

Fund Balance 101
Worksession 05/12/25



5/8/2025

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What is Fund Balance?

- Simply speaking, it is the difference between assets and liabilities in a governmental fund.
- Intended to serve as a measure of the financial resources available in a governmental fund.
- Important to remember that the fund balance is a snapshot in time and fluctuates constantly.



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Fund Balance Classifications

- Restricted Fund Balance
 - Constraints placed by external parties
 - Example: HART
- Committed Fund Balance
 - Constraints imposed by formal ordinances of City Council
 - Examples: General Fund Emergency Fund
- Assigned Fund Balance
 - Constraints by “intent” to be used on specific purposes
 - Examples: CARMA, Fleet CARMA, HAWSP
- Unassigned Fund Balance
 - Residual amount or report of negative fund balances

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General Fund Emergency Fund Balance

Effective in FY20 per HCC 3.05.049

- Equal to four months revenue for current fiscal year
 - Remains at budgeted level throughout the fiscal year and then adjusted at year end based on actual revenues
- Restricted for emergency use only:
 - Quick response to weather, economic uncertainty and unexpected situations such as natural disasters

It is NOT a separate fund. It is part of the overall General Fund Fund Balance and is classified as committed.

- FY24 General Fund Fund Balance was \$7,983,613
 - \$5,032,632 of that was committed (emergency fund), \$73,381 was nonspendable, and \$2,877,600 was unassigned

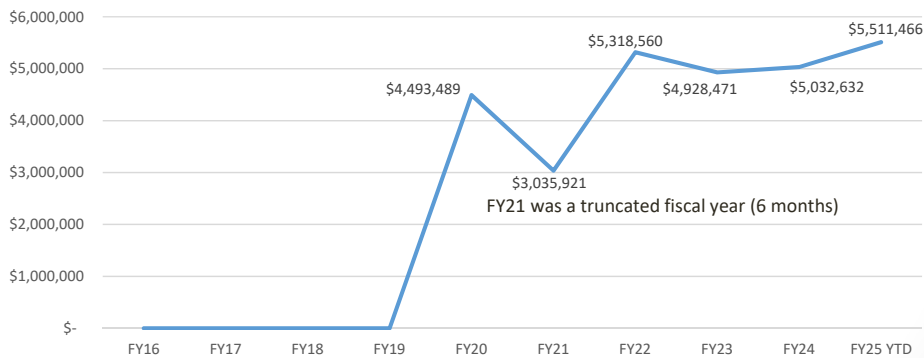
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General Fund Emergency Fund Balance

- Balance has grown 23% since inception due to expansion in operating budget
- With CM proposed budget, this balance would increase to \$5,545,453 for FY26



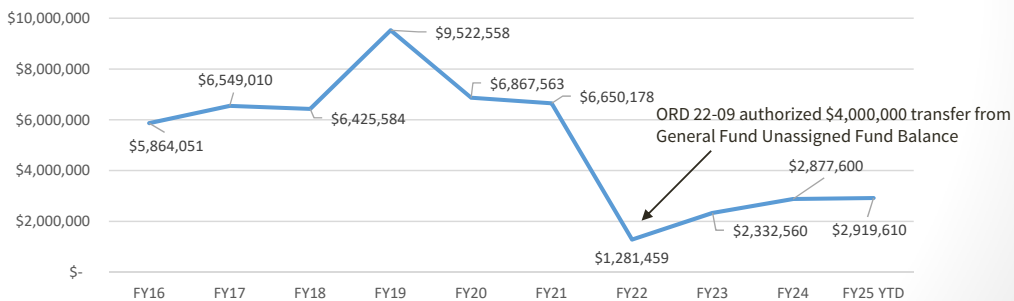
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General Fund Unassigned Fund Balance

- Accumulated surplus/deficit of General Fund and is available for City Council appropriation
- Balance has dropped 57% since FY20



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