This brief is being provided to inform the Board, staff and public of the details of an agenda item that requires action from the Board. The President of the Board will provide board members, staff, and the public the opportunity to ask questions about this topic when this agenda item is announced.

**Date:**November 1, 2021

**Originator:** Cary Curtis and Kim Seney

**Purpose**: Review and discuss proposed Reserve Policy, as drafted by the Finance Committee. The policy will guide the Board’s philosophy about managing Reserves for the District.

**Desired Action by the Board:**  First reading by the board of Policy #2150 pertaining the District’s Reserve Policy. The board may choose to waive the second reading and adopt recommendation as presented. A 4/5th vote is required to adopt this policy relating to financial management of the District.

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1. **Description:** The District must collect and save a portion of its revenue for to meet the future needs. Because Gold Mountain is still in “build out” phase, not only will maintaining the District require capital reserves, expansion of existing infrastructure to support build-out will be required. A robust Reserve Plan with tight controls will ensure that the District will be capable to deliver.
2. **Reason for Recommended Board Action -** (*Consider compliance, cost savings, fixing a problem*): It is a best practice to document an organization’s philosophy and strategy related to Board management of Reserves. If adopted, this Policy will become the foundation for the District’s management of reserves. The proposed policy reflects the current Board’s approach but it is expected the Policy will evolve with the District.
3. **Anticipated Impacts to the District (negative and/or positive) -** (*Consider financial impact, change in procedures, customer and staff communication and effect if recommendations are not adopted*): No significant impact.
4. **Anticipated Impacts to the Customer –** *Standby, Residential, Commercial***:** No significant impact.
5. **Recommendation (s):** Review, Discuss, Waive 2nd reading and adopt the new GM CSD Policy #3083 Reserve Policy with a 4/5th vote.

Gold Mountain Community Services District

POLICY HANDBOOK

**D-R-A-F-T**

**POLICY TITLE: Reserve of District Funds**

**POLICY NUMBER: 2150**

Purpose: The Gold Mountain Community Services District (the District) shall maintain restricted and unrestricted reserve funds as designated by the District’s Reserve Policy. This policy establishes the procedure and level of reserve funding to provide the infrastructure, maintenance and credit worthiness in support of the District’s Master Plan.

Policy: Use of District Reserves is limited to available Reserve Funds (not obligated by law, contract or agreement to other uses). Reserve designations are the responsibility of the District Board of Directors and guided by the District’s Master Plan. The District shall account for reserves as required by Governmental Accounting Standards Board Statement No. 54.

This policy encompasses restricted and unrestricted reserves as follows:

* Capital Restricted Reserve – Allocation for use must be approved by the District Board of Directors
  + Large capital water/sewer projects targeted via the District Master Plan and/or Rate Study
* Unrestricted Operational Reserves (Water and Sewer) – Allocation for use must be approved by the District Board of Directors
  + Business Operation (2 quarters of annual operating budget)
  + Operational Contingencies (10 % of annual budget for water and sewer respectively)
* Unrestricted Fire Reserve – Allocation for use must be approved by the District Board of Directors
  + Large Fire Capital Projects - targeted via the District Master Plan and/or Rate Study
  + Fire Operational Contingencies

Sources for funding the respective reserves are generated from:

* + Fees
  + Interest from Investments
  + Property Tax (Fire Reserve only)
  + Surplus from annual operations (if any)

Monitoring and Control of Reserve Funds:

* Reserve funds from regular fees are accumulated on a quarterly basis and moved to the appropriate reserve investment account.
* Twice annually (February and July) the Board of Directors review and modify the reserve designations as appropriate. Use of any reserve funding requires formal approval of the District’s Board of Directors.
* The General Manager/Treasurer provides recommendations to the District’s Board of Directors for the withdrawal and use of all reserve funds.
* The General Manager, in collaboration with the District’s Financial Advisor, shall perform a reserve status annually, and provide to the Board of Directors for their review during the annual review/approval of Budget and Reserve Funds.