

BUDGET POLICIES

CITYWIDE FINANCIAL AND MANAGEMENT POLICIES

SECTION 1 - GENERAL INFORMATION

- 1.1 **Annual Budget Submittal** - Biennial budgets shall be balanced. Budgeted expenditures and transfers-out will not exceed reasonable projection of the sum of current year revenues, transfers-in, and available fund balances. Debt shall not be utilized for operating expenses.¹
- 1.2 **Budget Process** - A Biennial budget shall be adopted every two years by December 1st of the year prior to the two-year budget period. Adjustments for changing circumstances for the second year of the two-year budget cycle shall be adopted by December 1st of the first year of the biennial period.²
- 1.3 **Budget Preparation** - While the Charter establishes time limits and the essential content of the City Manager's proposed budget, the budget preparation process is not prescribed. The preparation process is developed by the City Manager with input from the City Council.
- 1.4 **Changes to Adopted Budget** - Normally, initial appropriations (excluding carryovers and encumbrances) will be made only in the context of the annual budget process when all City needs can be reviewed and prioritized in a comprehensive manner. The biennial budget process will also include a projection of the multi-year impact of decisions.³

SECTION 2 - REVENUE POLICIES

- 2.1 **Property Tax** - Mill levies shall be certified at the 1992 mill levy rate. A temporary mill levy credit shall also be certified whenever the calculated revenue forecast exceeds the calculated revenue limitation by more than 1/10th of a mill.⁴
- 2.2 **Revenue Review and Projection** - The City reviews estimated revenue and fee schedules as part of the budget process. Estimated revenue is projected in a "most likely" scenario for five years and updated annually. Proposed rate increases are based upon Citywide Pricing Policy Guidelines that were adopted by Council in 1994. User fees shall be aligned with these guidelines over a five-year period.
- 2.3 **User Fee Guidelines** - The general guidelines of the City of Boulder regarding user fees are based upon the following considerations:
 - A. Full Cost Recovery
 1. The individual or group using the service is the primary beneficiary.
 2. The level of service use attributed to a user is known.
 3. Administrative cost of imposing and collecting the fee is not excessive.
 4. Imposing a full cost fee would not place the City at a competitive disadvantage.
 5. The service is usually provided by the private sector, but may also be provided by the public sector.
 - B. Partial Cost Recovery
 1. Services benefit those who participate but the community at large also benefits.
 2. The level of service use attributed to a user is known.
 3. Administrative costs of imposing and collecting the fee is not excessive.
 4. Imposing a full cost fee would place the City at a competitive disadvantage.
 5. The service is usually provided by the public sector, but may also be provided by the private sector.

C. No-cost Recovery:

(a service does not have to meet every criterion)

1. The service is equally available to everyone in the community and should benefit everyone.
2. Because the service is basic, it is difficult to determine benefits received by one user.
3. The level of service attributable to a user is not known.
4. Administrative costs of imposing and collecting a fee exceed revenue expected from the fee.
5. Imposing the fee would place the City at a serious competitive disadvantage.
6. The service is primarily provided by the public sector.
7. Charging a fee would result in undesirable behavior.

D. "Enterprise or Profit" Center

(a service does not have to meet every criterion)

1. Individuals or groups benefit from the service and there is little community benefit.
2. The level of service use attributable to a user is known.
3. There is excess demand for the service; therefore, allocation of limited services is required.
4. Administrative cost of imposing and collecting the fee is not excessive.
5. The service is provided at market price by the private sector.

E. Other Considerations

1. Nonresidents do not pay the full level of City taxes. Therefore, nonresidents will usually pay a premium of 25% above the standard fee for the service.
2. The City currently defines "Direct Costs" as costs that are all the specific, identifiable expenses associated with the actual provision of a service.
3. "Indirect Costs" can include departmental overhead costs such as administrative costs and operating reserve account as well as city overhead costs. City overhead costs include the costs of all the City's general support services.
4. Departments when establishing fees should identify whether a fee recovers the full cost, (sum of direct and indirect costs), partial cost or is a market rate fee.

- 2.3a User Fee Subsidies** - After a fee has been set at either a full, partial or market level, any subsidy or reduced rate user fee offered by the City of Boulder will be based primarily on economic or financial need. The basis for determining financial need will be 50% of the average median income (AMI) for Boulder County. In addition, programs that include a subsidy or reduced rate component are available to City of Boulder residents only.

Recreation services in Parks and Recreation offer reduced rate user fees based on age only rather than on economic or financial need. As part of its 5-year User Fee Alignment Plan, this department is moving away from age-based discounting, but has not yet determined if it should be completely eliminated.

- 2.4 Asset Forfeiture Revenue** - To create a long-term funding source from limited and uncertain revenue, asset forfeiture/seizure revenue resulting from crime prevention/apprehension activities by the Police Department shall be conceptually considered as "endowment" funds and the principal shall be held in reserve. With the exception of occasional exceptional unanticipated unfunded needs, only interest earnings on the principal shall be allocated for expenditures.

