

Policy Name

Restricted Surplus Accounts Policy

Policy Number

FIN - 4



Policy Statement

The purpose of this policy is to determine Brazeau County's (the County) standing restricted surplus accounts (also referred to as 'reserves') and to define them as to their function, sources of income, and eligible expenditures. Future additions of new restricted surplus accounts will be incorporated and maintained in a similar fashion. Council may create new restricted surplus accounts by way of motion.

Policy

General Statement

1. All restricted surplus accounts will be established on an individual basis, although the funds in each account may be consolidated for investment purposes. An individual record of each account and the investment of funds in same shall be maintained.

The County's restricted surplus accounts shall be completely funded: the County will not carry any unfunded restricted surplus accounts.

2. Investment of restricted surplus account funds shall be per the County's Investment Policy (FIN-3).
3. Any interest earned on investment of restricted surplus account funds shall accrue within that restricted surplus account.
4. Council may also, from time to time, establish other restricted surplus accounts, for specific needs/requirements; and once those objectives have been met, the restricted surplus account must be discontinued.

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Definitions

“Restricted surplus” results from excess revenues, budget allocation or transfer by Council, which have been internally or externally restricted or formally designated. These restrictions identify funds for a specific future purpose. These funds are not available to meet the municipality’s general obligations and finance its other activities.

“Unrestricted surplus” is the portion of the accumulated surplus or deficit that results from excess revenue and is not dedicated to an identified surplus account.

Standing Restricted Surplus Accounts

The County shall maintain, on a regular basis, standing restricted surplus accounts for purposes as defined in this policy. Additional restricted surplus accounts shall be added to this policy on an annual basis, if required. The following shall be considered to be the County’s standing restricted surplus accounts:

Alternative Energy Program Restricted Surplus Account

The purpose of the Alternative Energy Program Restricted Surplus account is to cover the cost of Brazeau County’s lease payments for municipal solar panels.

1. The sole source of funds for the Alternative Energy Program restricted surplus account shall be five percent (5%) of the actual surplus operating funds on an annual basis.
2. Brazeau County’s lease payment obligations for solar panels at its municipal facilities shall be funded from this account.

Alternative Land Use Services Restricted Surplus Account

The purpose of the Alternative Land Use Services Restricted Surplus account is to set aside funds for the Alternative Land Use Services program. The program will provide funding to property owners interested in taking part in stewardship practices to protect environmentally sensitive areas on their property.

1. Funds for the Alternative Land Use Services Restricted Surplus account may be designated each year by Council during the budget process.
2. The secondary source of funds for the Alternative Land Use Services Restricted Surplus account shall be five percent (5%) of the actual surplus operating funds on an annual basis.

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3. Funds will be expended from the account on a case by case basis with an approved ALUS program application.
4. All operating costs associated with ALUS shall be funded from this account, including salaries, board honoraria, advertising and materials, etc.

Brazeau County Recreation Facilities Capital Investment (Willey West)

The purpose of the Brazeau County Recreation Facilities Capital Investment account is to set aside funds for future upgrades to Willey West Campground per Council motion 0597/19-09-17.

1. Funds for the Brazeau County Recreation Facilities Capital Investment will be from Brazeau County's portion of annual revenue from Willey West Campground, as set out in the Willey West Operating Agreement.

Brazeau Sports Park Facility Restricted Surplus

The purpose of the Brazeau Sports Park Restricted Surplus is to utilize funds for the future maintenance of the Brazeau Sports Park washroom and concession building as per Council motion 0849/19-12-16.

1. Funds for the Brazeau Sports Park Facility Restricted Surplus will be fees collected for the rental of the concession facility as set out annually in the Schedule of Fees Bylaw.

Buildings Restricted Surplus

The purpose of the Buildings Restricted Surplus account is to utilize funds for the upgrade of County buildings, being buildings owned and/or maintained by the County.

1. Funds for the Buildings Restricted Surplus account shall be twenty-five percent (25%) of the actual surplus operating funds on an annual basis.
2. Funds for Building Restricted Surplus may be designated by Council each year during the budget process.
3. Expenditures from this account shall be restricted to upgrades, replacements or construction of, or purchase of, a new facility, and will be subject to the specific approval of Council.

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Cemetery Perpetual Care Fund

The purpose of the Cemetery Perpetual Care Fund is to set aside funds for the long-term maintenance and sustainability of municipally operated cemeteries.

1. Funds for the Cemetery Perpetual Care Fund will be from a surcharge to specific cemetery fees as set out in the annual Schedule of Fees Bylaw.

