- Frequency of use
- Compliance with GFOA Recommended Practice, and
- Comparability to other municipalities

The results of this review are summarized below and reflected in Appendix 5 in red font.

1. Contingency – We recommend that the scope of the Contingency restricted surplus be broadened to include Investment stabilization. We also recommend that the ceiling be increased to \$9.5 million. See item 5 below for details.
2. Contingency Funds General – This 'fund' is currently budgeted and included in the Statement of Operations as an expense. It is essentially treated as a Contingency restricted surplus which we already have. We recommend that the approval to use the operating contingency be delegated to the CAO. The balance in this fund for 2013 is \$150,000.
3. Early Retirement Incentive– This policy is planned to be phased out over the next three years (by 2015).

4. Future Road Projects – We recommend changing the name of this restricted surplus to 'Future Transportation Projects' and change the scope of the fund accordingly.

As road networks become more complex it is difficult to fund a full project from this restricted surplus as some of the elements essential to build the road would not qualify for funding. Allowing the change to 'Transportation' would alleviate this.

5. Investment Stabilization – We recommend that the investment stabilization fund be removed and the fund balance included in the Contingency Fund.

The Investment Stabilization restricted surplus was created to smooth out the budgetary effects of changes in investment rates. Parkland County's current investment portfolio is a low risk portfolio with the majority of investments having guaranteed principal and interest rates. As such there is little risk of significant loss to the County. Should a significant loss occur, the funding in the Contingency restricted surplus could be used to smooth this loss.

6. Local Improvement – This fund was created to account for the receipt and tracking of local improvement revenues paid for with a debenture.

In 2012, there was a change in accounting standards. PSAB 3510 required municipalities to recognize revenue when a taxable event occurred. As a result of this Parkland County will recognize the revenue as required by the standard and then transfer this revenue to restricted surplus to cover the principal and interest portion of the debenture payment.

7. Long Term Sustainability – We recommend a change in funding application to allow the principal to grow and the interest to be used to help reduce the reliance on tax revenue.

This is a concept used by Alaska and Norway for non-renewable resource revenue. The purpose is to take revenue from one time projects or non-renewable resources and save it, as it should not be relied upon for operations as it is not sustainable. The resulting savings earn interest and are used to reduce the tax burden on citizens. If Parkland County could increase this restricted surplus by investing 30% of the new linear levy per year over the next 10 years and earn interest of 3% on the principal, tax savings to Parkland county residents would be approximately \$2.7 million.

8. Municipal Park – The Municipal Government Act S671(4) requires all money provided in place of municipal and/or school reserve and the interest earned on that money to be accounted for separately. It was confirmed with Municipal Affairs this does not require the monies to be put in a separate bank account. The requirement is that the money is accounted for separately in the Financial Statements therefore “Separate Bank Account” has been removed from all authorization forms.
9. Office Systems – we missed updating this authorization form in 2012 when we changed all “replacement” plans to “lifecycle” plans
10. Offsite Levies & Development Charges – We recommend changing the restricted surplus to no longer include offsite levies as they are now included in Other Liabilities on the Statement of Financial Position.
11. Winter Maintenance – We recommend a change in the ceiling for winter maintenance.

The ceiling for winter maintenance is currently \$1.4 million. Upon review of the last 5 years of winter maintenance requirements it was determined that, if the budget for winter maintenance was \$1.6 million, a restricted surplus of \$800,000 would be sufficient to ensure that winter maintenance could be fully funded. We recommend that the \$200,000 be reallocated to the Contingency restricted surplus as the intent of this restricted surplus is similar to that of Winter Maintenance (unforeseen/additional expenditures).

Appendix 4 - Restricted Surplus Policy



POLICY C-F105

Restricted Surplus

Prepared By:	Financial Services	Council Approval Date:	October 13, 2009
Effective Date:	October 13, 2009	Council Resolution No.:	350-09
References:	Public Sector Accounting Board 2008 Handbook	Previous Revision Date:	February 26, (Policy FI-005)
Function:	Financial Management	Last Reviewed:	June 20, 2012
		LAS Endorsement:	

PURPOSE

The purpose of this policy is to establish consistent standards and guidelines for the management of restricted surplus.

