

## **Santa Lucia Community Services District**

### **Reserve Policy**

**Adopted 3/15/2010**

It is the policy of the District to accumulate reserves in a manner that is equitable to current and future customers and supports assessment and fiscal stability of the District. Reserves are to be maintained for the replacement and improvement of the District's capital assets, for short term operational uses due to the timing of collection of tax receivables from the County, or emergency working capital requirements, each in accordance with funding policies established by the Board. Reserves are funded based on the existence of an operating surplus at fiscal year end, before depreciation and net of any capital reserves spent.

For cash management purposes, the District pools its reserve funds with its operating funds while always maintaining a detailed record of the reserve balance. The District may utilize funds from its reserves for the purposes stated above in lieu of obtaining financing and incurring interest expense. The District maintains its cash reserves in accordance with California State law.