
Indian Valley Community Service District

POLICY HANDBOOK

POLICY TITLE: Financial Reserve
POLICY NUMBER: 3155

In accordance with Public Resource Code, Section 5788.9, the Board of Directors of the Indian Valley Community Services District establishes the following restricted reserve funds:

1. Operating Reserve: Contributions to this fund may occur at any time but will typically be 5% of the anticipated income for the year. Any monies from this fund that are spent for Board approved expenditures shall be replenished prior to any other reserve being funded, with the exception of the USDA reserve.
2. **Debt Reserve:** Contributions to this fund will be 10% (or as required) of the anticipated annual payment in accordance with the **debt** requirements. **Contributions will be budgeted each year and deposited into the Local Agency Investment Fund (LAIF) Account as soon as available. This account may only be used for debt payment.**
3. Capital Reserve: Contributions to this fund may occur at any time but will typically be 10% of the anticipated income for the year. This yearly amount, if any, can only be spent at the Board's discretion.
4. If the board of directors finds that the funds in a restricted reserve are no longer required for the purpose for which the restricted reserve was established, the board of directors may, by a majority vote of the total membership of the board of directors, discontinue the restricted reserve or transfer any funds that are no longer required from the restricted reserve to the district's general fund.

Adopted _____

Public Resources Code

5788.9. (a) In its annual budget, the board of directors may establish a restricted reserve for capital outlay and a restricted reserve for contingencies. When the board of directors establishes a restricted reserve, it shall declare the exclusive purposes for which the funds in the reserve may be spent. The funds in the restricted reserve shall be spent only for the exclusive purposes for which the board of directors established the restricted reserve.

The reserves shall be maintained according to generally accepted accounting principles.