

WOOD COUNTY ALCOHOL, DRUG ADDICTION AND MENTAL HEALTH SERVICES
BOARD
Policy and Procedure Manual

Reserve Fund Balance	Section: 7-A.6
Resolution Number: FY2020-23	Page 1 of 2

PURPOSE: It is the purpose of this policy to establish a Board minimum fiscal reserve ensuring the systems stability through fiscal limits on the Board unallocated reserve fund balance. The intended outcome of this policy will enable the Board to strategically plan annual allocations and to affect the Boards long term decision making regarding fiscal projections.

POLICY: The Wood County Alcohol, Drug Addiction and Mental Health Services Board will maintain a minimum Reserve Fund balance determined by the Board. This minimum Reserve Fund balance, which is a combination of Cash and Accounts Receivables, is intended to provide a minimal amount of financial flexibility to handle unexpected revenue shortages and to provide the capacity to make emergency purchases in response to unanticipated needs. The amount of the current minimum Reserve Fund balance will be documented in Board meeting minutes. If any proposed expenditure, including the annual Purchasing Plan and the Board Administrative Budget, cannot be approved without intruding on the minimum Reserve Fund Balance based on the most current financial projection model, the proposed expenditure may be authorized only upon the affirmative vote of two-thirds of the Board Members present.

ACCOUNTABILITY: Finance Director

PROCEDURE:

1. The Board will review the most current financial projection model before approving the annual Purchasing Plan and Board Administrative Budget to assure that an adequate Reserve Fund balance will be maintained based upon anticipated revenues and proposed purchasing plan allocations.
2. The Finance & Administration Committee will review all updated financial projections and will report to the Board if it appears reasonably certain that the Board's current contractual commitments and budgeted Board administrative expenses will cause the Reserve Fund balance to fall below the minimum balance.
3. If the Finance & Administration Committee reports to the Board that it is reasonably probable that the Reserve Fund balance will fall below the minimum balance based on the most current financial projections, the Board will consider whether it is necessary or appropriate to (a) invoke Agency contract provisions that allow the Board to reduce agency funding in the event that projected governmental revenue to the Board is not forthcoming, (b) reduce the Board's administrative spending, (c) cancel or re-negotiate Board contracts to the extent permitted by law, or (d) take any other action to maintain the minimum Reserve Fund balance required by this Policy

4. The Board will review the minimum Reserve Fund balance amount annually to determine if the amount is reasonable and appropriate.