

Contingency Policy Guidelines

Summary

The 2021 Adopted Budget will include revenue and program services expenses in a contingency account. Revenue projections will be reviewed in June of 2021. If General Fund (GF) revenues are forecasted 1.0% greater than the budget, the use of contingency funding will be approved. The identified use of contingency is \$86,034 to fund Parks and Recreation rec center hours. Revenue projections will be reviewed in September of 2021 to either confirm or halt use of contingency funding for the purposes described.

Timing considerations:

- Two revenue monitoring checkpoints: June and September.
- Reviewing revenues in the second half of the year allows for more data points and higher degree of confidence in year-end projections.

Criteria:

- Tied to overall GF revenue performance vs. specific revenues.
- GF revenues for the year need to be projected to come at least 1.0% above budget in order to approve use of contingency.
- Spending projections must also be on a normal pace to meet budget.
- During the Council phase of the budget the contingency use identified and agreed upon was:
 - \$86,034 to fund Parks and Recreation rec center hours.

Implementation:

- At the June revenue monitoring meeting OFS will determine whether overall GF revenues are coming above 1.0%.
- If GF revenues are projected to be at least 1.0% above budget, then OFS will authorize the use of contingency. A resolution will be drafted to authorize the use of contingency.
- If the 1.0% threshold is not met, contingency will stay in place.
- City Council staff (Holly Huston) will be included at the OFS June revenue monitoring meeting.

Follow up:

- If use of contingency was authorized in June:
 - In September OFS will check to confirm that overall GF revenues are still expected to come above 1.0%. If they are, then no additional changes needed.
 - If GF revenues are expected to come below 1.0%, then OFS would freeze contingency spending. A resolution would be drafted to return remaining unspent funding back to the GF.
- If use of contingency was NOT authorized in June:
 - In September, if GF revenues projections meet the 1.0% threshold, then use of contingency is authorized. A resolution is drafted.