

# 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 (aka 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 yearend fund balance in the General Subfund into the RSA.

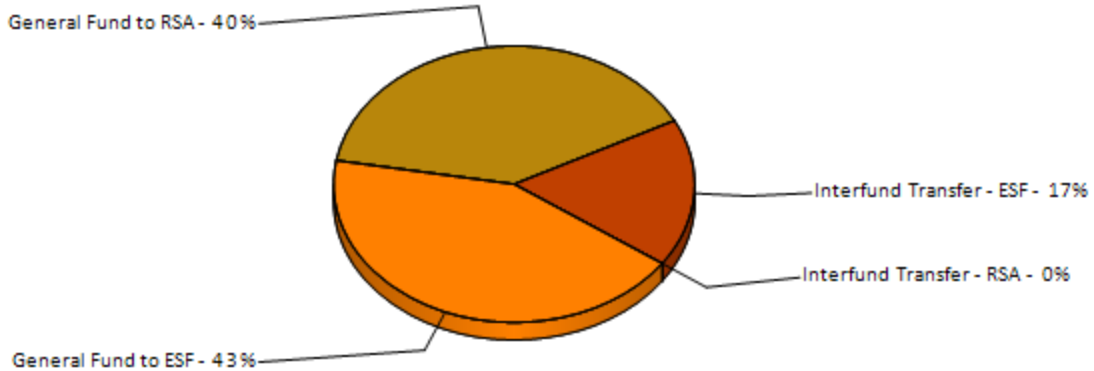
## Budget Snapshot

Department Support	2012 Actuals	2013 Adopted	2014 Endorsed	2014 Proposed
Other Funding - Operating	\$1,973,441	\$564,535	\$0	\$0
<b>Total Operations</b>	<b>\$1,973,441</b>	<b>\$564,535</b>	<b>\$0</b>	<b>\$0</b>
<b>Total Appropriations</b>	<b>\$1,973,441</b>	<b>\$564,535</b>	<b>\$0</b>	<b>\$0</b>
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 Personnel Director actions outside of the budget process may not be detailed here.

# Fiscal Reserves

## 2014 Proposed Budget - Revenue by Category



## Budget Overview

The 2014 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 revenues or expenditure pressures, especially in light of the slow, gradual recovery from the Great Recession.

### Fully Funding the Emergency Subfund

The 2014 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 2014, the fund will total \$48.0 million, an increase of \$4.6 million from the 2013 Adopted Budget level and \$3.7 million higher than the 2014 Endorsed Budget.

Declines in assessed values between 2009 and 2012 reduced the amount the City could hold in the ESF. The 2013 Adopted Budget again projected a small decline in assessed value for 2013, although the City ultimately realized a small increase in assessed value for 2013. Current projections for 2014 and beyond are for a return to growth in assessed values, allowing the City to make contributions to the ESF in order to maintain the maximum amount allowable in the fund under state law.

# Fiscal Reserves

## Success of Rainy Day Funding Enhancements

The City adopted significant RSA funding enhancements in 2011, via Ordinance 123743. These changes arose from concern that the previous policies did not provide the City with sufficient robust mechanisms to ensure adequate funding of the RSA. The earlier policies only required funding the RSA when actual revenues exceeded the most recent forecast for the closed fiscal year. While these policies allowed the City to successfully build the RSA to as high as \$30 million between 2005 and 2008, aggressive use of the RSA in 2009 and 2010 in the midst of the Great Recession lowered the size of the account to \$10.5 million. Because revenue growth was so limited following the Great Recession, the previous policies did not provide sufficient mechanisms to replenish the fund.

The new policies require the City to deposit annually 0.5% of General Fund tax revenue directly into the RSA and automatically sweep into the RSA 50% of any unplanned yearend fund balance in the General Fund. In 2013, 0.5% of General Fund tax revenue is \$4.1 million. The RSA received an additional \$4.7 million contribution in 2013, which is half of the unplanned 2012 yearend balance.

These policies will result in the greatest funding level ever for the RSA at the end of 2013, totaling \$30.4 million. The 2014 contribution of \$4.3 million will bring the fund to \$34.7 million. The RSA has a fund balance cap equal to five percent of total annual General Fund tax revenue. Assuming no draws on the RSA and continued contributions, the total value of the RSA will reach the five percent cap by 2017.

