



## RESERVE POLICY FOR COMMUNITY DEVELOPMENT

### **STATEMENT OF POLICY**

The purpose of this reserve policy is to ensure the financial stability and ongoing operations of the department, reduce risk of being unable to fulfill service delivery commitments, provide workforce continuity and to provide a source of internal funds for organizational priorities. It is intended to create reserves to address emergencies, temporary revenue shortfalls, technology enhancements and capital improvement(s) and to provide stability during economic cycles allowing a consistent level of service to Deschutes County residents. This policy will be used in conjunction with County Administrative Policy No. F-14 - General Financial Policies.

### **POLICY**

Reserve funds will be established and maintained to ensure adequate cash flow and the continued delivery of Community Development services, provide workforce continuity, to address emergencies, temporary revenue shortfalls and to provide stability during economic cycles.

Fund 300 – CDD Reserve will be established and maintained to ensure adequate cash flow and continued delivery of services, provide workforce continuity, to address emergencies, temporary revenue shortfalls and to provide stability during economic cycles. The fund is used to account for revenues generated by the Community Development Department (CDD), exclusive of building safety and electrical program end of year surplus revenue, which by law, must be accounted for separately. The CDD Reserve will benefit the administrative, code compliance, environmental onsite, current planning and long range planning divisions. Building safety and electrical divisions have separate reserve funds (Funds 301 and 302) as required by ORS 455.210 and ORS 479.845.

Fund 301 – Building Program Reserve will be established and maintained, as required by ORS 455.210, to ensure adequate cash flow and the continued delivery of building safety services, provide workforce continuity, to address emergencies, temporary revenue shortfalls and to provide stability during economic cycles. The fund is used to account for end of year surplus revenues generated by the Building Safety Division, which by law, must be accounted for separately. Reserve Fund 301 is to be used by the building safety program only.

Fund 302 - Electrical Program Reserve will be established and maintained, as required by ORS 479.845, to ensure adequate cash flow and the continued delivery of electrical services, provide workforce continuity, to address emergencies, temporary revenue shortfalls and to provide stability during economic cycles. The fund is used to account for end of year surplus revenues generated by the Electrical Division, which by law, must be accounted for separately. Reserve Fund 302 is to be used by the electrical program only.

Fund 303 – Capital Improvement Reserve will be established to account for long range plans for building improvements and purchase of capital equipment assets.

### **USE AND MANAGEMENT OF RESERVE FUNDS**

CDD's operating fund (Fund 295) will be analyzed on a monthly basis in an effort to monitor the financial health of each division and the department. In addition to analyzing CDD's financial position; the department also analyzes internal performance measures; customer satisfaction surveys; market trends; and land use and permit volumes in an effort to identify anomalies and/or ongoing trends of concern.

At such time the analysis reveals a consistent decrease in financial position, a negative ongoing trend, or an excess reserve balance, the department will initiate a recommendation and associated action to be presented to the Board of County Commissioners and County Administrator. The recommendation and associated action could include actions ranging from a request to use reserve funds to revising operations within the department, or any appropriate combination of changes that create a financially stable and operationally sound department.

Fund balances will be monitored throughout the year and analyzed annually during the budget and fee setting process.

- Funds 300 – 302 combined target balance equal to twelve months of average operating expenditures identifying a lower limit of ten months and an upper limit of eighteen months. As long as the actual combined fund balance is within the range of the upper and lower limits, no action is required. If the actual fund balance goes either above or below these limits, then a recommendation and associated action will be presented to the Board of County Commissioners and County Administrator.
- Fund 303 target balance will be determined in conjunction with planned improvements and will be discussed with the Board of County Commissioners and County Administrator annually during the annual budget process.