



**POLICY TITLE: Reserve Policy**

**POLICY NUMBER: 2150**

**Adopted: March 20, 2024**

2150.1 Purpose: Mendocino Coast Recreation and Park 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:

- a) Fund replacement and major repairs for the District's physical assets.
- b) Fund regular replacement of computer hardware and software.
- c) Fund designated conservation projects/programs or other special uses not otherwise funded by grants or requiring additional monetary support;
- d) Fund capital improvements; and
- e) Maintain minimal operational sustainability in periods of economic uncertainty.

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.

2150.2 Policy: Use of District reserves is limited to available "unrestricted" funds (not obligated by law, contract or agreement), including donations, interest earned, fees for service, or other non-grant earnings. All special use funds will be designated by formal action of the Board.

- a) Vehicle Fleet Reserve:  
Vehicle Fleet Reserves will accumulate from existing unrestricted funds, at a rate of \$10,000 annually. The maximum amount of Vehicle Fleet Reserves will be \$100,000. When the annual accumulation would increase the Reserve beyond \$100,000, only the amount required to reach the maximum will be reserved.
- b) Technology Reserve:  
Technology Reserves will accumulate from existing unrestricted funds at a rate of \$5,000 annually. The maximum amount of Technology Reserves will be \$50,000. When the annual accumulation would increase the Reserve beyond \$50,000, only the amount required to reach the maximum will be reserved.
- c) Designated Project/Special Use Reserve:  
Designated Project/Special Use Reserves will accumulate from existing unrestricted funds at a rate of \$10,000 annually. The maximum amount of Designated Project/Special Use Reserve will be \$250,000. When the annual accumulation would increase the Reserve beyond \$250,000, only the amount required to reach the maximum will be reserved.

- d) Capital Improvement Reserve: Capital Improvements Reserve will accumulate from existing unrestricted funds at a rate of \$25,000 annually. The maximum amount of Capital Improvement Reserves will be \$5,000,000. When the annual accumulation would increase the Reserve beyond \$5,000,000, only the amount required to reach the maximum will be reserved.
- e) Operational Reserves: Operational reserves shall be utilized to support: Administrative operational functions, including minimal staffing levels and administrative/office expenses due to an economic event or uncertainty will be \$25,000 annually. The maximum amount of Operational Reserves from existing unrestricted funds would be \$250,000. When the annual accumulation would increase the Reserve beyond the \$250,000, only the amount required to reach the maximum will be reserved.
- f) Total All Reserve Funds:  
The total amount of Reserves designated annually from all funds shall be \$75,000 with a cumulative accrual cap of \$5,650,000

2150.4 Monitoring Reserve Levels: The District Manager, in collaboration with the Finance Committee, shall perform a reserve status analysis annually, to be provided to the Board' annual deliberation/approval of Budget and Reserve Funds.

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

- a) When a major change in conditions threatens the reserve levels established by this policy or calls into question the effectiveness of this policy;
- b) Upon District Manager and/or Board request.