



## 2015 Budget Presentation

# Capital Funding Initiative

- **Identify general fund reserves above 45% as available for capital projects (\$5.7 million).**
- Add a \$.03 (per \$100 assessed value) increment of property tax to increase funding capacity:
  1. Half for local street resurfacing (Local Street Aid Fund) - \$500,000/year.
  2. Half for reserves for future infrastructure/capital project funding.

## REVIEW OF FUND BALANCE POLICY

Purpose of Policy: To maintain sufficient reserves for unanticipated expenditures or revenue shortfalls and to preserve flexibility throughout the fiscal year to make adjustments in funding for programs approved in connection with the annual budget.

Using Estimated 2014 Ending General Fund Balance (from 2015 Budget):

\* \$30,887,649

### A. Current Policy

Reserve	Description	Calculation	Amount
1	<b>Contingency Subaccount</b> The Contingency Subaccount is intended for unanticipated expenses or revenue shortfalls impacting programs already approved in conjunction with the current year's budget. Funds in the Contingency Subaccount may be used towards expenses outside of the budget only as follows: (1) Prior year budget for a specific item that lapsed before the purchase. (2) A change in legislation creating an unfunded mandate. (3) Large unexpected retirement payouts (4) A technical correction of the original budget.	5% of Budgeted Expenditures of \$55,626,958	\$2,781,348
2	<b>Emergency Subaccount</b> The Emergency Subaccount is intended for unforeseen urgent events. To utilize funds from the Emergency Subaccount, a finding by the Mayor, with confirmation by the Board of Alderman, of "urgent economic necessity" will be required, as well as a determination that no other viable sources of funds are available. A finding of urgent economic necessity would be based on a significant event, for example, a natural disaster or catastrophe.	5% of Budgeted Expenditures of \$55,626,958	2,781,348
3	<b>Cash Flow Stabilization Subaccount</b> The Cash Flow Stabilization Subaccount is intended to provide reserves to mitigate deficiencies caused by the timing of cash inflows and cash outflows.	14% of Budgeted Expenditures of \$55,626,958	7,787,774
4	<b>Debt Service Subaccount</b> The Debt Service Subaccount is intended to provide reserve funds for shortfalls in budgeted revenues intended for general obligation debt service payments or unexpected and unbudgeted expenditures related to general obligation debt service as well as any unbudgeted expenses related to the service and maintenance of the City's debt liabilities.	3% of Budgeted Expenditures of \$55,626,958	1,668,809
5	<b>Property / Casualty / Health Insurance Subaccount</b> The City maintains insurance for property and employee/ retiree health insurance. This subaccount shall be established to meet the unanticipated Property/Casualty/Health Insurance claims of the city.	4% of Budgeted Expenditures of \$55,626,958	2,225,078
6	<b>Other Post Employment Benefits (OPEB) Subaccount</b> The City records a liability related to the Other Post Employment Benefits Obligation (OPEB). This subaccount shall be established to meet the level of unfunded liability as determined by the City administrators. If a Trust Fund is later established pursuant to the OPEB liability, the OPEB Subaccount can be extinguished from the Financial Stabilization Fund Account.	2% of Budgeted Expenditures of \$55,626,958	1,112,539

\$18,356,896

**Current Remainder in Supplemental Subaccount (Undesignated/Unreserved)**

\$12,530,753

### B. Capital Funding Initiative

Reserve	Description	Calculation	Amount
7	<b>Capital Funding Subaccount</b> This subaccount shall be established to increase the funding capacity for future infrastructure and capital project funding. <i>This amount could be transferred from the General Fund to the Capital Projects Fund if desired.</i>	Above 45% of Budgeted Expenditures of \$55,626,958 = \$25,032,131. Subtract this amount from total fund balance (\$30,887,649) above.	5,855,518

\$5,855,518

**Proposed Remainder in Supplemental Subaccount (Undesignated/Unreserved)**

\$6,675,235

\* Estimated ending fund balance will likely be less due to Transfers to Other Funds needed for any fund balance or cash balance deficits at June 30, 2014 per State's guidance.