

RESOLUTION NO. 2020-18

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE
KENSINGTON POLICE PROTECTION AND COMMUNITY
SERVICES DISTRICT ADOPTING POLICY 5040**

The Board of Directors of the Kensington Police Protection and Community Services District (hereafter referred to as the "Board of Directors") does find as follows:

WHEREAS, the Kensington Police Protection and Community Services District ("District") former Policy and Procedures Manual consisted of Policies 1000 through 4000, inclusive ("Prior Manual"); and

WHEREAS, the Board has adopted new Policies 1000, 2000, 3000, 4000 and 4100, and several amendments thereto, as components of a new Policy and Procedures Manual ("New Manual");

WHEREAS, the New Manual policies are all based on the 2017 model published by the California Special District Association and

WHEREAS, on May 23, 2019, the Board adopted Resolution No 2019-6, which renumbered the then-current Policy 3000 as Policy 5000; and

WHEREAS, the Board now wishes to consider adding Policy 5040, governing the maintenance of reserve funds, based on the California Special District Association's model and therefore posted a draft of said new policy on its website on or before August 10, 2020; and

WHEREAS, on August 13, 2020, the Board considered the proposed new Policy 5040, took public testimony and decided to adopt proposed new policy.

NOW, THEREFORE, THE BOARD OF DIRECTORS DOES RESOLVE AS FOLLOWS:

Policy 5040 is hereby amended to provide as set forth in the exhibit attached hereto and incorporated herein by reference.

PASSED AND ADOPTED by the Board of Directors of the Kensington Police Protection and Community Services District upon motion by Director Hacaj, seconded by Director Nottoli, on Thursday, the 13th day of August, 2020, by the following vote to wit:

AYES: Directors Nottoli, Modavi, Hacaj, and Deppe.

NOES: None.

ABSENT: Sherris-Watt.

ABSTAINED: None.

DocuSigned by:

Chris Depe

Chris Depe

President, Board of Directors

I HEREBY CERTIFY the foregoing resolution was duly and regularly adopted by the Board of Directors of the Kensington Police Protection and Community Services District at the regular meeting of said Board held on Thursday, the 13th day of August, 2020.

DocuSigned by:

Lynelle M. Lewis

Lynelle M. Lewis

District Clerk of the Board

DocuSigned by:

William A. Lindsay

William A. Lindsay

Interim General Manager

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POLICY 5040: Reserve or Fund Balance Policy

5040.1 Purpose: The District shall maintain reserve funds from existing unrestricted funds as designated by the District's Reserve Policy. This policy establishes the procedure and level of reserve funding to achieve the following specific goals:

- Maintain minimal operational sustainability in periods of economic uncertainty or unanticipated events.
- Fund replacement and major repairs for the District's physical assets; The General Manager may recommend additional reserves and funds or alter reserves with the approval of the Board of Directors.
- Maintain operational sustainability in periods of economic uncertainty or unanticipated events.
- Fund repairs and replacement of park facilities and equipment.
- Fund park grounds maintenance.
- Fund regular replacement of computer hardware and software;
- Fund replacement and major repairs for the District's fleet and equipment;
- Fund capital improvements; and

The District shall account for reserves as required by Governmental Accounting Standards Board Statement No. 54, which distinguishes reserves as among these classes: non-spendable, restricted, committed, assigned and unassigned. The reserves stated by this policy, unless otherwise required by law, contract, or District policy shall be deemed "assigned" reserves.

5040.2 Policy: Use of District Reserves is limited to available "Unrestricted" Funds (not obligated by law, contract or agreement). All reservations or use of these funds will be designated by formal action of the Board of Directors.

5040.3 Using Reserve Funds:

- Vehicle Fleet Reserve: Vehicle Fleet Reserves will be set aside and used exclusively for the purchase of new vehicles to support District operations, or to make major repairs to existing vehicles.
- Technology Reserve: Technology Reserves will be set aside and used to purchase hardware and software in support of District operations, with the intent of maintaining modern technology for employees and their service delivery.
- Designated Project/Special Use Reserve: Projects, programs or special uses will be identified by the General Manager and/or the Board of Directors and approved by the Board. Uses must further the mission of the District and will be evaluated for designation according to value to the District and the people it serves.

- Capital Improvements Reserve: Capital Improvements Reserves shall be limited to costs related to making changes to improve capital assets, increase their useful life, or add to the value of these assets.
- **Economic Uncertainty and Emergency Reserve: After addressing the desired reserve levels for the above bullet points, the District will seek to maintain a reserve level that is 25 percent of the budgeted operating expenditures for the year.**

5040.4 Monitoring Reserve Levels: The General Manager, in collaboration with the Fiscal and Business Manager, shall perform a reserve status analysis annually, to be provided to the Board of Directors' annual deliberation/approval of Budget and Reserve Funds.

Additional information may be provided to the Board of Directors upon the occurrence of the following events:

- When a major change in conditions threatens the reserve levels established by this policy or calls into question the effectiveness of this policy;
- Upon General Manager and/or Board request. The General Manager may recommend changes to this section, that the Board of Directors can consider, as economic conditions and District finances change.