POLICY STATEMENT

Parkland County recognizes that the ongoing commitment of funds to restricted surplus provides for property tax stabilization, reduces the need for debt financing, maintains and improves Parkland County's working capital requirements, provides for future operating and capital requirements, addresses the overall current and future initiatives of Parkland County, and provides for offsetting unanticipated fluctuations in operating and capital activities.

DEFINITIONS

1. "Restricted Surplus" refers to excess revenues which have been internally or externally restricted or formally designated. These restrictions identify funds for a specified future purpose and are not available to meet the government's general obligations and finance its other activities (Public Sector Accounting Board 3100.02).

SCOPE

This policy applies to all departments within Parkland County.

MANAGEMENT RESPONSIBILITIES

The establishment of, contributions to, and withdrawals from restricted surplus shall be approved by Council through resolution or bylaw. Council approval may be given as either part of the overall budget review and approval process, or by resolution on an as-needed basis.

The Chief Administrative Officer has authority to approve transfers from the Early Retirement Incentive for early retirements approved under Policies HR 018 and HR 019, and will keep Council informed of such.

Administration of the restricted surplus will be carried out by Financial Services under the direction of the General Manager of Corporate Services.

STANDARDS

1. Restricted surplus can be funded from various sources such as, but not limited to:
 - a. Direct cash receipts such as sale of capital assets and land
 - b. Approved budget contributions
 - c. Carryover of current year's budget funds which were approved for a specific purpose but were not expended during the year
 - d. Annual surplus contributions
 - e. Investment income earned on restricted surplus will be added to restricted surplus if approved on the restricted surplus authorization form.
2. Transfers from restricted surplus shall be outlined within the Restricted Surplus Authorization form.
3.
 - a. Interest earnings are intended to be applied to reserves only if:
 - i. There are external requirements based on legislation or agreements, or
 - ii. Required to assist in offsetting the effects of inflation.
 - b. The interest rate will be calculated at the end of the month based on the restricted surplus balance at that time. The interest rate used will be the rate that Parkland County would earn in their operating account.
 - c. Each restricted surplus authorization form will identify whether it is interest bearing or not.
4. Where the County chooses to borrow internally from restricted surplus to reduce the overall impact of external borrowing, the interest rate used shall be the three-(3)year Alberta Capital Finance Authority rate.
5. Restricted surplus transactions will not be processed until actual expenditures are incurred. Departments must notify Financial Services when funding for these expenditures is required. The source of approval and the amount of the expenditure to be funded will need to be provided to Financial Services.
6. Reporting of restricted surplus will form part of the monthly financial statements and significant transactions affecting these will be highlighted in the comments.

Appendix 5 - Restricted Surplus Authorization Forms

Name: Benefit Premium Stabilization

Purpose: To provide funding for unforeseen deficits in the Self Insured Benefit Plan and to smooth large premium increases

Source of Funding: Self Insured Benefit Plan Surpluses

Ceiling: Up to 30% of annual premiums

Application: Upon Council's approval to buffer future large premium increases and to fund unforeseen deficits

Duration: On-going

Interest Bearing: No

~~**Separate Bank Account:**~~ ~~No~~

Approved by Council:

Date: July 10, 2012

Resolution: RFD 12-131

Name: Contingency

Purpose: To fund unforeseen revenue losses or additional expenditures.

Source of Funding: a) Unexpended funds remaining in the contingency account at the end of each fiscal year.
b) Other revenues as approved by Council.
c) Repayment of funds advanced for consumable inventory purchases.

Ceiling: \$97,250,000 (Approximately 25% of the municipal tax levy – ~~2009~~ 2012 = \$~~29~~37,000,000).

Application: a) To replace or fund non-recurring and unforeseen revenue losses or additional expenditures.

