

# Auburn Area Recreation and Park District Financial Reserves Policy

## From the Auburn Area Recreation and Park District “District Policy Manual”, Section I. Budget

- E. ARD Committed Reserve Funds. In accordance with Public Resource Code, Section 5788.9, the Board of Directors of the Auburn Area Recreation & Park District has established the following Committed Reserve funds. These reserves have been established to adequately provide for funding infrastructure, equipment replacement, economic uncertainty, loss of significant revenue sources, local disasters or catastrophic events and unfunded mandates including costly regulatory requirements.

Per Public Resources Code, §5788.9 (c), 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 four-fifths 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.

The Board shall establish a policy of contributing 1-5% of the annual expenditure figure to reserves. During each budget cycle, staff will provide recommendations to the Board for these contributions as appropriate based on the plans and goals of the District.

1. Contingency: This Reserve account is established to protect against economic uncertainty or local disasters or catastrophic events not covered by insurance. Contributions to this fund may occur at any time but will be maintained at \$450,000. Any monies from this fund that are spent for Board approved expenditures shall be replenished prior to any other reserve being funded.
2. Equipment: These funds are to be used for additions to the current District inventory or to replace equipment that has expended its useful life and/or has broken down and is beyond economical repair and must be replaced. Contributions to this fund may occur at any time but an amount of \$50,000 will be added to the fund at the beginning of each new fiscal year, with the goal of having the Equipment Reserve funded for the following 10 years of equipment listed on the Equipment Obsolescence List. This fund can only be spent at the Board’s discretion.
3. Capital Construction: These funds will be used to make improvements to current or new ARD facilities and infrastructure. Contributions to this fund may occur at any time but will be included in the budget each fiscal year on an “as available” basis. This yearly amount, if any, is part of the expenditure budget and can only be spent at the Board’s discretion.
4. ADA Compliance: The money in this reserve account will be used to fund costs and improvements related to the Americans with Disabilities Act at parks and facilities in the District. Contributions to this fund may occur at any time but will be included in the budget each fiscal year at a minimum amount of \$5,000 per year. The maximum amount that will be funded in this account is the total of the following 10 years of projects on the ARD ADA Transition Plan.
5. Unfunded CalPERS Pension Reserve Funding GASB 68: Contributions to this fund may occur at any time but will be included in the budget each fiscal year at an amount that represents at least 10% of the known unfunded liability per the current GASB68 report and shall be funded at a minimum of 50% of the entire known liability.