

**CITY OF SULTAN
SULTAN WASHINGTON
RESOLUTION 21-26**

**A RESOLUTION OF THE CITY OF SULTAN ADOPTING THE
APPROPRATIONS OF ENDING FUND BALANCES**

WHEREAS the Council has determined that adequate reserve levels are a necessary component of the City's overall financial management strategy and a key factor in external agencies' measurement of the City's financial strength, and

WHEREAS the maintenance of fund balances for each operating fund assures adequate resources for cash flow and to mitigate short-term effects of revenue shortages or unexpected expenses. Reserve funds are necessary to enable the City to deal with unforeseen emergencies or changes in condition, and

WHEREAS the State Auditor and bonding agencies encourage the adoption of written fiscal policies, and

WHEREAS Resolution 20-27 established a 90-day reserve for all operating funds, and

WHEREAS the City of Sultan wishes to establish the investments of the funds in excess of the 90-day reserves, and

WHEREAS the City wishes to close the garbage operating fund, and

WHEREAS, this Resolution will provide a mechanism for the City Council to use when establishing how to invest in the funds over and above the defined reserve levels,


NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF SULTAN,
WASHINGTON, DOES RESOLVE AS FOLLOWS:

Section 1: the attached document entitled "Investments of the ending fund balances and closeout the garbage operating fund" (Exhibit A) is hereby adopted.

PASSED AND ADOPTED this 2nd day of December 2021.


CITY OF SULTAN

DocuSigned by:


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Russell Wiita, Mayor

DocuSigned by:
ATTEST/AUTHENTICATED:


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Tami Pevey, City Clerk

EXHIBIT A**City of Sultan****Investments of the ending fund balances and closeout the garbage operating fund**

When the City updated its reserves policy through resolution 20-27, it established a ceiling of 90-days for each of the funds within the City's budget. As a result of that resolution, the City had additional resources to invest within the City. These investments and the table below will outline staff's understanding of the Mayor's and council's direction.

The table below, outlines the assets available for investments within the City. Including the beginning fund balances and all available assets. These numbers are the projected balances expected at 12/31/2021. Estimated using the 11/18/2021 Budget Status reports projected out 2 months to include the first 20 days of 2022 expenditures related to 2021. The over 90-day figures are the ones that staff used when making the recommendations.

Operating Fund Balances	Revenues	Expenditures	Projected 12/31/2021 Fund Balances	90 days of Expenditures	Over 90 days
General Fund	6,903,571.65	3,985,753.91	2,917,817.74	996,438.48	1,921,379.26
Street Fund	486,655.09	383,242.25	103,412.84	95,810.56	7,602.28
Cemetery Fund	123,399.87	67,957.94	55,441.94	16,989.48	38,452.45
Water Fund	3,100,660.06	1,886,367.81	1,214,292.25	471,591.95	742,700.30
Sewer Fund	3,094,367.63	2,020,109.04	1,074,258.59	505,027.26	569,231.33
Garbage Fund	394,241.00	390,967.00	3,274.00		3,274.00
Stormwater Fund	381,723.09	291,634.57	90,088.52	72,908.64	17,179.88

Below staff has outlined the investments of two different funds. The Garbage operating reserves and the ending fund balance.

Staff recommends that the balances over 90-days are invested as follows:

- \$3,274.00 cash balance from the Garbage operating fund: Will transfer to the General fund.
- All remaining unpaid garbage fund collections (\$6,748.01) will be allocated to the General Fund.
- \$392,290 Planned transfers out of the General fund in 2022 include:
 - \$5,340 to fund 103 Cemetery for operations and meet the 90-day reserves
 - \$58,450 to fund 406 Stormwater Utility, with a portion to meet the 90-day reserves
 - \$100,000 to 113 Building Maintenance, and to meet 90-day reserves
 - \$97,000 to 101 Street Fund for operations and to meet 90-day reserves
 - \$50,000 to 303 Street Improvement Fund for ARPA projects from Snohomish County Council grant.
 - \$50,000 to 305 Park Improvement Fund for ARPA projects from Snohomish County Council grant

EXHIBIT A

- \$31,500 to 109 Community Improvement Fund for the Community Alliance and the City's Wellness program

Staff recommends that council hold off on additional investments until a discussion can occur on the large capital projects.

In the long term, \$200,000 from the reserve funds will be invested in the 2023-2024 comprehensive plan.

This resolution sets out the framework for investments of these funds within the 2022 budget.