Duration: On-going

Interest Bearing: No

~~Separate Bank~~
~~Account:~~ ~~No~~

Approved by Council:

Date: October 13, 2009

Resolution: 350-09

Name: County Facilities

Purpose: To provide funding for the expansion of existing or additional new County owned facilities

Source of Funding: a) Annual operating budget.
b) Proceeds from sale of municipal buildings and lands.
c) Other revenues as approved by Council.

Ceiling: \$10,000,000

Application: Fund the expansion or renovation of existing or additional new County owned facilities, and/or the purchase of furniture and equipment for existing or new County owned facilities as approved by Council.

Duration: On-going

Interest Bearing: Yes

~~Separate Bank~~
~~Account:~~ ~~No~~

Approved by Council:

Date: May 10, 2011

Resolution: 149-11

Name: Disaster

Purpose: To provide funding for non-reimbursed costs of unforeseen disasters occurring within Parkland County.

Source of Funding: Reserves or transfers as approved by Council.

Ceiling: \$1,500,000

Application: To fund non-reimbursed costs of unforeseen disasters.

Duration: On-going

Interest Bearing: No

~~**Separate Bank Account:** No~~

Approved by Council: **Date:** May 10, 2011

Resolution: 149-11

Name: Early Retirement Incentive

Purpose: To provide the necessary funds for eligible employees to retire in accordance with the early retirement policy.

Source of Funding: a) Annual operating budget.
b) Other revenues as approved by Council.

Ceiling: Approximately \$500,000.

Application: The reserve will be used to assist in funding early retirements as per the Early Retirement Incentive policy.

Duration: On-going

Interest Bearing: No

Separate Bank Account: ~~No~~

Approved by Council: **Date:** October 13, 2009

Resolution: 350-09

Name: Entwistle Community Development

Purpose: To provide funding for the purpose of community development initiatives which benefit the Hamlet of Entwistle. See terms of reference.

Source of Funding: Capital budget monies for infrastructure improvements saved in an amount equal to \$400,000 from an estate endowment made to the County.

Ceiling: \$400,000

Application: To fund community development initiatives as approved by Council which enhance or enrich the quality of life for residents of Entwistle.

Duration: Until fund is fully depleted.

Interest Bearing: No

~~Separate Bank~~
~~Account:~~ ~~_____~~ ~~No~~

Approved by Council:

Date: July 10, 2012

Resolution: ~~12-131~~

TERMS OF REFERENCE- ENTWISTLE COMMUNITY DEVELOPMENT FUND

Purpose:

To enhance and enrich the community of Entwistle by providing funding for community development initiatives that benefit the residents of Entwistle beyond the established service levels of Parkland County.

Objectives:

Community Development initiatives must address one or more of the following objectives:

- Contribute to safe streets and spaces (streets, parks, neighbourhood)
- Contribute to a thriving economy
- Contribute to environmental well being (walkability, pride, greening, sense of community)
- Contribute to beautification and cleanliness of the community
- Contribute towards the prevention of crime
- Contribute towards community programs and services that enhance the quality of life for residents

Eligibility:

- Initiative must benefit the Hamlet of Entwistle and address one or more objectives of the program
- Businesses, Not for Profit Organizations, Schools or Adhoc Community Groups whose purpose is solely to carry out the specific initiative may apply
- There is no funding limit, nor matching requirement required of the applicant

Process:

- Applications can be submitted anytime throughout the year to the Manager of Community and Protective Services and must include the following information:
 - Name of the Group/Organization Applying
 - Identify the type of organization/group; Business, Not for Profit, School or Adhoc Group
 - Contact Name, Address and phone number for the group
 - List of Board Members/Group members involved with the project
 - Initiative Description
 - Explain what you want to do with the funds
 - What program objectives will this initiative address and how
 - How many people will benefit from this initiative
 - How long will it take to complete the project
 - Does the initiative need to be sustained after it is completed, if so how will that be done
 - Initiative budget (revenue and expenses)
 - Also include any in-kind donations or volunteer equity being donated towards the initiative
 - Level of funding requested
 - Timelines for the initiative

