

Alleghany County Water District (ACWD) Policies & Procedures

Policy # 102 Contingency Fund

Policy:

It is the Policy of ACWD to set aside contingency funds in an amount equal to approximately 3 to 6 months of average cash-based operating expenses for the purpose of covering unexpected expenses or loss of revenue.

Procedure 102.1: After the books are closed-out at the end of each fiscal year, the general manager or designee shall prepare a summary of the previous year's cash-flow results, including a calculation of the general fund balance needed to cover ongoing operating expenses. Based on these calculations a recommendation will be made regarding how much money can be moved into the contingency fund. The board shall decide by motion the amount (if any) to be moved to the contingency fund for the fiscal year just-ended.

Procedure 102.2: Withdrawals from the Contingency fund require board approval unless there is an emergency that must be addressed immediately, in which case the Water Treatment Operator shall provide the General Manager or Bookkeeper with the expected cost. Emergency withdrawals NOT approved in advance shall be brought before the board for ratification.

Procedure 102.3: The contingency fund shall be tracked on a spreadsheet incorporated with the annual budget worksheets. The contingency fund balance shall be incorporated into the monthly treasurer's report.