



*Saddle Creek Community Services District, 1000 Saddle Creek Drive, Copperopolis, CA 95228
"Committed to Serving our Community"*

*General Fund Reserve Policy
FY 2011 Proposed Budget- Exhibit "D"*

Purpose of Reserve Policy

To insure the District has sufficient reserves in the General Fund to meet its operating and debt service needs in response to short term emergencies and to set aside funds necessary for repair and replacement of infrastructure (streets & irrigation lines) and buildings at a future date.

GASB Statement 54 Overview

As set forth in Statement No. 54 of the Government Accounting Standards Board (GASB) sets forth the following Fund Balance Reporting and Government Fund Type Definitions, unrestricted fund balance is composed of funds that may be classified as committed, assigned or unassigned.

- 1) Committed funds are constrained by the limitations imposed by the governing body upon itself as to the funds use.
- 2) Assigned funds represent the Governing Bodies intention to use the funds for a specific purpose.
- 3) Unassigned funds represent the remainder of the fund balance after accounting for all the reserve amounts.

Implementation of General Fund Reserve Funding

GASB Statement 54 became effective for the reporting period beginning after June 15, 2010. As the District fiscal year runs from January 1- December 31 funding, as funding is available, for the following General Fund Reserves shall commence with Board adoption of the FY 2011 Saddle Creek Community Services District Budget.

Committed Fund Balance

General Fund Reserves (Operational Reserve Funds)

In order to insure the District may continue to meet it's operational and debt service needs during a short term revenue shortfall a Committed General Fund Reserve in an amount equal to a minimum of one month of operational and debt service cost shall be maintained, providing that sufficient funding is available.

General Fund Reserves (Infrastructure Repair, Replacement & Purchase Fund)

In recognition of the need of significant funding for major repair and replacement of infrastructure (streets & irrigation lines) and buildings at a future date the Board of Directors has determined that all funds not required for regular District operation (funds budgeted annually for Operational, Personnel & Capitol Outlay expenses) and those funds identified as General Fund (Operational Reserves) shall be designated and maintained as General Fund Reserves (Infrastructure Repair, Replacement & Purchase).

Use of Committed Reserves

Once funded, Committed General Fund Reserves (Operational Reserves) and General Fund Reserves (Infrastructure Repair, Replacement & Purchase Fund) may only be released by Resolution of the District Board of Directors. When determined necessary by the Board of Directors to insure District operation may continue at an acceptable level Committed Reserve Funds may be used for regular District operational expenses. In the event such action is deemed necessary funds will first be used from General Fund Reserves (Operational Reserve Funds) and then if necessary from the General Fund Reserves (Infrastructure Repair, Replacement & Purchase Fund). Any funds used for such purpose shall be returned to the General Fund Reserves as soon as monies are available.

Assigned Funds

When The Board of Directors passes a Resolution authorizing the use of all or a portion of the Committed Fund Balance for a specific purpose the amount specified is classified as the Assigned Fund Balance.

Unassigned Funds

The Unassigned Fund Balance is all funds in the Committed Fund Balance that have not been designated by Board Resolution as being Assigned.

Board of Directors
Saddle Creek CSD

Approved: November 16, 2010