

Fiscal Reserves

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Department Overview

The State of Washington permits the City to maintain two financial reserves to draw upon in the event of certain unanticipated expenditure or revenue pressures. Under the authority of RCW 35.32A.060, the City maintains the Emergency Subfund (ESF) of the General Fund. The ESF is the principal reserve for the City to draw upon when certain unanticipated expenses occur during the fiscal year. Eligible expenses include costs related to storms or other natural disasters. State law limits the amount of money the City can set aside in this reserve to 37.5 cents per \$1,000 of assessed value of property within the city.

Under the authority of RCW 35.21.070, the City maintains a second financial reserve called the Revenue Stabilization Account (RSA) of the Cumulative Reserve Subfund, also known as the Rainy Day Fund. The RSA provides resources for the City to draw upon to maintain City services in the event of a sudden, unanticipated shortfall in revenue due to economic downturns or other factors. City code limits the amount set aside in this reserve to five percent of General Subfund tax receipts. Ordinance 123743 requires the City to deposit an amount equivalent to 0.5% of General Subfund tax revenues into the RSA, with some limited exceptions. In addition, City policy requires the deposit of 50% of any unplanned year-end fund balance in the General Subfund into the RSA. The RSA has a fund balance cap equal to five percent of total annual General Fund tax revenue.

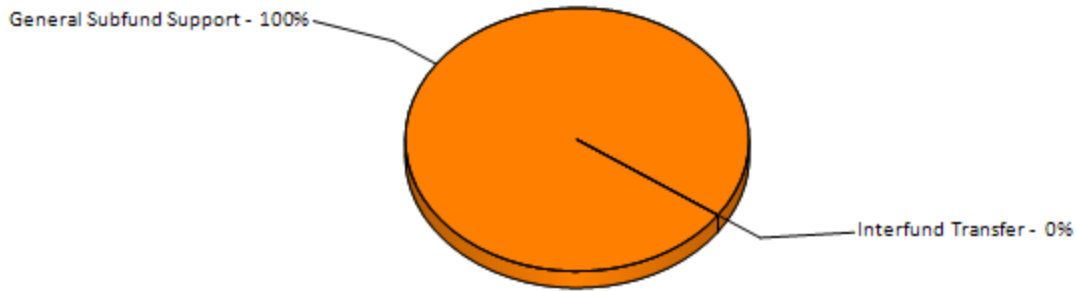
Budget Snapshot

Department Support	2013 Actual	2014 Adopted	2015 Proposed	2016 Proposed
Other Funding - Operating	\$68,250	\$0	\$0	\$0
Total Operations	\$68,250	\$0	\$0	\$0
Total Appropriations	\$68,250	\$0	\$0	\$0
Full-time Equivalent Total*	0.00	0.00	0.00	0.00

* FTE totals are provided for information purposes only. Changes in FTEs resulting from City Council or Human Resources Director actions outside of the budget process may not be detailed here.

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2015 Proposed Budget - Revenue by Category



Budget Overview

The 2015-2016 Proposed Budget continues to protect the City's fiscal reserves and embraces strong and prudent financial management practices. Maintaining healthy reserves is critical in ensuring the City is financially well prepared to address unexpected revenue or expenditure pressures, especially in light of the slow, gradual recovery from the Great Recession.

Fully Funding the Emergency Subfund

The 2015-2016 Proposed Budget fully funds the Emergency Subfund (ESF) at the maximum statutory-authorized level of 37.5 cents per \$1,000 of assessed value of property in the city. For 2015, the fund will total \$53 million, an increase of \$4.5 million from the 2014 Adopted Budget level. An additional \$3.6 million will be added in 2016 bringing the fund total to an historical high of \$56.6 million.

Declines in assessed values between 2009 and 2012 reduced the amount the City could hold in the ESF. Assessed values grew only slightly in 2013, however with the strengthening local real estate market; assessed values are projected to have significant growth in 2014 and 2015. The rebounding property values allow the City to make contributions to the ESF in order to maintain the maximum amount allowable in the fund under state law.