- Projected start and completion dates for the initiative
- Adjudication of Application will be based on the following criteria:
 - Is the project feasible?
 - Does it advance one or more of the program objectives?
 - What is the benefit to the area?
 - Does it create connections, interactions which bring the community together?
 - Does it leave a legacy for the residents of Entwistle?
 - Does the project involve leveraging funding from other sources?
- Approval will consist of Administration making a recommendation to Council, who will have final approval
- There is no appeal process
- Once approved funding will be provided in a timely manner
- Applicant will be required to submit a final report once the initiative is complete

Funding Administration:

- The Entwistle Community Development Fund will be managed by Parkland County
Parkland County Administration will review applications and make recommendations on
Funding to Council.
- Funding will be dispersed on approval from Council
- Interest and principal can be used to fund approved initiatives
- Fund will exist until it is fully depleted

Name: Environmental

Purpose: To provide funding for future environmental projects.

Source of Funding: a) Annual operating budget.

b) Other revenues as approved by Council.

Ceiling: \$800,000

Application: To fund operating and capital expenditures for environmental projects as approved by Council.

Duration: On-going

Interest Bearing: No

**Separate Bank
Account:** ~~No~~

Approved by Council:

Date: October 13, 2009

Resolution: 350-09

Name: Equipment Lifecycle

Purpose: To provide funds for the scheduled replacement of the existing mobile equipment fleet.

Source of Funding: a) Annual operating budget in an amount calculated in accordance with the Mobile Equipment Lifecycle Plan.
b) Other revenues as approved by Council.

Ceiling: N/A - based on "Mobile Equipment Lifecycle Plan".

Application: To provide the necessary funds for the scheduled replacement of mobile equipment.

Duration: On-going

Interest Bearing: No

**Separate Bank
Account:** ~~No~~

Approved by Council:

Date: July 10, 2012

Resolution: RFD 12-131

Name: Facility Maintenance

Purpose: To provide funding for the repair and replacement of major items at County owned facilities.

Source of Funding: a. Annual operating budget.
b. Other revenues as approved by Council.

Ceiling: N/A

Application: Provides necessary funds for the repair and replacement of building components and systems.

Duration: On-going

Interest Bearing: Yes

Separate Bank Account: ~~No~~

Approved by Council:

Date: October 13, 2009

Resolution: 350-09

Name: Fire Services Lifecycle

Purpose: To provide funds for the replacement and upgrade of fire services equipment

Source of Funding: a) Annual operating budget in an amount calculated in accordance with the Fire Services Equipment Lifecycle Plan
b) Other revenues as approved by Council

Ceiling: N/A – based on Fire Services Equipment Lifecycle Plan

Application: The reserve will be used to assist in funding the future replacement and upgrade of fire services equipment

Duration: On-going

Interest Bearing: No

Separate Bank Account: ~~No~~

Approved by Council:

Date: July 10, 2012

Resolution: RFD 12-131

Name: Future Capital

Purpose: To carry over to a subsequent year, funding for specific capital projects not completed at year-end.

Source of Funding: a) Annual capital budget.
b) Other revenues as approved by Council.

Ceiling: N/A

Application: To fund capital expenditures as approved by Council in a previous year but not completed in the previous year.

Duration: On-going

Interest Bearing: No

~~Separate Bank~~
~~Account:~~ No

Approved by Council:

Date: October 13, 2009

Resolution: 350-09

Name: Future Operating

Purpose: To carry over to a subsequent year, funding for specific operating programs and projects not completed at year-end and to build funding for future non-annual programs such as elections, census, strategic plans, etc.

Source of Funding: a) Annual operating budget.
b) Other revenues as approved by Council.

Ceiling: N/A

Application: To fund expenditures approved by Council in a previous year but not completed in the previous year and to build funding for non-annual programs such as census, elections, strategic plans, etc.

