

POLICY 5040: Reserve or Fund Balance Policy

5040.1 Purpose: The District shall maintain reserve funds from existing unrestricted funds as designated by the District's Reserve Policy. This policy establishes the procedure and level of reserve funding to achieve the following specific goals:

- Maintain minimal operational sustainability in periods of economic uncertainty or unanticipated events.
- Fund replacement and major repairs for the District's physical assets; The General Manager may recommend additional reserves and funds or alter reserves with the approval of the Board of Directors.
- Maintain operational sustainability in periods of economic uncertainty or unanticipated events.
- Fund repairs and replacement of park facilities and equipment.
- Fund park grounds maintenance.
- Fund regular replacement of computer hardware and software;
- Fund replacement and major repairs for the District's fleet and equipment;
- Fund capital improvements; and

The District shall account for reserves as required by Governmental Accounting Standards Board Statement No. 54, which distinguishes reserves as among these classes: non-spendable, restricted, committed, assigned and unassigned. The reserves stated by this policy, unless otherwise required by law, contract, or District policy shall be deemed "assigned" reserves.

5040.2 Policy: Use of District Reserves is limited to available "Unrestricted" Funds (not obligated by law, contract or agreement). All reservations or use of these funds will be designated by formal action of the Board of Directors.

5040.3 Using Reserve Funds:

- Vehicle Fleet Reserve: Vehicle Fleet Reserves will be set aside and used exclusively for the purchase of new vehicles to support District operations, or to make major repairs to existing vehicles.
- Technology Reserve: Technology Reserves will be set aside and used to purchase hardware and software in support of District operations, with the intent of maintaining modern technology for employees and their service delivery.
- Designated Project/Special Use Reserve: Projects, programs or special uses will be identified by the General Manager and/or the Board of Directors and approved by the Board. Uses must further the mission of the District and will be evaluated for designation according to value to the District and the people it serves.

- Capital Improvements Reserve: Capital Improvements Reserves shall be limited to costs related to making changes to improve capital assets, increase their useful life, or add to the value of these assets.
- **Economic Uncertainty and Emergency Reserve: After addressing the desired reserve levels for the above bullet points, the District will seek to maintain a reserve level that is 25 percent of the budgeted operating expenditures for the year.**

5040.4 Monitoring Reserve Levels: The General Manager, in collaboration with the Fiscal and Business Manager, shall perform a reserve status analysis annually, to be provided to the Board of Directors' annual deliberation/approval of Budget and Reserve Funds.

Additional information may be provided to the Board of Directors upon the occurrence of the following events:

- When a major change in conditions threatens the reserve levels established by this policy or calls into question the effectiveness of this policy;
- Upon General Manager and/or Board request. The General Manager may recommend changes to this section, that the Board of Directors can consider, as economic conditions and District finances change.