

RESOLUTION 2020-25

ESTABLISHING AN EQUIPMENT REPLACEMENT AND INFRASTRUCTURE FUND AND DESIGNATING FUTURE BUDGET SURPLUSES

WHEREAS, the City of Prairie du Chien (“the City”) faces significant costs when it becomes necessary to replace its vehicles, equipment and stormwater infrastructure and;

WHEREAS, it is difficult to effectively plan for replacing vehicles, equipment and stormwater infrastructure, particularly since the needs and available funds vary widely from year to year; and

WHEREAS, it has been deemed desirable to create funds for these purposes, with monies designated to offset the costs of future vehicle, equipment and stormwater infrastructure replacement; and

WHEREAS, the City believes it is reasonable and appropriate to dedicate funds from the sale of used vehicles and equipment for this use, along with a portion of the surplus funds from the previous year’s budget as identified in the annual financial audit; and

WHEREAS, the City has a desire to allocate funds for the unfunded liability of Compensated Absences, as reported in the annual financial audit; and

WHEREAS, the City has a desire to establish short-term and long-term budgetary and financial goal;

NOW, THEREFORE, BE IT RESOLVED, that the Common Council of the City of Prairie du Chien hereby adopts the following financial procedures:

- 1) Once the previous year’s audit is finalized and adopted, the City Administrator and City Clerk-Treasurer shall report to the Finance Committee the surplus(deficit) and allocation of such funds, adhering to the following guidelines:
 - A. Determine the amount needed to retain in the Reserve Account to meet the 20% Reserve Account Goal, as recommended by the auditors.
 - B. Increase Reserve Account balance from 20.0% to 27% of the General Fund Expenditures, at a rate of 1.0% per year. Current required percent (2019) as set by Resolution 2013-12 is 22.5%.
 - C. Earmark the funds in excess of the current year Reserve Account balance as follows:
 - i. 40% to Compensated Absences Fund until fund balance reaches \$200,000.
 - ii. 20% to Stormwater Reserve Account up to \$20,000 per year.
 - iii. 20% to Vehicle/Equipment Reserve Account up to \$50,000 per year.
 - iv. 20% to remain in Reserve Account up to \$75,000 per year
 - v. Expending of funds in excess of 1(C)(i-iv) shall be approved by the Finance Committee and Common Council.
- 2) When the City is required to pay out an employee’s accumulated benefits upon retirement or any other termination of employment of the City, as governed by the Personnel Handbook, the funds paid out shall be taken from the Compensated Absences Fund.
- 3) The use of funds, as it relates to vehicles and equipment shall be limited to large equipment purchases (\$5,000 minimum) for items expected to last at least five (5)

years. All requested expenditures shall be approved by the Finance Committee and Common Council.

- 4) The use of funds, as it relates to stormwater infrastructure, shall be approved by Public Works, Finance Committee and Common Council.

Passed and Adopted this 21st day of July, 2020.

CITY OF PRAIRIE DU CHIEN

Dave Hemmer, Mayor

ATTEST:

Chad Abram, City Administrator