

**TRUCKEE SANITARY DISTRICT  
BOARD OF DIRECTORS  
RESOLUTION NO. 2019-106**

**A RESOLUTION ADOPTING A REVISED 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

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

**WHEREAS**, staff has developed a revised 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 18, 2019 for the Truckee Sanitary District superseding the Reserve Policy adopted November 19, 2015.


**PASSED AND ADOPTED** by the Board of Directors of the Truckee Sanitary District at the regular meeting of the Board held on the 18<sup>th</sup> day of April 2019, by the following roll call vote:

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

  
**Dennis Anderson,**  
President of the Board of Directors

**ATTEST:**

  
**Blake R. Tresan,**  
Board Secretary



**Truckee Sanitary District  
Reserve Fund Policy  
Adopted by Resolution 2019-106  
April 18, 2019**

Fund	Source of Funds	Use of Funds	Reserve Fund Policy
<b>Restricted Funds</b>			
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.
<b>Board Designated Funds</b>			
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).
<b>Undesignated Funds</b>			
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.