



LS

# Rethinking General Fund Balance Reserves

## Policy History

- Current Fund Balance policy was adopted by Ordinance 7428 in 2014
- Based on GFOA Best Practices at the time with minimum of 2 months reserve
- Current GFOA white paper recommends detailed review with both minimum and cap

## GFOA General Fund Reserve Calculation Worksheet

- Assess risks in 8 categories
- Consider other risk mitigation approaches

## Risk Assessment Categories

- 1. Vulnerability to extreme events
- 2. Revenue source stability
- 3. Expenditure volatility
- 4. Leverage
- 5. Liquidity
- 6. Other funds dependency
- 7. Growth
- 8. Capital projects



# Risk Assessment Participation

- Management Team-August 9
- Finance staff review-August 24
- Focus group-August 28
  - Fire-Dan Manley, Brian Austerman
  - Law-Ed Rucker
  - Development-Josh Johnson
  - Public Works-Mike Anderson
  - Water-Mark Schaufler, Brent Boice
  - Information Technology-Teresa Wright
  - Administration-Ryan Elam, Donna Lake
  - Finance-Tiffany Morawiec, Holly Allen, Rick Gentry

## Initial Scoring Result

Scoring from worksheet analysis placed us in Guidance Category “moderate to high level of risk”

- Recommended range of 26% to 35%

## Further considerations include:

- Government size
- Budget practices
- Borrowing capacity
- Impact of commitments, public/rating agency perceptions, governing board philosophies

## Final Scoring Results

Scoring placed us in “low to moderate level of risk”

- Recommended range of 17% to 25%



## Complete Scoring Results

- Initial scoring
    - Moderate to high level of risk
    - Recommended range of 26% to 35%
  - Final scoring
    - Low to moderate level of risk
    - Recommended range of 17% to 25%
- Borderline scores nudge us to higher range