



## Cash Reserve Policies

### A. Operating Cash Reserve

**Objective:** To provide financial security for extraordinary events that could cause a significant decrease in operating revenues or increase in operating expenses. The reserve would be used to fund operations during this period and until assessments could be adjusted, if needed, to provide sufficient cash flow to maintain operations. The goal would be to build a reserve for six months of cash operating expenses.

**Action:** Fund the reserve in a three year period starting in 2014.

### B. Long-Term Capital Fund

**Objective:** To reserve funds for new capital projects which have not been provided in the annual capital plan. New capital projects are large projects in which the necessity and timing is not known at the present time. These could be projects to upgrade the current facilities or add additional capacity or functionality. It is estimated that the potential amount of new projects could cost a total of \$21 million within seven years. We believe that one-half of the new projects should be bonded and one-half should be funded through a long-term capital fund.

**Action:** Fund the reserve in a three year period starting in 2014.

### C. Landfill Closure and Post Closure Care Cost Reserve

**Objective:** To fully fund the landfill closure and post closure care costs during its useful life. As of June 30, 2009 the used capacity of the landfill was 66.8% and the closure and post closure care liability associated with the used capacity is \$14.8 million. The goal is to fully fund the existing liability, as of June 30, 2009, within 20 years.

**Action:** Beginning in 2014 reserve funds to fund the landfill closure costs so that the accrued liability will be fully funded in twenty years. Reserve \$711,500 annually.

### D. Interest Earned

Interest earned on reserve accounts shall accrue to the respective reserve account.

### E. Favorable Cash Flow

To provide financial relief to owner communities if and when the financial position of ecomaine becomes more favorable.

### F. Periodic Review

Cash Reserve Policies should be reviewed every 2-3 years, adjusted as necessary and then approved by the Board.