

SADDLE CREEK COMMUNITY SERVICES DISTRICT

Policy and Procedures Manual

POLICY TITLE: Reserve Policy
POLICY NUMBER: (to be established)
ADOPTED:
AMENDED:

This statement is intended to provide policy and direction concerning the District's comprehensive reserve policy.

BASIC POLICY AND OBJECTIVES

The Saddle Creek Community Services District reserve policy is a financial policy guided by sound accounting principles of public fund management. The policy establishes several reserve funds intended to:

- Minimize adverse annual budgetary impacts from fluctuations in anticipated and unanticipated District expenses
- Ensure that new development projects pay the proportional cost of the value in the existing system and the cost of system expansion needed to serve the needs of newly created parcels
- Plan and set aside funding in advance for known future expenditures, to make cash available for purchases when necessary and to conduct planning, design, permitting and other capital improvement project preparatory actions
- Ensure that adequate funding is available through mitigation type fees to construct improvements related to expansion of the road network and related infrastructure

The adequacy of the target reserve year end balance ranges and/or annual contributions will be reviewed annually during the budgeting process and may be revised accordingly as necessary. The following District reserve fund categories are established (the purpose, target balance, methodology, use of funds and funding for each will be detailed in the final policy):

- 1. Capital Facility Replacement Reserve (All Infrastructure)**
- 2. Capital Equipment Reserve (All Rolling Stock and Equipment)**
- 3. Road Improvement and Maintenance Reserve**
- 4. Operating Fund Contingency Reserve (All Services)**