



<b>TITLE:</b>
Unrestricted Fund Reserves Policy
<b>ADOPTED BY BOARD OF HARBOR COMMISSIONERS:</b>
June 25, 2018
<b>EFFECTIVE DATE:</b>
This Administrative Policy is effective upon approval by the Board of Harbor Commissioners.
<b>BACKGROUND/PURPOSE</b>
The purpose of this policy is to establish general guidelines to maintain a prudent level of financial resources including providing stability and flexibility to respond to unexpected adversities and/or opportunities. In addition, this policy is intended to document the appropriate unrestricted operating reserve level to protect the District's credit worthiness and maintain adequate cash flow for the District's operations.
<b>POLICY/PROTOCOLS</b>
<p>Unrestricted fund reserves are used to fund the District's operating and non-operating expenses, debt service, and capital improvement programs. This policy establishes a target level of a minimum unrestricted reserve sized at 190 days cash on hand based on the current fiscal year's operating budget. This targeted minimum unrestricted funds reserve is a designated reserve to be used only to cover cash flow shortages caused by a short-term, unexpected disruption of anticipated revenue or short-term emergency disbursements. If unrestricted fund reserve balances fall minimally below the stated target amount, the District will strive to restore the reserve to the stated level within 6 months. The minimum reserve balance should be reported to the Board of Harbor Commissioners monthly as part of the treasurer's report.</p> <p>The Board recognizes that unique circumstances or opportunities may arise from time to time which may necessitate the use of the unrestricted reserve funds in such a manner as to fall significantly below the target limit amount. Accordingly, the Board may approve such use on the condition that the funds must be replenished to the required target level within a reasonable time as determined by the Board in consultation with the CEO &amp; Port Director and Chief Financial Officer-Treasurer of the District.</p>
<b>RELATED POLICIES AND PROCEDURES:</b>
None
<b>DEFINITIONS:</b>
<p><u>Unrestricted Fund Reserves:</u> Unrestricted reserve funds are reserves that can be used for any District purpose usually going toward operating expenses or capital investment projects.</p> <p><u>Restricted Fund Reserves:</u> Restricted reserve funds are reserves that are restricted by an outside source, such as by statute, court, or contract.</p> <p><u>Days Cash On Hand:</u> Days cash on hand is the number of days that an organization can continue to pay its operating expenses, given the amount of cash available.</p>