

**RESOLUTION 2012-VV**

**A RESOLUTION OF THE EATONVILLE TOWN COUNCIL APPROVING  
RESERVE POLICIES FOR THE TOWN OF EATONVILLE**

**WHEREAS**, the Finance Committee feels that the Town of Eatonville is in need of Reserve Policies to offer guidance and limitations regarding the establishment and use of the Town's reserves and;

**WHEREAS**, the Eatonville Town Council will authorize the Mayor to adopt said Reserve Policies for the Town of Eatonville.

**NOW, THEREFORE BE IT RESOLVED** that this Council of the Town of Eatonville hereby authorizes the Mayor to adopt Reserve Policies for the Town of Eatonville that are attached hereto;

**PASSED** by the Council of the Town of Eatonville at a regular meeting this 25<sup>th</sup> day of June 2012.

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Raymond Harper, Mayor

ATTEST:

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Kathy Linnemeyer Interim, Town Clerk

APPROVED AS TO FORM:

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Town Attorney

## **Town of Eatonville**

### **Reserve Policy**

#### **PURPOSE:**

To establish a Reserve Policy for the Town which is capable of addressing the various types of the Town's operating and restricted use funds. The objectives of this Policy are to:

1. Provide a clear understanding of the goals and objectives of reserve establishment;
2. Offer guidance and limitations regarding the establishment and use of the Town's reserves;
3. Establish a process for periodic reporting and review of Town reserves.

#### **ORGANIZATION AFFECTED:**

All funds of the Town.

#### **FUNDS RESERVE POLICY:**

Funds used to account for all revenues of the Town, not specifically levied or collected for other Town funds, and for expenditures related to providing general services by the Town, will establish a Contingency Reserve Fund with a minimum balance of ten percent (10%) of fund revenues. At no time shall the balance in the Contingency Reserve Funds fall below the achieved amount of ten percent (10%), unless specifically waived and approved by the Town Council of Eatonville, because of an unseen emergency.

The Contingency Reserve Funds for all funds shall initially be set at a minimum of two percent (2%) of annual fund revenues. The Town shall reach the targeted minimum amount of ten percent (10%) no later than fiscal year 2017 according to the following schedule:

- 1% by December 31, 2012
- 2% by December 31, 2013
- 4% by December 31, 2014
- 6% by December 31, 2015
- 8% by December 31, 2016
- 10% by December 31, 2017

If actual expenditures, in all Funds of the Town, are less than budgeted expenditures, and the fund does not end the year at a deficit, at least twenty-five percent (25%) of the difference between budgeted and actual expenditures will revert to the Contingency Reserve Funds, and may be re-appropriated in a subsequent year at the discretion of the Town Council of Eatonville.

Use of Contingency Reserve Funds—To the extent that there is an imbalance in the funds between revenues and budgeted expenditures, the Town Council and Administration will strive to address the imbalance by increasing revenues, reducing expenditures or a combination of both.

Use of the Contingency Reserve Funds is a one time, non-recurring funding source. If an imbalance occurs in any one of the funds, that cannot be addressed with additional revenues, reduction in expenditures or a combination of both, a multi year plan shall be developed to address the imbalance concurrently with the planned reserve draw-down of the Contingency Reserve Fund. A planned draw-down of the Contingency Reserve Fund should not exceed twenty-five percent (25%) of the balance of the Contingency Reserve Fund Balance, and should not reduce the level of the reserve below two percent (2%) of all fund revenues.

Annual Status Reporting and Review—Annually, the Mayor and Town Clerk will prepare and present an updated Reserve Status report by July 1 of the following year.

The Mayor, based on advice of the Finance Committee and/or Town Clerk, will ask the Town Council to reaffirm or revise this policy, including percentages, established herein.

Prepared by: Jim Valentine for review of Finance Committee, Mayor and Administration