

AGENDA ITEM 1 E  
Consent Item

**MEMORANDUM**

**DATE:** August 3, 2017  
**TO:** El Dorado County Transit Authority  
**FROM:** Julie Petersen, Fiscal Administration Manager  
**SUBJECT:** Funding of Operating Reserve Fund for Fiscal Year 2016/17

**REQUESTED ACTION:**  
**BY MOTION,**

**Approve Funding Operating Reserve utilizing Bike Locker, Advertising and Miscellaneous revenue accounts for Fiscal Year 2016/17.**

**BACKGROUND**

On August 4, 2011 the El Dorado County Transit Authority (El Dorado Transit) adopted resolution 11-26 establishing a Board-Designated Operating Reserve Policy and resolution 11-27 establishing a designated target level for funding the operating reserve fund. Resolution 11-27 states, *“The Board hereby sets the optimum minimum operating reserve level for an Operating Reserve Fund at an average of three (3) months or twenty-five percent (25%) of the previous annual operating budget, currently estimated to be approximately \$1,500,000.”*

The intent of this fund is to create a transparent, stable funding source available to offset unexpected revenue shortfalls or increased expenses. El Dorado Transit, as a Joint Powers Agency (JPA) between the County of El Dorado and the City of Placerville does not have access to “loans” from jurisdictional General Funds or other agency departments.

**DISCUSSION**

During each Mid-Year Budget Adjustment process, revenue and expenses are analyzed to determine the financial “health” of the agency based on the first six (6) month actual, and projections for the final six (6) months of operations.

On February 2, 2017 at the regularly scheduled meeting, the Board approved the designation of accounts; 4370.00-Bike Locker Rental, 4400.00-Advertising Income and 4990.00-Misc. Revenue as sources of non-tax revenue to be used to fund the operating reserve.

## **FISCAL IMPACT**

The current balance of this fund at June 30, 2017 is \$81,680, well below the optimum level as established in resolution 11-27.

No adjustment to the Contingency account is needed to offset the shift of non-tax income.

Actual receipts for these accounts total \$16,746.87 which will be transferred into the operating reserve interest bearing account.