

*****ATTACHMENTS*****

III

Other Matters

Res. No. 23 - 21 - 22. By Alderpersons Mitchell, Filicky-Peneski, Bohren, and Felde. June 21, 2021.

A RESOLUTION updating the policy for applying the undesignated fund balance for the General Fund's ensuing year's budget.

WHEREAS, in Res. No. 46-12-13, the City of Sheboygan updated its policy regarding the amount of undesignated fund balance it should retain in reserve; and

WHEREAS, Res. No. 46-12-13 increased the amount of undesignated fund balance to be retained in reserve from 18% to 25%; and

WHEREAS, this change was done as part of the City of Sheboygan's process to implement the Governmental Accounting Standards Board (GASB)'s standard for governmental fund balance reporting and governmental fund type definitions found in GASB #54; and

WHEREAS, Res. No. 46-12-13 identified one objective of the City of Sheboygan as "to preserve the credit worthiness of the City for issuing debt at favorable interest rates and to provide working capital for the City to meet cash flow needs during the year"; and

WHEREAS, the City still desires to accomplish this objective; and

WHEREAS, the City also desires to provide a clear statement regarding its intent to use undesignated fund balance for capital projects and, where possible and appropriate, to use undesignated fund balance rather than issuing debt to fund capital projects; and

WHEREAS, it is the City's intent that this Resolution set forth the current policy with respect to the use of undesignated fund balance.

NOW, THEREFORE, BE IT RESOLVED: That the amount of undesignated fund balance for the General Fund that is applied to the budget for the ensuing year shall not reduce the undesignated fund balance below an amount equal to 25% of the ensuing year's budgeted General Fund expenditures (the "Reserve").

F+P

BE IT FURTHER RESOLVED: That for the avoidance of doubt, the Common Council expressly indicates its intent to consider the use of undesignated fund balance above the Reserve for capital projects, with the express idea that this may reduce the amount of debt it is necessary for the City to issue.

R. Emily Rust

[Signature]

I HEREBY CERTIFY that the foregoing Resolution was duly passed by the Common Council of the City of Sheboygan, Wisconsin, on the _____ day of _____, 20____.

Dated _____ 20____, _____, City Clerk

Approved _____ 20____, _____, Mayor

CITY OF SHEBOYGAN

REQUEST FOR FINANCE AND PERSONNEL COMMITTEE CONSIDERATION

ITEM DESCRIPTION: Res. No. 23-21-22 by Alderpersons Mitchell, Filicky-Peneski, Bohren, and Felde.

REPORT PREPARED BY: Todd Wolf, City Administrator

REPORT DATE: June 21, 2021

MEETING DATE: June 28, 2021

FISCAL SUMMARY:

Budget Line Item: N/A
Budget Summary: N/A
Budgeted Expenditure: N/A

STATUTORY REFERENCE:

Wisconsin Statutes: N/A
Municipal Code: N/A

BACKGROUND / ANALYSIS:

In order to better support the City’s Strategic Plan, city staff utilize the S.T.A.I.R.S. Core Values. The final “S” in the plan signifies “Stewardship/Fiscal Responsibility”.

In an effort to maximize the City’s financial resources, a review of the City’s Fund Balance policy was necessary. The existing Fund Balance policy was adopted by Res. No. 46-12-13.

STAFF COMMENTS:

As a result of the review, an update to the Fund Balance policy adopted in Res. No. 46-12-13 is necessary. Res. 46-12-13 obligates the City to retain a reserve of not less than 25 percent of general fund expenditures within its fund balance. Currently fund balance levels are approximately 51 percent. Prior to 2021, the City opted to utilize general obligation (GO) debt as a main source of funding for capital improvement projects, while leaving undesignated general fund reserves intact. In 2021, the City established a financial strategy to manage its current and future GO debt. Moody’s Investors Service positively recognized the City’s GO debt management efforts in March 2021 during the most recent Aa2 rating confirmation. The debt management strategy considers a controlled approach to use of the City’s undesignated general fund reserves as it relates to capital improvement project planning.

This update ensures that undesignated general fund reserves shall continue to maintain the appropriate levels, while allowing the flexibility to channel excess unspent general funds into the reserve for capital improvement project planning purposes.

ACTION REQUESTED:

Motion to recommend adoption of Res. No. 23-21-22.

ATTACHMENTS:

- I. Res. No. 23-21-22
- II. City of Sheboygan Fund Balance Policy

CITY OF SHEBOYGAN FUND BALANCE POLICY

Title: Fund Balance Policy – In Accordance with GASB #54	Policy Reference: Res. 23-21-22 (Updates Res. 46-12-13)
Policy Source: Person designated by Municipal Code as Comptroller (“Comptroller”)	City Attorney Review Date: June 17, 2021
Finance and Personnel Committee Approval: TBD	Common Council Approval: TBD

BACKGROUND

In February 2009, the Governmental Accounting Standards Board (GASB) issued *GASB #54 Fund Balance Reporting and Government Fund and Governmental Fund Type Definitions*. The statement substantially changes how fund balances are categorized. It clarifies/modifies how some of the governmental fund are presented and classified.