Committed Funds Restricted Surplus

The purpose of the Committed Funds Restricted Surplus is to hold capital funds approved in previous budgets until the project moves forward, or is completed. Interest remains in the fund as it accrues.

1. Funds for the Committed Funds Restricted Surplus are previously approved budget amounts attached to a specific capital project that has yet to be started or completed.
2. For construction in progress, where a portion or all budgeted funds raised for capital projects have not been utilized in the year they are taxed in, any remaining funds will be transferred to the Committed Funds Restricted Surplus account and withdrawn from said account in the year the project proceeds.
3. The funds being utilized from the Committed Funds Restricted Surplus account will be clearly identified during the annual budget process.
4. Funds in the Committed Funds Restricted Surplus may not be reallocated to a different restricted surplus account or project unless the original project the funds were assigned to is cancelled or completed.

Deferred Projects Restricted Surplus

The purpose of the Deferred Projects Restricted Surplus account is to transfer funds for specific operating projects where the funds were raised in one taxation year, but the project did not proceed or wasn't completed prior to the end of the year.

1. Any or all budgeted operating funds raised for operating projects and not utilized in the year they are taxed in will be transferred to the Deferred Projects Restricted Surplus account, and withdrawn from said account in the year the project proceeds.
2. The funds being utilized from the Deferred Projects Restricted Surplus account will be clearly identified during the annual budget process.

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3. Funds in the Deferred Projects Restricted Surplus may not be reallocated to a different restricted surplus account or project unless the original project the funds were assigned to is cancelled or completed.

Cultural Facilities Restricted Surplus

The purpose of the Cultural Facilities Restricted Surplus is to utilize funds for capital upgrades of cultural facilities owned by Brazeau County (Easyford Hall/Eleanor Pickup Arts Centre), or that serve Brazeau County residents (Breton Community Centre, community halls).

1. Funds for the Cultural Facilities Restricted Surplus may be designated by Council during the annual budget process.

Economic Development Restricted Surplus

The purpose of the Economic Development Restricted Surplus is to utilize funds for projects or programs that will enhance or create economic opportunities in Brazeau County as per motion 154/20-02-18.

1. Funds for the Economic Development Restricted Surplus account may be designated by Council during the annual budget process.

Engineered Structures Restricted Surplus

The purpose of the Engineered Structures Restricted Surplus account is to utilize funds for the upgrade of municipal service delivery systems (e.g. culverts and dyke repairs, lift station pumps, lagoon aeration systems, water supply and distribution systems, etc.)

1. Funds for the Engineered Structures restricted surplus account shall be fifteen percent (15%) of the actual surplus operating funds on an annual basis.
2. Funds for Engineered Structures Restricted Surplus account may be designated by Council during the annual budget process.
3. These funds shall be dedicated to specific purposes, such as expanding capacity of utility systems in order to meet the needs created by new development.
4. Expenditures from this account shall be restricted to upgrades, replacements or construction of a new facility, and will be subject to the specific approval of Council.

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Fire Equipment Restricted Surplus

The purpose of the Fire Equipment Restricted Surplus account is to utilize funds for new or the replacement of emergency vehicles and equipment.

1. Funds for the Fire Equipment Restricted Surplus account shall be five percent (5%) of the actual surplus operating funds on an annual basis.
2. Funds for Fire Equipment Restricted Surplus account may be designated by Council during the annual budget process.
3. Expenditures from this account may be capital items, or recurring non-capital equipment replacement such as breathing apparatus or turnout gear, and will be subject to the specific approval of Council.

General Operating Restricted Surplus Account

The purpose of the General Operating Restricted Surplus account is to establish guidelines on the amount of funds retained by the County to meet on-going cash flow requirements. The funds within the General Operating Restricted Surplus account will be used in all transactions associated with the day-to-day operations of the County. Expenditures from this account are as approved through the annual operating budget and through Council approval of specific projects.

1. Funds for the General Operating Restricted Surplus account shall be regular sources of funding for municipalities: property taxes, user fees, penalties, interest, grants etc.
2. Council shall maintain up to four million dollars (\$4,000,000) in this account on a regular basis, in order to ensure that expenditures for regular operations can be met.

Land Restricted Surplus

The purpose of the Land Restricted Surplus account is for the acquisition of land to add to the municipal land inventory.

1. Funds for the Land Restricted Surplus account is through the sale of municipal land.
2. Funds for the Land Restricted Surplus account shall be through municipal land lease revenue.

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3. Funds for Land Restricted Surplus account may be designated by Council during the annual budget process.

