

COUNCIL POLICY NO. C-22

TITLE: FUND BALANCE / RESERVE POLICY FOR
WILLAMETTE VALLEY COMMUNICATIONS CENTER
FUND

POLICY: See attachment.

REFERENCE: **03/18/2024** Finance Committee Report (Agenda Item No. 4.a.)

TITLE: FUND BALANCE/RESERVE POLICY FOR THE
WILLAMETTE VALLEY COMMUNICATIONS CENTER
(WVCC) FUND

POLICY: PURPOSE

Sound financial management practices include establishing designated and undesignated fund balances sufficient to provide resources for events and service needs unanticipated during budget development, such as a cash flow need during a fiscal year; providing 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; and providing a source of funds for other unexpected events that cause a need for additional expenditures. The purpose of this policy is to establish the components and uses of the Fund Balance for the Willamette Valley Communications Center Fund.

SCOPE

This policy applies to the Willamette Valley Communications Center Fund.

DEFINITIONS

Willamette Valley Communications Center Fund – An enterprise fund established for managing the regional 9-1-1 call answering and dispatch center services provided by the City.

Fund Balance –The sum of the Operating Reserve, Contingency Account, and the Unappropriated Ending Fund Balance in the Willamette Valley Communications Center Fund. In the Annual Comprehensive Financial Report, the Fund Balance is included in the schedule titled “Statement of Revenues, Expenditures and Changes in Fund Balance.”

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.

Operating Reserve – A reserve established to provide resources, beyond those available in the Contingency Account, to allow 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

- Stable Financial Environment – City Council Policy C-8
- Balanced Budget – City Council Policy C-8

POLICY STATEMENT

City Manager's recommended budget shall contain a Fund Balance comprised of an Operating Reserve and Contingency Account, as follows:

- The Operating Reserve shall be a minimum of 11% of the recommended Personal Services category of the FY budget.
- The Contingency Account shall be an amount not to exceed 10% of all budgeted expenditures in the WVCC Fund.

The Operating Reserve and the Contingency Account can be used in the following circumstances:

1. The Operating Reserve can be used by the City Manager to balance the WVCC Fund budget, in the event revenues may be insufficient to meet the expenditures necessary to maintain current services. In addition, the Operating Reserve can be used to provide resources through a supplemental budget to sustain services in a current fiscal year, if an unforeseen event occurs, and the Contingency Account is insufficient to cover operational needs. Utilization of the Operating Reserve shall be within the context of a financial plan designed to bring services to a sustainable level through additional financial resources, service reductions, or a combination of both.
2. The Contingency Account can be used only to meet expenditure requirements resulting from events or service needs not anticipated during the development of the budget. The expenditure of funds in the Contingency Account is subject to the prior authorization by the City Council through the adoption of a transfer resolution.

REFERENCE: 3/18/2024 Finance Committee Report (Agenda Item No. 4.a.)