

Gas Endowment Funds

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Gas Endowment Fund Statement

FUND PURPOSE AND GOALS

The Endowment Gas Lease funds were established for the purpose of housing specific gas well revenues intended to remain intact and allow for the investment of the funds in accordance with the Financial Management Policies. The revenue generated from the investment of the funds would be a long-term source of income, to be spent for specific purposes. The trustee, in close cooperation with the Chief Financial Office/Director of Finance, recommends to the City Council distribution procedures for the different funds of the Trust consistent with the goal to preserve, as well as increase, the trust principal. The amount of income available to be distributed each year from a particular fund of the Trust is determined by the trustee and the Chief Financial Officer/Director of Finance consistent with the Trust agreement approved by the Mayor and City Council.

Expenditures/Expenses of revenues derived from lease bonuses and royalties, other gas-related revenue, and distributions from the Trust/Endowment Funds shall be appropriated for one time program initiatives and capital projects which meet one or more of the program and project criteria listed below:

- Capital projects with a minimum 10-year useful life.
- To provide matching grant funds to leverage funds for capital projects.
- Technology with a minimum 5-year useful life.
- Acquisition of equipment and fleet assets including contributions to a revolving replacement fund.
- To fund one-time community-wide economic and neighborhood development initiatives and projects.
- To fund labor and materials associated with production, distribution and establishment activities for trees on public property (including school and county property).
- To periodically transfer funds to the General Fund to offset budgeted administrative costs associated with administering this policy and managing the city's gas leases and pipeline agreements, with the allocation of the cost being proportional among all gas revenue funds according to each fund's relative percentage of the total revenue collected in all funds (including the Trust/Endowment funds and city affiliated corporation funds) during that reporting period.
- To periodically transfer Park funds from gas lease and pipeline revenues to the General Fund to offset program costs associated with leases, conversions, and pipelines.
- To replenish the Unassigned Fund Balance (for the General Fund), Assigned Fund Balance (all other Governmental Funds except the General Fund), or Net Position (for Enterprise Funds), if necessary, in any designated city fund, to meet the minimum reserve requirements established for that fund.
- To make payments in support of arts organizations provided, however, such payments may only be made using distributions from the General Endowment Gas Lease Fund and not from bonus, royalties, ad valorem tax revenues, or any other gas-related revenue.

Aviation Endowment Fund

This fund includes bonus, royalty and other natural gas related fee revenue derived from airport property, including pipeline easements and license agreements, which are recorded in the Municipal Airports fund and allocated in the following manner:

- Fifty percent to the Airports Gas Lease Project fund for Aviation Capital Improvement Projects.
- Fifty Percent to the Aviation Endowment Gas Lease Fund.

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General Endowment Funds

This fund includes all other revenue from bonuses, royalties and fees from gas leases, pipelines or related activities located on all other city property, including unrestricted park land, will be allocated as follows:

- Fifty percent of the revenue will be allocated to the Capital Projects Reserve Fund.
- Fifty percent of the revenue will be allocated to the General Endowment Gas Lease Fund.

PARD Council Restricted Gas Funds

Bonus revenues from gas leases associated with park land are recorded in the Park Gas Lease Project Fund and are designated for use for capital improvements at the park where the gas leases are located. Royalties and other fees received from gas leases or license agreements associated with park land that has federal and/or state restrictions require proceeds to be spent within the park system, except for the Nature Center, shall be allocated as follows:

- Fifty percent to the Park Gas Lease Project Fund.
- Fifty Percent to the Park System Endowment Gas Lease Fund.

PARD Dedication Fees Fund

Revenues associated with neighborhood projects for the City. The PARD Dedication Fees Fund shall be provided with such revenue as may be secured from fees from the neighborhood developers.

Water & Sewer Endowment Fund

Funds from Water and Sewer property and park land located in and around Lake Worth (except the Nature Center and Refuge) shall be designated for qualified expenditures in the development and execution of the 2007 Lake Worth Capital Improvement Implementation Plan, until such time as the plan projects are completed.

All other revenue derived from Water and Sewer assets will be allocated as follows:

- Seventy-five percent to Water and Sewer Gas Lease Capital Projects Fund.
- Twenty-five percent of the revenues will be allocated to the Water and Sewer Endowment Gas Lease Fund.