



RESERVE POLICY

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Purpose

The Rocky Mountain Section of American Water Works Association (Section or RMSAWWA) maintains various funds to support the Section's various activities. The purpose of this policy is to provide financial stability and cash flow to support the mission of RMSAWWA. RMSAWWA has two principal reserve needs:

- Maintaining sufficient reserves to assure fulfillment of obligations to our members and to offset the effects of a downward reversal in operating income.
- Maintaining reserves for future needs, such as investments in equipment and computer hardware/software or the hiring of staff.

Definitions

Reserve Fund is a portion of the Section's Investment Funds that shall be reserved for emergency situations. The reserve fund shall consist of liquid assets, which can be readily converted to cash, held in the equity or bond portion of the Investment Fund.

Minimum Operating Budget is defined as the minimum funds necessary to operate the Section at a reduced level. The minimum operating budget does not include training seminars or other committee activities as these would not be supported by the Section in times of crisis. The following budget assumptions shall be used to calculate the minimum operating budget.

- Income Assumptions:
 - AWWA Allotment reduced by 50% from previous year.
 - *Rumbles* advertising income reduced by 50% from previous year and Rocky Mountain Water Environment Association (RMWEA) reimbursement reduced 75% from previous year.
 - RMSAWWA Annual Conference generates no income.
- Assumed Expenses:
 - Accountant expenses including 2-years of tax preparation and review fees.
 - Expenses to maintain web site.
 - Membership Committee expenses reduced by 50% from previous year.
 - National Director expenses including travel expenses for AWWA events.
 - Postage and supplies as necessary.
 - Paid staff expenses for 1-year.

- *Rumbles* Publication expenses for 1-year.
- Annual conference expenses equal to 50% of previous year's conference expenses.

Policy

RMSAWWA shall maintain a reserve fund amount equal to one (1) year of the minimum operating budget, as defined above. On an annual basis, the RMSAWWA Treasurer shall determine the minimum operating budget, verify sufficient reserve funds are available, and document this information in the Section's Annual Year-End Financial Report.

The Audit and Finance Committee will review this policy annually and revise as required.