



Town of Discovery Bay

Program Area: Finance	Policy Name: Reserve Fund Policy	Policy Number: 014
Date Established: January 4, 2012	Date Amended: N/A	Resolution: 2012-03

A. Purpose

Prudent financial planning and fiscal responsibility includes anticipating and preparing for future funding requirements as well as unforeseen and unexpected emergencies, disasters, and other events. The Town of Discovery Bay CSD (TODBCSD) has established a reserve fund for its long term organizational and operational stability and the reserve funds enable the TODBCSD to cover expenditures due to unforeseen and unexpected cash flow requirements. This Reserve Fund Policy ensures that the TODBCSD accumulates, manages, maintains and uses certain financial resources only for specified purposes.

B. Reserve Funds

The TODBCSD's reserve funds are established, maintained and set aside for a specific, designated purpose, and therefore are restricted in the way they can be used.

C. Specific Reserve Funds

The TODBCSD maintains the following reserve fund:

1. Capital and Operating Reserve. The Capital and Operating Reserve is to be utilized for unforeseen capital projects that are necessary to meet regulatory requirements, system reliability, and future needs; and to cover cash flow shortages caused by a short-term, unexpected disruption of anticipated revenue or when expenses become due before the anticipated revenue to pay those expenses is received. It is the goal of the district to maintain the Capital Reserve of no less than 30% of the Water and Wastewater annual operating revenue.
2. Lighting and Landscaping #8 Reserves. The Capital Reserve is to be used for capital projects that are necessary to meet regulatory requirements, and future improvements; and to cover cash flow shortages caused by a short-term, unexpected disruption of anticipated revenue or when expenses become due before the anticipated revenue to pay those expenses is received. It is the goal of the Lighting and Landscaping District (LLD) #8 to maintain the capital reserve of no less than 50% of the total operating revenues.

3. Lighting and Landscaping #9 Reserves. The Capital Reserve is to be used for capital projects that are necessary to meet regulatory requirements, and future improvements; and to cover cash flow shortages caused by a short-term, unexpected disruption of anticipated revenue or when expenses become due before the anticipated revenue to pay those expenses is received. The Lighting and Landscaping District (LLD) #9 reserve account will maintain a reserve of no less than 50% of the total operating revenues and is limited to a maximum of 200% of the total funds collected by the LLD. After the reserve has accrued to the maximum amount, any money received by the LLD in excess of what was spent on the annual maintenance and administrative costs will be returned to the property owner in the form of a reduced assessment for the following year.

D. Management Of Reserve Funds

The General Manager or designee shall be responsible for managing the reserve fund. The Board of Directors must authorize the expenditure of money from the TODBCSD's reserve fund. The TODBCSD's Finance Department will review the balance of the reserve funds, work collaboratively with the General Manager to ensure the accuracy of the annual report, and evaluate the goals and purposes of each reserve fund and recommend adjustments as may be necessary or desirable.