Duration: On-going

Interest Bearing: No

**Separate Bank
Account:** ~~No~~

Approved by Council:

Date: October 13, 2009

Resolution: 350-09

Name: ~~Future Road Projects~~ Future Transportation

Purpose: To set aside funds for the construction of future ~~read~~ transportation projects.

Source of Funding: a) Road construction budget.
b) Other revenues as approved by Council.

Ceiling: None

Application: To fund future ~~read~~ transportation projects as approved by Council.

Duration: On-going

Interest Bearing: Yes

~~Separate Bank~~
~~Account:~~ ~~_____~~ ~~No~~

Approved by Council:

Date: ~~October 13, 2009~~

Resolution: ~~350-09~~

Name: Granular Aggregates

Purpose: To fund costs of reclamation, exploration, and development of granular aggregate deposits and to fund base shrinkage.

Source of Funding: a) Usage Royalty.
b) Proceeds in excess of cost of granular aggregates sold.
c) Other revenues as approved by Council.

Ceiling: \$2,000,000

Application: Development of granular aggregate deposits, exploration, and reclamation.

Duration: On-going

Interest Bearing: No

**Separate Bank
Account:** ~~No~~

Approved by Council:

Date: October 13, 2009

Resolution: 350-09

Name: Information Technology

Purpose: To provide funds for Information Technology initiatives.

Source of Funding: a) Annual operating budget.
b) Other revenues as approved by Council.

Ceiling: None.

Application: To fund implementation of Information Technology initiatives.

Duration: On-going

Interest Bearing: No

~~Separate Bank~~
~~Account:~~ ~~No~~

Approved by Council:

Date: October 13, 2009

Resolution: 350-09

Name: Internal Financing

Purpose: To provide funds for internal financing of capital projects thereby improving the County's overall net financial position.

Source of Funding: a) Annual transfer as determined by Council.

b) Transfers equal to repayment of principal for approved projects with interest equivalent to the Alberta Capital Finance Authority rate at the time of borrowing.

c) Other revenues as approved by Council.

Ceiling: N/A

Application: To internally finance or fund capital projects as approved by Council.

Duration: On-going

Interest Bearing: No

**Separate Bank
Account:** No

Approved by Council:

Date: October 13, 2009

Resolution: 350-09

Name: ~~Investment Stabilization~~

Purpose: ~~To smooth out the budgetary effects of changes in investment rates.~~

Source of Funding: ~~a) Actual interest earned in excess of the budgeted amount.
b) Other revenues as approved by Council~~

Ceiling: ~~\$500,000~~

Application: ~~Where actual year-end interest earnings are less than that budgeted, the reserve will be used to bring the actual interest income up to the budgeted amount.~~

Duration: ~~On-going~~

Interest Bearing: ~~No~~

**Separate Bank
Account:** ~~No~~

Approved by Council: _____ **Date:** October 13, 2009

_____ **Resolution:** 350-09

Name: Local Improvement

Purpose: To provide an account for the receipt and tracking of Local Improvement Revenues paid for with a debenture

Source of Funding: Local Improvements charges

Ceiling: N/A

Application: To fund the debenture payments for the Local Improvements that were paid for by the debenture.

Duration: On-going

Interest Bearing: No

Separate Bank Account: ~~No~~

Approved by Council:

Date: _____

Resolution: _____

Name: Long Term Sustainability

Purpose: To set aside and disburse funds obtained through taxation of linear assessment resulting from the construction of large projects such as a power plant. The funds are set aside to protect the municipality from the future depreciation of these assets ensuring the long term sustainability of Parkland County.

Source of Funding: a) Linear taxation resulting from large industrial projects
b) Other revenues as approved by Council

Ceiling: No ceiling

Application: The principal balance of this fund is to be held to earn interest. The interest income of this fund can be used ~~These funds are not to be used for general operating purposes. These funds are to be used for~~ emergencies and special capital projects that support the long term sustainability of Parkland County and that would otherwise not proceed.

