



POLICY TITLE: Reserve Policy
POLICY NUMBER: 2150

2150.1 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:

- a) Fund replacement and major repairs for the District's physical assets.
- b) Fund capital improvements; and
- c) Maintain minimal operational sustainability in periods of economic uncertainty.

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.

2150.2 Policy: Use of District Reserves is limited to available "Unrestricted" Funds (not obligated by law, contract or agreement), including donations, interest earned, fees for service or other non-grant earnings. All special use funds will be designated by formal action of the Board of Directors.

- a) Capital Improvement Reserve:
Capital Improvements Reserve will accumulate from existing unrestricted funds at a rate of \$25,000 annually. Designated Capital Improvement Funds may be used to cover major facility improvements (construction, installation of new doors or windows, replacing doors and windows, roof replacement, HVAC replacement, alarm system installation, parking lot and outside lighting improvements, etc.). The maximum amount of Capital Improvement Reserves will be \$100,000. When the annual accumulation would increase the Reserve beyond \$100,000, only the amount required to reach the maximum will be reserved.
- b) Repair/Operations & Administrative Operations Reserve:
Facility & Administrative Operations Reserves will accumulate from existing unrestricted funds at a rate of \$50,000 annually. The maximum amount of Facility & Administrative Operations Reserves will be equal to the prior year's budgeted operating expenses. When the annual accumulation would increase the Reserve beyond the equivalent of the prior year's budgeted operating expenses, only the amount required to reach the maximum will be reserved.

2150.3 Using Reserve Funds:

- a) 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.

b) 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.

c) Operations/Repair & Administrative Operations Reserve:

Operational Reserves shall be accrued to ensure a year of minimal facility and administrative functions, at a rate equivalent to the prior year's budgeted operating expenses. Reserve funds shall be utilized to support:

1. Administrative operational functions, including minimal staffing levels and administrative/office expenses;
2. facility operations;
3. facility repairs (distinguished from Capital Improvements and may include painting, caulking of seams, roof repairs, HVAC repairs, patching of walls, etc.).

2150.4 Monitoring Reserve Levels: The General Manager, in collaboration with the District Accountant, shall perform a reserve status analysis annually, to be provided to the Board of Directors' annual deliberation/approval of Budget and Reserve Funds.