

## Restricted Surplus Changes for Parkland County

### Summary of the Impact of Restricted Surplus Changes

<u>Asset Management</u> Restricted Surplus to Support Future Specified Needs	Balance as of April 30, 2017	Recommendation	Transfer Required <sup>6</sup>
Total of surpluses for lifecycle and other planned needs	19,373,000	19,373,000	Unchanged
<b>Restricted Surplus to Support Future Unspecified Needs</b>			
Total of surpluses for uncertain needs for regular services	23,586,000	21,764,000 <sup>1</sup>	-1,822,000
<b>Working Capital</b>			
Working capital and internal loans	7,567,000	0 <sup>2</sup>	-7,567,000
<b>Risk Mitigation</b>			
Summary of All Emergency Surpluses	7,038,000	\$7,700,000 <sup>3</sup>	662,000
Long Term Sustainability	7,664,000	12,391,000 <sup>4</sup>	4,727,000
<b>Legislated</b>			
Summary of all Legislated	5,544,000	5,544,000	Unchanged
<b>Other</b>			
Benefit Premium Stabilization	126,000	126,000	Unchanged
Future Operating	5,203,000	7,203,000 <sup>5</sup>	2,000,000
Local Improvement	360,000	360,000	Unchanged
Business Attraction	0	2,000,000	2,000,000
<b>Total</b>	<b>76,461,000</b>	<b>76,461,000</b>	<b>0</b>

1. Recommend that Municipal Operations be eliminated as a restricted surplus. The existing balance will be used to establish the Business Attraction Restricted Surplus. The future revenue from the gravel levy that was transferred into the fund will be recognized as revenue to offset road maintenance projects in the County and or fund the implementation/maintenance of an Asset Management Plan.
2. Recommend that the working capital restricted surplus be eliminated as Parkland carries enough resources to provide de facto working capital. The formal amount of restricted surplus could be shifted to long-term sustainability category. Restricted Surplus balances will need to be monitored closely to ensure that there is adequate de facto working capital in the future.
3. Emergency restricted surplus assumes the more risk averse of GFOA's recommendations
4. The long-term sustainability surplus was established to earn interest income to help offset the effects of the future closure of coal fired power plants in Alberta. This surplus will be used to guard against risk of revenue instability owing to the phase out of coal-fired power plants. The target balance for this fund is an undedicated balance and therefore the total balance of the fund may exceed the target from time to time.
5. Recommend that future operating surplus be reduced over time, by using more refined budgeting techniques. Parkland currently has about \$5.4 million in projects that are funded under this restricted surplus category, so there are current dedications in excess of the GFOA recommendation. As these projects are completed and budgets refined, the amount of the surpluses and dedications will drop. A \$2.0M contingency will be held by the County in Future Operating.
6. Transfer amounts have been rounded as exact balances in the restricted surplus account are subject to change.