

COUNCIL POLICY NO. C-23

TITLE: CITY SERVICES FUND BALANCE / RESERVE POLICY
FOR THE DOCUMENT SERVICES DIVISION

POLICY: See attachment.

REFERENCE: **6/17/2024** Finance Committee Report (Agenda Item No. 4.a.)

**TITLE: CITY SERVICES FUND BALANCE / RESERVE POLICY FOR THE
DOCUMENT SERVICES DIVISION**

Purpose

This policy establishes the components and uses of the fund balance for the Document Services Division of the City Services Fund (“the Fund”). Sound financial management practices include establishing designated and undesignated fund balances sufficient to provide resources for events and service needs that were unanticipated during budget development; cover cash flow needs during a fiscal year; and provide a source of funds to sustain services during a temporary slowing in revenue and/or a source of bridge funding to allow transition to sustainable service levels.

Scope

This policy applies to the Document Services Division of the City Services Fund

Definition of Terms

City Services Fund – The City Fund that accounts for several centralized services or functions where the principal revenue sources are rates and fees charged to other City departments.

Document Services Division of the City Services Fund – The Division of the City Services enterprise fund established for managing operation of the City’s Document Services Division.

Contingency Account – A budgetary account used to appropriate resources that can be used to address events or service needs that were unanticipated during budget development. With City Council adoption of a transfer resolution, funds are transferred from the Contingency Account to an operating program.

Fund Balance – On a budgetary basis the Fund Balance is the sum of the Contingency Account and Service Stabilization Reserve. In the Comprehensive Annual Financial Report, it is identified in the schedule titled Statement of Revenues, Expenditures and Changes in Fund Balance.

Service Stabilization Reserve – A reserve established to provide resources in the event of a material decrease in projected revenue during a given fiscal year, which will impact the upcoming fiscal year. The Service Stabilization Reserve allows the continuation of services for a finite period until additional resources are identified or a transition to a sustainable service level is completed.

Related Financial Policies:

- Council Policy C-8: Budget and Revenue Policies
- Council Policy C-11: General Fund Balance / Reserve Policy

Policy Statement

The Fund Balance for the Document Services Division of the City Services Fund is the sum of the following:

- Service Stabilization Reserve

For the purposes of preparing the budget, the Fund Balance shall consist of:

- The Service Stabilization Reserve, which shall be at least 10% of the Document Services Division of the City Services Fund's operating budget.

The Service Stabilization Reserve can be used in the following circumstances:

1. Service Stabilization Reserves can be used by the City Manager or designee to offset an unanticipated loss of Document Services revenue within a fiscal year or to balance the Document Services Division of the City Services Fund's budget proposal in the event anticipated revenues may be insufficient to meet the expenditures necessary to maintain current services. Utilization of the Service Stabilization Reserve must be within the context of a multi-year financial plan designed to bring services to a sustainable level through additional resources, service reductions or a combination of such actions.