

Policy Number: 2.19.0

Title: CASH RESERVES

Introduction:

This policy has been developed to establish a threshold for the minimum amount of cash reserves that the District shall have.

Ends:

The District's cash receipts fluctuate significantly during the fiscal year. Customers are billed once annually in July which accounts for a significant increase in cash early in the fiscal year. The County deposits moneys received from property tax revenues and other agency payable funds into the District's account five times a year, in January, May, August, September, and October. The District's cash requirements do not fluctuate in the same manner. Expenses must be paid monthly during the fiscal year. This means that, during some months, the District must use its accumulated cash to pay its operating expenses.

To assure that the District is always in a position to meet its cash requirements, the following cash reserves must be maintained:

1. Two (2) months expenses must be maintained in a cash account, that is, an account where monies can be made available within three (3) business days.
2. An additional two (2) months expenses must be maintained in an account which can be liquidated within 60 days.

Responsibility:

The General Manager shall be responsible for assuring that the cash reserves have been maintained at the above levels. The District Treasurer shall be responsible for assuring that cash is invested in conformance with this policy. The District Accountant shall be responsible for providing the General Manager and the Treasurer with the financial data needed to assess the status of cash reserves.