

# Council Business Meeting

June 2, 2020

<b>Agenda Item</b>	Resolution 2020-09 Reiterating the Need of a Reserve Fund and Repealing Resolution 2010-18	
<b>From</b>	Bryn Morrison	Interim Finance Director
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## **SUMMARY**

Before Council is a Resolution continuing the Reserve Fund. Council is being asked to review the reserve fund and determine if the fund will be continued or abolished.

## **POLICIES, PLANS & GOALS SUPPORTED**

Section 2:

- D. Develop current and long-term budgetary resiliency.
- F. Enhance and improve transparency and communication.

## **BACKGROUND AND ADDITIONAL INFORMATION**

During the fiscal year 2009-2010 budget process, a Reserve Fund was established. Initial resources identified were a transfer from the Street Fund equal to the amount of Water and Wastewater franchises paid to that fund in that year and would be held in reserve until a future annual budget process. Funds were transferred from the General Fund and Parks and Recreation Fund and used in future years for health benefits, homeless services, and information technology upgrades.

The City is required by state statute to review and determine whether the fund will continue or be abolished by the tenth anniversary of when it was established. There is currently an ending fund balance of \$39,160 in the Reserve Fund.

## **FISCAL IMPACTS**

If the Reserve Fund is abolished, the ending fund balance will be transferred to the General Fund or any other fund the governing body determines appropriate per ORS 294.346.

## **STAFF RECOMMENDATIONS**

Staff recommends approval of this resolution to maintain its existence. Staff will pursue the best strategy toward contributing to the Reserve Fund, while working with Financial Advisors, understanding the limitations of the current financial outlook due to the COVID pandemic. Staff additionally suggests that the future strategy for contributions to the Reserve Fund also includes updates to the resolution to ensure adequate controls and description for the intended and allowed uses of reserve fund dollars.

## **ACTIONS, OPTIONS & POTENTIAL MOTIONS**

- 1) I move to approve Resolution 2020-09 as presented
- 2) I move to approve Resolution 2020-09 with the following modifications.....
- 3) I move to direct staff to bring back a resolution for Council review at a future meeting with the following alterations

## **REFERENCES & ATTACHMENTS**

Attachment 1: Resolution 2010-18 Reiterating the Need of a Reserve Fund and the Intended Sources and Uses of Funds Accumulated Therein

Attachment 2: Resolution 2020-09 Reiterating the Need of a Reserve Fund and Repealing Resolution 2010-18

RESOLUTION 2010-18

**A RESOLUTION REITERATING THE NEED OF A RESERVE FUND AND THE INTENDED SOURCES AND USES OF FUNDS ACCUMULATED THEREIN**

RECITALS:

The City must annually adopt a budget that identifies resources, requirements and reserves for the coming year. As part of the budget process the Budget Committee reviews financial policies and provides input on changes in financial condition and the need to use or increase reserves held for general or specific purposes. In FY 2009-2010 a Reserve Fund was established to help prepare for financial constraints.

Initial resources identified were a transfer from the Street Fund equal to the amount of Water and Wastewater franchises paid to that fund in that year. The City represented in the budget process that the funds would be held in reserve until a future, annual budget process in which the Budget Committee approved appropriating some or all of the reserve for use. Other specific resources (revenue streams) and requirements (operational, capital or emergency) were not identified. This resolution is intended to provide clarification on these issues.

THE CITY OF ASHLAND RESOLVES AS FOLLOWS:

SECTION 1:

- A. Resources to the Reserve Fund will be identified during the annual budget process and may include the following as approved by the Budget Committee:
1. Specific revenue streams such as taxes, franchises, charges for services, interest charges, etc.
  2. During the year Council may elect to:
    - a. Transfer surpluses from another fund when its projected ending fund balances reasonably exceeds the target amount for an acceptable period.
    - b. Commit unanticipated resources ("windfalls") to be deposited to the Reserve Fund when doing so is preferential to other uses.
- B. Requirements of the Reserve Fund will be identified during the annual budget process and may include the following as approved by the Budget Committee:
1. Appropriations to fund a capital improvement identified in the coming fiscal year for which sufficient funding sources have not been accumulated.
  2. Appropriations to meet a financial obligation in the coming year that an alternative revenue source has not been identified and accepted:

3. Appropriations to fund an important program or project in the coming year that will be repaid by a dedicated revenue stream in the subsequent year(s).

C. The unappropriated ending fund balance of the Reserve Fund identified in the budget process is restricted from use. This amount cannot be transferred by resolution or used through a supplemental budget, unless necessitated by a qualifying emergency (ORS 294.371).

SECTION 2:

All references to an annual process for identifying resources and requirements will change to a two-year cycle if the City transitions to a biennial budget.

SECTION 3:


This resolution takes effect upon signing by the Mayor.

This resolution was duly PASSED and ADOPTED this 15 day of June, 2010




Barbara Christensen, City Recorder

SIGNED AND APPROVED this 16 day of June, 2010.

  
John Stromberg, Mayor

Reviewed as to form:

  
Richard Appice, City Attorney

1 **RESOLUTION 2020-09**  
2 **A RESOLUTION REITERATING THE NEED OF A RESERVE FUND AND**  
3 **REPEALING RESOLUTION 2010-18**

4 **RECITALS:**

5 Per ORS 294.346, any municipal corporation, by ordinance or resolution of its governing  
6 body, may establish one or more reserve funds to hold moneys to be accumulated and  
7 expended. In FY 2009-2010 a Reserve Fund was established to help prepare for financial  
8 constraints.

9 The City is required not less than the frequency of every 10<sup>th</sup> anniversary of the date upon  
10 which the reserve fund was established to review the reserve fund and determine whether  
11 the fund will be continued or abolished.

12 **NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF ASHLAND, OREGON,**  
13 **RESOLVES AS FOLLOWS:**

14 SECTION 1:

15 A. Resources to the Reserve Fund will be identified during the annual budget process and may  
16 include the following:

- 17 1. Specific revenue streams such as taxes, franchises, charges for services, interest  
18 charges, etc.
- 19 2. During the year Council may elect to:
  - 20 a. Transfer surpluses from another fund when its projected ending fund balances  
21 reasonably exceeds the target amount for an acceptable period.
  - 22 b. Commit unanticipated resources (“windfalls”) to be deposited to the Reserve  
23 Fund when doing so is preferential to other uses.

24 B. Requirements of the Reserve Fund will be identified during the annual budget process and  
25 may include the following:

- 26 1. Appropriations to fund a capital improvement identified in the coming fiscal year  
27 for which sufficient funding sources have not been accumulated.
- 28 2. Appropriations to meet a financial obligation in the coming year that an  
29 alternative revenue source has not been identified and accepted.
- 30 3. Appropriations to fund a program or project in the coming year that will be repaid  
by a dedicated revenue stream in the subsequent year(s).

1 C. The unappropriated ending fund balance of the Reserve Fund identified in the budget process  
2 is restricted from use. This amount cannot be transferred by resolution or used through a  
3 supplemental budget, unless necessitated by a qualifying emergency (ORS 294.371).

4 SECTION 2:

5 This resolution is effective upon adoption.

6 ADOPTED by the City Council this \_\_\_\_ day of June, 2020

7  
8 ATTEST:

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12 Melissa Huhtala, City Recorder

13 SIGNED AND APPROVED this \_\_\_\_ day of June, 2020.

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17 John Stromberg, Mayor

18 Reviewed as to form:

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22 David Lohman, City Attorney

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