## Expenditure Overview

<b>Appropriations</b>	<b>Summit Code</b>	<b>2012 Actuals</b>	<b>2013 Adopted</b>	<b>2014 Endorsed</b>	<b>2014 Proposed</b>
Emergency Expenditures Budget Control Level	AE000	1,973,441	564,535	0	0
<b>Department Total</b>		<b>1,973,441</b>	<b>564,535</b>	<b>0</b>	<b>0</b>
<b>Department Full-time Equivalents Total*</b>		<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>

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

# Fiscal Reserves

## Revenue Overview

### 2014 Estimated Revenues

Summit Code	Source	2012 Actuals	2013 Adopted	2014 Endorsed	2014 Proposed
587001	General Fund to RSA	1,200,000	4,058,000	4,226,000	4,292,950
	<b>Total General Fund to RSA</b>	<b>1,200,000</b>	<b>4,058,000</b>	<b>4,226,000</b>	<b>4,292,950</b>
587001	Interfund Transfer - RSA	8,515,000	0	0	0
	<b>Total Interfund Transfer - RSA</b>	<b>8,515,000</b>	<b>0</b>	<b>0</b>	<b>0</b>
587001	General Fund to ESF	0	0	888,810	4,623,121
	<b>Total General Fund to ESF</b>	<b>0</b>	<b>0</b>	<b>888,810</b>	<b>4,623,121</b>
587001	Interfund Transfer - ESF	0	0	0	1,863,700
	<b>Total Interfund Transfer - ESF</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,863,700</b>
	<b>Total Revenues</b>	<b>9,715,000</b>	<b>4,058,000</b>	<b>5,114,810</b>	<b>10,779,771</b>
379100	Use of / (Contribution to) Fund Balance - RSA	-9,715,000	-4,058,000	-4,226,000	-4,292,950
	<b>Total Use of / (Contribution to) Fund Balance - RSA</b>	<b>-9,715,000</b>	<b>-4,058,000</b>	<b>-4,226,000</b>	<b>-4,292,950</b>
379100	Use of / (Contribution to) Fund Balance - ESF	1,973,441	564,535	-888,810	-6,486,821
	<b>Total Use of / (Contribution to) Fund Balance - ESF</b>	<b>1,973,441</b>	<b>564,535</b>	<b>-888,810</b>	<b>-6,486,821</b>
	<b>Total Resources</b>	<b>1,973,441</b>	<b>564,535</b>	<b>0</b>	<b>0</b>

## Appropriations By Budget Control Level (BCL) and Program

### Emergency Expenditures Budget Control Level

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).

Program Expenditures	2012 Actuals	2013 Adopted	2014 Endorsed	2014 Proposed
Emergency Expenditures Program	1,973,441	564,535	0	0
<b>Total</b>	<b>1,973,441</b>	<b>564,535</b>	<b>0</b>	<b>0</b>

# Fiscal Reserves

## Fiscal Reserves Fund Table

### Emergency Subfund (00185)

	2012 Actuals	2013 Adopted	2013 Revised	2014 Endorsed	2014 Proposed
<b>Beginning Fund Balance</b>	<b>44,101,153</b>	<b>44,101,153</b>	<b>42,127,712</b>	<b>43,536,618</b>	<b>41,562,712</b>
Accounting and Technical Adjustments	0	0	0	0	0
Plus: Actual and Estimated Revenues	0	0	0	888,810	6,486,821
Less: Actual and Budgeted Expenditures	1,973,441	564,535	565,000	0	0
Less: Capital Improvements	0	0	0	0	0
<b>Ending Fund Balance</b>	<b>42,127,712</b>	<b>43,536,618</b>	<b>41,562,712</b>	<b>44,425,428</b>	<b>48,049,533</b>
Continuing Appropriations	68,250	178,000	68,250	178,000	68,250
<b>Total Reserves</b>	<b>68,250</b>	<b>178,000</b>	<b>68,250</b>	<b>178,000</b>	<b>68,250</b>
<b>Ending Unreserved Fund Balance</b>	<b>42,059,462</b>	<b>43,358,618</b>	<b>41,494,462</b>	<b>44,247,428</b>	<b>47,981,283</b>

### Cumulative Reserve Subfund, Revenue Stabilization Account (00166)

	2012 Actuals	2013 Adopted	2013 Revised	2014 Endorsed	2014 Proposed
<b>Beginning Fund Balance</b>	<b>11,968,930</b>	<b>21,683,930</b>	<b>21,683,930</b>	<b>25,741,930</b>	<b>30,396,725</b>
Accounting and Technical Adjustments	0	0	0	0	0
Plus: Actual and Estimated Revenues	9,715,000	4,058,000	8,712,795	4,226,000	4,292,950
<b>Ending Fund Balance</b>	<b>21,683,930</b>	<b>25,741,930</b>	<b>30,396,725</b>	<b>29,967,930</b>	<b>34,689,675</b>
<b>Total Reserves</b>					
<b>Ending Unreserved Fund Balance</b>	<b>21,683,930</b>	<b>25,741,930</b>	<b>30,396,725</b>	<b>29,967,930</b>	<b>34,689,675</b>