

POLICY

Title of Policy:	General Reserve Policy
Policy Number:	
Author (position):	Director of Business Services
Approved By:	<input checked="" type="checkbox"/> Commission -OR- <input type="checkbox"/> Executive Team
Adoption Date:	September 14, 2009
Last Review/Revision Date:	May 25, 2022
Last Review/Revision Approval By:	<input checked="" type="checkbox"/> Commission -OR- <input type="checkbox"/> Executive Team

1.0 PURPOSE:

- 1.1 The purpose of this policy is to assist NEW Water and its Commission in the use of financial institution accounts for the receipt of revenues and payment of expenses associated with NEW Water operations and maintenance activities, to establish a minimum targeted working capital balance, and to delineate accounting standards for the NEW Water General Reserve.

2.0 SCOPE:

- 2.1 This policy applies to NEW Water's General Reserve.

3.0 PROGRAM AUTHORITY: (Not Used)

4.0 POLICY:

- 4.1 NEW Water will account for financial transactions associated with its operations and maintenance, and capital activities through consistent application of generally accepted accounting principles.
- 4.2 The NEW Water General Reserve is used to track and report financial transactions, effected through financial institution accounts held by NEW Water.
- 4.3 The NEW Water General Reserve financial institution accounts serve as the repository and payment instrument for the receipt of revenues and payment of expenses made by NEW Water in the conduct of operations and maintenance and capital activities.
- 4.4 At the beginning of each budget year, excess reserve funds above 180 days of working capital may be moved to the Plant Capital Replacement Reserve.
- 4.5 The NEW Water General Reserve will target an operating range of 180 days maximum with a minimum of 120 days of working capital based upon the annual budget established for that given year. In addition to the target range, the General Reserve will contain funds collected for identified past budgeted projects that are still planned for completion.
- 4.6 The General Reserve will be replenished through the annual budget process or transfer from Plant

Capital Replacement Reserve.

4.7 Interest proceeds will be allocated based on the Investment Interest Use Policy.

4.8 NEW Water shall have discretion to use General Reserve funds for the payment of expense needs by NEW Water for operations and maintenance activities, subject to alternative use of the General Reserve, as designated by the Commission of NEW Water.

5.0 DEFINITIONS:

5.1 Working Capital: current year budgeted annual capital plus operation and maintenance expenses.

6.0 PROCEDURE: (Not Used)

7.0 POLICY VIOLATION: (Not Used)