

TOWN OF DAVIE

TOWN COUNCIL AGENDA REPORT

TO: Mayor and Council Members

FROM/PHONE: William (Bill) F. Underwood, II, Director/797-1050
Document Prepared by: William (Bill) F. Underwood, II, Director

SUBJECT: Resolution

AFFECTED DISTRICT: Town Wide

TITLE OF AGENDA ITEM: A RESOLUTION OF THE TOWN OF DAVIE, FLORIDA, ADOPTING A POLICY ESTABLISHING THE LEVEL OF AVAILABLE UNDESIGNATED UNRESERVED GENERAL FUND BALANCE TO BE MAINTAINED, ESTABLISHING THE DESIGNATED FUTURE CAPITAL IMPROVEMNET FUND BALANCE LEVEL, AND ESTABLISHING AN EFFECTIVE DATE.

REPORT IN BRIEF: At the regular Town Council meeting of February 16, 2005, the Council requested this office prepare for consideration a policy establishing a level for Undesignated Unreserved General Fund balance. The Government Finance Officers Association (GFOA) recommends that governments establish a formal policy on the level of unreserved fund balance that should be maintained in the General Fund. Such a guideline should be set by the appropriate policy body and should provide both a temporal framework and specific plans for increasing or decreasing the level of unreserved fund balance, if it is inconsistent with that policy.

The attached policy sets the funding level of the Undesignated Unreserved General Fund balance at 90 days of operating capital or 25%. The policy further establishes a funding mechanism for future capital improvements.

PREVIOUS ACTIONS: N/A

CONCURRENCES: The Budget Advisory Committee reviewed and approved the policy on their June 13, 2005 meeting.

FISCAL IMPACT:

Has request been budgeted? N/A

RECOMMENDATION(S): Motion to approve resolution.

Attachment(s):

Resolution

RESOLUTION _____

A RESOLUTION OF THE TOWN OF DAVIE, FLORIDA, ADOPTING A POLICY, ESTABLISHING THE LEVEL OF AVAILABLE UNDESIGNATED UNRESERVED GENERAL FUND BALANCE TO BE MAINTAINED, ESTABLISHING THE DESIGNATED FUTURE CAPITAL IMPROVEMNET FUND BALANCE LEVEL, AND ESTABLISHING AN EFFECTIVE DATE.

WHEREAS, the Town Council recognizes that sound fiscal management requires policy guidance, and

WHEREAS, the Government Finance Officers Association has developed and provides a recommended practice to establish the level of Undesignated Unreserved Fund Balance, and

WHEREAS, the establishment of a proscribed level of undesignated unreserved General Fund Balance is in the best interest of the citizens of the Town of Davie, and

WHEREAS, it is the intent of the Town Council to build and maintain the proscribed level of undesignated unreserved General Fund Balance to be available for emergencies and capital acquisition.

NOW, THEREFORE, BE IT RESOLVED BY THE TOWN COUNCIL OF THE TOWN OF DAVIE, FLORIDA:

SECTION 1. It is the policy of the Town Council of the Town of Davie to establish and maintain an Unreserved Undesignated General Fund balance equivalent to twenty five percent of General Fund operating revenues.

SECTION 2. Funds to provide the Undesignated Unreserved General Fund (Reserve) balance shall be provided when General Fund operating revenues exceed General Fund costs of government operations on an annual basis. It is the policy of the Town of Davie that the remainder shall be placed first, into Undesignated Unreserved Fund Balance until the level identified in SECTION 1 is achieved.

SECTION 3. Excess funds beyond the Reserve level shall be secondly placed into the Designated for Future Capital Improvement (FCI) until the funds contained therein reach twenty-five (25%) percent of General Fund Operating Revenues. Funds in excess of the required Reserve amount shall be transferred annually to the FCI fund for financing prioritized capital improvements.

SECTION 4. Upon attainment of the maximum level of designated funds per these policies in both the Undesignated Unreserved Fund Balance and the Future Capital Improvements, the remainder shall be considered "Surplus."

SECTION 5. "Surplus" funds shall be designated and budgeted as a funding source to be used for General Fund Capital Outlay expenditures and shown in the next annual budget. Expenditures from the various funds for capital outlay are for all items that cost at least \$1,500 and have a useful life in excess of one year.

SECTION 6. Appropriation from the Unreserved Undesignated General Fund balance shall require Town Council approval and shall be for one-time expenditures such as capital purchases and not for ongoing expenditures.

SECTION 7. This resolution shall take effect immediately upon its passage and adoption.

PASSED AND ADOPTED THIS ____ DAY OF _____, 2005

Mayor/Council Member

ATTEST:

Town Clerk

APPROVED THIS ____ DAY OF _____ 2005

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