This policy will provide a cross reference between the Pre-GASB #54 Fund Balance Classifications and the Post-GASB #54 Fund Balance Classifications.

FUND BALANCE CLASSIFICATIONS: CURRENT AND GASB #54

Pre-GASB #54 Classifications of Fund Balance

Post-GASB #54 Classifications of Fund Balance

<i>Reserved</i>	<i>Not available for appropriation</i>	
Non-spendable	Not available for spending, either now or in the future, because the amount is offset by assets that are not in a spendable form.	
<i>Designated</i>	<i>Available for appropriation but intended for a specific use.</i>	
Restricted	Constraints on spending that are legally enforceable by outside parties (e.g. debt retirement).	
<i>Unrestricted</i>	<i>Designated</i>	<i>Not available for appropriation.</i>
	Committed	Constrains on spending that the government imposes upon itself by the highest-level formal action prior to the close of the period
<i>Unrestricted</i>	<i>Undesignated</i>	<i>Available for appropriation.</i>
	Assigned	Resources intended for spending for a purpose set by the governing body itself or by some person or body delegated to exercise such authority in accordance with policy established by the board.
<i>Unrestricted</i>	<i>Unassigned</i>	<i>Residual</i>
		(general fund only)

PURPOSE

To provide a stable financial environment for the City of Sheboygan’s operations that allows the City to provide quality services to its residents in a fiscally responsible manner designed to keep

services and taxes as consistent as possible over time. This fund balance policy is meant to serve as the framework upon which consistent operations may be built and sustained.

Definitions and Policies

1. Fund Balance

Fund Balance is the difference between assets and liabilities in governmental funds (i.e. general fund, special revenue funds, capital project funds, debt service funds and permanent funds).

NON-SPENDABLE FUND BALANCE

Describes the amount of a fund balance that cannot be spent because it is either not in spendable form or there is a legal or contractual requirement for the funds to remain intact.

Policy

At the end of each fiscal year, the City of Sheboygan will report the portion of the fund balance that is not in spendable form as Non-spendable Fund Balance on the financial statements to include but not limited to inventories and prepaid items and long-term accounts and interfund receivables.

SPENDABLE FUND BALANCE (OVERVIEW)

Describes the amount of fund balance that is available for appropriation based on the constraints that control how specific amounts can be spent. Typically, a significant portion of a government's spendable resources can be spent only for specified purposes. The following categories define the revenue source and the level of force of the constraint on spending.

Categories should be supported by actual plans approved by either the governing body, and appropriate officer, grant providers or enabling legislation.

Restricted Fund Balance

The restricted fund balance category includes the portion of the *spendable fund balance* that reflects constraints on spending because of legal restrictions stipulated by *outside parties* or based on state statutes or grant requirements placed on the use for specific purposes.

Policy

At the end of each fiscal year, the City of Sheboygan will report "restricted" fund balances for amounts that have applicable legal restrictions per provisions of GASB #54. Normally, fund balances in debt service funds and capital improvements funds with remaining long-term debt proceeds will be reported as "restricted".

Committed Fund Balance

The committed fund balance classification includes the portion of the *spendable fund balance* that reflects constraints that the City of Sheboygan has *imposed upon itself* by a *formal action* of the Common Council. This constraint must be imposed prior to the year-end, but the amount can be determined at a later date.

Policy – General Fund Balances

Prior to the end of each fiscal year, the City of Sheboygan will determine the specific purposes of “committed” fund balance. Any new specific purposes will be set forth in a Common Council resolution with the final amount being determined at or after year-end. Specific purposes for committed fund balance approved in prior-year resolutions will be carried forward until changed by a current-year resolution.

The committed amount at year-end is determined by taking the beginning of year committed amount and adding or subtracting any budgeted surplus from current-year transactions. The funds will remain committed until spent or uncommitted by Common Council action. The committed amount at year-end will be the amount of excess fund balance remaining after subtraction of other committed funds and the amount of general fund needed by the minimum fund balance policy.

Policy – Other Fund Balances

Fund balances in special revenue funds, unless restricted by an outside party, are considered to be committed to the specific purpose set forth by each special revenue fund. In addition, capital improvements fund balances that do not include debt proceeds will normally be reported as committed. Since committed fund balances are approved by action of the Common Council, the City of Sheboygan is required to formally establish all special revenue and other funds with committed balances at year-end. In addition, special revenue funds are required to report the purpose and specific revenue source that establishes each fund.

Assigned Fund Balance

The assigned fund balance is the portion of the spendable fund balance that reflects funds intended to be used by the government for specific purposes assigned by more informal operational plans.

Policy

The Common Council has not delegated the authority to assign fund balance to the Chief Administrative Officer or other specific official. Any assignment of fund balance will be made by the Common Council.

Unassigned

This is the residual classification for the government's **General Fund** and includes all spendable amounts not contained in the other classifications and, therefore, not subject to any constraints. Unassigned amounts are available for any purpose. These are the current resources available for which there is no government self-imposed limitations or set spending plan. Although there is generally no set spending plan for the undesignated portion, there is a need to maintain a certain funding level. Undesignated fund balance is commonly used for emergency expenditures not previously considered. Undesignated fund balance will not be utility to cover shortfalls in operations. In addition, the resources classified as undesignated can be used to cover expenditures for revenues not yet received. Working Capital of \$4 million is included in unassigned but not considered available for any purpose, rather for subsequent years operations.

