



DATE: 4/6/2021
TO: BOD
FROM: Catherine Merrifield, District Accountant
SUBJECT: Reserve Policy

Report In Brief

On June 12, 2019, the Board moved to develop Financial Investments and Policy for the District and authorized staff to: 1) develop a resolution and open new accounts with Five Star Bank, 2) develop a resolution and open CALTRUST accounts, and 3) Develop a Financial Investment Policy for BOD consideration.

The goal of these moves was to fortify the District's financial position and to add transparency and allow flexibility with fund management to meet those objectives. Since that time, the accounts have been opened (though not all have funds in them yet) and staff, working with California Special District Association (CSDA), developed a financial investment policy.

The next evolution of strengthening our financial policy is to develop a Reserve Policy for Board consideration. At the March 11, 2021 Finance Committee, staff provided a brief review of recent reserve policy interest at the state level. Staff noted that investment and reserve policies for special districts will increase transparency and ensure greater compliance with Governmental Accounting Standards Board Statement No. 54.

A policy sets guideline for saving, using, and reporting funds. Staff reviewed a draft resolution and reserve policy for committee discussion. and we provide a revised resolution (**Attachment A**) and a revised reserve policy (**Attachment B**). Upon review and revision, this item will come before the full Board of Directors for consideration.

A follow-up step will be the review of the District's investment portfolio.

Recommendation: *Committee review and recommendation for BOD approval of Reserve Resolution and Policy.*

Attachments:

- A. Resolution (draft)
- B. Reserve Policy (draft, revised)
- C. Reserve Distribution

Document2
4/8/2021