

Fund Balance Discussion FY2018

Budget, Finance and Economic
Development Committee

October 30, 2018

Department of Finance

FY2018 Fund Balance Discussion

- Fund balance allocation proposal addresses
 - Total liquidity metrics of rating agencies
 - Current year budget
 - Future year budget outlook
 - Positioning LFUCG for the future





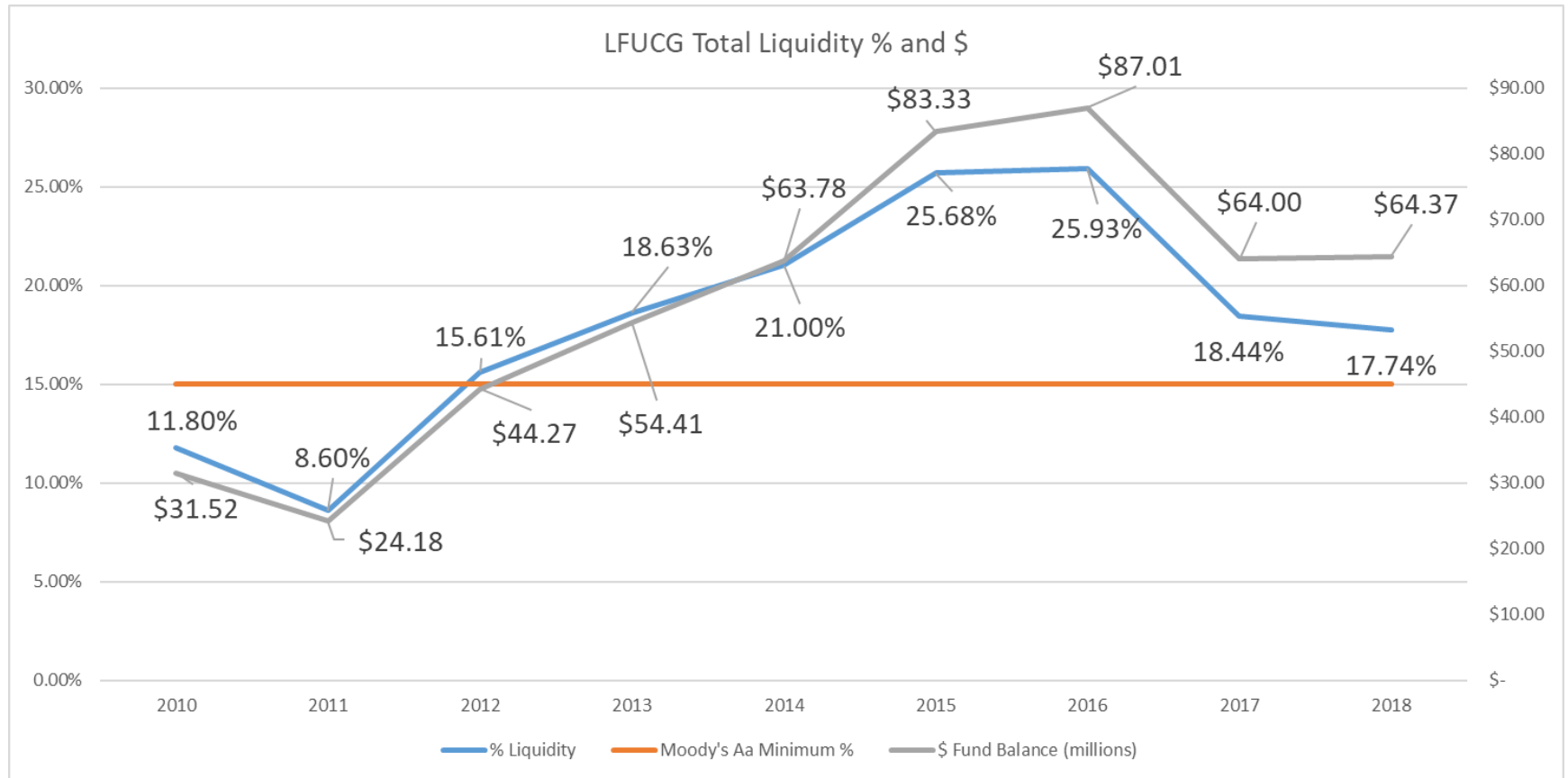
Moody's Local Government Scorecard

Metrics	Weight
Economy/Tax Base (30%)	
Tax Base Size: Full Value	10%
Full Value Per Capita	10%
Socio Economic Indices: MFI	10%
Finances (30%)	
Fund Balance as % of Revenues	10%
5-Year Change in Fund Balance as % of Revenues	5%
Cash Balance as a % of Revenues	10%
5-Year Change in Cash Balance as % of Revenues	5%
Management (20%)	
5 yr. Avg. of Operating Revenues as a % of Revenues	10%
Institutional Frame work	10%
Debt/Pensions (20%)	
Net Direct Debt / Full Value	5%
Net Direct Debt / Operating Revenues	5%
3 yr. Avg. of Moody's Pension Liability / Full Value	5%
3 yr. Avg. of Moody's Pension Liability Liability/Operating Revenues	5%



