

**CITY OF SULTAN
SULTAN WASHINGTON**

RESOLUTION 22-14

**A RESOLUTION OF THE CITY OF SULTAN ADOPTING THE
APPROPRIATIONS 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” (Exhibit A) is hereby adopted.

PASSED AND ADOPTED this 17th day of November 2022.

CITY OF SULTAN


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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**

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 12/31/2022. Estimated using the 10/19/2022 Budget Status reports projected out 2 months to include the first 20 days of 2023 expenditures related to 2022. The over 90-day figures are the ones that staff used when making the recommendations.

Operating Fund Balances	Revenues	Expenditures	Projected 12/31/2022 Fund Balances	45 days	Over 45 days	90 days of Expenditures	Over 90 days
General Fund	6,423,070	4,552,816	1,870,254	569,102	1,301,152	1,138,204	732,050
Street Fund	665,938	502,041	163,897	62,755	101,142	125,510	38,387
Cemetery Fund	114,463	66,018	48,445	8,252	40,193	16,505	31,941
Water Fund	3,811,997	2,098,421	1,713,576	262,303	1,451,273	524,605	1,188,971
Sewer Fund	3,694,166	2,127,327	1,566,839	265,916	1,300,923	531,832	1,035,007
Stormwater Fund	485,409	397,088	88,321	49,636	38,685	99,272	(10,951)

Below staff has outlined the investments of operating reserves and the ending fund balance.

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

- \$46,489 Planned transfers out of the General fund in 2023 include:
 - \$37,489 to the IT fund
 - \$9,000 to the 101 Street Fund for operations and to meet 90-day reserves

Exhibit A (Continued)

- \$10,000 in the fund balance of 109 Community Improvement Fund for the Community Alliance. General funds portion of FEMA administrative fees already in the 109 fund balance will pay for these programs, therefore the normal transfer is not needed.
- -\$10,951 Stormwater fund under the 90 day reserve goal for 2022, due to higher than expected professional services costs. Although this fund was supported by the general fund in the past no transfers are planned for 2023. This will further decrease the balance in 2023. Rate increases are planned to have the balance above 90 days by 2025.

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.

System model- calibrations water and sewer of \$150K each/ every 5 years will be reserved in the operating funds.

System plan update of \$150K water and sewer every 10 years starting in 2026,'

Stormwater utility reserves of \$300K for the first plan in 2026-2027.

This resolution sets out the framework for investments of these funds within the 2023 budget.