

NOTICE OF ADOPTION

I, Teri Davis, do hereby certify:

1. That I am the Clerk of Council of the Council of the City of Centerville, Ohio;
and
2. That on the 5th day of October, 2020,
Ordinance No. 20-20 was adopted by the Centerville City Council; and
3. That a certified copy of Ordinance No. 20-20 was published in the
posting locations prescribed by the City of Centerville Council.



Clerk of Council

ORDINANCE NO. 20-20

CITY OF CENTERVILLE, OHIO

SPONSORED BY COUNCILMEMBER Belinda Kenley ON THE 5th DAY OF October, 2020.

AN ORDINANCE AUTHORIZING THE ADOPTION OF A FUND BALANCE POLICY FOR THE CITY OF CENTERVILLE AND TO ESTABLISH THE ECONOMIC DEVELOPMENT AND BUDGET STABILIZATION FUND.

WHEREAS, it has been the City of Centerville's practice and stated policy to prepare the operating budget with the goal of maintaining an actual year-end General Fund reserve in the range of 50% to 100% of operating expenditures and transfers; and

WHEREAS, the fund balances are intended to provide the City with sufficient liquidity to support one-time emergency costs, unanticipated mandates and non-recurring shortfalls, and not to be used to fund recurring operating expenses; and

WHEREAS, establishing a minimum fund balances is a mechanism the City can utilize to help ensure adequate levels of fund balances to mitigate current and future risk exposures; and

WHEREAS, the rating agencies desire adopted policies as opposed to standard operating practices; and

WHEREAS, accountability is one of the City's Core Values; and

WHEREAS, the City desires to have a formal policy adopted by Council stating the City's Fund Balance Policy; and

WHEREAS, the purpose of the Fund Balance Policy is to provide guidelines to Council and the City Staff for establishing, maintaining, and reviewing the fund balances for the City; and

WHEREAS, the Fund Balance Policy will serve to allow Council and the City Staff to recognize and address financial and operational indicators for its key funds and set guidelines for proactive financial management measures; and


WHEREAS, Section 5705.12 of the Ohio Revised Code grants permission to the taxing authority of a subdivision to establish special funds; and

WHEREAS, a special fund is needed to properly account for Economic Development and Budget Stabilization.

NOW THEREFORE, THE MUNICIPALITY OF CENTERVILLE HEREBY ORDAINS:


- Section 1. That the City Council hereby adopts the attached Fund Balance Policy for the City of Centerville.
- Section 2. That there is hereby established the Economic Development and Budget Stabilization Fund.
- Section 3. That this ordinance shall take effect at the earliest date allowed by law.

PASSED THIS 5th day of October, 2020.



Mayor of the City of
Centerville, Ohio

ATTEST:



Clerk of Council
City of Centerville, Ohio

CERTIFICATE

The undersigned, Clerk of Council of the City of Centerville, Ohio, hereby certifies the foregoing to be a true and correct copy of Ordinance No.

20-20, passed by the Council of the City of Centerville, Ohio on the 5th day of October, 2020.


Clerk of the Council

Approved as to form, consistency with the
Charter and Constitutional Provisions.

Department of Law
Scott A. Liberman
Municipal Attorney



City of Centerville

Fund Balance Policy

Establishing a budgetary/financial policy for the City of Centerville relative to targeted fund balances for effective planning and emergency financial needs.

- I. It is in the best interest of the City of Centerville to identify a financial policy relative to targeted fund balances in key funds for effective planning and emergency financial needs for the City's future operations and capital needs.
- II. The Finance Committee and City Staff have reviewed the current financial and budgetary position as well as established recommendations for targeted fund balances in key City funds so as to effectively safeguard the City against any economic downturns and provide solid fiscal planning for the future.
- III. Prudent and proactive financial management on the part of the elected and appointed officials of the City has enabled the City to establish targeted fund reserves to ensure to the greatest extent possible the fiscal health of the City in the future.
- IV. The following sections outline the standards the City of Centerville will hold itself to as governed by the City's five-year strategic plan and budget:
 - a. **SECTION 1:** It is the intent of the City Council to establish targeted fund balances in several of the City's key funds to guard against any economic

downturns and provide sound fiscal planning for the City in the current environment and in the future.

