



Reserve Policy 1-27-17

Introduction

The Board of Trustees of the WateReuse California is committed to managing revenue and expenditures to achieve the mission of the organization in a fiscally responsible manner. The Reserve Policy is designed to guide financial management decisions to ensure the organization meets its financial obligations.

Purpose

The policy establishes the process and procedures for appropriately managing cash and revenue in excess of annual expenditures.

Scope

This policy applies to cash management decisions made by the Board of Trustees in regard to managing WateReuse California finances. This policy compliments and is consistent with the Revenue and Cash Management Policy adopted by the WateReuse Association in December 2016.

Operating Reserves

Operating Reserves is a clearly defined amount of cash and short-term investments that are “set aside” to maintain operations in the event of unanticipated costs or an unanticipated decline in revenue. These funds are designed to mitigate unexpected, untimely and short-term variations in cash flow. Operating Reserves ensure WateReuse California can meet its financial obligations without borrowing funds or assessing additional “emergency” dues.

The minimum amount for the Operating Reserves is 50% of the approved Operating Budget.

Designated Reserves for Special Use

Designated Reserves for Special Use is the amount of cash and short-term investments in excess of Operating Reserves and Contractual Obligations Reserves that is available for special projects, initiatives and activities as determined by the Board of Directors. Projects, initiatives and activities can include a one-time undertaking, such as executive recruitment, or an ongoing activity, which requires additional support, such as targeted advocacy by contracted lobbyists.