CITY OF GOLD BAR, WASHINGTON
RESOLUTION 26-08

A RESOLUTION FOR THE CITY OF GOLD BAR, WASHINGTON, AMENDING THE FINANCIAL PLAN RELATING TO BEGINNING BALANCES

WHEREAS, revenue in the Street Fund (101) comes from motor vehicle fuel taxes and transportation taxes that the City has no control over; and

WHEREAS, that revenue is not sufficient to meet expenditure needs in spite of reducing expenditures; and

WHEREAS, further expenditure reductions may result in reductions in levels of service; and

WHEREAS, the General Fund (001) is allowed to support other funds, and has supported the Street Fund over past years through an annual interfund transfer, which impacts the General Fund's ability to meet rising costs; and

WHEREAS, the General Fund is allowed to use fund beginning balances to support the street fund; and

WHEREAS, such change of use requires an amendment to update the City's Financial Plan; and

NOW THEREFORE, THE COUNCIL FOR THE CITY OF GOLD BAR RESOLVES as follows:

Section I, Beginning Balances, Funds Policy
Section II, Severability
Section III, Effective Date

Section I, Beginning Balances, Funds Policy

A. In general, ~~B~~beginning balances should not be utilized to maintain normal operating expenditures except in the event of extraordinary need or an emergency. An exception to this is the General Fund (001), which is allowed to support other funds. Ideally, ~~E~~each fund must ~~be able to~~ support itself through maintaining sufficient rates, fees, taxes, etc., ~~that~~ to cover day-to-day operating expenses. Because of this, revenue within beginning balances for enterprise funds must not be seen as 'bail-out' money for normal expenditures that exceed budgetary authority as set by the City's annual budget process and adoption. Enterprise funds are those such as water and stormwater, supported by rates the City sets.

Funds shall maintain a minimum beginning balance equal to thirty percent (30%) of the previous year's annual actual expenditures. ~~In times of economic downturn, t~~The City Clerk/Treasurer may ~~choose to~~ increase or decrease that percentage through the resolution process. ~~without amendment to this Financial Policy but with review and agreement by the Mayor and Council~~.

During the annual budget process, the City Clerk/Treasurer shall calculate the total expenditures from the current calendar year and determine the amount of available revenue for the coming year. Beginning balances are already included in each year's revenue budget. This calculation, however, will allow the City Clerk/Treasurer to determine an amount that can be included in the coming year's budgeted expenditures for specific purchases or improvements. This calculation of expenditures that will be encumbered for a specific reason also allows that purchase or improvement to be legally allowable under approved budgetary spending authority.

Acceptable uses for this type of revenue shall be improvements or capital purchases outside of normal day-to-day operating expenditures, with the exception of the General Fund and Street Fund as detailed in this Policy. These purchases shall be made cautiously, with a clear review of the City's financial health, and with approval of the Council prior to any purchase. Full documentation must be retained for annual audit reviews.

~~Available revenue from a beginning balance shall not be utilized for normal operating expenditures or to cover budgetary shortfalls except in the case of economic downturn or extreme situations (example: COVID-19 or other unexpected revenue shortfall). Such use shall be recommended by the City Clerk/Treasurer and should include plans for resolving the fund's shortfall.~~

The City Clerk/Treasurer may recommend not expending beginning balance funds in any given year without amendment to this Financial Plan, but with Mayor and Council approval. ~~If a decision is made to not expend the revenue, the Mayor and Council should be made aware of the reasons behind that decision. The Mayor and Council may, of course, choose to not follow the City Clerk/Treasurer's recommendations after review.~~

B. General and Street Funds. Because the Street Fund revenue comes only from taxes set by outside agencies and legislation, the General fund historically supports the Street Fund. This support, through Interfund Transfers, may negatively impact the General Fund as expenses increase.

General Fund capital projects or purchases that utilize beginning balances are the prime use of beginning balance funds. Secondary to that priority is supporting the Street Fund.

The Street Fund must maintain a beginning balance equating to thirty percent of expenditures from the previous year. The Clerk/Treasurer shall review this during the budget process. Any revenue in excess of the threshold required by this financial plan should be budgeted for normal operating expenses prior to interfund transfers from the General Fund.

Because the General Fund is allowed to support the Street Fund, beginning balances may be utilized as needed for interfund transfers with the following options in order of preference.

1. The General Fund supports the Street Fund through interfund transfers within its budgetary process without the need to utilize beginning balance revenues.

2. The General Fund supports the Street Fund through interfund transfers utilizing the beginning balance to split the amount required by the Street Fund between the normal General Fund budget process and beginning balance revenues.

3. The General Fund supports the Street Fund through interfund transfers fully funded by beginning balance revenues.

The Clerk/Treasurer shall make the decision which option is required during the budget process, based on projected expenses. This decision shall also take into consideration what capital projects or purchases may require the General Fund beginning balance revenue.

Section II, Severability

This resolution is severable and if any portion of it shall be declared invalid or unconstitutional, the remaining portion shall remain valid and enforceable.

<u>Section III, Effective Date</u>

This resolution shall take effect from, and after, its passage, approval, and publication as provided by law.

Passed by the City Council of the City of Gold Bar this _______ day of _________________, 2026.

Attest: __________________________, Lisa Stowe, Clerk/Treasurer

Attest: __________________________, Steven Yarbrough, Mayor