

**CITY OF WEST ALLIS
RESOLUTION R-2023-0746**

**RESOLUTION TO CREATE POLICY FOR ADMINISTRATION OF FUND
BALANCES**

CREATING POLICY 1215

WHEREAS, to comport with best accounting practice and principles, the common council wishes to establish a policy for handling the City's fund balances;

NOW THEREFORE, be it resolved by the Council of the City Of West Allis, in the State of Wisconsin, as follows:

SECTION 1: **ADOPTION** “1215 Fund Balance Policy” of the City Of West Allis Policies & Procedures is hereby *added* as follows:

ADOPTION

1215 Fund Balance Policy(*Added*)

1. PURPOSE:

- a. Provide working capital for the City to meet cash flow needs during the year.
- b. Provide a comfortable margin of safety to address unanticipated expenditures, emergencies, and unexpected declines in revenue due to economic downturns, natural disasters, state policy changes, etc.
- c. Preserve the credit worthiness (credit rating) of the City for borrowing monies at favorable interest rates.
- d. Promulgate the level of authority needed for fund balance designations.

2. ORGANIZATIONS AFFECTED: Finance Department

3. REFERENCES: WAMC 2.672

4. PROCEDURES:

a. Definitions. In this section:

- i. "Unrestricted fund balance" holds the meaning defined by the Government Accounting Standards Board (GASB), and is further divided into the following categories: committed, assigned, and unassigned.
- ii. "Contingency fund balance" means any General Fund amounts in committed or assigned fund balances not dedicated to encumbrances, capital projects, or long-term liabilities, plus unassigned General Fund balance.

b. Contingency Amount. The contingency fund balance should equal approximately 3 months of budgeted General Fund operating expenditures, based on the subsequent budget.

- i. Replenishment. If the City Comptroller determines that the

contingency fund balance is or will be below 2 months of budgeted General Fund operating expenditures, the City Comptroller shall develop a replenishment plan and file with the Common Council. Replenishment should be completed within 3 years of occurrence.

- ii. Transfer of Excess. If the City Comptroller determines the contingency fund balance exceeds 4 months of budgeted General Fund operating expenditures, the City Comptroller may transfer the balance in excess to general capital projects funds for use in funding capital needs approved by Council.
- c. Use of Fund Balance. Since unrestricted fund balance is a nonrecurring funding source, the use of unrestricted fund balance to cover a General Fund budget deficit should be avoided. However, if used to balance the General Fund budget, a plan shall be developed to prevent continued use of unrestricted fund balance going forward. This plan must be included in the proposed budget.
- d. Emergency Expenditures. WAMC 2.672 shall control expenditures during emergencies.
- e. Commitment of Funds. Commitments of unrestricted fund balances are secured and released only by action of the Common Council.
- f. Assignment of Funds. Assignments of unrestricted General Fund balance may be secured and released by the City Comptroller.
- g. Order of Use. Where applicable, restricted funds are to be spent first, followed by committed funds, assigned funds, and lastly unassigned funds.

PASSED AND ADOPTED BY THE CITY OF WEST ALLIS COUNCIL DECEMBER 12, 2023.

| | AYE | NAY | ABSENT | ABSTAIN |
|-----------------------|--------------|---------------|---------------|----------------|
| Ald. Vince Vitale | <u> X </u> | <u> </u> | <u> </u> | <u> </u> |
| Ald. Ray Turner | <u> X </u> | <u> </u> | <u> </u> | <u> </u> |
| Ald. Tracy Stefanski | <u> X </u> | <u> </u> | <u> </u> | <u> </u> |
| Ald. Marty Weigel | <u> X </u> | <u> </u> | <u> </u> | <u> </u> |
| Ald. Suzzette Grisham | <u> X </u> | <u> </u> | <u> </u> | <u> </u> |
| Ald. Danna Kuehn | <u> X </u> | <u> </u> | <u> </u> | <u> </u> |
| Ald. Thomas Lajsic | <u> X </u> | <u> </u> | <u> </u> | <u> </u> |
| Ald. Dan Roadt | <u> X </u> | <u> </u> | <u> </u> | <u> </u> |
| Ald. Rosalie Reinke | <u> X </u> | <u> </u> | <u> </u> | <u> </u> |
| Ald. Kevin Haass | <u> X </u> | <u> </u> | <u> </u> | <u> </u> |

Attest

Presiding Officer

Rebecca Grill

Rebecca Grill, City Clerk, City Of West Allis

Dan Devine

Dan Devine, Mayor, City Of West Allis