Success of Rainy Day Funding Enhancements

The City adopted significant RSA funding enhancements in 2011, via Ordinance 123743. These changes enabled the City to rebuild the Rainy Day Fund reserves that had been spent down in 2009 and 2010 in the midst of the Great Recession. The new policies facilitated the rebuilding of this reserve fund from a low of \$10.5 million in 2010 to the 2015 proposed level \$44.7million. The \$44.7 million also represents an historical high for this fund

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and assuming no draws on the RSA and continued contributions, the total value of the RSA will reach the five percent cap by 2015.

Expenditure Overview

Appropriations	Summit Code	2013 Actual	2014 Adopted	2015 Proposed	2016 Proposed
Emergency Expenditures Budget Control Level	AE000	68,250	0	0	0
Department Total		68,250	0	0	0
Department Full-time Equivalents Total*		0.00	0.00	0.00	0.00

* FTE totals are provided for information purposes only. Changes in FTEs resulting from City Council or Human Resources Director actions outside of the budget process may not be detailed here.

Revenue Overview

2015 Estimated Revenues

Summit Code	Source	2013 Actual	2014 Adopted	2015 Proposed	2016 Proposed
587001	Oper Tr In-Fr General Fund - RSA	8,712,795	4,292,950	3,337,000	0
587001	Oper Tr In-Fr General Fund - Emergency Fund	103	4,623,121	4,458,540	3,604,344
	Total General Subfund Support	8,712,898	8,916,071	7,795,540	3,604,344
587001	Oper Tr In-Fr FAS Operating Fund - Emergency Fund	0	1,863,700	0	0
	Total Interfund Transfer	0	1,863,700	0	0
	Total Revenues	8,712,898	10,779,771	7,795,540	3,604,344
379100	Use of (Contribution to) Fund Balance - RSA	-8,712,795	-4,292,950	-3,337,000	0
379100	Use of (Contribution to) Fund Balance - Emergency Fund	68,147	-6,486,821	-4,458,540	-3,604,344
	Total Use of Fund Balance	-8,644,648	-10,779,771	-7,795,540	-3,604,344
	Total Resources	68,250	0	0	0

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Appropriations By Budget Control Level (BCL) and Program

<u>Emergency Expenditures Budget Control Level</u>				
The purpose of the Emergency Expenditures Budget Control Level is to provide resources to pay unanticipated expenses as described in state law (RCW 35.32A.060).				
	2013	2014	2015	2016
Program Expenditures	Actual	Adopted	Proposed	Proposed
Emergency Expenditures Program	68,250	0	0	0
Total	68,250	0	0	0

Fiscal Reserves Fund Table

Cumulative Reserve Subfund, Revenue Stabilization Account (00166)

	2013	2014	2014	2015	2016
	Actuals	Adopted	Revised	Proposed	Proposed
Beginning Fund Balance	21,683,930	30,396,725	30,396,725	41,412,783	44,749,783
Accounting and Technical Adjustments	0	0	0	0	0
Plus: Actual and Estimated Revenues	8,712,795	4,292,950	11,016,058	3,337,000	0
Ending Fund Balance	30,396,725	34,689,675	41,412,783	44,749,783	44,749,783
Ending Unreserved Fund Balance	30,396,725	34,689,675	41,412,783	44,749,783	44,749,783

Emergency Subfund (00185)

	2013	2014	2014	2015	2016
	Actuals	Adopted	Revised	Proposed	Proposed
Beginning Fund Balance	42,127,852	41,563,000	42,059,705	48,546,526	53,005,066
Accounting and Technical Adjustments	0	0	0	0	0
Plus: Actual and Estimated Revenues	103	6,486,821	6,486,821	4,458,540	3,604,344
Less: Actual and Budgeted Expenditures	68,250	0	0	0	0
Ending Fund Balance	42,059,705	48,049,821	48,546,526	53,005,066	56,609,410
Ending Unreserved Fund Balance	42,059,705	48,049,821	48,546,526	53,005,066	56,609,410