

ORDINANCE NO. 2017-5

AN ORDINANCE ADOPTING A GENERAL FUND RESERVE POLICY FOR THE CITY OF HURON AND DECLARING AN EMERGENCY

WHEREAS, the Finance Committee of the City of Huron has endorsed and made recommendation for the adoption of this General Fund Reserve Policy on February 14, 2017; and,

WHEREAS, Huron City Council wishes to establish and implement such policy in accordance with best practices of local government financial management,

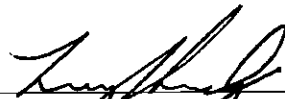
BE IT ORDAINED BY THE COUNCIL OF THE CITY OF HURON, OHIO:

SECTION 1. That the policy set forth in Exhibit "A" attached hereto and made a part hereof shall be, and hereby is, adopted as the General Fund Reserve Policy of the City of Huron.

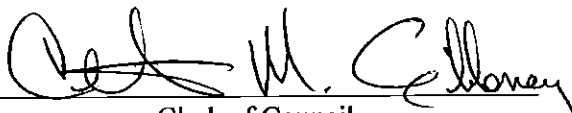
SECTION 2. That the various municipal officers having authority over the fiscal budget of the City shall act in accordance with such policy.

SECTION 3. It is hereby found and determined that all formal actions of this Council concerning and relating to the passage of this Ordinance were adopted in an open meeting of this Council and that all deliberations of this Council and any of its committees that resulted in such formal action were in meetings open to the public in compliance with all legal requirements, including O. R.C. 121.22.

SECTION 4. This Ordinance is hereby declared to be an emergency measure necessary for the immediate preservation of the public, health, safety, and general welfare and for the further reason that the policy adopted herein is needed for the protection and preservation of public funds; wherefore, this Ordinance shall be in full force and effect from and immediately after its passage.



Trey Hardy, Vice Mayor

ATTEST: 
Clerk of Council

ADOPTED: MAR 14 2017

- A. **Purpose:** To protect fiscal position of the City of Huron from the effects of economic uncertainty and fiscal emergency, a General Fund Reserve Policy shall be established. The policy shall set a targeted amount of liquid financial reserves to assist with defense against unanticipated circumstances or events resulting in revenue shortfalls or increased expenditures. The policy shall serve to set the amount of unrestricted funds to be held in reserve, the conditions under which those funds can be allocated, guidelines for replenishment of those funds in the event that they are used for an allowable circumstance(s), and guidelines for situations in which reserve funds exceed the threshold of this policy.
- B. **Application:** The General Fund consists of financial transactions specific to the general operations of the City, including general operational costs, capital funding, debt service payments, contractual relationships, and departmental subsidies. This policy shall serve to establish a fund reserve for the City's General Fund.
- C. **General Fund Reserve Policy:** The City of Huron will keep a reserve fund balance within the General Fund as a sound fiscal management practice. The following parameters shall set the guidelines for establishing the reserve amount:
- a. The amount kept in reserve will be assessed each year as part of the budget process. The General Fund reserve will be presented to the Finance Committee and City Council as part of the budget presentation. The amount will be based on the upcoming fiscal year's operational expenses projected within the General Fund.
 - b. **Minimum:** The City will keep a minimum fund balance within the General Fund of 15% of the forecasted operational General Fund expenses for the upcoming year that have been legislatively adopted as part of the budget.
 - c. **Maximum:** The City will keep a maximum fund balance within the General Fund of 25% of the forecasted operational General Fund expenses for the upcoming year that have been legislatively adopted as part of the budget.
- D. **Funding the Reserves:** The following shall dictate the methodologies used for addressing shortfalls or surpluses within the reserve fund balance.
- a. In the event that the funds within the General Fund fall below the minimum amount defined by Section C(b), the City Manager and Director of Finance shall provide a report and refunding plan and timeline to the Finance Committee and City Council. Such funding plan must be authorized by a majority vote of the body of City Council.
 - b. In the event that reserve funds within the General Fund exceed the maximum amount defined by Section C(c), the City Manager and Finance Director shall

provide a report of such circumstance to the Finance Committee and City Council. Use of the funds must be authorized by a super majority vote (5/7) of City Council. The funds in excess of the required maximum can be used for the following purposes:

- i. Transfer of funds to the Capital Improvement Fund
- ii. Transfer of funds to the Economic Development Fund
- iii. One-time expenses deemed necessary for the continued development of the City
- iv. Projects or objectives highlighted by City Council
- v. Retire existing debt

E. **Use of the Reserve Funds:** Request for use of these funds that would result in taking the reserve below the minimum established within this policy must be authorized by City Council through a budget appropriation or amendment by a super majority (5/7) vote of the body. Funds should only be used for the following circumstances:

- a. Unanticipated, extreme, or unforeseen liabilities such as emergencies, natural disasters, and economic downturns.
- b. Provide short-term capital financing in anticipation of future revenues (i.e. receipt of debt-service revenues, reimbursable grants).

Authorization of use of these funds must be accompanied by a refunding plan which shall be reviewed and approved by both the Finance Committee and City Council.

These funds shall not be used for recurring operational expenses.

F. **Policy Review:** This policy is meant to provide a plan for the establishment of such reserve funds and direction for the use of those funds. To effectively manage the intent of the policy, an annual review of the policy shall be undertaken.

This plan was reviewed and adopted by the Finance Committee on February 14th, 2017.