

City of New Berlin General Financial Policy	TITLE: Reserve Funds Policy
AUTHORIZATION DATE: 3/11/08	LAST UPDATE: 5/15/13, 10/13/13
POLICY SOURCE: Finance Committee	SCOPE: City Governmental Funds
Reviewed by City Attorney n/a	Board/Commission Approval: Finance Committee: 07/15/15, 12/13/18 Common Council: 10/13/15, 1/8/19

Policy

1. The City will establish a working Capital reserve to pay for needs caused by unforeseen emergencies. This reserve will be maintained at minimum of not less than fifteen (15%) of the general operating fund.

Explanation: The City will maintain unrestricted fund balances to provide necessary working capital to avoid cash flow interruptions and short-term borrowing to fund daily operations. These fund balance reserves are used to generate interest income, and to assist in maintaining an investment grade bond rating.

2. The City will annually budget an undesignated contingency reserve to provide for unanticipated expenditures of a nonrecurring nature, or to meet unexpected small increases in service delivery costs.

Explanation: The City's Contingency Reserve provides for emergencies which could not be anticipated during the budget review process. Contingency reserve transfers are determined and authorized by the City council upon a two-thirds positive vote of the entire membership (pursuant to Wisconsin State Statutes 65.90(5) if the need is of sufficient urgency and is not a circumvention of the budget process.

3. The city has a plan to replenish fund balance should it fall below minimum required level.

The General Fund unrestricted fund balance will be replenished using the following methods:

- a. Adjust the five year financial projection so that spending is adjusted down (or economic recovery predicted) and desired levels of unrestricted fund balance are replenished.
- b. Natural disaster use is replenished when anticipated reimbursement is received from state/federal government.
- c. Fund Balance will be replenished in the order of: committed, assigned, and unassigned.

The General Fund unrestricted fund balance will be replenished using the following timeline:

- a. The amount that needs to be replenished will be adjusted in the five year financial projection to be brought to the minimum required level over a maximum of five budget years.

Milestones for gradual replenishment: Replace 25% of the shortfall per year for four years.

This policy was reviewed and approved by the Finance Committee and Common Council and signed by Mayor David Ament on the 15th day of Jan, 2019 as evidenced by his signature hereon. Three signed originals of this policy have been generated. One original is maintained in the City Clerk's office, the second original is maintained in the Finance Department, and the third original is maintained in the Mayor's Office. This policy may only be modified by the Finance Committee with Common Council approval.



David A. Ament, Mayor