Major Facilities Capital Investment

The purpose of the Major Facilities Capital Investment Restricted Surplus account is to set aside funds for major facilities within the County. These would generally be facilities constructed or purchased through partnerships with other municipalities or local agencies. Expenditures from this account are as approved by Council per project and shown as a grant to other governments or agencies in the operating budget.

1. Funds for the Major Facilities Capital Investment Restricted Surplus account may be designated each year by Council during the budget process.

Municipal Reserve Restricted Surplus (Cash-in-Lieu)

The purpose of the Municipal Reserve Restricted Surplus is to identify and use the lands or funds collected as part of a subdivision for 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.
1. The funding received for Municipal Reserves Restricted Surplus (cash-in-lieu) is collected upon the final approval of subdivision applications. Each amount received differs.
 2. An account will be maintained for the Municipal Reserves Restricted Surplus (cash-in-lieu) to ensure funds are utilized as required under the *Municipal Government Act* or as needed.

Expenditures from this account shall be restricted to the approved purposes listed above and will be subject to the specific approval of Council.

Off-Site Levy Restricted Surplus

The purpose of the Off-Site Levy restricted surplus account is to identify and use the developer/subdivision levies for the following purposes:

- a. New or expanded facilities for the storage, transmission or supplying of water;

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- b. New or expanded facilities for the treatment, movement or disposal of sanitary sewage;
 - c. New or expanded storm sewer drainage facilities;
 - d. New or expanded roads required for or impacted by a subdivision or development;
 - e. Land required for or in connection with any facilities described above.
1. The only funding source for the Off-Site Levy Restricted Surplus account will be development/subdivision levies.
 2. A separate account will be maintained for each specific off-site levy to ensure that funds are utilized in the area responsible for the contribution.

Roads Restricted Surplus

The purpose of the Roads Restricted Surplus account is to utilize funds for the upgrade of roads and road network systems.

1. Funds for the Roads Restricted Surplus account shall be thirty percent (30%) of the actual surplus operating funds on an annual basis.
2. Funds for the Roads Restricted Surplus account shall be the budgeted transfer of resource road dollars as per motion #231-04 (non-residential tax rate of 0.0003 to be applied to the resource road plan and collected annually).
3. Funds for the Roads Restricted Surplus account shall be the Well Drilling Tax/License Fee as these funds were designed to assist with the damage to local roads from the oil and gas industry.
4. Funds for Roads Restricted Surplus account may be designated by Council during the annual budget process.
5. Expenditures from this account shall be restricted to upgrades and improvements to the road network system and will be subject to the specific approval of Council.

Sewer Capital Restricted Surplus

The purpose of the Sewer Capital Restricted Surplus account is to utilize funds for the expansion and/or upgrade of Brazeau County's municipal sewer system. Funds from this account may be utilized for joint projects with adjacent municipalities where sewer infrastructure is shared between municipalities to provide service to residents and businesses.

1. Funds for the Sewer Capital Restricted Surplus will be from a surcharge paid monthly by all users of municipal sewer systems in Brazeau County.

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2. Funds for Sewer Capital Restricted Surplus account may be designated by Council during the annual budget process.

Water Capital Restricted Surplus

The purpose of the Water Capital Restricted Surplus account is to utilize funds for the expansion and/or upgrade of Brazeau County's municipal water system. Funds from this account may be utilized for joint projects with adjacent municipalities where water infrastructure is shared between municipalities to provide service to residents and businesses.

1. Funds for the Water Capital Restricted Surplus will be from a surcharge paid monthly by all users of municipal water systems in Brazeau County.
2. Funds for Water Capital Restricted Surplus account may be designated by Council during the annual budget process.

Vehicle & Equipment Replacement Restricted Surplus

The purpose of the Vehicle & Equipment Replacement Restricted Surplus account is to utilize funds for the replacement of vehicles, equipment, and/or machinery that has completed its useful working life.

1. Funds for the Vehicle & Equipment Replacement Restricted Surplus account shall be budgeted transfers as per the Equipment Replacement Policy (PW-16) or an amount transferred by Council as per available cash flow.
2. Funds for the Vehicle & Equipment Replacement Restricted Surplus account shall be fifteen percent (15%) of the actual surplus operating funds, on an annual basis.
3. Expenditures from this account shall be restricted to capital items only; and will be subject to the specific approval of Council.

Unrestricted Surplus Account

Operating funds in excess of \$2 million (all operating revenue less operating expenses and not including any revenue/receipt of a capital nature) will be transferred to restricted surplus accounts as per Council direction.

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