

ORDINANCE NO. 06-18

PASSED: January 8, 2018

ORDINANCE TO APPROVING AND ESTABLISHING A CASH RESERVE POLICY FOR THE CITY OF REYNOLDSBURG

BE IT ORDAINED BY THE COUNCIL OF THE CITY OF REYNOLDSBURG, OHIO:

SECTION 1. That the following Cash Reserve Policy for the City of Reynoldsburg be used and is hereby approved and established:

See Exhibit "A" attached hereto and made a part hereof.

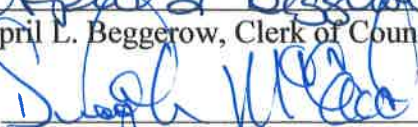
SECTION 2. That upon adoption by Council this Resolution shall be in effect thirty days following signature by the Mayor.



Doug Joseph, President of Council

ATTEST: 

April L. Beggerow, Clerk of Council

APPROVED:  DATE 1/9/18

Bradley L. McCloud, Mayor

CERTIFICATE

I, April L. Beggerow, Clerk of Council, City of Reynoldsburg, Ohio do hereby certify the foregoing to be a true and correct copy of Ordinance No. 06-18 as passed by Council of said City on the 8th day of January, 2018 and as recorded in the Record of Proceedings of said Council.



April L. Beggerow, Clerk of Council

Filed with Mayor: _____

Published: _____

City of Reynoldsburg, Ohio
Cash Reserve Policy (Fall 2017)

PURPOSE

A minimum fund balance policy assists the City of Reynoldsburg, Ohio (the "City") in maintaining the security of major operating funds and contributes to the financial stability of the City by maintaining adequate financial reserves. The minimum fund balance shall provide financial resources for the City in the event of an emergency or the loss or reduction of a major revenue source. The minimum fund balance policy will allow the Administration and City Council to recognize and react to warning indicators of financial stress and set guidelines for proactive measures.

POLICY

At the time of budget preparation, annual appropriations shall be adjusted to ensure that the projected beginning fund balances are greater than or equal to the Minimum Fund Balance as described in this policy.

DEFINITIONS

- "Projected Beginning Fund Balance" means the projected unencumbered fund balance for the beginning of the fiscal year. The projected beginning fund balance is calculated at the time the budget is prepared.
- "Anticipated Revenue" means the amount of revenue the City expects to receive in the upcoming fiscal year to fund annual appropriations.
- "Anticipated Fund Balance" means an amount equal to the Projected Beginning Fund Balance; less Total Appropriations including transfers and debt service payments; plus Anticipated Revenue.

GENERAL FUND

The minimum unencumbered cash balance in the General Fund will be an amount equal to 25% of General Fund operating expenditures. This amount does not include any amounts on deposit in the contingency reserve fund.

MONITORING

Fund balances will be monitored on a month-to-month basis. Monitoring projections will be based upon trend data. The fund balances may drop temporarily below the minimum level due to current operations or emergencies. Additional monitoring and reports will be done per the Financial Action Plan when required.

COMPLIANCE

Once it is determined that the City cannot meet the requirements of this policy, the Mayor will include a concise statement in the annual appropriations ordinance explaining the decision to waive the policy. The statement should include the present financial status of the City, a specified timetable for returning to the policy, and reason(s) given for overriding the policy. Should it be determined that the City will not be able to fall within conformance within one year, the Financial Action Plan will be implemented.

FINANCIAL ACTION PLAN

Once it is determined that the General Fund will not be able to meet the required reserve, the financial action plan shall be implemented in various stages:

General Fund:

- A. Step 1 - Projected reserves drop between 20% and 25%.
 1. If the reserves drop in this range because of a one-time capital purchase, no action will be needed on the assumption that the reserves will be met within one year.
 2. If the reserves fall into this range due to operational expenses, city officials shall during the budget process, reduce all possible appropriations. If this process brings the budget within the required 25% reserve, no further action is required.

- B. Step 2 - Projected reserves drop between 15% and 20%.
 1. If the reserves drop into this range, the City must take additional measures to limit expenditures and increase revenues.
 2. The Mayor and his/her designees shall review all charges and fees and seek additional revenue sources.
 3. City Council shall meet and consider the necessary suggestions for revenue enhancements.
 4. City officials shall work to make every effort to raise revenues to bolster their reserves and limit expenditures.
 5. The use of contractual employees and/or consultants will be closely scrutinized and discouraged.
 6. Purchase of capital items shall only be made if absolutely necessary, provided that those purchases do not increase future operating costs.
 7. The City will enact a hiring freeze for any additional personnel who are funded through this fund, unless there is a revenue generating program to pay for the individual(s).
 8. All nonunion wages may be frozen; a request for wage concessions from its union employees will be made.

- C. Step 3 - Projected reserves drop below 15%.
 1. Discuss revenue enhancements, tax levies, and reductions in personnel.
 2. All nonessential expenditures shall cease.
 3. The Administration shall prepare a two-year budget projection to determine the long-term financial plan for recovery in the form of a proposed action plan.
 4. City Council as a whole will evaluate the proposed action plan and approve the action plan once finalized.