



HIGHWAY 14 REGIONAL WATER SERVICES COMMISSION

POLICY AND PROCEDURE HANDBOOK

FINANCES

Policy FIN 1.05

POLICY: RESERVE ACCUMULATED SURPLUS

POLICY STATEMENT

Highway 14 Regional Water Services Commission recognizes the need to remove some of the fluctuations out of the budget process, and to reward the fiscal stewardship of staff.

GUIDELINES

Yearly, before the completion of the audit, staff in concert with the auditor will review the anticipated accumulated surplus position. If in a positive position, the value of the anticipated surplus position will be considered by the Commission, for transfer to an operational reserve.

The operational reserve will be adjusted to reflect the desire to account for issues raised by the Commission.

The operational reserve may be split and recorded as follows;

- The total accumulated surplus will be determined. The value will be rounded to the lower \$50,000 position. (e.g. \$117,000 is \$100,000 to reserve, and \$17,000 to accumulated surplus; \$157,000 is \$150,000 to reserve and \$7,000 to accumulated surplus)

PROCEDURES

The operational reserve will be split and recorded as follows;

- The total accumulated surplus will be determined. The value will be rounded to the lower \$50,000 position. (E.g. \$117,000 is rounded to \$100,000 to reserve, and \$17,000 to accumulated surplus; \$157,000 is rounded to \$150,000 to reserve and \$7,000 to accumulated surplus)
The total reserve will then be divided by 4 (25%) to the following issues;
- 25% to make a debt payment on the account to the Treasury Branch.
- 25% to be allocated to an understanding of core functioning.
- 25% to be allocated to understanding of pumps and motors.
- 25% to be allocated to an understanding of emergency.



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The accumulated surplus position means the excess of revenues over expenses as compared to the annual operating budget approved by the Commission, net of Budget Carryover items.

Budget Carryover Items are those that have been approved in the current year operating or capital budget but not completed at year-end, and are intended to be completed in the following year.

The operating budget surplus is not equivalent to the operating surplus or deficit presented in the annual consolidated financial statements. Those statements contain reserve transfers, principal debt payments, and the proceeds from the disposal of tangible capital assets, and includes revenues, and amortization.

IMPLEMENTATION

Account Code: 5-41-950

Funding: From the accumulated surplus.

Monies at year end are earmarked to assist in operational issues.

Debt is the amount owing to the Alberta Treasury Branch.

Core functions are defined as expenses related to meters, trucks, and computers. For each of the functions evergreening plans will be attached to and form a part of this policy.

Pumps and motors are defined as "emergency" expenditures related to replacement and repair of units that are outside of the operational budget.

Emergency is the needed follow up when a State of Local Emergency is declared. It is also a rate stabilization assistance to be used between the time that an increase in rate is assessed by Strathcona County and the date that we are able to alter and collect a changed rate to customers.

The use of this reserve to fund any expenditure must be by way of a Commission resolution.

RELATED DOCUMENTS AND LEGISLATION

Evergreening program for meters, trucks, and computers.

DUTIES AND RESPONSIBILITIES

The CAO will ensure the overall effective administration of reserves in accordance with this policy, recommended changes in policy or guideline will be provided to the Commission.

AMENDMENT HISTORY

IMPLEMENTATION

19-66

DIRECTOR'S APPROVAL MOTION #



CHAIRPERSON

10 SEP 2019

DATE