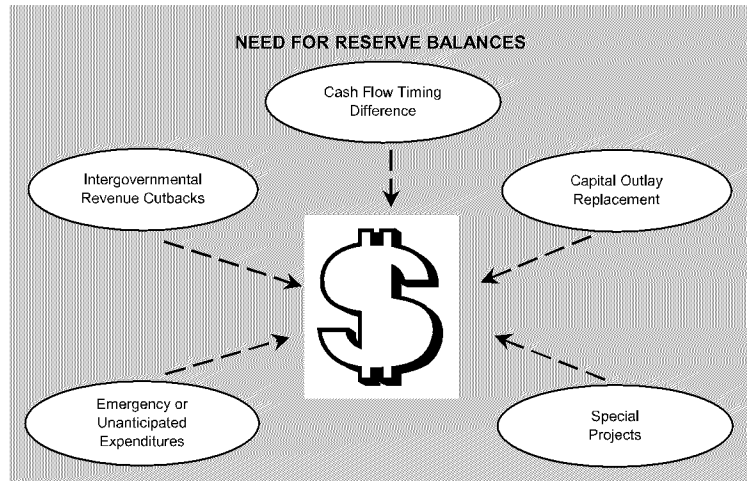
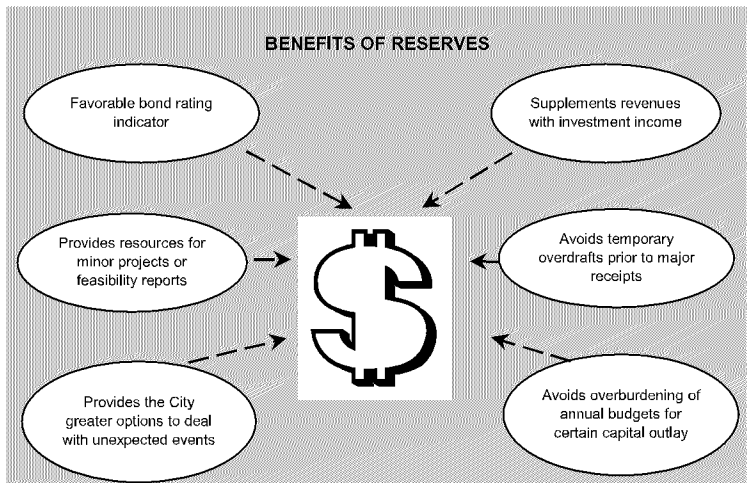


The fund balance of a city's General Fund is a key financial indicator. Management controls over the level of fund balance is based on a city's philosophy and approach to determining optimum balances. Several areas to consider are illustrated at the right:



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



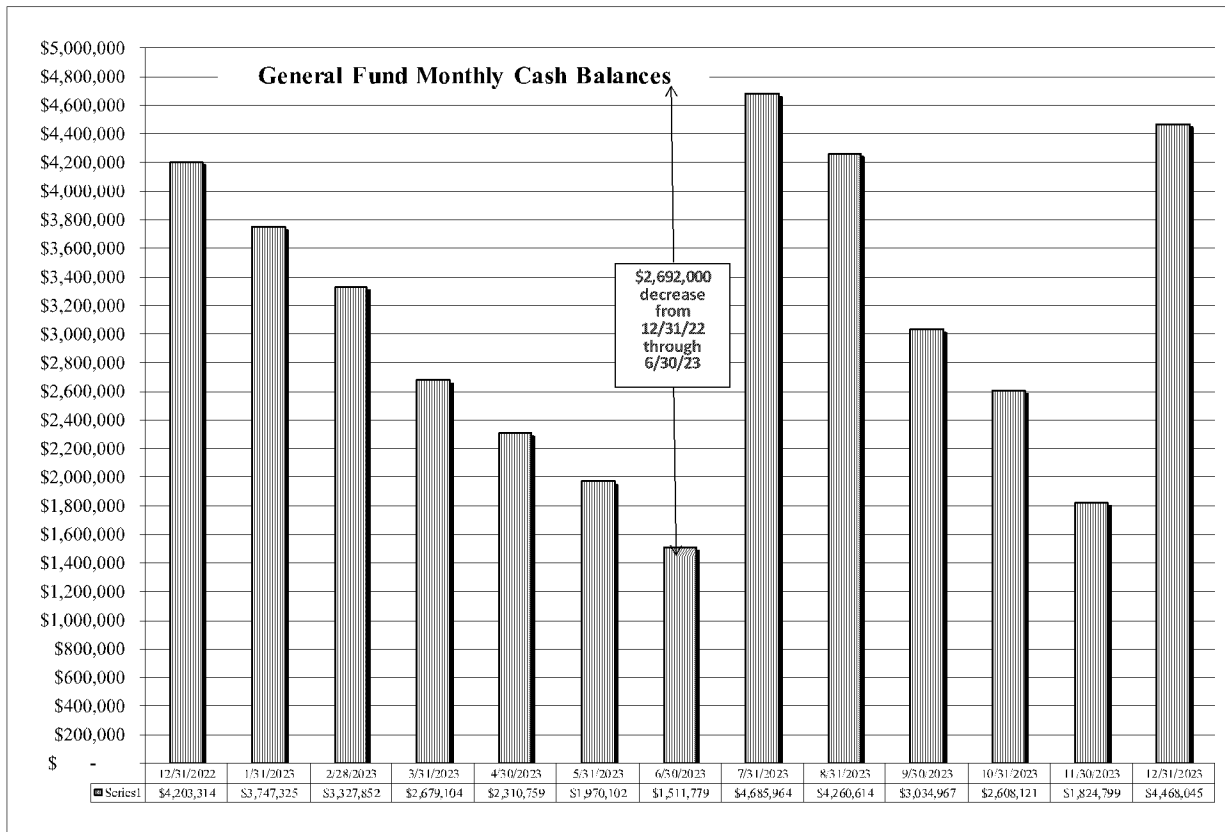
Cash Flow Reserve

Property taxes and local government aid accounted for 79% of the General Fund revenue for 2023. 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:

Cash Flow Reserve	
2024 budgeted levy (less debt service levy)	\$6,225,497
2024 anticipated LGA	<u>1,503,227</u>
Total	<u><u>\$7,728,724</u></u>
Minimum cash flow reserve (30% of total)	<u><u>\$2,318,617</u></u>
Maximum cash flow reserve (50% of total)	<u><u>\$3,864,362</u></u>
Amount available for cash flow reserve at 12/31/2023:	
General Fund balance	\$4,513,462
Less nonspendable fund balance	(584,769)
Less fund balance committed for compensated absences	(655,592)
Less emergency / contingency reserve	<u>(490,225)</u>
Amount available for cash flow reserve at 12/31/2023	<u><u>\$2,782,876</u></u>

As shown above, the December 31, 2023, 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>2023</u>	<u>2022</u>
Nonspendable - prepaid items	\$584,769	\$427,196
Committed - compensated absences	655,592	561,275
Unassigned:		
Cash Flow (30% to 50% of tax levy + LGA)	2,782,876	2,563,968
Contingency (5% of budgeted expenditures)	418,247	380,796
Other	71,978	59,664
Total	<u>\$4,513,462</u>	<u>\$3,992,899</u>