- 2.5 Accrued Interest -Earmarked Funds -** The determination of whether earmarked funds shall accrue interest income is whether the General Fund costs required to collect and administer such funds are allocated to the subject funds. Interest income shall not be distributed to funds unless they are bearing their appropriate allocation of administrative costs.
- 2.6 Unspent Revenues -** On an annual basis, any unspent revenues subject to and in compliance with the associated limitations of Amendment #1 revenue and spending constraints shall be "reserved" and therefore will be considered "spending" in the current fiscal year.
- 2.7 Excise Taxes -** In November 1998, the electorate approved a ballot issue that increased the current excise tax rates by an inflationary factor. The rate will be adjusted annually by an inflation factor until the maximum amount included in the ballot issue is reached. ⁵

- 2.7 a Education Excise Tax-** In June 2003, City Council approved the following policy guidelines pertaining to Education Excise Tax:

Education Excise Tax revenues shall be used for capital expenditures only, and not for operational expenditures. Education Excise Tax revenues may be used to:

- Help fund facilities needed to serve new growth
- Improve or renovate existing facilities
- Enhance the viability of existing facilities , including recreational facilities
- Fund tax refunds or set-offs relating to education purposes
- Purchase properties to preserve them for future educational purposes.

Education Excise Tax revenues shall be expended in a manner that supports both Boulder Valley School District and city of Boulder needs and objectives.

Education Excise Tax revenues shall be programmed for expenditure as part of the city's Capital Improvement Programming process. The intent is that funds will be used for large capital expenditures that exceed \$1,000,000 and will be programmed for expenditure on an infrequent basis.

- 2.8 Utility Charges -** The City reviews estimated revenues and fee schedules as part of the budget process. Estimated revenue and expenditures are projected for five years and updated annually. Proposed rate increases to monthly user fees are developed using a cost-of-service methodology which includes the following:

- Determination of the Utility's revenue requirements for operations, maintenance, and capital construction;
- Ability of the Utility to maintain adequate reserves and meet debt service coverage requirements;
- Analysis of customer demands and usage characteristics;
- Allocation of revenue requirements to customer service characteristics;
- Development and design of rates schedules.

Other charges for specific services are designed to recover costs and follow the guidelines of the Citywide Pricing Policy adopted by Council in 1994.

Plant Investment Fees are one-time charges to customers connecting to the utility system are based on the replacement value of the utility assets and are reviewed every 3-5 years.

SECTION 3 - FINANCIAL ADMINISTRATION

- 3.1 General Information** - The city's fiscal year shall be the calendar year. The Department of Finance and Record shall collect taxes and maintain financial records.⁶
- 3.2 Administrative Charges** - The City shall employ a cost allocation system to identify the full cost of providing services to the public and recover certain costs incurred by various funds in providing support services to other City departments. The system shall accomplish the following objectives:
- a. Complete recovery of costs incurred with the exception of the costs of "general governance".
 - b. Equitable allocation of costs to users.
 - c. Provision of incentives for service providers to deliver products and services efficiently and effectively.
 - d. Provision of a stable cost allocation system to facilitate the organization's budgeting for charges and revenues.
 - e. Promotion of customer confidence in and acceptance of the accuracy, reasonableness, and fairness of the charges they incur.

Charges for "general governance" (City Council, City Manager's Office, City Clerk Council support and elections, etc.) shall not be cost allocated to restricted funds but instead shall be totally funded out of the General Fund. The "general governance" category shall not include election costs for ballot issues related to funds with earmarked revenue sources. Costs for non-General Fund ballot issues shall be charged to the appropriate fund.

The Housing Authority shall not be charged for services provided by General Fund Departments. Such costs will be born by the General Fund.

- 3.3 Building Maintenance/Renovation** - To protect City investment in facilities, funds shall be budgeted annually for maintenance of such facilities. To extend the life of these assets, the goal shall be to increase the funds budgeted annually for maintenance of facilities to approximately 2 percent of the replacement cost (with the exception of debt financed facilities). These funds may be utilized for facility maintenance, reserved for facility replacement, or utilized for debt service payments for facility related projects pursuant to a long term plan based upon the condition of each facility. If the 2 percent funding goal cannot be reached in any given year due to funding constraints, the expected result will be an increase in the maintenance backlog equal to the funding shortfall. The Facilities and Asset Manager will prioritize maintenance/renovation needs to ensure that critical systems are properly maintained so that facility safety and operations continue without interruption. Lower priority work will be postponed until funding is available to complete these tasks. The Facilities & Asset Manager will report the amount of maintenance backlog and any impacts on facility safety and operations annually during the budget process. If/when the revenue base permits, facility maintenance funding shall be given a high priority before consideration of other service restorations or additions.
- 3.4 Building Replacement Costs** - Where debt payments are being made for city buildings, if the revenue source(s) do not sunset when the debt is retired, the on-going revenue will be allocated to a building replacement fund. If the funding source does sunset, replacement resources for the building shall usually come from new or extended revenue leveraged by bonding.
- 3.5 Equipment Replacement Costs** - Funds shall be reserved annually for replacement of City equipment and these costs will be reflected in the operating expenditures of the activity using the equipment, to facilitate accurate costing of service delivery.
- 3.6 Vehicle Replacement Costs** - Vehicles shall normally be purchased rather than leased and a vehicle replacement fund shall be maintained for replacement of vehicles at the end of their useful life. In the limited situations where vehicles may be leased (temporary vehicles, fire apparatus, etc.) specific approval by the City Manager is required.

