



Legislation Text

File #: 210401., Version: 1

General Fund Reserve Policy (B)

The Government Finance Officer's Association recommends that governments establish a formal policy on the level of unrestricted fund balance that should be maintained in the general fund for Generally Accepted Accounting Principles and budgetary purposes. Such a guideline should be set by the appropriate policy body and articulate a framework and process for how the government would increase or decrease the level of unrestricted fund balance over a specific time period. In particular, governments should provide broad guidance in the policy for how resources will be directed to replenish fund balance should the balance fall below the level prescribed.

The proposed General Fund Reserve Policy for the City of Gainesville is consistent with GASB #54 *Fund Balance Reporting and Governmental Fund Type Definitions*. This Fund Balance Policy provides for a stable financial environment that allows the City to provide quality services to its neighbors in a fiscally responsible manner. It also provides a measure of financial protection against unanticipated events that would adversely affect the financial condition of the City and jeopardize the continuation of necessary public services.

This policy is presented to ensure the City maintains adequate fund balance and reserves to provide the capacity to:

- 1) Provide sufficient cash flow for daily financial needs
- 2) Secure and maintain investment grade bond ratings
- 3) Offset significant economic downturns and revenue shortfalls
- 4) Provide funds for unforeseen expenditures related to emergencies

The City Commission last reviewed the General Fund Reserve Policy on September 24, 2020. Standard best practice recommends an annual review of this policy to ensure the policy reflects up to date financial reserve requirements and guidelines.

The proposed updated Policy corrects a scrivener's error where the Emergency Reserve is calculated as 0.15% of the taxable value of all property in the City on January 1st of that fiscal year. The correct percentage is 0.015% of the taxable value. No other changes to this policy are recommended at this time.

Goal 5: "Best in Class" Neighbor Services.

It is considered prudent for the City of Gainesville to implement a Fund Balance Policy consistent with GASB #54 *Fund Balance Reporting and Governmental Fund Type Definitions*. This Fund Balance Policy provides for a stable financial environment that allows the City to provide quality services to its neighbors in a fiscally responsible manner. Per the proposed correction, the Emergency Reserve is calculated as \$1,219,857 for the FY 2022 fiscal year based on the July 1st, 2021 Taxable Assessed Value of \$8,132,378,247.

The City Commission review and approve the General Fund Reserve Policy.

