



Policy 10

Reserve Funds

April 25, 2024

1. Purpose

The Mendocino Coast Health Care District, (the District) shall maintain reserve funds from existing unrestricted funds as designated by the District's Reserve Policy. This policy establishes the procedure and level of reserve funding to achieve the following specific goals:

- a) Fund replacement and major repairs for the District's physical assets.
- b) Fund regular replacement of computer hardware and software.
- c) Fund designated conservation projects/programs or other special uses not otherwise funded by grants or requiring additional monetary support;
- d) Fund capital improvements; and
- e) Maintain minimal operational sustainability in periods of economic uncertainty.

The District shall account for reserves as required by Governmental Accounting Standards Board Statement No. 54, which distinguishes reserves as among these classes: non-spendable, restricted, committed, assigned and unassigned. The reserves stated by this policy, unless otherwise required by law, contract, or District policy shall be deemed "assigned" reserves.

2. Policy

Use of District Reserves is limited to available "Unrestricted" Funds (not obligated by law, contract or agreement), including donations, interest earned, fees for service or other non-grant earnings. All special use funds will be designated by formal action of the Board of Directors.

A. Technology Reserve

Technology Reserves will accumulate from existing unrestricted funds at a rate of \$4,000 annually. The maximum amount of Technology Reserves will be \$20,000. When the annual accumulation would increase the Reserve beyond \$20,000, only the amount required to reach the maximum will be reserved.



B. Designated Project/Special Use Reserve

Designated Project/Special Use Reserves will accumulate from existing unrestricted funds at a rate of \$10,000 annually. The maximum amount of Designated Project/Special Use Reserve will be \$50,000. When the annual accumulation would increase the Reserve beyond \$50,000, only the amount required to reach the maximum will be reserved.

C. Capital Improvement Reserve

Capital Improvements Reserve will accumulate from existing unrestricted funds at a rate of [\$25,000] annually. The maximum amount of Capital Improvement Reserves will be [\$100,000]. When the annual accumulation would increase the Reserve beyond [\$100,000], only the amount required to reach the maximum will be reserved.

D. Repair/Operations & Administrative Operations Reserve

Facility & Administrative Operations Reserves will accumulate from existing unrestricted funds at a rate of [\$260,000] annually. The maximum amount of Facility & Administrative Operations Reserves will be [\$780,000]. When the annual accumulation would increase the Reserve beyond [\$780,000] (equivalent of three years of Operations Reserves), only the amount required to reach the maximum will be reserved.

Total All Reserve Funds:

The total amount of Reserves designated annually from all funds shall be [\$309,000] with a cumulative accrual cap of [\$1,000,000].

E. Using Reserve Funds

Vehicle Fleet Reserve

Vehicle Fleet Reserves will be used exclusively for the purchase of new vehicles to support District operations, or to make major repairs to existing vehicles.

Technology Reserve

Technology Reserves will be used to purchase hardware and software in support of District operations, with the intent of maintaining a modern technology for employees.

Designated Project/Special Use Reserve

Projects, programs or special uses will be identified by the General Manager and/or the Board of Directors and approved by the Board. Uses must further the mission of the District and will be evaluated for designation according to value to the District and the people it serves.



*MCHCD provides a hospital and fosters leadership, advocacy and collaboration
for our community health and well-being.*

Capital Improvements Reserve

Capital Improvements Reserves shall be limited to costs related to making changes to improve capital assets, increase their useful life, or add to the value of these assets.

Operations/Repair & Administrative Operations Reserve

Operational Reserves shall be utilized to support:

- Administrative operational functions, including minimal staffing levels and administrative/office expenses;
- facility operations;
- facility repairs (distinguished from Capital Improvements and may include painting, caulking of seams, roof repairs, HVAC repairs, patching of walls, etc.).

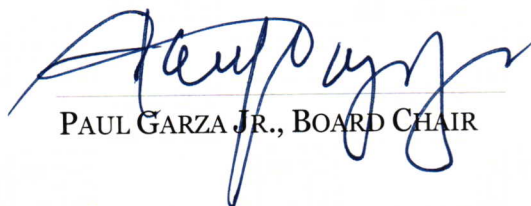
F. Monitoring Reserve Levels

The General Manager, in collaboration with the Chief Financial Officer shall perform a reserve status analysis annually, to be provided to the Board of Directors' annual deliberation/approval of Budget and Reserve Funds.

Additional information may be provided to the Board of Directors upon the occurrence of the following events:

- a) When a major change in conditions threatens the reserve levels established by this policy or calls into question the effectiveness of this policy;
- b) Upon General Manager and/or Board request.

APPROVAL SIGNATURES:



PAUL GARZA JR., BOARD CHAIR

April 25, 2024

DATE ADOPTED

ATTEST:

April 25, 2024

SUSAN SAVAGE, BOARD SECRETARY DATE