- 3.6a Vehicle Changes** - It is the expectation of the City Manager's Office that all departments will meet the objectives of the Fleet Evaluation Study. These objectives are: no increase in miles driven in the conduct of City business, and no net increase in the number of fleet units.
- 3.7 Computer Replacement Costs** - Computer replacement funds shall be created to level out spending for microcomputer and network related hardware and software and ensure that adequate replacement funds are available when equipment reaches the end of its useful life. This fund is expected to cover 80% of the General Fund replacement costs. The remaining 20% costs will be covered in individual departmental budgets. Restricted funds are expected to reserve funds necessary to cover 100% of their microcomputer and network related hardware and software.
- 3.8 Technology Improvements** - Recognizing the contribution of technology in efficient and effective service provision, improvements in technology shall be important considerations in resource allocations.
- 3.9 General Fund Annual Savings** - The General Fund emergency/stabilization reserve shall be maintained at a 10% minimum and a 15% maximum, as conditions allow.
- 3.10 Grant Expenditures** - Expenditures related to grants shall continue only during the period of time they are funded by the grant. Any grant employees will be considered fixed-term. The City Manager shall review applications for new grants before they are submitted to the granting agency.
- 3.11 Property & Casualty and Workers Compensation Funds** - Both Property and Casualty and Workers Compensation liability will be self-insured. The goal of the Property & Casualty Fund is to fully fund an actuarially calculated liability as of the end of the prior year at the 50% certainty level plus \$500,000 for current and future claims. The Workers Comp Fund's goal is to fully fund case loss reserves at the 50% confidence level and rate stabilization reserves at the industry standard reserve/retention of eight-to-one. At least every five years, an analysis comparing the cost and effectiveness of self insurance compared to purchase outside insurance will be conducted to determine whether self-insurance in one or both of these liability categories continues to be the best alternative.
- 3.12 Accumulated Sick, Vacation Time, & Appreciation Bonus** - To facilitate the long-term financial sustainability of the city, liabilities associated with accumulated sick time, vacation time, appreciation bonuses, and/or any other employee benefits that would result in liability upon termination or retirement shall be fully funded based on TABOR requirements. This may be accomplished, subject to Council review and approval, by a combination of modifying benefits and/or setting aside reserves.
- 3.13 Compensation Policy** - The City of Boulder is committed to recruiting and retaining highly productive employees through a competitive total compensation package, which strives to:
- Provide favorable salary relationships when compared to appropriate labor markets, while recognizing the City's ability to pay;
 - Maintain internal job relationships according to the responsibilities and customer service requirements found in all jobs;
 - Recognize and reward employees for their efforts as demonstrated through specific performance achievements; and
 - Acknowledge the unique contributions and potential sacrifices of our Police and Fire Protective Services by continuing to offer enriched benefit programs for them.

SECTION 4 - CAPITAL IMPROVEMENT PLANS

- 4.1 Capital Improvement Plan Submission** - While the Charter establishes time limits and the essential content of the City Manager's proposed CIP budget, the budget preparation process is not prescribed. The preparation process is developed by the City Manager with input from the City Council.⁷
- 4.2 Inclusion of Operating Costs** - Prior to approval of capital projects, associated operating costs must be included in balanced multi-year operating budgets.

- 4.3 Capital Improvement Project Contingency Funds** - Capital Improvement Project contingency funds may be expended by the Project Manager, with Director approval, for unanticipated needs or changes that are within the original scope of the project. The "scope of the project" is defined as the description of the project presented with the CIP that clearly defines the parameters, objectives, and budget of the project. Requested modifications exceeding the original scope of the project shall be presented to Council for approval.
- 4.4 CIP Arts Funding** - Where feasible, Project Managers, when designing capital projects should incorporate public art into the design.

SECTION 5 - RESERVE POLICIES

- 5.1 Please refer to separate section defining individual reserve goals by fund.**
- 5.2** In the case of a declared emergency within the City, applicable insurance coverage (subject to the related deductibles) would be the first funding source utilized. Reserve funds established for other purposes may also be utilized for needs related to emergency situations. The following reserve categories could be utilized if required (as prioritized based upon the importance of the needs related to the emergency versus the negative impact of the steps necessary to replenish reserves in the future).

General Fund (no legal restrictions):

- Emergency/stabilization reserve
- Computer replacement reserve
- Facility renovation and replacement reserve
- Workers compensation reserve (would have to "book" any unfunded liability)
- Property & casualty self-ins reserve (would have to "book" any unfunded liability)
- Insurance stabilization reserve

Restricted funds (only for emergency purposes within the function of each fund)

- Emergency/stabilization reserves
- Various replacement reserves

SECTION 6 - PENSION PLAN POLICIES

- 6.1 Authorization to Expend Funds for Administrative Costs** - If budgetary conditions permit, the City may authorize defined contribution (money purchase) pension plans to expend certain forfeiture funds for administrative costs. The plan board(s) may submit a request annually to the City Manager to be considered in the context of the City's annual budget process.
- 6.2 Increase for "Old Hire" Police and Fire Pension Plans** - "Ad hoc"/cost of living increases for retirees of the Old Hire Police and Old Hire Fire Pension Plans will be funded only if adequate funds are available, on an actuarially sound basis, from existing plan assets.

SECTION 7 - DEBT POLICIES

- 7.1 Policy Statement** - Debt shall be considered only for capital purchases/projects and the term of the debt shall not exceed the useful life of the financed asset. Municipal bonds, Interfund loans, equipment leases (with the exception of vehicles) and sale/leaseback agreements are approved methods for financing capital projects.

