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NOTICE OF CITY COUNCIL WORK SESSION

Notice is hereby given that the City Council of the City of Cannon Falls will hold a Work Session on July 16, 2013 immediately following the regularly scheduled City Council meeting in the City Council Chambers at City Hall, 918 River Road, to discuss the following agenda:

- A. General Fund Reserve Review

A handwritten signature in black ink that reads "Aaron S. Reeves". The signature is written in a cursive style and is positioned above a horizontal line.

Aaron S. Reeves
City Administrator

Posted: June 6, 2013

TO: HONORABLE MAYOR AND CITY COUNCIL

FROM: Aaron S. Reeves, City Administrator

SUBJECT: General Fund Reserve Spend Down

DATE: July 16, 2013

The 2012 audit shows that the City has an unreserved General Fund balance of \$1,855,251. In 2013 the City has received two large, unbudgeted payments of \$270,000 from MNDOT for the purchase of the City parcel for the interchange project and \$66,596 from Mediacom for back tower lease payments. This leaves a total unreserved General Fund balance of \$2,191,847 or 78.5% of the 2013 General Fund budget. The State of Minnesota and the City's auditor feel that a General Fund Reserve of 40 – 50% is adequate to meet working capital and small emergency needs. To bring the General Fund Reserve down to 50% the City would need to allocate \$797,128 towards future purchases. I am recommending we use this money towards future Capital purchases. It makes sense to use one-time money towards one-time purchases. I will summarize below my recommendations on how to allocate these funds. There are a few items that the City Council has already committed from this reserve that I will detail first. After that I will provide recommendations for Capital expenses that have not yet been committed by the Council.

City Council Approved Expenses from General Fund Reserve

Library Project Costs Over Estimate -	\$258,476
PD Chief and Squad Purchase -	\$60,400
Molenaar Clinic Access Road -	\$19,500
Total -	\$338,376

Recommended Expenses from General Fund Reserve

City's portion of Library Project Costs -	\$248,982
City Hall HVAC Update -	\$60,000
Paving of Pool Parking Lot -	\$50,000
Highway 19 Crosswalk -	\$37,000
Warning Siren for Hospital Area -	\$25,000
City's Portion of New Three Rivers Bus -	\$16,200
New PD Squad Computers -	\$12,000
New PD Squad Rifles -	\$11,000
Total -	\$460,182

Grand Total - \$798,558

I will go into more detail at the Work Session on each of these items. By using the General Fund Reserve for these items the City will be saving money in debt service costs and be able to better pay for future Capital purchases by freeing up funds in the various Capital Accounts that were designated for these items.