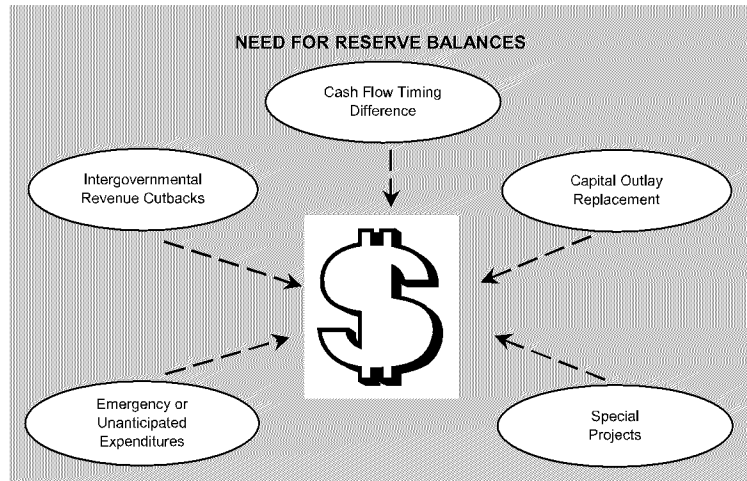
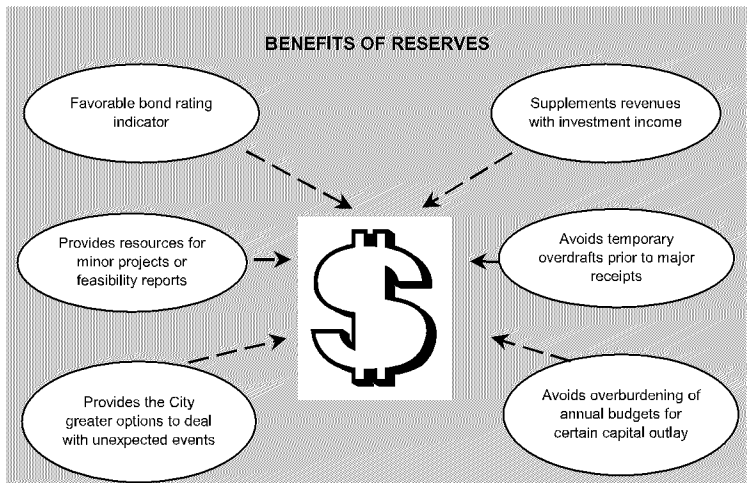


The fund balance of a city's General Fund is a key financial indicator. Management controls over the level of fund balance is based on a city's philosophy and approach to determining optimum balances. Several areas to consider are illustrated at the right:



The City has adopted a fund balance policy. The policy addresses three areas: 1) compensated absences; 2) cash flow; and 3) emergencies/contingencies.



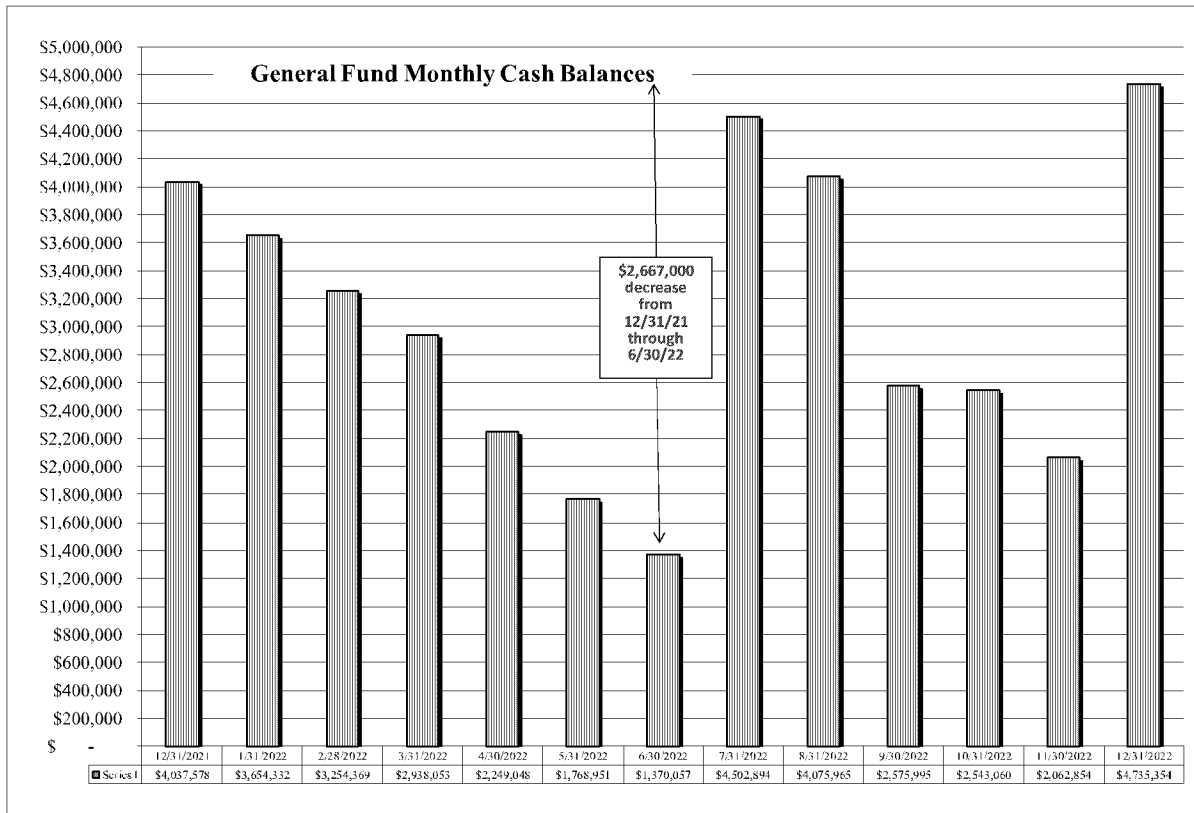
**Cash Flow Reserve**

Property taxes and related state aids account for over 82% of the General Fund revenue. This revenue is not received by the City until July and December of each year. This requires a cash flow reserve at the start of the year to finance operations prior to the receipt of taxes and state aids. City policy requires that the cash flow reserve consist of between 30% and 50% of the ensuing year’s tax levy and state aids and is computed as follows:

<b>Cash Flow Designation</b>	
2023 budgeted levy (less debt service levy)	\$5,638,388
2023 anticipated LGA	<u>1,120,317</u>
Total	<u>\$6,758,705</u>
Minimum cash flow reserve (30% of total)	<u>\$2,027,612</u>
Maximum cash flow reserve (50% of total)	<u>\$3,379,353</u>
Amount available for cash flow reserve (40% of total)	<u>\$2,703,482</u>

As shown above, the December 31, 2022, cash flow reserve is in the policy range.

The following graph of monthly General Fund cash balances illustrates the impact of receiving property taxes and state aids in the second half of the year:



**Summary of Fund Balance**

A summary of fund balance of the General Fund is as follows:

<u>Fund Balance Constraint</u>	<u>2022</u>	<u>2021</u>
Nonspendable - prepaid items	\$427,196	\$286,065
Committed - compensated absences	561,275	422,961
Unassigned:		
Cash Flow (30% to 50% of tax levy + LGA)	2,563,968	2,712,003
Contingency (5% of budgeted expenditures)	380,796	347,946
Other	<u>59,664</u>	<u>55,276</u>
Total	<u>\$3,992,899</u>	<u>\$3,824,251</u>