END NOTES

1. Charter Requirements Sec 93. Not later than three months before the end of each fiscal year, the city manager shall prepare and submit to the council an annual budget for the ensuing fiscal year, based upon detailed estimates furnished by the several departments and other divisions of the city government, according to a classification as nearly uniform as possible. The budget shall present the following information:

(A) An itemized statement of the appropriations recommended by the city manager for estimated expenses and for permanent improvements for each department and each division thereof for the ensuing fiscal year, with comparative statements in parallel columns of the appropriations and the expenditures for the current and last preceding fiscal year and the increases or decreases in the appropriations recommended;

(B) An itemized statement of the taxes required and of the estimated revenues of the city from all other sources for the ensuing fiscal year with comparative statements in parallel columns of the taxes and other revenues for the current and last preceding fiscal year and of the increases or decrease estimated or proposed;

(C) A statement of the financial condition of the city; and

(D) Such other information as may be required by the council.

2. Charter Requirement Sec. 95. Upon the basis of the budget as adopted and filed, and including the levies required to be made by the charter, the several sums shall forthwith be appropriated by ordinance to the several purposes therein named for the ensuing fiscal year. Said ordinance shall be adopted not later than the first day of December in each year and shall be entitled "The Annual Appropriation Ordinance."

3. Charter Requirement Sec. 102. At any time after the passage of the annual appropriation ordinance and after at least one week's public notice, the council may transfer unused balances appropriated for one purpose to another purpose and may by ordinance appropriate available revenues not included in the annual budget. This provision shall not apply to the water, park and library funds.

4. Charter Requirements. Sec 94. Upon said estimate the council shall forthwith proceed to make by ordinance the proper levy in mills upon each dollar of the assessed valuation of all taxable property within the city,... The levy shall never exceed thirteen mills on the dollar for all general city purposes upon the total assessed valuation of said taxable property with the city. The foregoing limitation of thirteen mills shall not apply to taxes levied by the council for the payment of any interest, sinking fund, or principals of any bonded indebtedness of the city now existing or hereafter created nor to special assessments for local improvements.

Sec. 135. The city council shall make an annual appropriation, which shall amount to not less than the return of one-third of a mill tax levied upon each dollar of assessed valuation of all taxable property in the City of Boulder.

Sec. 161. There shall be a permanent park and recreation fund. This fund shall consist of the following:

(a) An annual levy of nine-tenths of one mill on each dollar of assessed valuation of all taxable within the city.

5. Code Requirement. Sec. 3-8-1. Development Excise Tax; Sec. 3-9-1, Housing Excise Tax; Sec. 8-3-18, and Park Land Acquisition and Development Fees, B.R.C. 1981.

6. Charter Requirements

Sec. 88. The fiscal year of the city shall commence on the first day of January and end on the last day of December of each year.

Sec. 89. Collection and custody of public moneys. The Director of Finance and Record shall have charge of the revenues and records of the city except as otherwise provided by this charter or by ordinance. All taxes, special assessments, and license fees accruing to the city shall be received or collected by officers of the department of finance and record. All moneys received by any officer or employee of the city or in connection with the business of the city shall be paid promptly into the city treasury.

The council shall by ordinance provide a system for prompt collection and regular payment, custody, and deposit of all city moneys; shall require surety bonds of all depositors of city moneys. Deposits shall be made daily and in the name of the city.

Sec. 90. System of accounting

The council shall by ordinance provide a system of accounting for the city, not inconsistent with the provisions of this charter, which may be recommended by the city manager, to conform as nearly as possible with the uniform system of municipal accounting.

7. Charter Requirements. Sec 78. The Planning Department shall.....

(C)Submit annually to the city manager, not less than sixty days prior to the date for submission of the city manager's proposed budget to the city council, a list of recommended capital improvements to be undertaken during the forthcoming six-year period;

The list shall be arranged in order of preference, with recommendations as to which projects shall be completed each year. Each list of capital improvements shall be accompanied by a six-year capital budget indicating estimated costs and methods of financing all improvements.

