

**City Sunbury, Ohio**  
**Cash Reserve Policy (Updated \_\_\_\_\_ 2023)**  
**RES. 2023.11 EXHIBIT A**

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PURPOSE

A minimum fund balance policy assists the City of Sunbury (“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 Sunbury City Council (“Council”) and administrative staff 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

- 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.
- Anticipated Revenue means the amount of revenue the City expects to receive in the upcoming fiscal year to fund annual appropriations.
- Finance Committee means a Committee of the Whole of Council. All members of Council sit on this committee and are responsible to reviewing the financial matters of the City and making policy and legislative recommendations.
- 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.

GENERAL FUND

The minimum unencumbered cash balance in the General Fund will be an amount equal to 105 days (approximately 28%) of General Fund operating expenditures.

MONITORING

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

COMPLIANCE

If it is determined that the City cannot meet the requirements of this policy while preparing its annual budget, Council will include a concise statement in the annual appropriations ordinance explaining the reasons to waive the policy. The statement should also include the present financial status of the City and a specified timetable for returning to the policy. If it is determined that the City cannot comply with the policy during the following fiscal year, the Financial Action Plan will be implemented.

#### FINANCIAL ACTION PLAN – GENERAL FUND

The plan shall be implemented in various stages:

General Fund:

A. Step 1 - Projected reserves drop below 28%.

1. If the reserves drop below this threshold because of a one-time capital purchase, no action will be needed assuming the reserves will be met within one year.
2. If the reserves fall below this threshold due to operational expenses, City officials shall reduce all possible appropriations during the budget process. If this process brings the budget within the required 28% reserve, no further action is required.

B. Step 2 - Projected reserves drop below 20%.

1. If the reserves drop below this threshold, the City must take additional measures to limit expenditures and increase revenues.
2. Administrative staff shall work to make every effort to collect revenues and limit expenditures to bolster the reserves.
3. Administrative staff shall review all charges and fees and recommend additional revenue sources to the Finance Committee for consideration if appropriate.
4. The Finance Committee shall meet and consider the necessary suggestions for revenue enhancements.
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 and a request for wage concessions from its union employees may be considered.

C. Step 3 - Projected reserves drop below 15%.

1. All nonessential expenditures shall cease.
2. The Administration shall prepare a two-year budget projection to determine the long-term financial plan for recovery.
3. City staff shall discuss additional revenue enhancements, tax levy options,, and reductions in personnel and prepare an action plan for the Finance Committee's consideration..
4. The Finance Committee will evaluate and recommend the proposed action plan and present to the full Council for consideration.

## FINANCIAL ACTION PLAN – FUNDS OUTSIDE OF THE GENERAL FUND

Special Revenue and Capital Improvement funds may have long-term commitments as a mechanism for financing projects with an expected life of greater than one year. A minimum unencumbered cash balance for these funds will be 50% of the expected annual debt service for each fund. As new debt is issued, a separate debt service schedule is kept, updated for each additional commitment, and minimum funding requirements are reviewed by the Finance Committee as part of the annual budget process. Funds that meet this criterion are:

- Street Fund;
- State Highway Fund;
- Cemetery Fund;
- Parks and Recreation Fund;
- Sewer Fund; and
- Capital Projects Fund.

This policy also applies to all special revenue and capital improvement funds created in the future with a debt service component.