

Council Communication

August 16, 2016, Business Meeting

Resolution Updating Target Ending Fund Balances and Repealing Resolution No. 2010-05

FROM:

Lee Tuneberg, Finance Director, Administrative Services Department tuneberl@ashland.or.us

SUMMARY

Staff proposes updating the policy for minimum ending fund balances to address changes in budgeting and accounting practices that have occurred over time and in preparation of the next budget process. Updating the minimum targets by fund assists in maintaining a fiscally sound city and can have a favorable impact on the coming capital improvement borrowing.

BACKGROUND AND POLICY IMPLICATIONS:

The City has a long history of identifying necessary amounts by fund to be held for operations, cash flow and to protect against fluctuations in revenues. These amounts are referred to as targets but actually represent minimum balances to help protect the fiscal viability of the City. Good financial practices such as identifying minimum have recently assisted in upgrading the City's bond ratings from Moody's and Standard & Poor's rating agencies.

The City is in the process of updating its Financial Management Policies incorporated within the budget document. Changes in budgeting and accounting practices require an update in this policy.

The key changes proposed are:

1. Insurance Fund – Costs and exposures continue to increase despite the good work of the City staff in general and specifically by the Safety Committee and the Risk Management staff. Existing policy calculates a need for a minimum of \$668,000; however, the City should consider a larger minimum.
2. Parks & Recreation Fund – This fund is budgeted on a reimbursement basis from the General Fund and no longer requires a large amount for operations.

COUNCIL GOALS SUPPORTED:

Administration and Governance Goal

Provide high quality, effective and efficient city services, and governance in an accessible, collaborative, and fiscally responsible manner.

FISCAL IMPLICATIONS:

Sufficient fund balances and cash on hand protect the city from adverse conditions and assist the city in demonstrating fiscal stability.



STAFF RECOMMENDATION AND REQUESTED ACTION:

Staff recommends council approve the proposed resolution.

SUGGESTED MOTION:

I move to adopt the resolution titled, “A resolution adopting minimum (target) fund balances and Repealing Resolution No. 2010-05”.

ATTACHMENTS:

Proposed Resolution
Resolution No. 2010-05



RESOLUTION NO. _____

**A RESOLUTION ESTABLISHING TARGET ENDING FUND BALANCES AND
REPEALING RESOLUTION NO. 2010-05**

THE CITY OF ASHLAND RESOLVES AS FOLLOWS:

The City of Ashland currently has Ending Fund Balance (EFB) targets established in the accepted Financial Management Policies incorporated within the budget document. These EFB targets are a primary tool in assuring financial viability of the City and aid in financial flexibility. When percentages are provided they represent a calculation on annual operating revenue and the dollar figure is an estimated amount. When no percentage is given, only a dollar figure, the amount shown is the minimum target. No target is established for a fund when no amount or percentage is given.

SECTION 1. Council adopts the following targets in either a percentage or dollar format as provided below.

SECTION 2. The percentages or dollars presented will be adjusted annually in the budget process.

City of Ashland				
Fund Balance Worksheet				
	FY 2011		BN 2017-2019	
	Adopted		Proposed *	
Fund	EFB Target	%	Minimum	%
General	\$ 1,722,000	12%	\$ 2,310,000	12%
Comm Dev Block Grant	-	N/A	-	N/A
Reserve	-	N/A	-	N/A
Street	450,000	15%	506,000	15%
Airport	10,000	10%	14,000	10%
CIP	500,000	N/A	500,000	
Debt - restricted	2,400,000	N/A	2,400,000	
Water	900,000	20%	1,455,000	20%
Wastewater	750,000	15%	1,177,000	15%
Electric	1,488,950	12%	1,877,100	12%
Telecommunications	372,000	20%	468,000	20%
Central Services	174,000	3%	216,000	3%
Insurance Services	1,000,000	N/A	1,000,000	
Health Benefits			500,000	New
Equipment	1,600,000	N/A	200,000	
Cemetery Trust		N/A		N/A
Subtotal	\$ 11,366,950		\$ 12,623,100	
Parks & Recreation	\$ 1,230,000	25%	\$ -	N/A
Parks Capital Improvement	-	N/A	-	N/A
Parks Equipment	-		-	N/A
Youth Activity Levy - Closed	-	N/A		Closed
Subtotal	\$ 1,230,000		\$ -	
TOTAL	\$ 12,596,950		\$ 12,623,100	
*Default is amount calculated in BN 2015-2017 budget document.				

SECTION 3. Annual Operating Contingencies will be calculated on operating appropriations in the 3% to 5% range as recommended by staff and approved by the Citizen Budget Committee

SECTION 4. Copies of this resolution shall be maintained in the Office of the City Recorder and shall be available for public inspection during regular business hours.

SECTION 5. This resolution takes effect upon signing by the Mayor.

This resolution was read by title only in accordance with Ashland Municipal Code §2.04.090 duly PASSED and ADOPTED this _____ day of February, 2016.

Barbara Christensen, City Recorder

SIGNED and APPROVED this _____ day of _____, 2016.

John Stromberg, Mayor

Reviewed as to form:

David Lohman, City Attorney

RESOLUTION NO. 2010-05

A RESOLUTION ESTABLISHING TARGET ENDING FUND BALANCES

THE CITY OF ASHLAND RESOLVES AS FOLLOWS:

The City of Ashland currently has Ending Fund Balance (EFB) targets established in the accepted Financial Management Policies incorporated within the budget document. These EFB targets are a primary tool in assuring financial viability to the City and aids in flexibility. When percentages are provided they represent a calculation on annual operating revenue and the dollar figure is an estimated amount. When no percentage is given, only a dollar figure, the amount shown is the minimum target. No target is established for a fund when no amount or percentage is given.

SECTION 1. Council adopts the following targets in either a percentage or dollar format as provided below.

SECTION 2. The percentages or dollars presented will be adjusted annually in the budget process.

City of Ashland Fund Balance Worksheet

<u>Fund</u>	<u>FY 2011 Proposed EFB Target</u>	<u>%</u>
General	\$ 1,722,000	12%
CDBG	-	N/A
Reserve	-	N/A
Street	450,000	15%
Airport	10,000	10%
CIP	500,000	N/A
Debt - restricted	2,400,000	N/A
Water	900,000	20%
Wastewater	750,000	15%
Electric	1,488,950	12%
Telecommunications	372,000	20%
Central Services	174,000	3%
Insurance Services	1,000,000	N/A
Equipment	1,600,000	N/A
Cemetery Trust		N/A
Subtotal	<u>\$ 11,366,950</u>	
Parks & Recreation	\$ 1,230,000	25%
CIP	-	N/A
YAL	-	N/A
Subtotal	<u>\$ 1,230,000</u>	
TOTAL	<u>\$ 12,596,950</u>	

SECTION 3. Annual Operating Contingencies will be calculated on operating appropriations in the 3% to 5% range as recommended by staff and approved by the Citizen Budget Committee

SECTION 4. Copies of this resolution shall be maintained in the Office of the City Recorder and shall be available for public inspection during regular business hours.

SECTION 5. This resolution was duly PASSED and ADOPTED this 8 day of February, 2010.

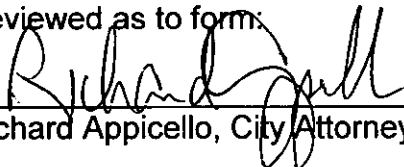


Barbara Christensen, City Recorder

SIGNED and APPROVED this 9 day of February, 2010.


John Stromberg, Mayor

Reviewed as to form:



Richard Appicello, City Attorney