

POLICY MANUAL

Date Adopted: September 9, 1997

Classification: BOARD OF DIRECTORS

Date Last Amended:

Subject: Budget Reserve Policy

Approved By



Purpose


The financial management objectives of the District, as well as its enabling legislation, warrant the provision of an adequate budgeted reserve at the beginning of each fiscal year. The purpose of such a reserve includes the following potential uses of such reserve funds.

1. Funding of July - December expenses.
2. Offsetting unexpected revenue shortfalls.
3. Funding unanticipated expenses.
4. Funding unanticipated projects.

Objective

It is the objective of the District to provide an annually budgeted reserve which:

1. Satisfies the District's statutory reserve requirements (see attachment no. 1).
2. Satisfies the purposes of this policy.
3. Reflects an aggressive program implementation policy which:


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- a. favors a smaller, rather than larger reserve, maximizing the application of financial resources to the accomplishment of the District mission; or
- b. which uses a larger reserve managed in such a way as to fund projects which represent an unexpected window of opportunity to save money and/or provide District services.

Budget Reserve Management Guidance

The establishment of the annual budget reserve, and the allocation of funds from the reserve shall be guided by the following:

- 1. It is the goal of the Board of Directors that the annual Budget Reserve be initially set at approximately 3.5% of the total budget.
- 2. Budget Reserves should be allocated to the following uses, on an as needed basis, following approval by the Board of Directors.
 - a. Funding of July - December expenses.
 - b. Offsetting unexpected revenue shortfalls.

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- c. Funding unanticipated expenses.
 - d. Funding unanticipated projects.
3. The funding of unanticipated capital improvements or operations/maintenance projects should be given priority consideration when:
- a. the subject project provides a window of opportunity to save money and/or to provide District services; and
 - b. the subject project is expected to create a positive benefit to cost consideration.
4. Unused budgeted General Fund reserves existing at the end of the fiscal year, will be given priority for use in retiring any existing interfund general fund debt.
5. An inventory of year-to-date budget reserve appropriations and available budget reserve balance will be submitted to the Board of Directors with the monthly statement of expenditures.