

200315

**Charting a course
toward a New
American City**

City of Gainesville

City Commission Meeting
September 24, 2020

Today's Agenda

- Adopt Final Millage Rate Resolution at 5.2974 mills
- Adopt Final FY21 General Financial and Operating Plan Budget Resolution
- Adopt General Fund Reserve Policy

**Charting a course
toward a New
American City**

FY21 Rolled-Back Rate

FY21 Rolled-Back Rate

- Name of Taxing Authority: City of Gainesville
- Current Year Rolled-Back Rate: 5.0237
- Current Year Final Millage Rate: 5.2974
- % Increase over Rolled-Back Rate: 5.45%

**Charting a course
toward a New
American City**

FY21 Final General Financial and Operating Plan Budget

FY21 Final General Financial and Operating Plan Budget

	FY21 Final Budget
Revenues	\$137,821,522
Expenditures	\$137,800,633
Surplus/(Deficit)	\$20,889

Recommendation

- Adopt Final Millage of 5.2974 by Resolution
- Adopt Final FY21 Budget as shown in Exhibit A by Resolution

**Charting a course
toward a New
American City**

General Fund Reserve Policy

Current General Fund Reserve Policy

For each fiscal year, the undesignated, unreserved Fund Balance of the General Fund will be at least 10% of the Adopted General Fund Revenue Budget (excluding one-time appropriations from Fund Balance). This balance is to provide for the following:

- Budget fluctuations
- Unanticipated emergencies (e.g., natural disasters, public safety emergencies, capital emergencies, etc.)

SPENDING AUTHORITY

General Fund undesignated, unreserved fund balance will not be used to solve recurring revenue shortfalls

Current General Fund Reserve Policy

RENEWAL/REPLACEMENT OF EXPENDED RESERVES

- If the General Fund undesignated, unreserved Fund Balance falls below the required 10% minimum level, the shortfall, if less than five percent, will be budgeted in its entirety in the succeeding budget year.
- More than five percent, a funding plan will be developed to meet the requirements of the General Fund Reserve Policy within three years of the event.
- It is the policy of the City of Gainesville that any excess General Fund undesignated, unreserved Fund Balance remaining after meeting financial reserve requirements may be appropriated to finance any one-time expenses, as determined by the City Commission

FORMAL REVIEW

- At least every five years

Current General Fund Projected Reserve Policy as of 9/30/20

General Fund Reserves		
FY19 (9/30/19) Unassigned Fund Balance	\$26,718,350.00	20%
Projected Addition/ (Use)	(\$5,974,232.00)	
Estimated FY20 (9/30/20) Unassigned Fund Balance	\$20,744,118.00	15%
Less: Current Minimum Required 10.0%	<u>(\$13,195,289.00)</u>	
Excess/(Shortage):	\$7,548,829.00	

Proposed General Fund Reserve Policy

Emergency Reserve: In order to establish a minimum cash threshold for emergencies, an emergency reserve shall be maintained at 0.15% of the taxable value of all property in the City on January 1st of that fiscal year.

General Fund: Minimum of two (2) months or 16.7% of and a maximum of three (3) months or 25% of the following year's budgeted expenditures and transfers. This target is not inclusive of any non-spendable, restricted, committed, or assigned, reserve amounts.

Excess unassigned fund balance reserves defined as above the 25% level shall be used for one-time expenditures

Proposed General Fund Reserve Policy

Spending Authority: Unanticipated emergency situations which demand immediate government action in the interest of public safety and welfare, the City Manager is authorized by the City Commission to spend up to a maximum of 20% of the minimum required level of General Fund undesignated, unreserved fund balance in accordance with procedures provided in the City of Gainesville Purchasing Policies. A financial accounting related to such emergency expenditures will be submitted to the City Commission by the City Manager as expeditiously as possible after the end of the emergency

Proposed General Fund Reserve Policy

MINIMUM RESERVE REQUIREMENT

Emergency Reserve: During the budget development process, the required level of Emergency Reserves shall be calculated based on the taxable value of all property in the City on January 1st of that fiscal year. If the Emergency Reserve falls below the minimum level, the shortfall shall be budgeted in its entirety in the succeeding budget year. The additional amount required each year shall be included as a line item appropriation in the General Fund Uses section of the budget.

General Fund: Upon completion of the annual audited financial statements, the Finance Director will review the final year-end fund balance results. If the General Fund unassigned fund balance falls below the minimum emergency level, the shortfall, if less than five percent, will be budgeted in its entirety in the succeeding budget year. In the case of an event that creates a differential between the minimum General Fund unassigned fund balance requirement and available funds of more than five percent, a funding plan will be developed to meet the requirements of this General Fund Balance Policy within three fiscal years of the event.

Proposed General Fund Reserve Policy

MINIMUM RESERVE REQUIREMENT-CONTINUED

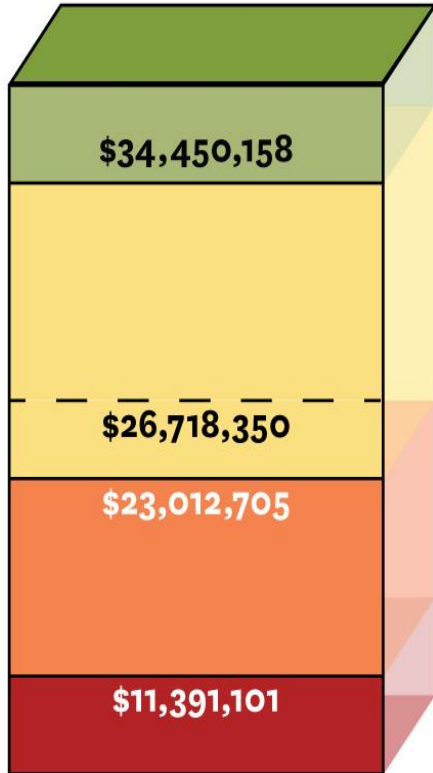
During the budget development process, the required level of General Fund unassigned fund balance shall be calculated based on the **Adopted General Fund Expense and Transfer budget**. The additional amount required each year shall be included as a line item appropriation in the General Fund Uses section of the budget

It is the policy of the City of Gainesville that any excess General Fund undesignated, unreserved fund balance remaining after meeting the maximum financial reserve requirements must be appropriated to finance any one-time expenses, as determined by the City Commission

FORMAL REVIEW

A review of this Fund Balance policy will be completed by the City Manager or designee annually and recommendations for changes, if appropriate, will be submitted to the City Commission.

Proposed General Fund Reserve Policy Example



Maximum Fund Balance (25% of operating)

Fund balance as of Sept. 30, 2019

Minimum Fund Balance (16.7% of operating)

If the Fund Balance drops to this range, a funding plan to get to the minimum Fund Balance must be adopted by the City Commission.

Emergency Fund Level (0.15% of TAV)

If the Fund Balance drops to this range, the Fund Balance must be replenished by the next fiscal year.

Recommendation

- Adopt Revised General Fund Reserve Policy

Thank You.