FY2018 Fund Balance Discussion

Total Fund Balance History



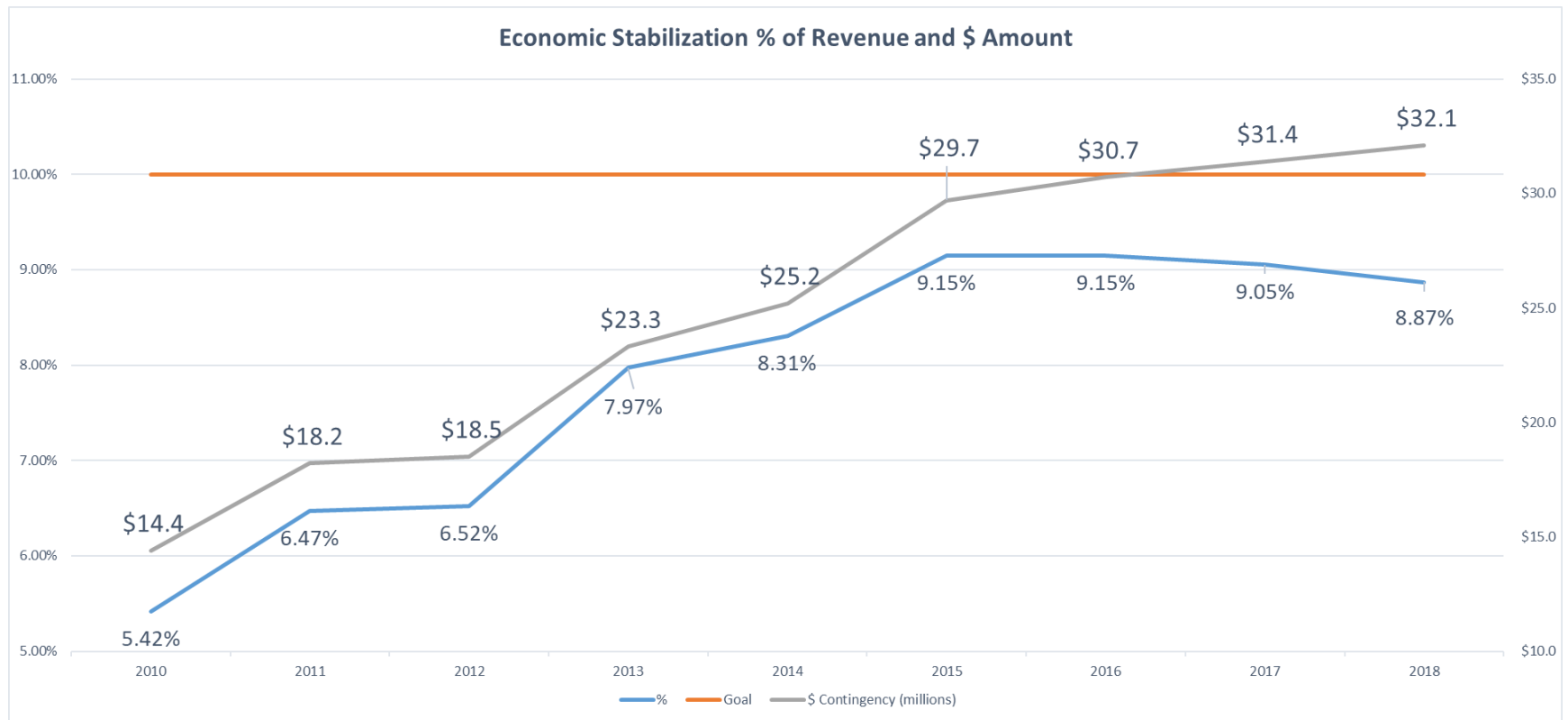
FY2018 Fund Balance Discussion

- Total Liquidity increased to a high of \$87.01 million in FY 2016.
- Total included planned use of \$17.7 million for a legal settlement in FY2017.
 - Also spent an additional \$5 million on capital projects for a total of \$22.7 million decrease in fund balance in FY2017.
- Now approaching the 15% floor for Moody's Liquidity metric for Aa rated governments.



FY2018 Fund Balance Discussion

Economic Contingency Fund History



FY2018 Fund Balance Discussion

Economic Contingency Fund History

- Steady growth in funding and percent of revenue through FY 2015
- Since 2015, while total funding has increased stated as a percent of revenue has decreased.



FY2018 Fund Balance Discussion

- FY2018 Revenues over Expenses of \$5.32 million

- Result of multiple factors:

□ Revenue exceed budget	\$3.67
□ Personnel exceed budget	\$(.23)
□ Operating less than budget	\$3.26
□ Debt service exceed budget	\$(.25)
□ Insurance exceed budget	\$(.56)
□ Other exceed budget	\$(.57)



FY2018 Fund Balance Discussion

- Increase in FY2018 revenue over expense offset by...
 - Spend down of 1105 Capital Projects
 - Spend down of non 1101 fund balances (jobs fund, homeless, and affordable housing funds)
 - Prior period adjustment (reconciliation of exaction program identified 1101 obligation to exaction fund)
- Net impact of total fund balance - increase of \$370,000 over 2017



