



# ASK Transit

## Policies on Cash Reserves

Information compiled on March 3, 2010.

**The Question:** What is your policy or practice for cash reserves?

**Asotin County** says ... None at this time

**Ben Franklin** says ... In the past we had 6 months operating reserve, then it was reduced to 3 month 2 years ago. Now they have said none because of the sales tax decline. This has not been in a policy but practice from the Board. I give them a Treasurer report each month showing what our cash & investments are and what the sinking funds and the operating reserve is (Budget / 12 \* 6 or 3 months) which has been showing a negative balance the past year.

**Clallam Transit** says ... Clallam's policy is to have between half and three months of working capital (dividing annual operating expenses by 12) and up to 35% of the next year's operating budget as an operating reserve (to bridge periods of revenue shortfall). Obviously if the agency operates at a deficit, there is a draw from the operating reserve and it falls below the target number.

**Community Transit** says...per bond Covenant we are obligated to maintain a 10% operating reserve (10% of annual operating expenses, excluding depreciation).

**Everett Transit** says... City policy is a 20% operating reserve.

**Grant Transit** says... We are currently working on this same issue,

**Grays Harbor Transit** says... Grays Harbor Transit does not have a formal cash reserve policy. Discussion by the Transit Board in the past has suggested we would try to keep two months operating funds in reserve, which for us would be just over one million.

**Intercity Transit** says... We have a board desired operating reserve of 90 days (effectively 25% of the annual operating budget).

**Jefferson Transit** says.... JTA does not have a formal current policy at this time. JTA is in the process of developing such a policy at this time.

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**Kitsap Transit** says... KT recently implemented a policy requiring operating reserves of two months (16.67% or approximately \$6.0m) and capital reserves of 25% annual depreciation (approximately \$1.5m). Currently, reserves are insufficient and KT has adopted a five year plan to achieve those reserve requirements.

**Link Transit** says... Link's internal policy is to keep two months of operating reserves available, although currently our contingency account only has approx. one and a half months available. The amount set was equaled two months, but as the years have gone by, our monthly expenses have increased and we have not increased our "Contingency" account.

**Mason Transit** says... Mason Transit has established a 3 month operating reserve, approximately 1.3M in 2010.

**Pacific Transit** says... We like to maintain a cash balance of approx. \$75,000.00 and any thing over that goes into our reserves.

**Pierce Transit** says... Operating Reserve – a minimum of two months of operating expenditures  
Insurance Reserve – set at a level to adequately protect the Agency from self-insurance risks currently \$1 million. Capital Reserve – a minimum amount equal to ten percent of the six-year average annual capital expenditures and fifty percent of the average annual grant funding programmed in the Six-Year Financial Plan

**Skagit Transit** says... We don't have a written policy for cash reserves but we keep cash to cover approximately 2 months of expenses.

**Spokane Transit** says... STA has a \$5.5 million catastrophic self-insurance reserve, to protect for self-insured worker's compensation, unemployment, UST's, as well as amounts above the WSTIP coverage of \$12 million. Additionally, STA reserves 15% of its annual operating budget. These are both handled as designations that are approved each year as the Board adopts its annual budget. The Board policy is that if they choose to dip into the designated reserves, they must have a plan to restore the amounts within 2 years.

**Twin Transit** says... Twin Transit's objective is to maintain at least one year's operational expense in reserve.

**Whatcom Transit** says... Our policy is to have a 25% operating reserve.

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