**2008-09 BUDGET
Reserve Policies**

Fund	Category	Reserve	Purpose	Current Reserve Policy	Projected Year-End Balance (2008)	Balance to Comply w/Budget Policy	Variance	Comments
General	Emergency/ Stabilization	Emergency Reserve	Reserve is to provide a cushion for revenue shortfalls, emergencies, and for expenditure opportunities.	Based upon GF expenditures less grants: proposed goal is to have a 10% reserve.	11,059,000	9,342,000	1,717,000	Current reserve policy is being met.
	Liability	Compensated Absences	The fund was established for liabilities assoc. with accumulated sick and vacation time, appreciation bonuses, and/or other employee benefits that result in liabilities.	To facilitate the long-term financial sustainability for the city the sick/vac/app. bonus liability shall be a fully funded reserve based on TABOR requirements.	2,692,742	2,612,784	79,958	Current reserve policy is being met.
		Workers Comp. Reserve	The Workers Comp fund is self-insured. The fund was developed to enhance the management of program costs.	To fully fund case loss reserves at the 50% confidence level and rate stabilization reserves at the industry standard reserve/retention of 8 to 1.	3,551,568	3,619,228	(67,660)	Current reserve policy is not being met; an 2008 rate increase was deferred based on the "cascading" funding approach to fund the Boulder Mobile Manor and the Economic Vitality program; rate increases will be considered for 2009.
	Liability	Workers Comp: Pay Period 27 Reserve	Reserve established to provide funding for years in which there are 27 pay periods. First one occurs in 2013.	Reserve is to cover 100% of cash payment for 27th pay period for year in which it occurs (e.g. 2013).	(67,660)	2,780	(70,440)	Current reserve policy is not being met.
		Property & Casualty Reserve	The Property & Casualty Reserve will be self-insured. The fund was set up when insurance costs were expected to increase significantly.	Goal is to fully fund an actuarially calculated liability as of end of the prior year at the 50% certainty level plus \$537,500 for current & future year claims.	3,828,625	1,497,411	2,331,214	Current Reserve policy is being met
	Replacement	General Fund-Computer Replacement Reserve	Reserve was created to level out spending for micro-computer related hardware and software.	Goal is that this fund will cover the replacement of existing computer systems and keep software maintenance up to date.	3,232,518	1,903,966	1,328,552	Current reserve policy is being met.
		Telecommunications Replacement Reserve	Reserve was created to level out spending for Telecommunications system replacement and upgrades	Goal is that this fund will fund the City's phone service equipment replacement and fiber network needs.	510,154	510,154	0	Current reserve policy is being met.
		Facility Renovation & Replacement Reserve	Fund was created to protect the City investment in facilities.	To protect City investment in buildings, funds shall be budgeted annually for maintenance of such buildings. To extend the life of these assets, the goal over a 20 year period shall be to increase the funds budgeted annually for maintenance of buildings to approximately 2% of the replacement cost.	1,632,692	1,632,112	580	Current reserve policy is being met.
	Liability	Facility Renovation & Replacement: Pay Period 27 Reserve	Reserve established to provide funding for years in which there are 27 pay periods. First one occurs in 2013.	Reserve is to cover 100% of cash payment for 27th pay period for year in which it occurs (e.g., 2013).	580	580	0	Current reserve policy is being met.
		Equipment Replacement	Reserve was created to level out spending for replacement of City's equipment. Includes contributions annually from general & non-general funds.	It is the policy of the City of Boulder that all equipment users shall fund the replacement of equipment through contributions to the Equipment Replacement Fund (ERF). Annual contributions by unit shall be calculated by Facilities & Asset Management (FAM) and distributed to users during the budget process.	2,477,776	2,477,521	255	Current reserve policy is being met.
	Liability	Equipment Replacement: Pay Period 27 Reserve	Reserve established to provide funding for years in which there are 27 pay periods. First one occurs in 2013.	Reserve is to cover 100% of cash payment for 27th pay period for year in which it occurs (e.g., 2013).	255	255	0	Current reserve policy is being met.
Capital Development Fund	Emergency/ Stabilization	Emergency Reserve	Reserve was established to cover emergencies and revenue fluctuations.	Current reserve policy designates \$500,000 to cover the purposes of the fund.	4,188,104	500,000	3,688,104	Current reserve policy is being met.

**2008-09 BUDGET
Reserve Policies**

Fund	Category	Reserve	Purpose	Current Reserve Policy	Projected Year-End Balance (2008)	Balance to Comply w/Budget Policy	Variance	Comments
Planning and Development Services	Emergency /Stabilization	Emergency Reserve	This is an appropriated reserve to fund unanticipated operating emergencies.	Reserve is currently set at \$25,000.	25,000	25,000	0	Current reserve policy is being met.
	Emergency /Stabilization	Operating Reserve	This is an unappropriated reserve which was established to cover revenue fluctuations and operating emergencies.	10% of the operating budget that is funded by fees and permit revenue	3,165,737	541,510	2,624,227	Current reserve policy is being met.
	Liability	Pay Period 27 Reserve	Reserve established to provide funding for years in which there are 27 pay periods. First one occurs in 2013	Reserve is to cover 100% of cash payment for 27th pay period for year in which it occurs (e.g. 2013).	2,624,227	69,150	2,555,077	Current reserve policy is being met.
	Liability	Sick/Vac/App. Bonus Liability Reserve	The fund was established for liabilities assoc with accumulated sick & vacation time, appreciation bonuses, and/or other employee benefits that result in liabilities upon termination or retirement.	To facilitate the long-term financial sustainability for the city the sick/vac/app bonus liability shall be fully funded by or before 2010. Interim goal is to fully fund reserve based on TABOR requirements.	2,555,077	420,413	2,134,664	Current reserve policy is being met; this reserve is to be fully funded by 2010.
Affordable Housing Fund	Liability	Sick/Vac/ App. Bonus Liability Reserve	Reserve was established to fund sick/vac/app. bonus liability.	Reserve is to fully cover sick/vac/app. bonus liability.	28,064	26,409	1,655	Current reserve policy is being met.
	Liability	Pay Period 27 Reserve	Reserve established to provide funding for years in which there are 27 pay periods. First one occurs in 2013.	Reserve is to cover 100% of cash payment for the 27th pay period for year in which it occurs (e.g. 2013).	1,655	1,655	0	Current reserve policy is being met.
CHAP Fund	Liability	Sick/Vac/ App. Bonus Liability Reserve	Reserve was established to fund sick/vac/app. bonus liability.	Reserve is to fully cover sick/vac/app. bonus liability.	25,317	22,307	3,010	Current reserve policy is being met.
	Liability	Pay Period 27 Reserve	Reserve established to provide funding for years in which there are 27 pay periods. First one occurs in 2013.	Reserve is to cover 100% of cash payment for the 27th pay period for year in which it occurs (e.g. 2013).	3,010	3,010	0	Current reserve policy is being met.
.25 Cent Sales Tax Fund	Liability	Sick/Vac/App Bonus Liability Reserve	Reserve was established to fund sick/vac/app. bonus liability.	Reserve is to fully cover sick/vac/app. bonus liability.	1,422,478	191,318	1,231,160	Current reserve policy is being met.
	Liability	27th Payperiod	Reserve was established to fund 27th payperiod which occurs every 11 years	Reserve was established to fund 27th payperiod which occurs every 11 years	1,231,160	21,790	1,209,370	Current reserve policy is being met.
Library Fund	Emergency/ Stabilization	Emergency	Reserve was established to cover emergencies.	Current reserve policy designates 10% of annual Library revenues for emergencies.	206,912	69,745	137,167	Current reserve policy is being met.
Recreation Activity Fund	Emergency/ Stabilization	Emergency Reserve	Reserve is to provide a cushion for revenue shortfalls, emergencies, and for expenditure opportunities.	Policy is to allow a rolling fund balance to provide stability to annual operations that may otherwise be affected by shortfalls in revenue.	881,299	50,000	831,299	Current reserve policy is being met.
	Liability	27th Payperiod	Reserve was established to fund 27th payperiod which occurs every 11 years	Reserve was established to fund 27th payperiod which occurs every 11 years	831,299	66,670	764,629	Current reserve policy is being met.
Open Space Fund	Emergency /Stabilization	OSBT Contingency Reserve	Reserve was established to cover revenue fluctuations which might impact the Fund's ability to make debt service payments, as well as emergencies related to acquisitions.	Reserve per OSBT is to cover an amount based on outstanding General Obligation and BMPA debt totals supported by sales tax revenues.	7,637,117	5,475,000	2,162,117	Current reserve policy is being met.
	Liability	Sick/Vac/App. Bonus Liability Reserve	The fund was established for liabilities assoc with accumulated sick and vacation time, appreciation bonuses, and/or other employee benefits that result in liabilities upon termination or retirement	Reserve is to cover 100% of accrued costs as determined by Finance Department.	2,162,117	490,000	1,672,117	Current reserve policy is being met.

