

Sustainable Budgets And Reserves

Balancing Strategic Goals with Current Needs

Sustainable Budgeting

- ▶ Develop and adopt budgets that meet current needs and support strategic goals without exceeding available resources
- ▶ Budgets = Current needs + Asset maintenance replacement needs + future reserves
- ▶ Current consumption should not reduce opportunities for future generations.
- ▶ Planning
 - ▶ Community Economic Benefit
 - ▶ Life Cycle Cost Analysis

Establish Fund Balance Reserve Policy

▶ GFOA Best Practices

- ▶ Every Government Should Establish
- ▶ Established by Assembly or Council
- ▶ Broad Guidelines to Replenish
- ▶ Appropriate Level
 - ▶ Consider Unique Circumstances
 - ▶ Articulate Risks to Fund Balance
- ▶ GFOA Recommendation:
 - ▶ Minimum of Two Months of Revenues of Expenditures

CBJ Reserves Policy

- ▶ Implemented in 2011 through Mayor's Task Force
- ▶ Task Force Studied and Made Recommendation
- ▶ Adopted by Resolution
- ▶ Two months of General Governmental (General Fund) revenues
 - ▶ Excludes enterprise funds, special revenue funds and internal service funds
- ▶ Use for "temporary and unforeseen needs of an emergency or nonrecurring nature".
- ▶ Permits orderly budget reductions when funding sources are lost or substantially reduced.
- ▶ Use requires Assembly approval.
- ▶ Plan for replacement of reserves to be developed by City Manager
- ▶ Reported in Audited Financial Statements

Resources

- ▶ GFOA Financial Stability Resource Center
 - ▶ <http://www.gfoa.org/financial-sustainability>
- ▶ CBJ Fiscal Policy Task Force Report
 - ▶ <http://www.juneau.org/archive/pdfs/20120314112012.pdf>