2. Flow of Funds

The policy of the City of Sheboygan guiding the order of fund balance spend-down shall be as follows: 1) restricted, 2) committed, 3) assigned, and 4) unassigned. This order will be used for purposes of reporting fund balance.

3. Minimum Fund Balance

In order to maintain sufficient case reserves for emergency expenditures, the City of Sheboygan needs to develop and adopt a minimum fund balance policy.

Policy

The City of Sheboygan will maintain a minimum unassigned general fund balance exclusive of working capital, inventory, subsequent year expenditures and interfund receivables to be 25 percent of the subsequent years general fund expenditures, not including debt service.

CITY OF SHEBOYGAN

REQUEST FOR FINANCE AND PERSONNEL COMMITTEE CONSIDERATION

ITEM DESCRIPTION: Res. No. 26-21-22 by Alderpersons Mitchell and Filicky-Penseski.

REPORT PREPARED BY: Vicky Schneider, Director of Human Resources and Labor Relations

REPORT DATE: 6-24-2021

MEETING DATE: 6-28-2021

FISCAL SUMMARY:

Budget Line Item: N/A
Budget Summary: N/A
Budgeted Expenditure: N/A

STATUTORY REFERENCE:

Wisconsin Statutes: N/A
Municipal Code: N/A

BACKGROUND / ANALYSIS: As the City of Sheboygan is a self-insured organization, it has contracted with UMR as a vendor for health insurance products. The intent of this document is to request that the City Administrator be given the authority to pay monthly invoices for our health insurance fees, transplant and stop-loss coverages.

ACTION REQUESTED:

Motion to Approve that the City Administrator is authorized to pay the attached July 2021 UMR invoice in the amount of \$76,517.33 for administrative fees, transplant and stop-loss coverage, and all future invoices for 2021.

ATTACHMENTS:

- I. UMR July Invoice

III

DIRECT REFERRAL TO FINANCE AND PERSONNEL COMMITTEE

Res. No. 26 - 21 - 22. By Alderpersons Mitchell and Filicky-Peneski.
June 28, 2021.

A RESOLUTION authorizing the payment of UMR invoices for administrative fees, transplamt, and stop-loss coverage:

WHEREAS, the City of Sheboygan is a self-insured organization; and

WHEREAS, the City of Sheboygan has contracted with UMR as a vendor for health insurance products.

NOW, THEREFORE, BE IT RESOLVED: That the City Administrator is authorized to pay the attached July 2021 UMR invoice in the amount of \$76,517.33 for administrative fees, transplamt and stop-loss coverage.

F&P

I HEREBY CERTIFY that the foregoing Resolution was duly passed by the Common Council of the City of Sheboygan, Wisconsin, on the _____ day of _____, 20____.

Dated _____ 20____. _____, City Clerk

Approved _____ 20____. _____, Mayor



CITY OF SHEBOYGAN - 76410812 - Division 001

July 2021

[VIEW TOTALS FOR DIVISION 001](#) | [VIEW TOTALS FOR ALL DIVISIONS](#)

ADMINISTRATIVE FEES - BALANCE FORWARD AS OF 06/20/2021: \$17,168.63

Payable to: UMR	COVERAGE	INVOICE	PLAN	DIVISION	AMOUNT DUE
US BANK	HEALTH	0011394000	767000410812	001	\$16,922.63
ST. PAUL, MN					
ABA number: 091000022 - 847					
Account number: 104796863421					

TOTAL AMOUNT DUE: \$16,922.63
DUE DATE: 07/01/2021

Wire (Due 7-1-2021):

Acct 70411030.521500 - \$16,922.63 (Health)
 Acct 70411030.540206 - \$59,594.70 (Transplant/Stop Loss)

INSURED FEES - BALANCE FORWARD AS OF 06/20/2021: \$59,550.71

COVERAGE	INVOICE	PLAN	DIVISION	AMOUNT DUE
TRANSPLANT	0011393998	UNITED HEALTH	001	\$3,529.95
STOP LOSS	0011393999	VOYA	001	\$56,064.75

TOTAL AMOUNT DUE: \$59,594.70
DUE DATE: 07/01/2021

TOTAL BALANCE DUE: \$153,236.67

All invoices are due upon receipt and considered late if full payment is not received prior to the last day of the billed month. Be sure to include your 8-digit group number when submitting all payments. If UMR is remitting to any carriers on your behalf, payment must be received no later than 3 business days prior to the end of the billed month to allow for processing and timely remittance. Email questions to UMR_AR@umr.com

Electronic payments must be initiated 5 business days prior to the end of the billed month to ensure payments post to your account prior to the last business day of the month. Please pay as billed and use your normal enrollment method to submit additions, terminations and changes to the enrollment unit. Adjustments will appear on your next statement. Email any questions to UMR-InternetInvoice@umr.com.