**2008-09 BUDGET
Reserve Policies**

Fund	Category	Reserve	Purpose	Current Reserve Policy	Projected Year-End Balance (2008)	Balance to Comply w/Budget Policy	Variance	Comments
		Property & Casualty Reserve	Reserve was established to cover retained insurance exposure.	Reserve is to cover 100% of retained loss not covered by City's insurance policy.	1,672,117	400,000	1,272,117	Current reserve policy is being met.
	Liability	Pay Period 27 Reserve	Reserve established to provide funding for years in which there are 27 Pay Periods. First one occurs in 2013.	Reserve is to cover 100% of cash payment for 27th pay period for year in which it occurs (e.g. 2013).	1,272,117	68,270	1,203,847	Current reserve policy is being met.
Airport Fund	Emergency /Stabilization	Operating Reserve	This is an appropriated reserve to fund unanticipated operating emergencies.	3% of Fund's operating budget.	10,000	10,000	0	Current reserve policy is being met.
		Designated Reserve	This is an unappropriated reserve for operating and capital emergencies and revenue shortfalls.	25% of Fund's operating budget.	469,529	117,018	352,511	Current reserve policy is being met.
	Liability	Sick/Vac/App. Bonus Liability Reserve	The fund was established for liabilities assoc with accumulated sick and vacation time, appreciation bonuses, and/or other employee benefits that result in liabilities upon termination or retirement	Reserve is to cover 100% of accrued costs as determined by Finance Department.	352,511	2,240	350,271	Current reserve policy is being met.
	Liability	Pay Period 27 Reserve	Reserve established to provide funding for years in which there are 27 pay periods. First one occurs in 2013	Reserve is to cover 100% of cash payment for 27th pay period for year in which it occurs (e.g. 2013).	350,271	1,760	348,511	Current reserve policy is being met.
Transportation Fund	Emergency /Stabilization	Operating Reserve	This is an appropriated reserve to fund unanticipated operating emergencies.	Reserve is set at \$100,000.	100,000	100,000	0	Current reserve policy is being met.
	Liability	Sick/Vac/App. Bonus Liability Reserve & Designated Reserve	The fund was established for liabilities assoc with accumulated sick and vacation time, appreciation bonuses, and/or other employee benefits that result in liabilities upon termination or retirement and includes allocation for designated reserves.	Reserve is to cover 100% of accrued costs as determined by Finance Department.	1,698,641	652,752	1,045,889	Current reserve policy is being met; adjusted annually to reflect most recent estimates.
	Liability	Pay Period 27 Reserve	Reserve established to provide funding for years in which there are 27 pay periods. First one occurs in 2013	Reserve is to cover 100% of cash payment for 27th pay period for year in which it occurs (e.g. 2013).	1,045,889	32,630	1,013,259	Current reserve policy is being met.
Transportation Development		Designated Reserve	This is an unappropriated reserve for operating and capital emergencies and revenue shortfalls.	Reserve is set at \$25,000	108,727	25,000	83,727	Current reserve policy is being met.
	Liability	Pay Period 27 Reserve	Reserve established to provide funding for years in which there are 27 pay periods. First one occurs in 2013	Reserve is to cover 100% of cash payment for 27th pay period for year in which it occurs (e.g. 2013).	83,727	1,530	82,197	Current reserve policy is being met.
Permanent Parks & Recreation Fund	Liability	Sick/Vac/ App. Bonus Liability Reserve	Reserve was established to fund sick/vac/app. bonus liability.	Reserve is to fully cover sick/vac/app. bonus liability.	1,589,691	58,796	1,530,895	Current reserve policy is being met.
	Liability	27th Payperiod	Reserve was established to fund 27th payperiod which occurs every 11 years	Reserve was established to fund 27th payperiod which occurs every 11 years	1,530,895	5,120	1,525,775	Current reserve policy is being met.
Water Utility	Emergency/ Stabilization	Emergency Reserve	This is an appropriated reserve to fund unanticipated operating emergencies.	3% of Fund's operating budget.	304,000	304,000	0	Current reserve policy is being met.
	Bond	Bond Reserve	These reserves are established in accordance with bond covenant requirements for revenue bonds.	Reserve amount defined individually for each bond issuance, equal to approximately one year's annual debt payment.	33,518,250	3,068,830	30,449,420	Current reserve policy is being met.
	Special Purpose	Lakewood Pipeline Remediation Reserve	This is an unappropriated reserve to be used for inspections and improvements for Lakewood Pipeline.	The 2006 Lakewood Pipeline Settlement resulted in \$15 million to the City. This money and related interest reside in this reserve until it is needed for the pipeline.	30,449,420	15,473,648	14,975,772	Current reserve policy is being met

