

Fiscal Reserves

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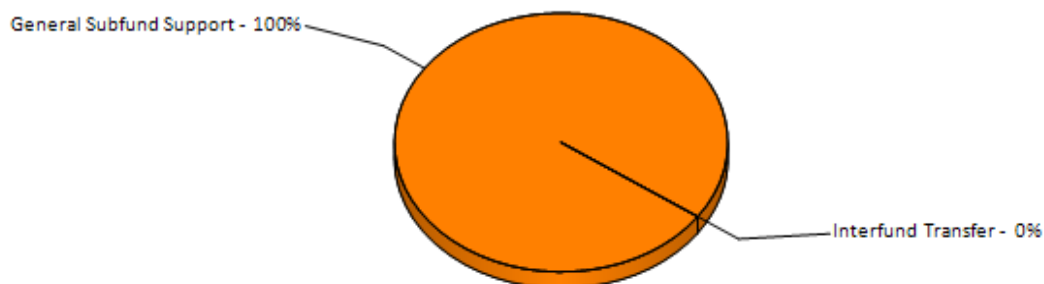
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Department Overview

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.

2016 Adopted Budget - Revenue by Category



Fiscal Reserves

Budget Overview

The 2016 Adopted 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 as economic conditions have become more volatile.

Fully Funding the Emergency Subfund

The 2016 Adopted 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 2016, the fund will total \$59 million, an increase of \$6.3 million from the 2015 Adopted Budget level and \$2.5 million above the 2016 Endorsed budget. This increase in 2016 brings the fund total to an historical high of \$59.3 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 have undergone significant growth through 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 proposed 2016 level of \$47.5 million. The \$47.5 million also represents an historical high for this fund and assuming no draws on the RSA and continued contributions, the total value of the RSA will reach the five percent cap in 2015. Continued contributions to the fund will be driven largely by General Fund revenue growth.

City Council Changes to the 2016 Proposed Budget

There were no Council changes to the 2016 Proposed Budget.

Revenue Overview

2016 Estimated Revenues

Summit Code	Source	2014 Actuals	2015 Adopted	2016 Endorsed	2016 Adopted
587001	Oper Tr In-Fr General Fund	11,016,058	3,337,000	0	2,223,941
587001	Oper Tr In-Fr General Fund	4,623,121	4,458,540	3,604,344	5,148,309
	Total General Subfund Support	15,639,179	7,795,540	3,604,344	7,372,250
587001	Oper Tr In-Fr FAS Operating Fund	1,863,700	0	0	0
	Total Interfund Transfer	1,863,700	0	0	0
	Total Revenues	17,502,879	7,795,540	3,604,344	7,372,250
379100	Use of (Contribution to) Fund Balance	-11,016,058	-3,337,000	0	-2,223,941
379100	Use of (Contribution to) Fund Balance	-6,486,821	-4,458,540	-3,604,344	-5,148,309

Fiscal Reserves

Total Use of Fund Balance	-17,502,879	-7,795,540	-3,604,344	-7,372,250
Total Resources	0	0	0	0

Fiscal Reserves Fund Table

Cumulative Reserve Subfund, Revenue Stabilization Account (00166)

	2014 Actuals	2015 Adopted	2015 Revised	2016 Endorsed	2016 Adopted
Beginning Fund Balance	30,396,725	41,412,783	41,412,783	44,749,783	45,223,304
Accounting and Technical Adjustments	0	0	0	0	0
Plus: Actual and Estimated Revenues	11,016,058	3,337,000	3,810,521	0	2,223,941
Ending Fund Balance	41,412,783	44,749,783	45,223,304	44,749,783	47,447,245
Ending Unreserved Fund Balance	41,412,783	44,749,783	45,223,304	44,749,783	47,447,245

Emergency Subfund (00185)

	2014 Actuals	2015 Adopted	2015 Revised	2016 Endorsed	2016 Adopted
Beginning Fund Balance	42,059,705	48,546,526	48,546,526	53,005,066	54,192,724
Accounting and Technical Adjustments	0	0	0	0	0
Plus: Actual and Estimated Revenues	6,486,821	4,458,540	5,646,198	3,604,344	5,148,309
Ending Fund Balance	48,546,526	53,005,066	54,192,724	56,609,410	59,341,033
Ending Unreserved Fund Balance	48,546,526	53,005,066	54,192,724	56,609,410	59,341,033