Duration: On-going

Interest Bearing: Yes

Separate Bank Account: ~~No~~

Approved by Council:

Date: July 10, 2012

Resolution: RFD-12-131

Name: Municipal Operations

Purpose: Collection of By-law 64-2003 Sand and Gravel License Fees

Source of Funding: a) \$0.25 per tones of sand and gravel license fee, on all granular materials removed from local private pits.
b) Other revenues as approved by Council.

Ceiling: None.

Application: Revenue raised from the Community Aggregate payment levy (Gravel License Fee) is to be used toward the payment of infrastructure and other costs in the municipality as per Section 409.1(2) of the Municipal Government Act.

Duration: On-going

Interest Bearing: No

Separate Bank Account: ~~No~~

Approved by Council:

Date: October 13, 2009

Resolution: 350-09

Name: Municipal Park

Purpose: To set aside proceeds from the sale of municipal and/or school reserve lands or cash received in lieu of dedication of municipal or school reserve lands as dictated by Section 670 of the Municipal Government Act.

Source of Funding: Proceeds from sale of park lands or cash received in lieu of dedication.

Ceiling: N/A

Application: Municipal or school reserve funds from the sale of lands or cash in lieu of dedication may only be used for any or all of the following purposes:

- a) A public park
- b) A public recreation area
- c) School authority purposes
- d) To separate areas of land that are used for different purposes.

as required by Section 671 of the Municipal Government Act.

Duration: On-going

Interest Bearing: Yes

~~Separate Bank~~
~~Account:~~ Yes

Approved by Council:

Date: October 13, 2009

Resolution: 350-09

Name: Office Systems

Purpose: To provide funds for the replacement and upgrade of office systems.

Source of Funding: a) Annual operating budget in an amount calculated in accordance with the Office Systems ~~Replacement~~ Lifecycle Plan.
b) Other revenues as approved by Council.

Ceiling: N/A - based on "Office Systems ~~Replacement~~ Lifecycle Plan."

Application: The reserve will be used to fund the future replacement and upgrade of office systems.

Duration: On-going

Interest Bearing: No

~~Separate Bank~~
~~Account:~~ ~~No~~

Approved by Council:

Date: October 13, 2009

Resolution: 350-09

Name: ~~Offsite Levies &~~ Development Charges

Purpose: To provide an account for the receipt and tracking of ~~Offsite Levies~~
~~and~~ Development Charges

Source of Funding: Development Agreements regarding residential, commercial and industrial development

Ceiling: N/A

Application: The reserve will be used to fund the future upgrade and/or expansion of water, sewer, storm sewer and road infrastructure.

Duration: On-going.

Interest Bearing: Yes.

~~Separate Bank~~
~~Account:~~ ~~_____~~ ~~No.~~

Approved by Council:

Date: May 25, 2010

Resolution: 18-10

Name: Overland Drainage

Purpose: To set aside funds for the construction or maintenance of future and existing overland drainage infrastructure.

Source of Funding: a) Annual operating budget.
b) Other revenues as approved by Council.

Ceiling: None

Application: To fund future and existing overland drainage infrastructure as approved by Council.

Duration: On-going

Interest Bearing: No

Separate Bank Account: ~~No~~

Approved by Council:

Date: October 13, 2009

Resolution: 350-09

Name: Protective Services Equipment Replacement

Purpose: To provide funds for the replacement and upgrade of protective services equipment

Source of Funding: a) Annual operating budget in an amount calculated in accordance with the Protective Services Equipment Lifecycle Plan
b) Other revenues as approved by Council

Ceiling: N/A - based on Protective Services Equipment Lifecycle Plan

Application: The reserve will be used to assist in funding the future replacement and upgrade of Protective Services equipment

Duration: On-going

Interest Bearing: No

Separate Bank Account: ~~No~~

Approved by Council:

Date: July 10, 2012

Resolution: RFD 12-131

Name: Recreation Facilities

Purpose: To set aside funds for capital replacements, improvements and the construction of future recreation facilities either within the County or on a cost share basis within an urban municipality.

