

FINANCIAL POLICY OVERVIEW

1



FINANCIAL POLICY OVERVIEW

2

- **Committed General Fund Balance/Working Capital**
 - 10% - 25% of total annual GF appropriation committed for major contingencies
 - Uncommitted fund balance in excess of the 10% policy requirement may be recommended for expenditure by the City Manager

FINANCIAL POLICY OVERVIEW

(continued)

3

- **Other Committed Fund Balances:**

- Enterprise Funds - 25% reserve
- Internal Service Funds - 3% reserve
- Group Health Plans - goal to:
 - ✦ pay administrative costs & claims based on most recent actuarial study in case plan ceases or change in third party administrator;
 - ✦ cover difference between revenues budgeted & the 110% of projected claims expense as catastrophic reserve

FINANCIAL POLICY OVERVIEW

(continued)

4

- General Liability Fund – goal to:
 - ✦ fund long-term liabilities, incurred but not reported & risk margin for adverse claims determined by actuarial recommendation & in CAFR;
 - ✦ protect against unexpected claims as catastrophic reserve equaling 25% of the average of incurred costs of claims over prior 5-year period;
 - ✦ protect against cost increases for purchased insurance coverage premiums equaling 25% of cost for purchased insurance over prior year

FINANCIAL POLICY OVERVIEW

(continued)

5

- Worker's Compensation Fund – goal to:
 - ✦ fund long-term liabilities, incurred but not reported & risk margin for adverse claims determined by actuarial recommendation & in CAFR;
 - ✦ protect against unexpected claims as catastrophic reserve equaling 25% of the average of incurred costs of claims over prior 5-year period;
- Debt Service Reserve Fund –strive to:
 - ✦ maintain balance for debt instruments of at least 2% of annual debt service appropriation(s)

FINANCIAL POLICY OVERVIEW

6

- **Property Tax Rate for O&M**
 - Effective Tax Rate when property values decrease
 - Current Tax Rate when property values increase, as long as the tax rate does not exceed the “rollback” rate
- **Multi-year Budget Model**
 - Business plans will be considered as part of future budget recommendations

FINANCIAL POLICY OVERVIEW

(continued)

7

- **Cost Recovery** – GF may recover support costs by charging other funds for administrative costs
- **Zero Based Budgeting Type of Process** – will be used