

RANCHO MURIETA COMMUNITY SERVICES DISTRICT

Category:	Financial	Policy # 97 - 1
Title:	District Rate Stabilization Fund Policy	

PURPOSE

The purpose of the Rate Stabilization Fund is to maintain operating reserves from the Water, Wastewater, Drainage and Security Funds as an enhancement to the District's financial stability and to adequately provide for:

- 1) Funding for un-planned remedial capital needs.
- 2) Cash Flow requirements.

DESCRIPTION

The Rate Stabilization Fund shall provide a prudent contingency to absorb fluctuations in revenues and to stabilize rates where rate affecting changes are unplanned, i.e., loss of revenue sources or unforeseen increased operating costs. All retained earnings from the Sewer, Water, Drainage and/or Security fund not allocated to any other reserves may be placed in the Rate Stabilization Fund. These retained earnings are to be from unallocated cash balances. Interest earnings are to be allocated to the balances of appropriate fund.

Minimum and maximum balances will be periodically reviewed by the Board and are to be maintained based upon the level of next year's revenue. The minimum level is no less than the percentage increase of the expenditures in each fund. The maximum limit will be no greater than 50 percent of next year's fund revenue.

Approved by CSD Board of Directors	June 18, 1997
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