**2008-09 BUDGET
Reserve Policies**

Fund	Category	Reserve	Purpose	Current Reserve Policy	Projected Year-End Balance (2008)	Balance to Comply w/Budget Policy	Variance	Comments
	Emergency/ Stabilization	Lakewood/ USFS Damage Claims Reserve	This is an unappropriated reserve to be used for damages to Forest Service Land outside the construction corridor for Lakewood Pipeline.	Per the Resource Damage Claims Plan	14,975,772	100,000	14,875,772	Current reserve policy is being met
	Liability	Sick/Vac/App. Bonus Liability Reserve	The fund was established for liabilities assoc with accumulated sick and vacation time, appreciation bonuses, and/or other employee benefits that result in liabilities upon termination or retirement	Reserve is to cover 100% of accrued costs as determined by Finance Department.	14,875,772	624,843	14,250,929	Current reserve policy is being met.
	Liability	Pay Period 27 Reserve	Reserve established to provide funding for years in which there are 27 pay periods. First one occurs in 2013.	Reserve is to cover 100% of cash payment for 27th pay period for year in which it occurs (e.g. 2013).	14,250,929	80,560	14,170,369	Current reserve policy is being met.
	Emergency/ Stabilization	Operating Reserve	This is an unappropriated reserve for operating emergencies and/or revenue shortfalls.	25% of Fund's operating budget (including transfers) .	14,170,369	3,986,607	10,183,762	Current reserve policy is being met.
	Emergency/ Stabilization	Capital Reserve	This is an unappropriated reserve for capital expenditures due to emergencies and/or revenue shortfalls.	Minimum annual capital costs for renewal and replacement of utility infrastructure.	10,183,762	2,000,000	8,183,762	Current reserve policy is being met
Wastewater Utility	Emergency/ Stabilization	Emergency Reserve	This is an appropriated reserve to fund unanticipated operating emergencies.	3% of Fund's operating budget.	250,000	250,000	0	Current reserve policy is being met.
	Bond	Fund Bond Reserve	These reserves are established in accordance with bond covenant requirements for revenue bonds.	Reserve amount defined individually for each bond issuance, equal to approximately one- year's annual debt payment.	9,644,066	170,250	9,473,816	Current reserve policy is being met.
	Liability	Sick/Vac/App Bonus Liability Reserve	The fund was established for liabilities assoc with accumulated sick and vacation time, appreciation bonuses, and/or other employee benefits that result in liabilities upon termination or retirement	Reserve is to cover 100% of accrued costs as determined by Finance Department.	9,473,816	661,625	8,812,191	Current reserve policy is being met.
	Liability	Pay Period 27 Reserve	Reserve established to provide funding for years in which there are 27 pay periods. First one occurs in 2013.	Reserve is to cover 100% of cash payment for 27th pay period for year in which it occurs (e.g. 2013).	8,812,191	59,160	8,753,031	Current reserve policy is being met.
	Emergency/ Stabilization	Operating Reserve	This is an unappropriated reserve for operating emergencies and/or revenue shortfalls.	25% of Fund's operating budget (including transfers) .	8,753,031	2,448,820	6,304,211	Current reserve policy is being met.
	Emergency/ Stabilization	Capital Reserve	This is an unappropriated reserve for capital expenditures due to emergencies and/or revenue shortfalls.	Minimum annual capital costs for renewal and replacement of utility infrastructure.	6,304,211	500,000	5,804,211	Current reserve policy is being met
Stormwater/ Flood Management Utility	Emergency/ Stabilization	Emergency Reserve	This is an appropriated reserve to fund unanticipated operating emergencies.	3% of Fund's operating budget.	90,000	90,000	0	Current reserve policy is being met.
	Bond	Bond Reserve	These reserves are established in accordance with bond covenant requirements for revenue bonds.	Reserve amount defined individually for each bond issuance, equal to approximately one year's annual debt payment.	3,434,930	824,715	2,610,215	Current reserve policy is being met.
	Emergency/ Stabilization	Post-Flood Property Acquisition	Reserve is for post - flood property acquisition in the event of a flood.	Reserve is increased by \$150,000 a year such that the fund will accumulate and maintain a level of \$1,000,000.	2,610,215	1,050,000	1,560,215	Current reserve policy is being met.

