

Revision Adopted: **GB – 6/24/15**

**Marin Emergency Radio Authority
Reserve Funds Policy**

Purpose: To establish appropriate and adequate reserve funds for capital and emergency purposes for the long-term sustainability of the Authority.

Policy: MERA Governing Board action by resolution is required to create or terminate reserve funds. The MERA Governing Board has established and will maintain two reserve funds, for Replacement and Emergencies.

- 1) The Replacement Fund will be used for repairing, improving or replacing the MERA communications system or any component thereof. The Fund will also subsidize the Operating Fund should any maintenance costs be extraordinary (i.e. in excess of the amount budgeted for regular and corrective maintenance). The initial balance for this reserve fund shall be \$500,000. At the end of each fiscal year, upon Governing Board acceptance of the Annual Audit, a transfer shall be made from the Operating Fund to the Replacement Fund in an amount necessary to cause the balance of the Replacement Fund to be a minimum of \$500,000.
- 2) The Emergency Fund will be used to immediately address any emergency conditions causing or likely to cause system service interruption(s) before insurance is available, for underinsured or uninsured losses and to self-insure liability and property insurance deductibles. Additionally, this Fund may be used for short-term interfund transfers to the Replacement Fund or other approved fund. The initial balance for this reserve fund shall be \$500,000. At the end of each fiscal year, upon Governing Board acceptance of the Annual Audit, a transfer shall be made from the Operating Fund to the Emergency Fund in an amount necessary to cause the balance of the Emergency Fund to be a minimum of \$500,000.

Reserves will be reviewed at least annually for adequacy and appropriateness in conjunction with the adoption of the annual operating budget. Reserves will be used solely for their intended purposes upon the approval of the Executive Board and Governing Board. Minimum fund balances may only be reduced with the approval of the Governing Board.