

ORDINANCE NO.:

2019-06

SPONSOR:

COUNCILMEN DYER AND SHAUGHNESSY

INTRODUCED:

MARCH 26, 2019

ASSIGNED TO: _____

FINANCE

DEFEATED

AN ORDINANCE CREATING A BUDGET STABILIZATION FUND, AND DECLARING AN EMERGENCY.

WHEREAS, Section 5705.13 of the Ohio Revised Code grants permission to the taxing authority of a subdivision to establish reserve balance accounts “to stabilize subdivision budgets against cyclical changes in revenues and expenditures”; and

WHEREAS, the City of Green has informally held an unencumbered general fund balance of approximately six (6) months of city expenditures in case of emergencies; and

WHEREAS, the unencumbered general fund balance may currently be used in any way deemed fit by the City’s Mayor and City Council; and

WHEREAS, the Pew Charitable Trusts has recommended funds should be designed with clear objectives on how much financial cushion will be needed in the event of a downturn or emergency, deposits should be directly tied to volatility to take advantage of increases during good economic times, and withdrawals should be made in accordance with clearly established criteria”; and

WHEREAS, the Pew Charitable Trusts have reported that well-managed Budget Stabilization Funds improve a city’s overall bond rating and fiscal health; and

WHEREAS, the City currently has no formal policy on the deposit to and expenditure from these reserve balances; and

WHEREAS, the City wishes to establish clear guidelines on contributions to and withdrawals from the City’s reserve fund in cases of fiscal or other emergency.

NOW, THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF GREEN, COUNTY OF SUMMIT, AND STATE OF OHIO THAT:

SECTION ONE:

Green City Council hereby establishes a Budget Stabilization Fund to be located within the City’s General Fund. Any interest and dividends earned on the Budget Stabilization Fund shall be credited to the Budget Stabilization Fund.

SECTION TWO:

In accordance with Ohio Revised Code Section 5705.13(A), the City’s Finance Director shall deposit no more than five percent (5%) of the prior fiscal year’s revenue for the General Fund into the Budget Stabilization Fund until the amount in the fund reaches a balance equivalent to twenty percent (20%) of the prior year’s income tax collection.

SECTION THREE:

The Budget Stabilization Fund shall be used to accumulate resources against increases in expenditures or decreases in revenues in the General Fund. Such changes may include a general economic recession, additional payroll expenses due to an extra pay period within the fiscal year, or substantial unexpected losses to the City's tax base. Expenditures from the Budget Stabilization Fund shall be automatically triggered and utilized by the Finance Director if municipal income tax collections are projected to drop by ten percent (10%) or more within the first six (6) months of any given fiscal year.

SECTION FOUR:

During an economic recession, the City shall neither raise its municipal income tax nor lay off essential city employees unless and until the Budget Stabilization Fund has been exhausted.

SECTION FIVE:

Nothing in this provision prevents the City from continuing to hold an unencumbered reserve balance in the General Fund. Barring any necessary expenditures from either fund, the amount in the General Fund's unencumbered balance added to the Budget Stabilization Fund should equal approximately six (6) months of total city expenditures.

SECTION SIX:

The City of Green finds and determines that all formal actions of this Council concerning and relating to the adoption of this Ordinance were taken in open meetings of this Council and any deliberations of this Council and any of its committees that resulted in those formal actions were in meetings open to the public, in compliance with all legal requirements.

SECTION SIX:

Council declares this to be an emergency immediately necessary for the preservation of the public peace, health, safety and welfare of the citizens of Green and so that municipal projects may move forward immediately. Provided that this legislation receives the affirmative vote of three-fourths of the members elected or appointed to Council, it shall take effect and be in force immediately upon its passage and approval by the Mayor; otherwise, it shall take effect and be in force at the earliest time allowed by law.

ADOPTED: _____

Molly Kapeluck, Clerk of Council

Bob Young, Council President

APPROVED: _____, 2019

Gerard M. Neugebauer, Mayor

ENACTED EFFECTIVE _____, 2019

ON ROLL CALL: Babbitt *-NAY* Dyer *-Aye* Humphrey *-NAY* Shaughnessy *-Aye*
Speight *-Aye* Yeargin *-NAY* Young *NAY* *Failed 4-3*

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Molly Kapeluck
Molly Kapeluck, Clerk of Council

03/21/2019 Approved as to form and content by William Chris, Director of Law, Interim *WChris*

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