RESOLUTION NO. 36-2008

Establishing a General Fund Carryover Balance/Reserve Policy for the City of Worthington.

WHEREAS, the purpose of this policy is to take a proactive approach to financial management in the City of Worthington; and

WHEREAS, a General Fund Carryover Balance/Reserve Policy assists the City in maintaining long-term financial stability through the development of an adequate fund balance and appropriate reserve account.

NOW, THEREFORE, BE IT RESOLVED by the Council of the Municipality of Worthington, County of Franklin, State of Ohio:

SECTION 1. That City Council does hereby adopt the General Fund Carryover Balance/Reserve Policy attached hereto.

SECTION 2. That the Clerk of Council be and hereby is instructed to record this Resolution in the appropriate record book.

Adopted December 8, 2008

Louis J. Rosebury Jeffrey

President of Council

Attest:

D. Kay Thress

Clerk of Council

Introduced November 17, 2008
Tabled

CITY OF WORTHINGTON, OHIO
GENERAL FUND
CARRYOVER BALANCE/RESERVE POLICY

A. Purpose

The purpose of this policy is to ensure the financial stability and security of the General Fund of the City of Worthington and to guard against cyclical changes in revenue and expenditures by taking a proactive approach to the financial management of the City.

B. Policy

At the time of budget preparation and to the extent possible, annual appropriations shall be adjusted or additional revenue sources identified to ensure that the anticipated fund balance is greater than or equal to the Carryover Fund Balance as described in the scope of this policy.

C. Definitions

1. Estimated Beginning Fund Balance – The estimated unencumbered fund balance for the beginning of the fiscal year. This is calculated at the time the annual budget is prepared.

2. Anticipated Revenues – The amount of revenue the City of Worthington expects to receive in the upcoming fiscal year to fund annual appropriations.

3. Appropriations – The total amount appropriated for expenditure.

4. Estimated Ending Fund Balance – An amount equal to the Estimated Beginning Fund Balance plus Anticipated Revenues less Appropriations. The estimated ending fund balance is calculated at the time the budget is prepared and presented to City Council.

D. Scope

This policy applies to the General Fund, which is the primary operating fund for the City of Worthington.

E. Application

The estimated ending fund balance will be calculated at the time of annual budget preparation. Estimated ending fund balance will be calculated by taking the budget year's projected beginning fund balance, plus anticipated revenues, less appropriations. The resulting estimated ending fund balance must comply with the carryover fund balance established in the scope of this policy.

In January, after the previous calendar year has been closed, we will determine the actual General Fund Carryover Balance. If the balance has exceeded 15 percent of the previous years operating expense, and the reserve account has fallen below $1.5 million, 50 percent of the excess may be used to replenish the operating reserve. The annual set aside may never exceed 5 percent of the previous years operating revenue and is capped at $1.5m.

F. Monitoring

The General Fund Balance will be monitored and reported to City Council on a quarterly basis. When appropriate, revised revenue projections will be included as well as any supplemental appropriation measures.

G. Compliance

Given our current economic climate we realize it will take some time to obtain our proposed carryover balance. With that understanding, once the carryover balance has been reached, there may be circumstances where the fund balance may fall below the minimum level due to unforeseen emergencies. Corrective action will be taken in the next annual budget to reduce appropriations, increase revenue, or tap the reserve account to bring the fund balance into compliance with this policy.

If during the annual budget discussions the Administration and/or Council determine that the City cannot meet the requirements of this policy, then they will include in the annual appropriations ordinance a concise statement 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 the reason(s) given for overriding the policy.

This policy shall be reviewed annually with Council to determine if the carryover fund balance amount is consistent with the financial needs of the City of Worthington.