



Restricted Cash Policy

POLICY NO:	304	APPROVAL DATE:	October 18, 2005
TITLE:	Restricted Cash	REVISION DATE:	September 16, 2020
SECTION:	Finance	AUTHORITY:	Board of Directors
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PURPOSE

To manage restricted cash accounts for monies set aside for specific purposes and to set expenditure guidelines for the use of these funds.

POLICY STATEMENT

Aquatera Utilities Inc. restricts cash internally for monies collected from developers through Aquatera's Infrastructure Charge and for amounts received from time to time for specific purposes, and ensures appropriate expenditure of those monies.

RELATED INFORMATION

Infrastructure Charges:

Infrastructure Charge Restricted Cash is managed to accommodate the water and sanitary sewer infrastructure requirements due to system growth and changing legislated operating requirements.

Monies are derived from the collection of an Infrastructure Charge upon an application for a building permit or a development permit in the City of Grande Prairie, the Town of Sexsmith, and the portions of the County of Grande Prairie served with water and/or sewer by Aquatera. These charges are based on the rates set out in Aquatera Policy #310 – Aquatera Infrastructure Charge approved June 9, 2005 and as revised from time to time.

Funds within the Infrastructure Charge account may be expended for any of the following purposes:

1. New or expanded facilities for the storage, transmission, treatment, or supplying of water,
2. New or expanded facilities for the treatment, movement, or disposal of sanitary sewage, and/or
3. Purchase of land required for or in connection with any facilities described in clauses (1) or (2).

Landfill Liability:

Landfill Liability Restricted Cash is managed to provide adequate financial resources for the waste management facility to ensure that sites are reclaimed to a useful and productive state when operations conclude. An annual calculation of the landfill liability's present value is conducted. This amount is used in conjunction with Aquatera's Cash Management Policy to ensure the liability is provided for in a restricted account.

Capital Savings Replacement Fund:

Cash designated out of cash flow from operations is set aside in savings for future replacement capex purposes by approval from the Board of Directors. These funds are allocated in the Capital Plan annually and approved by the Board of Directors.

Business Growth Fund:

Cash designated out of cash flow from operations is set aside in savings for future investment in business growth initiatives. These funds are allocated in the Capital / Operating Plan annually and approved by the Board of Directors.

RESPONSIBILITIES

Aquatera Board of Directors will review and approve any revisions to this policy.

Chief Executive Officer will review and approve any procedures related to this policy.

Aquatera Administration will carry out the policy based on the established procedures.