



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 March 19, 2013
~~March 19, 2013~~ Amended October 16, 2018

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 constraints 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. Committed funds include amounts that can only be used for the specific purpose determined by that body (CSD Board) and are imposed by formal action (resolution). Such commitments may be changed only by that body (CSD Board) taking the same type of formal action that originally imposed the commitment.
- 4) Assigned Fund Balance: Amounts the government intends to be used for specific purposes. Assignments may be established by the governing body (CSD Board) or their designee (General Manager). 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) Nonespendable 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- Funding approved in the Districts annual budget for Operational Expenses, Personnel Expenses and Capital Outlay.
- 4) Assigned Fund Balance- Example- ~~Capitol~~ Capital projects, purchase orders, Operational Reserves Funds and Infrastructure/Equipment -Repair, Replacement & Purchase Funds.
- 5) Unassigned Fund Balance: Example- Residual amount left in General Fund after deducting Nonespendable, restricted, committed and assigned fund balances.

General Fund Reserve Policy

In recognition of the need to maintain sufficient funds for emergency operation during short term revenue shortfalls and to accumulate the necessary funds for future projects such as street repair/replacement the CSD has determined the need to assign funding not otherwise committed to other classifications under the following guidelines:

- 1) 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 Operational Reserve 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) Infrastructure and Equipment Repair, Replacement & Purchase Fund- All funds not required for regular District operation (funds budgeted annually for Operational, Personnel & ~~Capitol~~ Capital Outlay expenses) and those funds identified as General Fund (Operational Reserves) will be maintained as General Fund Reserves (Infrastructure Repair, Replacement & Purchase).
 - a. Annual special tax appropriations and Fund Balance shall be assigned to an ~~An~~ account with minimum annual funding of \$130,000, ~~shall be~~ designated for road repair, maintenance, restoration and associated planning. ~~shall be established as an Assigned Fund Balance.~~ Funding allocated in this account may be included in the annual budget for direct expenditure in that year on appropriate road priorities, and any amounts of the minimum appropriation not spent shall accrue in a Road Reserve account. The Target Road Reserve ~~Fund Assigned Balance~~ and schedule is contained in the most recent Pavement Condition or Improvement Report, attached hereto as Exhibit A.
 - b. Annual special tax appropriations and Fund Balance shall be assigned to ~~An~~ account with minimum annual funding of \$46,550, ~~shall be~~ designated for Equipment Replacement ~~and established as an Assigned Fund Balance.~~ Funding allocated in this account may be included in the annual budget for direct expenditure in that year on appropriate priority equipment replacement, and any amounts of the minimum appropriation not spent shall accrue in ~~Road~~ an Equipment Replacement Reserve

account. The target Equipment Replacement Reserve Fund Balance and schedule is attached hereto as Exhibit B.

Use of General Fund Reserves

When deemed necessary by the Board of Directors, Assigned Fund balance -Reserves Funds may be reassigned to other budget categories. This reassignment of funds only requires approval of the Board by Simple Motion Resolution -during a regular or special meeting. In the event such action is deemed necessary funds will first be reassigned from Operational Reserve and then if necessary from Infrastructure/Equipment -Repair, Replacement & Purchase Reserves. Any funds used for such purpose shall be returned to the General Fund Reserves as soon as monies are available. The resolution reassigning fund balance reserves shall state the reasons for the reassignment, and repayment schedule and terms, if any.

~~Board of Directors
Saddle Creek CSD~~