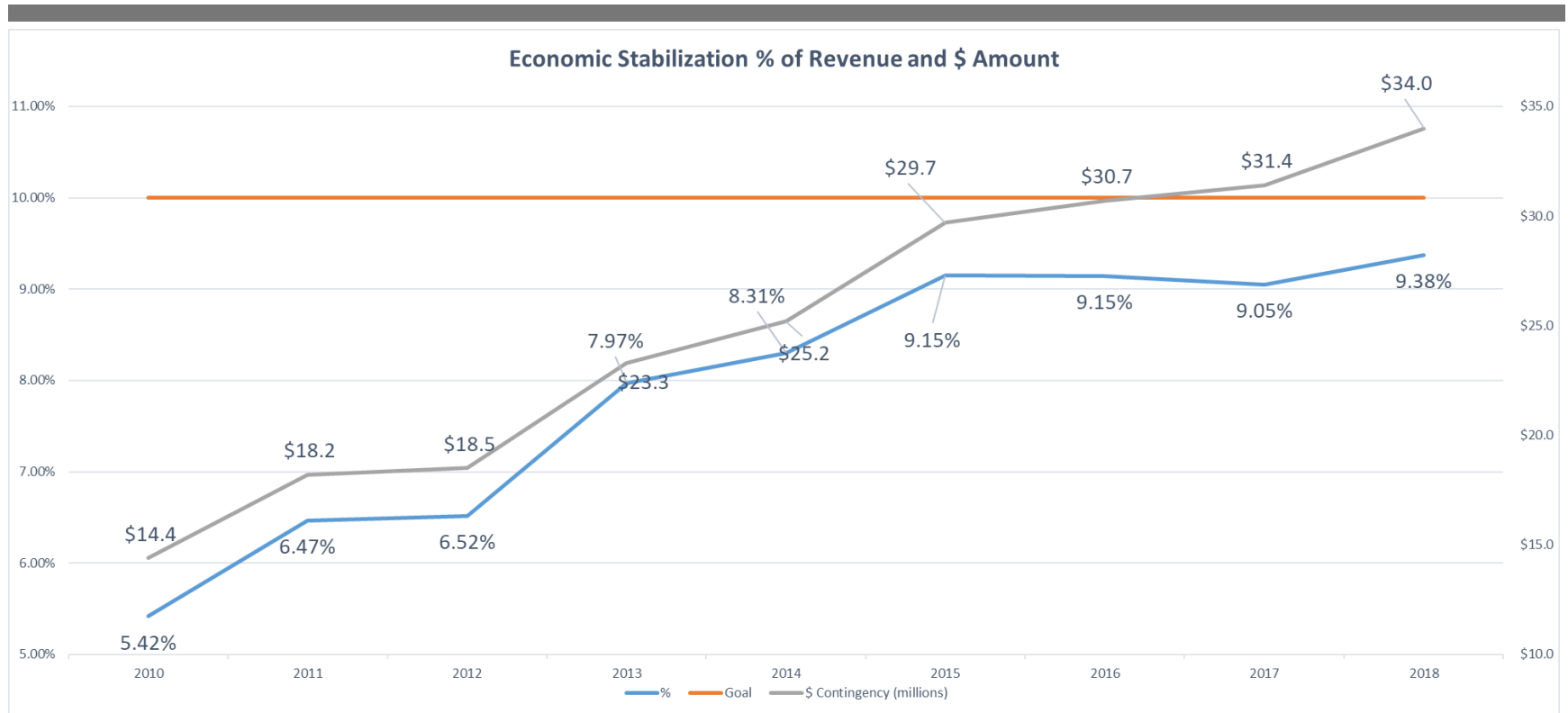
FY2018 Fund Balance Discussion

		<u>2018</u>	<u>2017</u>	<u>Difference</u>
Total Fund Balance		64,372,077	64,002,064	370,013
<u>Non spendable</u>		2,480,783	2,343,585	
EIF		595,075	676,218	
Qualified Energy Bond Reserve		<u>812,350</u>	<u>602,807</u>	
Subtotal after Non spendable		60,483,869	60,379,454	
<u>Committed</u>				
27th Payroll (1)		0	921,150	
Balance Non 1101 Funds		3,640,127	5,020,395	
Economic Contingency	31,408,506			
Addition 2018 Activity	764,648			
Recommended Additional (1)	<u>1,842,300</u>			
Total Economic Contingency		<u>34,015,454</u>	<u>31,408,506</u>	
Subtotal After Committed		22,828,288	23,029,403	
<u>Assigned</u>				
Health Insurance Reserve		4,000,000	4,000,000	
Budget Stabilization Reserve		11,400,000	10,000,000	
Fund Balance Capital Projects		1,670,301	4,913,896	
<u>Unassigned Fund Balance (2)</u>		5,757,987	4,115,507	
(1) If 27th Payroll Accrual discontinued and balance is transferred to Econ Contingency.		(2) Unassigned Fund Balance		
		PO Roll/Prepay to 2019		2,600,000
		Grant Match Roll to 2019		1,100,000
		2019 Begin Fund Balance		<u>1,500,000</u>
				5,200,000



FY2018 Fund Balance Discussion

Economic Contingency Fund History – Proposed 2018 Funding



Questions?