



POLICY C-FI05

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 Handbook	Previous Revision Date:	February 26, 2008 (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.