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Escalon Cemetery District

(dba Burwood Cemetery)

Reserve Policy

Policy No. 2150.1

Purpose of Reserves

The Escalon Cemetery District (dba Burwood Cemetery) (the District) shall maintain reserve funds from existing unrestricted monies to ensure financial stability, operational continuity, and long-term stewardship of District assets. Reserve funds support the following goals:

- Repair and replacement of District physical assets.
- Regular replacement of computer hardware and software.
- Designated projects or special uses that support District operations or community benefit.
- Capital improvements that extend the useful life or value of District assets.
- Operational sustainability during periods of economic uncertainty or revenue fluctuation.

Consistent with GASB Statement No. 54, District reserves shall be classified as assigned, unless otherwise required by law or contract.

District Fund Structure

The District maintains four primary funds within the San Joaquin County accounting system:

- 4010FD – Operating Fund
- 4011FD – Pre-Need Fund
- 4012FD – Endowment Fund
- 4013FD – Capital Outlay Fund

Reserves are maintained within these funds as described below.

Reserve Categories and Funding Levels

Reserve funding shall be drawn only from unrestricted funds, including interest earnings, service fees, and non-grant revenue. All reserve designations require formal Board action. Reserve balances may be invested in accordance with Investment Policy No. 2130.

Designated Project / Special Use Reserve

(4010FD – Operating Fund)

- Annual Contribution: $2,500
- Maximum Balance: $15,000
- Purpose: Special projects, conservation efforts, community programs, or operational needs not covered by the General Fund

Operations & Repair Reserve

(4010FD – Operating Fund)

- Annual Contribution: $15,000
- Maximum Balance: $60,000 (approximately three months of essential operations)
- Purpose:
  - Administrative operations and essential staffing
  - Office and administrative expenses
  - Facility operations
  - Non-capital repairs such as painting, patching, HVAC repairs, and equipment repair

Miscellaneous Income

(4011FD- Pre-Need Fund)

The Pre-Need Fund holds consumer funds collected in advance for future burial services. These funds are restricted under California Health & Safety Code and must be managed in accordance with statutory requirements.

Pre-Need Principal (Restricted)

Pre-Need principal must remain intact until the contracted services are performed.

The District shall maintain the Pre-Need Fund at or above the total amount of outstanding Pre-Need obligations.

Pre-Need principal may not be spent, transferred, or used for operations, reserves, or capital projects.

Pre-Need Interest Earnings (Investable)

Interest earnings generated by the Pre-Need Fund may be invested for the benefit of the fund.

Permitted investment vehicles include:

- California CLASS
- LAIF
- U.S. Treasury instruments
- Certificates of Deposit
- Other investments authorized under Government Code § 53600 et seq.

The District's practice is to reinvest Pre-Need interest earnings unless otherwise directed by the Board.

Pre-Need Fund and Reserve Structure

The Pre-Need Fund is not included in the District's reserve structure.

Only interest earnings may be invested; principal remains restricted.

Endowment Fund

(4012FD – Endowment Fund)

The Endowment Fund consists of permanently restricted principal and unrestricted interest earnings, in accordance with California Health & Safety Code §§ 9065–9066.

Endowment Principal (Restricted)

Endowment principal shall remain intact in perpetuity. It may not be spent, transferred, or used for operations, reserves, or capital projects. The District shall maintain at least the minimum principal balance required by law.

Endowment Interest Earnings (Investable)

Interest earnings are not restricted principal and may be used for cemetery maintenance or reinvested for long-term benefit.

The District's practice is to reinvest all interest earnings unless otherwise directed by the Board.

Interest earnings may be invested in any legally authorized local agency investment vehicle, including:

- California CLASS
- LAIF
- U.S. Treasury instruments
- Certificates of Deposit
- Other investments permitted under Government Code § 53600 et seq.

Endowment principal is excluded from reserve calculations.

Capital Outlay Reserve

(4013FD – Capital Outlay Fund)

- Annual Contribution: $10,000
- Maximum Balance: $100,000
- Purpose: Major improvements to buildings, grounds, equipment, and infrastructure that extend useful life or increase asset value.

Total Reserve Cap

- Annual Total Contribution: $27,500
- Cumulative Maximum Across All Reserves: $175,000

These levels are scaled to the District's actual financial capacity and current fund balances.

Any fund balance in excess of the reserve maximums shall remain unassigned and available for future Board direction.

Use of Reserve Funds

Reserve funds may be used only for purposes consistent with this policy and only upon approval of the Board of Trustees. Use of reserve funds does not exempt any purchase or project from the approval thresholds, vendor requirements, or competitive quote procedures established in Purchasing Policy No. 2135.

Designated Project / Special Use Reserve

Projects must support the District's mission and provide operational or community benefit.

Capital Outlay Reserve

Funds may be used for major improvements, infrastructure upgrades, and long-term asset preservation.

Operations & Repair Reserve

Funds may be used for administrative continuity, staffing, facility operations, and non-capital repairs.

Restrictions

- Endowment principal may not be used.
- All expenditures require Board approval.
- Emergency expenditures must comply with Purchasing Policy No. 2135.
- Transfers must be documented through the San Joaquin County warrant system.

Monitoring and Reporting

The District Manager shall provide an Annual Reserve Status Report during the budget process, including:

- Current reserve balances
- Recommended contributions
- Planned uses
- Long-term projections

Additional reporting shall occur when:

- A major change in conditions threatens reserve levels, or
- The Board or District Manager requests updated information.

Review and Amendments

The Board may amend this policy at any time. The District Manager shall review the policy annually (with a full reserve study refresh at least every three to five years) to ensure alignment with operational needs, financial conditions, and statutory requirements.

Implementation Notes

This policy is designed to:

- Stabilize the General Fund