

**TRUCKEE SANITARY DISTRICT
BOARD OF DIRECTORS
RESOLUTION NO. 2020-105**

A RESOLUTION ADOPTING A RESERVE FUND POLICY

WHEREAS, the Truckee Sanitary District (District) is the public agency responsible for the collection and conveyance of wastewater in the greater Truckee area; and

WHEREAS, the District at all times strives to have sufficient funding available to meet its current operating, capital, and debt obligation needs; and

WHEREAS, the maintenance of the prudent reserves is the foundation of sustaining the delivery of District's services; and

WHEREAS, through maintenance of prudent reserves, the District and its ratepayers accrue significant benefits including stable rates, emergency preparedness, well-maintained infrastructure, and investment in the future; and

WHEREAS, the District currently maintains its reserves in six funds; and

WHEREAS, to avoid significant rate fluctuations or the need to borrow under undesirable conditions, the development of minimum target reserve fund balances for each fund is necessary; and

WHEREAS, the District adopted a Reserve Policy on June 16, 2011 and revised Reserve Policy on November 19, 2015 and revised Reserve Fund Policy on April 18, 2019; and

WHEREAS, the District will review the Reserve Policy annually; and


WHEREAS, staff has developed a Reserve Fund Policy that provides additional details regarding the establishment of minimum reserve fund balances; and

WHEREAS, the Board has reviewed the revised Reserve Fund Policy and found it to be consistent with the effective delivery of services by the District.


NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of the Truckee Sanitary District does hereby adopt the Reserve Fund Policy dated April 16, 2020 for the Truckee Sanitary District superseding the Reserve Policy adopted April 18, 2019.

PASSED AND ADOPTED by the Board of Directors of the Truckee Sanitary District at the regular meeting of the Board held on the 16th day of April 2020, by the following roll call vote:

AYES: Anderson, Gilmore, Smart, Sweet, Van Gundy
NOES: None
ABSENT: None
ABSTAIN: None


Nelson Van Gundy,
President of the Board of Directors

ATTEST:


Blake R. Tresan,
Board Secretary

**Truckee Sanitary District
Reserve Fund Policy
Adopted by Resolution 2020-105
April 16, 2020**

Fund	Source of Funds	Use of Funds	Reserve Fund Policy
Restricted Funds			
Fund 4 - Capital Reserve Fund	Connection Fees and interest earnings	Monies in this fund are restricted for use on projects that increase the capacity of the sewer system.	This fund shall be maintained so that a minimum balance at the beginning of each fiscal year is equal to 60% of the next five years of projected Fund 4 expenditures as shown on the 5-Year CIP.
Fund 2 - Martis Valley Interceptor Fund	Facility fees from developers in Martis Valley Interceptor sewer shed and interest earnings.	Monies in this fund are restricted for use on sewer- related activities on the Martis Valley Interceptor pipeline.	There is no minimum reserve level to be maintained in this fund. The fund should be used to upsize the Martis Valley Interceptor pipeline to accommodate projected buildout flows. Once upsizing is complete funds should be expended and fund retired.
Fund 10 - SAD 5 Trust Fund	Remaining money from SAD 5 and interest earnings. No new source of funds anticipated.	Monies in this fund are restricted for use on sewer- related activities associated with SAD 5 (Armstrong & Biltz Tract) area only.	There is no minimum reserve level to be maintained in this fund. The fund should be used until all funds are expended and then the fund should be retired.
Board Designated Funds			
Fund 5 - Major Capital Improvements Reserve Fund	Transfers from General Fund and interest earnings.	Monies in this fund are used for expenditures over \$5,000 on assets with life expectancies of greater than 1 year.	This fund shall be maintained so that a minimum balance at the beginning of each fiscal year is equal to 60% of the next five years of projected Fund 5 expenditures as shown on the 5-Year CIP.
Fund 6 - Emergency Contingency Reserve Fund	Transfer from General Fund as recommended by staff and/or directed by the Board.	Monies in this fund are only available for Board designated purposes.	This fund shall be maintained at the level recommended by the staff and approved by the Board to utilize in the event of an emergency (See Exhibit A).
Undesignated Funds			
Fund 1 - General Fund	Operating revenue, property taxes, and interest earnings	Monies in this fund are used for the day-to-day operations of the District.	This fund shall be maintained so that the cash equivalent of seven months (7/12 or 58%) of budgeted operating expenses is available at the beginning of each fiscal year. This reserve is required to ensure the District can operate from July through January during which time there are no Teeter payments to TSD from Nevada and Placer County for user fees or property taxes. Staff and Board shall examine and consider payment of deferred pension and benefit plan liabilities prior to transfers to other District funds with a goal 'funded status' of 90%. 'Funded Status' is the ratio of the plan's Market Value of Assets divided by its Accrued Liability.