

Adopted 06032020 Board of Directors Special Meeting
Motion by P. Foley
Second by J. Bruins
Unanimous Approval
Agenda Item 6a
Attachment A



RESERVE FUNDS POLICY: Proposed Revision May 2020

Policy Statement:

The Silicon Valley Regional Interoperability Authority (SVRIA) maintains two reserve accounts as elements of its operational and long-term fiscal plan.

Operating Reserves are intended to identify a certain amount of funds for the purpose of providing the Board with the ability to approve mid-year budget adjustments allowing for the transfer of funds into operating budget line items for expenditures that were not known or anticipated during the annual budget approval process. When Operating Reserves were first established the beginning balance was set at \$100,000, at that time was roughly 10% of the annual SVRIA budget. This policy incorporates a fixed balance of \$100,000 in the Operating Reserves moving forward.

Asset Replacement Reserves are intended to identify funds for the future refresh, upgrades, and/or replacement of equipment and software that are elements of the various shared systems and equipment that the SVRIA is responsible for maintaining and sustaining on behalf of and in support of our members and participants under our Joint Powers Agreement and MOUs.

With the adoption of the FY17/18 budget, the approved annual contribution to Asset Replacement Reserves was \$200,000.

With the adoption of the FY20/21 budget, the approved annual contribution to the Asset Replacement Reserves will be increased to \$300,000. In FY21/22 Asset Replacement Reserves will increase to \$400,000, and remain at that amount for future years, or until revised by the Board of Directors.

In FY17/18 a new General Ledger account called “Operating Expenses” was created with the restriction that the Executive Director seek approval for expenses to that line item that exceed \$20,000. This varies from the established spending authority of the Executive Director which is \$45,000.

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The purpose of this Reserve Funds Policy is to provide guidance to Santa Clara County Finance Staff with regard to the management of the two reserve accounts. Santa Clara County Controllers Office is the designated Treasurer for the SVRIA, and their staff provide ongoing fiscal and accounting services for the JPA.

Asset Replacement Reserve Account Expenditures: From time to time the Board will authorize, either through the annual budget approval process or by a mid-year budget adjustment action, the use of funds from the Asset Replacement Reserve Account. When this occurs Finance Staff is authorized to transfer the necessary funds from this account to the appropriate expenditure account(s) and thus reduce the balance of this reserve account accordingly.

Additions to the Asset Replacement Reserve Account: The SVRIA Board may from time to time approve a specific allocation of funds from our annual revenue to increase the balance of the Asset Replacement Reserve Account. This allocation will normally be approved as part of the annual SVRIA Budget approval process. Finance Staff is authorized to increase the balance of the Asset Replacement Reserve Account by the amount of any such Board approved action.

Allocation of Year End Unexpended Funds Balance: At the end of each fiscal year there may an unexpended fund balance within our approved and adjusted budget. This can occur when total funds expended are less than the total revenue for that year after any Board approved adjustments and transfers. Finance Staff is authorized to transfer and allocate this year-end balance of unexpected funds to either a specified general ledger account or the Asset Replacement Reserve Account, thus increasing the balance accordingly.