

Introduced by: Borough Manager
Drafted by: Finance Director
Introduced on: 10/03/2019
Amended on: 10/17/2019
Public Hearing Date: 10/17/2019
Adopted on: 10/17/2019

**KODIAK ISLAND BOROUGH
ORDINANCE NO. FY2020-10**

**AN ORDINANCE OF THE ASSEMBLY OF THE KODIAK ISLAND BOROUGH AMENDING
KODIAK ISLAND BOROUGH CODE OF ORDINANCES TITLE 3 *REVENUE AND FINANCE*
CHAPTER 3.05 *FISCAL POLICY* SECTION 3.05.080 *RESERVE POLICIES***

WHEREAS, The Assembly finds that it is in the Borough's best interests to set minimum fund balance reserve amounts by ordinance; and

WHEREAS, The Assembly finds that minimum fund balances should be set with the objective there will be sufficient uncommitted resources to cover cash flow needs at all times, regardless of seasonal fluctuations in expenditures or reserves and to provide adequate reserves for emergency needs; and

WHEREAS, The Assembly finds that when fund balances are reduced below minimum reserve targets based upon Assembly action, an orderly process should be followed to restore the minimum fund balances.

NOW, THEREFORE, BE IT ORDAINED BY THE ASSEMBLY OF THE KODIAK ISLAND BOROUGH THAT:

Section 1: This ordinance is of permanent nature and shall become a part of the Kodiak Island Borough Code of Ordinances.

Section 2: That section 3.05.080 of the Kodiak Island Borough Code of Ordinances, entitled Reserve Policies, is amended to read as follows:

3.05.080 Reserve policies.

A. Fund Balance Policy.

Fund balance is the uncommitted resources of a fund. Borough policy is to construct the various fund balance budgets in such a way that there will be sufficient uncommitted resources to cover cash flow needs at all times, regardless of seasonal fluctuations in expenditures or reserves and to provide adequate reserves for emergency needs.

43 The borough will maintain a fund balance designated for fiscal cash liquidity purposes (i.e.,
44 fiscal reserve) that will provide sufficient cash flow to minimize the potential of short-term
45 tax anticipation borrowing. Specific fund balance reserves and the purposes of these
46 reserves are as follows:

- 47 1. General Fund Operating Reserves: The borough will maintain a general fund
48 operating reserve to provide for adequate cash flow, budget contingencies, and
49 insurance reserves. The cash flow reserve within the general fund is an amount
50 equal to six months of budgeted operating expenditures and one-half the
51 current liability insurance deductible amount.
- 52 2. Education Support Fund: The Borough will maintain a cash flow reserve to
53 provide for unexpected revenue shortfalls. The cash flow reserve within the
54 education support fund is equal to \$75,000.00.
- 55 3. Debt Service Fund: The Borough will maintain a cash flow reserve to provide for
56 unexpected revenue shortfalls. The cash flow reserve within the debt service
57 fund is equal to \$275,000.00.
- 58 4. Solid Waste Disposal & Collection Fund: The Borough will maintain an operating
59 reserve to provide for adequate cash flow, budget contingencies and loan
60 payment reserves. The cash flow reserve within the solid waste disposal and
61 collection fund is an amount equal to six months of budgeted operating
62 expenditures and the loan payment reserve is the following years total loan
63 payments.

64
65 ~~B. Appropriated Contingencies.~~

66 ~~The borough will maintain appropriated contingencies to provide for unanticipated~~
67 ~~expenditures. The three contingencies and their recommended minimum funding levels~~
68 ~~are:~~

69 ~~Emergency contingency: one percent of general fund.~~

70 ~~Personnel contingency: one half percent of general fund.~~

71 ~~Litigation contingency: one quarter percent of general fund.~~

72 ~~The borough will maintain sufficient self-insurance reserves as established by professional~~
73 ~~judgment based on the funding techniques utilized and the recorded losses.~~

74 **B. Use and Restoration of Reserves.**

- 75 a. All expenditures drawn from reserve accounts require prior assembly approval
76 unless previously authorized by the assembly for expenditure within the
77 assembly approved annual budget.
78



79
80
81
82
83
84
85
86
87
88
89
90
91
92
93
94
95
96
97

b. If reserves and or fund balances fall below the required level set in subsection (A) of this section, the assembly shall include within its annual budget a plan to restore reserves and or fund balance to the required levels.

Effective Date: This ordinance takes effect upon adoption.

**ADOPTED BY THE ASSEMBLY OF THE KODIAK ISLAND BOROUGH
THIS SEVENTEENTH DAY OF OCTOBER, 2019.**

KODIAK ISLAND BOROUGH

ATTEST:



Daniel A. Rohrer, Mayor



Tara Welinsky, Clerk

VOTES:

Ayes: Schroeder, Skinner, Smiley, Turner, Arndt, and Kavanaugh

Noes:

Absent: Symmons