Source of Funding: a) Annual operating budget.
b) Other revenues as approved by Council.

Ceiling: \$6,000,000.

Application: To fund capital expenditures for recreation facilities as approved by Council.

Duration: On-going

Interest Bearing: Yes

**Separate Bank
Account:** ~~No~~

Approved by Council:

Date: October 13, 2009

Resolution: 350-09

Name: Rural Communications Network Lifecycle

Purpose: To provide funds for the replacement and upgrade of rural communications network equipment

Source of Funding: a) Annual operating budget in an amount calculated in accordance with the Rural Communications Network Lifecycle Plan
b) Net surplus funds received from the communication tower operations
c) Other revenues as approved by Council

Ceiling: None

Application: To provide the necessary funds for the future replacement and upgrade of rural communications network equipment

Duration: On-going

Interest Bearing: No

~~Separate Bank~~
~~Account:~~ ~~No~~

Approved by Council:

Date: July 10, 2012

Resolution: RFD 12-131

Name: Survey Instruments Lifecycle

Purpose: To provide funds for the replacement and upgrade of Survey Instruments

Source of Funding: a) Annual operating budget in an amount calculated in accordance with the Survey Instruments Lifecycle Plan
b) Other revenues as approved by Council

Ceiling: N/A –based on Survey Instruments Lifecycle Plan

Application: The reserve will be used to assist in funding the future replacement and upgrade of Survey Instruments

Duration: On-going

Interest Bearing: No

Separate Bank Account: ~~No~~

Approved by Council:

Date: July 10, 2012

Resolution: RFD 12-131

Name: Waste Management

Purpose: To set aside funds for capital replacements, improvements and the construction of future waste management facilities and reclamation of solid waste sites.

Source of Funding: a) Annual operating budget.
b) Other revenues as approved by Council.
c) Business license fees related to Waste Management.

Ceiling: \$4,000,000.

Application: Construction and improvements to Landfills and Transfer Stations, purchase of solid waste related equipment and reclamation of solid waste sites.

Duration: On-going

Interest Bearing: Yes

**Separate Bank
Account:** ~~No~~

Approved by Council:

Date: July 10, 2012

Resolution: RFD 12-131

Name: Water and Waste Water

Purpose: To provide funds for the expansion, refurbishment or replacement of water and waste water infrastructure.

Source of Funding: a) Transfers from the Water and Waste Water operating budget.
b) Other revenues as approved by Council.

Ceiling: N/A

Application: To fund future and existing water and waste water infrastructure including the purchase of water and waste water related equipment.

Duration: On-going

Interest Bearing: No

~~Separate Bank~~
~~Account:~~ ~~No~~

Approved by Council:

Date: October 13, 2009

Resolution: 350-09

Name: Winter Maintenance

Purpose: To smooth out the budgeting effects that a harsh winter has on the operating budget.

Source of Funding: a) Any balance remaining at year-end from within the winter maintenance program budget.
b) Other revenues as approved by Council.

Ceiling: ~~\$1,400,000~~ \$800,000

Application: Where due to severe weather conditions, monies required to provide the approved service level of winter maintenance would cause a cost overrun, monies may be transferred as required.

Duration: On-going

Interest Bearing: No

~~Separate Bank~~
~~Account:~~ ~~No~~

Approved by Council:

Date: July 10, 2012

Resolution: RFD 12-131

Name: Working Capital

Purpose: To provide operating funds during January - June so that interim borrowing is unnecessary prior to the receipt of tax revenues.

Source of Funding: a) Annual operating budget.
b) Other revenues as approved by Council.

Ceiling: \$5,000,000

Application: To avoid the additional costs of interim borrowing pending receipt of tax revenues. Monies accumulated in this reserve are not accessible for operating or capital expenditures.

Duration: On-going

Interest Bearing: No

Separate Bank
Account: ~~_____~~ No

Approved by Council:

Date: October 13, 2009

Resolution: 350-09

