

Santa Cruz Port District  
General Fund Reserve Policy  
*Adopted November 24, 2015*

**Reserve Policy Objectives**

To strengthen the financial stability of the District against economic uncertainty, unexpected situations such as natural or man-made disasters, unanticipated drop in revenues, and other unforeseen emergencies or extraordinary circumstances that the Port District may face that are infrequent in occurrence.

**Target Amount Held in Reserve**

The Port District will strive to hold in reserve an amount equal to 25 percent of the District's annual operating expenses in the current fiscal year's adopted general fund budget. The District recognizes that reserve fund amount may fluctuate and may need to be rebuilt over time as needed.

**Funding Sources**

The reserve fund will generally come from one-time revenue and from excess revenues over expenditures. Examples of one-time revenue include infrequent sales of Port District assets, infrequent revenues from development and grants, or other sources that are typically non-recurring in nature.

**Conditions on Use of Reserves**

The use of reserves shall generally be limited to unanticipated, non-recurring needs. Reserve fund balances shall not be used for normal or recurring annual operating expenditures.

The Port Director shall make recommendations to the Port Commission for use of reserves. Appropriations from this reserve fund shall require a resolution approved by the Port Commission.

Requests for use of reserves shall occur only after exhausting the current year's budgetary flexibility. The Port Director shall, within six months of its use, present to the Port Commission a plan and timeline for replenishing the reserve fund. .