



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

*Saddle Creek CSD
GASB 54- Fund Balance Policy
Approved by CSD Board- DATE*

Purpose of Fund Balance Policy

To provide procedures for identifying and classifying fund balances in accordance with Government Accounting Standards Board (GASB) Statement No. 54.

GASB Statement 54 Overview

Government Accounting Standards Board (GASB) Statement 54 establishes the following five (5) fund balance classifications;

- 1) **Nonspendable:** Amounts that are not in a spendable form or are legally or contractually required to be maintained intact such as inventory, long term receivables and nonfinancial assets held for resale.
- 2) **Restricted:** Amounts subject to externally imposed and legally enforceable constraints such as can be imposed by creditors, grantors, contributors or laws and regulations of other government entities.
- 3) **Committed Fund Balance:** Amounts subject to internal constraints self-imposed by formal action of the governments highest level of decision making authority. Such commitments may be changed only by that body taking the same type of formal action that originally imposed the commitment. The action to commit resources must be made before the end of the reporting year; however, the amount may be determined in the subsequent period.
- 4) **Assigned Fund Balance:** Amounts the government intends to be used for specific purposes. Assignments may be established by the governing body or their designee. Formal action is not required to impose, modify or remove assigned funds.
- 5) **Unassigned Fund Balance:** In the General Fund only, the Unassigned Fund Balance classification reflects the residual balance that has not been assigned to other funds and is not restricted, committed or assigned to a specific purpose.

Implementation of GASB Statement 54

The CSD will annually evaluate the various fund balance categories and classify them in accordance with the requirements set forth in GASB Statement 54. The following guidelines will be used to classify Fund Balances:

- 1) Nonspendable Fund Balance- Examples- Inventories, facilities, equipment, long term receivables and prepaid amounts.
- 2) Restricted Fund Balance- Example- Grants and designated funds required by statute.
- 3) Committed Fund Balance- Example- Capital construction projects, reserves committed to specific purposes. Committed funds may only be established, altered, or abolished through formal action by the CSD Board of Directors.
- 4) Assigned Fund Balance- Example- Funding approved in the District's annual budget for Operational Expenses, Personnel Expenses and Capital Outlay, except for budgeted amounts which must by their nature be classified as either Restricted Funds or Committed Funds. Assigned amounts shall be established by the CSD Board of Directors; alterations to assigned amounts may be made by formal or informal action of the CSD Board or by their designee (General Manager). Assigned amounts that are unused (e.g., budgeted amounts not spent or allocated by the close of the budget period) will automatically revert to the Unassigned Fund Balance.
- 5) Unassigned Fund Balance: Example- General purpose stabilization amounts, Residual amount left in General Fund after deducting nonspendable, restricted, committed and assigned fund balances.

Unassigned General Funds

In recognition of the need to maintain sufficient funds for emergency operation during short term revenue shortfalls and to accumulate the necessary funds for potential future projects, the CSD has determined the need to maintain funding not otherwise committed to other classifications under the following general guidelines:

- 1) Stabilization Funds- In order to insure the District may continue to meet its operational and debt service needs during a short term revenue shortfall, Stabilization Funds in an amount equal to a minimum of one month of operational and debt service cost will be maintained, providing that sufficient funding is available.
- 2) Other Unassigned Funds- All funds not required for regular District operations (funds budgeted annually for Operational, Personnel & Capital Outlay expenses) and those funds identified as Stabilization Funds will be maintained as Other Unassigned Funds.
- 3) These classifications will be for internal purposes only.

Use of Unassigned General Funds

When deemed necessary by the Board of Directors Reserve Funds may be assigned to General Operations Budget categories. This assignment of funds only requires approval of the Board by Simple Motion during a regular meeting. In the event such action is deemed necessary funds will first be assigned from Other Unassigned Funds, and the Stabilization Funds will be adjusted to reflect one month of the new Operations Budget amount (contingent on sufficient funding).

Schedule of Fund Balances by Classification

A schedule of Fund Balances by Classification is attached (Exhibit A). In accordance with GASB Statement No. 54, the schedule details Fund Balances retroactively to FY Dec. 31, 2011. This is the first fiscal year beginning after the implementation date of June 15, 2010.

Board of Directors
Saddle Creek CSD

EXHIBIT A
 SADDLE CREEK COMMUNITY SERVICES DISTRICT
 GENERAL FUND ALLOCATION - DEC. 31, 2011

| Saddle Creek Community Service District | General Fund |
|--|---------------------|
| <i>Assigned Funds</i> | |
| General Operations Budget - FYE 12/31/11 | \$20,811 |
| General Operations Budget - FYE 12/31/12 | \$293,729 |
| <i>Total Assigned Funds as of 12/31/2011</i> | \$314,540 |
| <i>Unassigned Funds</i> | |
| Stabilization Funds - FYE 12/31/11 | \$43,412 |
| Other Unassigned Funds | \$206,135 |
| <i>Unassigned Balance as of 12/31/2011</i> | \$249,547 |
| Total General Fund Balance as of 12/31/2011 | \$564,087 |

SADDLE CREEK COMMUNITY SERVICES DISTRICT
 GENERAL FUND ALLOCATION - DEC. 31, 2012

| Saddle Creek Community Service District | General Fund |
|--|---------------------|
| <i>Assigned Funds</i> | |
| General Operations Budget - FYE 12/31/12 | \$22,074 |
| General Operations Budget - FYE 12/31/13 | \$299,925 |
| <i>Total Assigned Funds as of 12/31/2012</i> | \$321,999 |
| <i>Unassigned Funds</i> | |
| Stabilization Funds - FYE 12/31/12 | \$46,000 |
| Other Unassigned Funds | \$234,286 |
| <i>Unassigned Balance as of 12/31/2012</i> | \$280,286 |
| Total General Fund Balance as of 12/31/2012 | \$602,285 |