



"...meeting community needs...enhancing quality of life."

TO: Finance Committee
FROM: Tony Saucerman, Finance Director *Ts*
DATE: July 2, 2015
RE: Unassigned Fund Balance

The Fund Balance Policy for the General Fund states:

At least 75% of General Fund Balance in excess of the reserve policy (currently 3 months operating expenditures) be used for the reduction of long-term liabilities. Utilization of the remaining funds be subject to recommendation from the Finance Committee to be used for additional reduction of long-term liabilities or General Fund expenditures with final Council approval.

The unassigned fund balance in excess of the working capital designation for the year ended December 31, 2014 was \$1,127,107. Per the policy, 75%, or \$845,330, of that amount is to be used to reduce long-term debt. The remaining 25%, or \$281,777, is subject to Finance Committee recommendation.

At the May 12, 2015 Finance Committee meeting, a settlement agreement between the City and Walgreens Company to refund a portion of the Company's 2011-2014 property taxes was approved. The net effect of this refund resulted in the use of \$211,097 of unassigned fund balance, leaving a discretionary balance of \$70,680. I recommend the Committee leave the \$70,680 in unassigned fund balance as a reserve for potential unbudgeted expenditures that may arise during the remainder of the year.

I will work with the City's financial advisor to determine the most cost-effective approach to utilize the \$845,330 in debt reduction (ie. call any eligible existing debt or reduce the 2015 borrowing package).

If you have any questions on this matter, please feel free to contact me. Thank you for your consideration.