**2008-09 BUDGET
Reserve Policies**

Fund	Category	Reserve	Purpose	Current Reserve Policy	Projected Year-End Balance (2008)	Balance to Comply w/Budget Policy	Variance	Comments
	Liability	Sick/Vac/App Bonus Liability Reserve	The fund was established for liabilities assoc with accumulated sick and vacation time, appreciation bonuses, and/or other employee benefits that result in liabilities upon termination or retirement	Reserve is to cover 100% of accrued costs as determined by Finance Department.	1,560,215	134,786	1,425,429	Current reserve policy is being met.
	Liability	Pay Period 27 Reserve	Reserve established to provide funding for years in which there are 27 pay periods. First one occurs in 2013.	Reserve is to cover 100% of cash payment for 27th pay period for year in which it occurs (e.g. 2013).	1,425,429	18,460	1,406,969	Current reserve policy is being met.
	Emergency/Stabilization	Operating Reserve	This is an unappropriated reserve for operating emergencies and/or revenue shortfalls.	25% of Fund's operating budget (including transfers) .	1,406,969	860,578	546,391	Current reserve policy is being met.
	Emergency/Stabilization	Capital Reserve	This is an unappropriated reserve for capital expenditures due to emergencies and/or revenue shortfalls.	Minimum annual capital costs for renewal and replacement of utility infrastructure.	546,391	200,000	346,391	Current reserve policy is being met
Downtown Commercial District (formerly CAGID)	Emergency/Stabilization	Emergency Reserve	This is an unappropriated reserve to fund unanticipated operating emergencies.	10% of Fund's total operating uses.	567,250	293,954	273,296	Current reserve policy is being met.
		Natural Disaster Reserve	This reserve is required under TABOR.	3% of Fund's total sources as required by TABOR.	273,296	197,682	75,614	Current reserve policy is being met.
	Liability	Sick/Vac/App Bonus Liability Reserve	The fund was established for liabilities assoc with accumulated sick and vacation time, appreciation bonuses, and/or other employee benefits that result in liabilities upon termination or retirement.	Reserve is to cover 100% of accrued costs as determined by Finance Department.	75,614	113,464	-37,850	Current reserve policy is being met.
	Liability	Pay Period 27 Reserve	Reserve established to provide funding for years in which there are 27 pay periods. First one occurs in 2013.	Reserve is to cover 100% of cash payment for 27th pay period for year in which it occurs (e.g. 2013).	-37,850	14,000	-51,850	Current reserve policy is not being met for 2008; it is projected that the reserve policies will be met for 2009.
University Hill Commercial District (formerly UHGID)	Emergency/Stabilization	Emergency Reserve	This is an unappropriated reserve to fund unanticipated operating emergencies.	25% of Fund's total uses.	577,994	176,743	401,251	Current reserve policy is being met.
		Natural Disaster Reserve	This reserve is required under TABOR.	3% of Fund's total sources as required by TABOR.	401,251	6,128	395,123	Current reserve policy is being met.
	Liability	Sick/Vac/App Bonus Liability Reserve	The fund was established for liabilities assoc with accumulated sick and vacation time, appreciation bonuses, and/or other employee benefits that result in liabilities upon termination or retirement	Reserve is to cover 100% of accrued costs as determined by Finance Department.	395,123	15,581	379,542	Current reserve policy is being met.
	Liability	Pay Period 27 Reserve	Reserve established to provide funding for years in which there are 27 pay periods. First one occurs in 2013	Reserve is to cover 100% of cash payment for 27th pay period for year in which it occurs (e.g. 2013).	379,542	2,365	377,177	Current reserve policy is being met.
Fleet Operations	Emergency/Stabilization	Emergency Reserve	This is an appropriated reserve to fund unanticipated operating emergencies.	1% of Fund's operating budget.	26,772	26,772	0	Current reserve policy is being met.
	Emergency/Stabilization	Operating Reserve	This is an unappropriated reserve for operating emergencies	2% of Fund's operating budget	355,649	156,465	199,184	Current reserve policy is being met.

**2008-09 BUDGET
Reserve Policies**

Fund	Category	Reserve	Purpose	Current Reserve Policy	Projected Year-End Balance (2008)	Balance to Comply w/Budget Policy	Variance	Comments
	Liability	Sick/Vac/App. Bonus Liability Reserve	The fund was established for liabilities assoc with accumulated sick and vacation time, appreciation bonuses, and/or other employee benefits that result in liabilities upon termination or retirement	Reserve is to cover 100% of accrued costs as determined by Finance Department.	199,184	184,617	14,567	Current reserve policy is being met.
	Liability	Pay Period 27 Reserve	Reserve established to provide funding for years in which there are 27 pay periods. First one occurs in 2013.	Reserve is to cover 100% of cash payment for 27th pay period for year in which it occurs (e.g., 2013).	14,567	11,760	2,807	Current reserve policy is being met.
Fleet Replacement	Replacement	Fleet Replacement Reserve	Reserve was established to level out the spending for the replacement of the City's vehicles	Policy is to collect sufficient funds from the departments to replace vehicles as identified in replacement schedule.	4,621,343	4,621,343	0	Current reserve policy is being met.