- b. **SECTION 2:** The targeted fund reserve for the General Fund is established at a range of 50% to 100% of operating expenditures and transfers for the current fiscal year. This range is established because the General Fund is an operational fund and is subject to the fluctuations of the City's revenues and expenditures, as well as the general economy. The low and high ends of the range would serve a dual purpose by acting as "triggers" for City actions when either end of the range is approached and secondly by allowing for management flexibility within which to operate for City financial planning.
- c. **SECTION 3:** In the event that the General Fund exceeds 100% of operating expenditures and transfers at the end of the fiscal year, the excess amount will transfer to an Economic Development & Budget Stabilization Fund.
- d. **SECTION 4:** City staff is directed to prepare all necessary budgetary documents to reflect these targeted fund balances and efforts should be made to establish and maintain these fund balances in the respective funds whenever possible. This resolution does not restrict the City from utilizing some or the entire targeted fund balances should conditions dictate such usage and the necessary appropriations are approved by City Council.
- e. **SECTION 5:** The City Council and staff should periodically review these targeted fund balances for modification based on economic and budgetary conditions of the City to ensure appropriate emergency and fiscal planning for future years.

V. Minimum Cash Fund Balance Reserves

- a. The City will budget minimum cash fund balances for various operating and capital funds to provide reserves for unforeseen emergencies or revenue shortfalls and to eliminate the need for selling off long-term investments before maturity.
- b. It is the policy of the City of Centerville to meet or exceed these minimum cash fund balances in each budget and five year financial plan. We recognize that unforeseen events may cause short-term breaches of these fund balance reserves, but it will be the City staff’s responsibility to develop a plan of action to address these shortfalls and present such to City Council before taking action.
- c. The City’s cash balances will be presented and reviewed with City Council as part of the City’s annual budget review and approval process.
- d. The following minimum cash fund balances are stated as a percentage of annual expenditures:

Fund	Balance as % of Annual Expenditures
General	50-100%
Street Construction/Maintenance	25%
Waste Collection	25%
Golf Course Operations	25%
Capital Improvements	16%
Capital Equipment Purchase	16%
Yankee Trace Equipment Purchase	16%
Central Vehicle Purchase	16%

Exhibit "A"

Fund	Target Balance as % of Annual Expenditures	12/31/2019 Ending Balance	Balance as % of 2019 Annual Expenditures	06/30/2020 Ending Balance	*Balance as % of 2020 Budgeted Expenditures	**12/31/2020 Ending Balance	*Balance as % of 2020 Budgeted Expenditures
General Fund	50-100%	\$ 24,944,500	121.55%	\$ 25,572,891	104.82%	\$ 24,646,944	101.02%
Other Major Funds:							
Street Construction/Maintenance	25%	\$ 1,526,388	58.23%	\$ 1,669,334	57.37%	\$ 1,660,463	57.06%
Waste Collection	25%	\$ 1,212,224	89.72%	\$ 1,352,668	82.22%	\$ 989,698	60.16%
Golf Course Operations	25%	\$ 1,736,156	59.49%	\$ 1,933,408	56.01%	\$ 1,701,710	49.30%
Capital Funds:							
Capital Improvements	16%	\$ 2,548,681	41.99%	\$ 5,513,373	64.69%	\$ 1,423,450	16.70%
Capital Equipment Purchase	16%	\$ 832,327	111.91%	\$ 816,803	113.73%	\$ 846,112	117.81%
Yankee Trace Equipment Purchase	16%	\$ 562,421	76.69%	\$ 733,019	219.84%	\$ 692,779	207.77%
Central Vehicle Purchase	16%	\$ 379,728	47.99%	\$ 160,116	27.32%	\$ 102,298	17.46%

* Per the Original 2020 Budget

** Projected Ending Balance