ORDINANCE NO. 34-11

By: Richard Sharp

WHEREAS, In 1998 Bexley City Council established the approved Section 232.08 establishing the Budget Stability Fund, for the purpose of setting aside excess city revenues, and

WHEREAS, the million dollar fund limit represented approximately 20% of the general fund expenditures at that time, but currently represents less than 10% of the current general fund expenditures, and

WHEREAS, the City of Bexley has periodically received unexpected funds from the Ohio Estate Tax, and that potential revenue source is being repealed by the State of Ohio, and that in the event that the City receives any large estate tax revenues before the repeal in 2013, and

WHEREAS, the City of Bexley is providing an opportunity for the citizens to decide on whether to approve an income tax increase in November 2011, and if approved the City may have a short term excess balance of funds, and

WHEREAS, some citizens may be concerned that excess funds arising from either unexpected Estate Tax or increase City income tax revenues might be used to significantly increase general fund spending, and as a result vote against the income tax increase,

WHEREAS, the permitted investment options for the Fund have been limited, resulting in low investment returns and inability for the City to make investments that could create economic opportunities within the City,

BE IT ORDAINED BY THE COUNCIL OF THE CITY OF BEXLEY

Section 1.That section 232.08 (a) be amended to read:

There is hereby created in the City Treasury the Budget Stability Fund. Since the City’s revenue sources are inherently unpredictable, it is the intent of Council to set aside and maintain an amount of money in the Budget Stability Fund as a contingency fund to be used to cover expenses of the City if actual revenues are lower than budgeted revenues and such difference cannot be offset by a reduction in expenses.

1. Beginning in 1999, the Budget Stability Fund will be funded annually in an amount equal to the amount by which funds in the General Fund at December 31 of the prior year exceed six hundred thousand dollars ($600,000)
2. Beginning in 2012, the Budget Stability Fund will be funded annually in an amount, rounded to the next lower ten thousand dollar increment, equal to the amount by which funds in the General Fund at December 31st of the prior year exceed six hundred thousand dollars ($600,000)
3. The balance in the Fund may be:
4. combined with the balance in the General Fund for purposes of cash management, provided that interest earned on the Budget Stability Fund shall be deposited in the General Fund.
5. invested up to 25% as allowed by Ohio Revised Code 731.56 in “bonds of this state, and bonds of any municipal corporation, county, township, or other political subdivision of this state, as to which there is no default of principal, interest, or coupons.”
6. used, up to 25%, to purchase real estate in the city or adjacent to the city,as allowed by Ohio Revised Code 717.01 (A) for purposes of investment, neighborhood stabilization or economic development purposes. Any gains on the sale of such property shall be transferred without restriction to the general fund.

Section 2. That section 232.08 (b)(1) and (b)(2) be amended to read:

1. The amount, rounded to the next lower ten thousand dollar increment, by which funds in the General Fund on such date exceed six hundred thousand dollars ($600,000).
2. The amount required to bring the balance of the balance in the Budget Stability Fund to four million dollars ($4,000,000).

Section 3. This Ordinance shall be in full force and effect from and after the earliest period allowed by law.

Passed: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, 2011

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President of Council

Attest: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, 2011

Clerk of Council

Approved: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, 2011

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John M. Brennan, Mayor

First Reading August 3, 2011