RESERVE POLICY

Purpose 100

This policy establishes guidance for the Board of Directors and the District Manager to appropriately establish, administer and maintain necessary financial reserves for the District to ensure the short and long term fiscal stability and responsible financial management of the District.

Policy 200

The following reserve categories and guidelines are hereby established:

General Fund Operating Cashflow Reserve

The District shall keep a general fund operating reserves for cash flow purposes. The operating cashflow reserve shall be established at 30% of the District’s annual fund operating expenditure budget. The purpose of the operating cashflow reserve is to ensure that the District has sufficient funds to meet cash flow requirements throughout the fiscal year. The reserve is needed because a significant portion of the District’s annual operating revenue is provided through the collection of property tax that is received two times per year. In those months between receipt of the property tax revenues the District needs sufficient cash to meet and maintain financial obligations in support of District operations.

General Fund Emergency/Economic Uncertainty Reserve

The District may keep an additional financial reserve for emergency events and/or certain economic uncertainties. The Emergency /Economic uncertainty reserve target is established at 16% of the District’s annual general fund expenditure budget. This reserve category is in addition to the operating cashflow reserve. The use of these reserves may be needed in the event of an emergency expenditure or a downturn in the economy that causes a reduction in revenues that impacts District service levels.

Capital Improvement Fund Reserve

The District continually provides for the development and delivery of capital improvement projects in order to meet community needs and to maintain existing District facilities. For those funds that are appropriated or planned for current or future capital improvement projects, the District shall reserve funds for individual projects or within an overall capital improvement reserve for the development and construction of current or future projects.

Date Adopted: March 7, 2019

Type of Policy: Board of Directors
Enterprise Fund Emergency/Economic Uncertainty Reserve

The District shall keep a golf enterprise operating reserve of 16% of the enterprise funds annual operating expenditure budget. The use of these reserves may be needed in the event of a need for emergency expenditures or a downturn in the economy that causes a reduction in revenues that impacts District service levels.

Other Reserve Categories

The District also provides for other expenditures on a pay-as-you-go basis, such as vehicle replacement, technology replacement and other post-employment benefits. The District may elect to establish reserves categories for anticipated expenditures in these areas as needed.

Procedure

Reserve categories and balances are to be identified in the District’s budget and the audited financial statements. The establishment and adequacy of the reserve amounts will be reviewed annually as part of the development of the District’s annual budget and during the annual audit process. The District may adjust the reserve amounts annually dependent upon the District’s ability or operational need to meet the targeted reserve levels identified in this policy.