

CRSWSC



Capital Region Southwest
Water Services Commission

CAPITAL REGION SOUTHWEST WATER SERVICES COMMISSION

Replaces: Annual Rate Stabilization Reserve Fund Policy


Policy Area: Finance

Policy Name: Reserve Policy

Policy brought forward by: Commission Treasurer

Date Approved: March 18, 2021

Chairman: 

Commission Manager: 

Purpose:

The purpose of this policy is to ensure the Commission is able to meet present and future obligations and promote long term fiscal sustainability.

Operating Reserves:

The operating reserves provide sustainable operating funds to ensure the Commission can provide adequate levels of service during unplanned and unforeseen events or conditions. They help reduce the impact of rate changes on members and can be set aside for specific future liabilities.

The operating reserves held by the Commission are as follows:

General Operations Reserve

Purpose: To fund one-time expenditures of an operating nature; subsidize unexpected expenditures; smooth the impact of financial changes; and assist in funding future specific liabilities.

Guiding Principles: Annual budgeted transfer

Rate Stabilization Reserve

Purpose: To manage and mitigate the impact of rates charged from year-to-year and to mitigate any large true-up requirement from EPCOR.

Guiding Principles: Annual budgeted transfer

Emergency Operations Reserve

Purpose: To manage and mitigate the impact of extraordinary expenses incurred due to significant unplanned events that would otherwise impose significant financial demands on current year revenues.

Guiding Principles: Balance will be replenished as required

Capital Reserves:

Capital reserves are established to fund expenditures of a capital nature, including the replacement and upgrading of existing assets or the construction of new assets and infrastructure. These reserves are used to support the Commission's long-term capital planning.

The capital reserves held by the Commission are as follows:

Equipment – General Capital Reserve

Purpose: To provide necessary funds for the scheduled repair, maintenance, and replacement of existing tangible capital assets.

Guiding Principles: Annual budget transfer

Future Water Capacity Reserve

Purpose: To provide necessary funds for future capital requirements as outlined in the Water Master Plan.

Guiding Principles: Annual budget transfer as directed by the Water Master Plan
