

**CAPITAL REGION NORTHEAST WATER SERVICES COMMISSION  
RESTRICTED SURPLUSES BYLAW**

**BYLAW NO. 2025- 002**

**WHEREAS:**

- A. The Commission is a regional services commission pursuant to the Municipal Government Act, R.S.A. 2000, c. M-26;
- B. Pursuant to section 602.09(1)(b) of the Municipal Government Act, respecting the administration of the Commission, the Commission is authorized to establish reserves for the services it provides;

**AND WHEREAS**, the Commission deems it necessary and expedient to establish a bylaw to formalize reserves in accordance with its operating and administrative functions;

**NOW THEREFORE**, the Board of the Capital Region Northeast Water Services Commission, in the Province of Alberta, duly assembled, enacts as follows:

**1. CITATION**

- (1) This Bylaw may be cited as the Capital Region Northeast Water Services Commission Restricted Surpluses Bylaw”.

**2. DEFINITIONS**

In this Bylaw:

- (1) "**Act**" means the *Municipal Government Act*, R.S.A. 2000, c. M-26, as amended or replaced;
- (2) "**Board**" means the Board of Directors of the Commission;
- (3) "**CEO**" means the Chief Executive Officer of the Commission;
- (4) "**Commission**" means the Capital Region Northeast Water Services Commission;
- (5) "**Restricted Surplus**" means the revenues which have been internally or externally restricted or formally designated as Reserves. These restrictions identify funds for a specified future purpose and are not available to meet the Commission's general obligations and/or finance its other general, non-capital or specifically operating activities designated by the Board.
- (6) "**Operating Reserve**" means a Restricted Surplus account established to fund operational stabilization or emergencies;
- (7) "**Future Capital Reserve**" means a Restricted Surplus account established to fund future capital expenditures as identified in the Commission's Capital Plan.

#### **AUTHORITY**

- (a) The establishment or elimination of a Restricted Surplus must be approved by Board resolution. The Board shall be empowered to create the following:
  - i) An Operating Reserve
  - ii) A Future Capital Reserve
  - iii) G.I.C. investment accounts and holding accounts for the Restricted Surplus funds
- (b) The Transfer to and from Restricted Surplus must be approved by one of the following:
  - i) a Board resolution;
  - ii) Annual budget as approved by Board;
  - iii) a Board resolution when the transfer is used to temporarily cash flow a project funded by debt, grant funds not yet approved, or other funding source not yet available;
  - iv) a Board resolution to fund a project which is deemed to be unexpected, urgent or emergent, for which funds were not allocated in the annual budget; or
  - v) a Board resolution when an approved project is not completed at the end of a fiscal year and will be carried forward into the following year.

### **3. FUNDING SOURCES**

- (a) Restricted surplus may be funded from various sources including, but not limited to:
  - i) direct cash receipts such as sale of capital assets and land;
  - ii) approved budget contributions;
  - iii) carryover of current year's budget funds which were approved for a specific purpose but were not expended during the year;
  - iv) annual surplus contributions;
  - v) investment income; and
  - vi) other revenue sources approved by the Board.

### **4. USAGE**

- (a) Restricted Surplus funds may only be used for the purposes specified by Board resolution.
- (b) Prohibited uses include, but are not limited to, funding recurring operating expenses.
- (c) The Board may, by resolution, direct administration to utilize Restricted Surplus for any use, which may include payment of funds owed resulting from a true-up or general rate stabilization.

**5. RESTRICTED SURPLUS ACCOUNTS**

- (a) The CEO will monitor the Commission's Restricted Surplus balance to ensure sufficient funds to meet Commission obligations throughout the fiscal year and strategic Board goals.
- (b) Target balances will be assigned to the Restricted Surplus to identify whether the account is appropriately funded based on the expected use of the account.
- (c) The Operating Reserve balance shall have a maximum balance of \$1 million dollars, or as otherwise determined by the Board resolution.
- (d) The Future Capital Reserve balance shall align with the 25-year Capital Plan, or as specifically approved by Board resolution.

**6. REPORTING**

Reporting of the Restricted Surplus shall be included as part of the Commission's annual financial statements.

**7. PRECEDENCE OF RESTRICTED SURPLUSES**

In the event of inconsistencies between provisions in this Bylaw and other Commission bylaws, policies, or administrative documents, this Bylaw shall prevail, subject only to explicit legislative or regulatory exceptions.

**8. DISPUTE RESOLUTION**

Any disputes or grievances arising from the interpretation or application of this Bylaw shall be resolved in accordance with the dispute resolution procedures established by the Commission and in compliance with applicable provincial statutes.

**9. SEVERABILITY**

Should any provision of this Bylaw be declared invalid by a court of competent jurisdiction, the invalid provision shall be severed, and the remaining provisions shall continue in full force and effect.

**10. AMENDMENTS**


This Bylaw may be amended or replaced by a resolution passed by a majority of the Directors at a duly convened Board meeting.

**11. EFFECTIVE DATE**

Policies 2021-003, 2021-004, 2021-005, 2022-007 and 2022-008, and their corresponding reserves are repealed and replaced by this Bylaw. This Bylaw shall become effective on the day it receives approval of the Board.

ADOPTED BY THE CAPITAL REGION NORTHEAST WATER SERVICES COMMISSION  
THIS

DATED THIS 24 DAY OF MARCH, 2025

  
\_\_\_\_\_  
Commission Chair  
\_\_\_\_\_  
Chief Executive Officer