



City of North Port

RESOLUTION NO. 2018-R-##

A RESOLUTION OF THE CITY OF NORTH PORT, FLORIDA, PROVIDING FOR ADOPTION AND ESTABLISHMENT OF A FUND BALANCE POLICY; PROVIDING FOR CONFLICTS; PROVIDING FOR SEVERABILITY; AND PROVIDING FOR AN EFFECTIVE DATE.

WHEREAS, on April 20, 2011, in recognition that it is essential for governments to maintain adequate levels of fund balance to mitigate current and future risks such as revenue shortfalls, natural disasters, unanticipated expenditures, and to ensure stable tax rates, the City Commission adopted Resolution 2011-R-14, the City of North Port Fund Balance Policy; and

WHEREAS, on July 28, 2016, in recognition that it is essential for governments to mitigate current and future risks such as revenue shortfalls, unanticipated expenditures, and to ensure stable tax rates, the City Commission adopted Resolution 2016-R-20, the City of North Port Economic Stability Policy; and

WHEREAS, City of North Port's reserve policies are based on sound fiscal principles designed to allow the City to maintain continuity of operations in adverse conditions while being mindful of our fiduciary responsibility to taxpayers, both current and future generations; and

WHEREAS, the City realizes that adequate fund balance levels are an essential component of the City's overall financial management strategy, an important factor in external bond rating agencies' measurement of the City's financial strength, and that these Financial Reserve Policies will need to be adjusted from time to time as conditions change; and

WHEREAS, City of North Port lies within a coastal zone highly susceptible to hurricane and storm damage; and

WHEREAS, debt service funds will be maintained as required by bond covenants; and

WHEREAS, there exists uncertainty in the economic markets around the world, in regard to the cost of construction materials, interest rates, personnel costs, medical insurance costs, and general inflation; and

WHEREAS, each sizable fund has been analyzed to determine the type of risk it may be exposed to, the duration of the risk, methods to mitigate that risk and the amount of funds needed to mitigate

against that risk; and

WHEREAS, recovery of the Contingency/Emergency/Disaster Relief Reserve after drawdown will be examined on an annual basis to determine the need for increases in fees/taxes or expenditure reductions to ensure the funds are replenished within a two-year period, all other reserves will be replenished within three years; and

WHEREAS, the City's Financial Reserves Policy acts to mitigate other forms of uncertainty such as changes in the tax and spending policies of federal and state governments; imposition of mandates by federal and state governments or the courts; financial impacts of labor agreements, particularly those stemming from collective bargaining; repairs and replacement of the City's aging infrastructure; unforeseen increases in energy costs; and

WHEREAS, the City will calculate the reserve amount at the conclusion of each fiscal year; and, when appropriate, strive to calculate the reserve amount to meet the high-end of any set range.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COMMISSION OF THE CITY OF NORTH PORT, FLORIDA, AS FOLLOWS:

SECTION 1 - FUND BALANCE CATEGORIES

Pursuant to GASB 54, fund balances will be reported in the categories set forth in Exhibit A, attached hereto and incorporated herein.

SECTION 2 - GENERAL FUND

The components of the General Fund Reserves should include, but not limited to the following:

2.01 Contingency/Emergency/Disaster Relief Reserve

The City should maintain at a minimum, a reserve of seventy-five days of General Fund operating expenditures to be used to ensure the maintenance of services to the public during non-routine and unforeseen disaster situations such as hurricanes and other weather-related events, as well as other environmental or other natural disasters that cause disruptions in public services as declared appropriate by the City Commission of North Port, Florida.

2.02 Budget Stabilization and Economic Uncertainty Reserve

The City should maintain at a minimum, a reserve of thirty-five to sixty days of General Fund operating expenditures to be used for short-term cash flow purposes, unanticipated expenditures of a non-recurring nature, to meet unexpected immediate increases in service delivery costs, or to maintain service levels in the event that an economic downturn should cause a shortfall in revenues.

SECTION 3 - OTHER GENERAL GOVERNMENT OPERATING FUNDS

BUILDING FUND

3.01 Contingency/Emergency/Disaster Relief Reserve

The Building Fund should maintain a reserve of seventy-five days of operating expenditures to be used to ensure the maintenance of services to the public during

non-routine and unforeseen disaster situations such as hurricanes and other weather-related events, as well as other environmental or other natural disasters that cause disruptions in public services as declared appropriate by the Commission.

In addition, the Building Fund should maintain a reserve of five hundred thousand dollars for out-of-pocket costs for demolition of privately owned unfit/unsafe structures that are damaged and abandoned by the property owners.

3.02 Budget Stabilization and Economic Uncertainty Reserve

The Building Fund should maintain a reserve of thirty-five to sixty days of operating expenditures to be used for short-term cash flow purposes, unanticipated expenditures of a nonrecurring nature, to meet unexpected immediate increases in service delivery costs, or to maintain service levels in the event that an economic downturn should cause a shortfall in revenues.

FIRE RESCUE DISTRICT FUND

3.03 Contingency/Emergency/Disaster Relief Reserve

The Fire Rescue District Fund should maintain a reserve of seventy-five days of operating expenditures to be used to ensure the maintenance of services to the public during non-routine and unforeseen disaster situations such as hurricanes and other weather-related events, as well as other environmental or other natural disasters that cause disruptions in public services as declared appropriate by the Commission.

3.04 Budget Stabilization and Economic Uncertainty Reserve

In addition, the Fire Rescue District Fund should maintain a reserve of thirty-five to sixty days of operating expenditures to be used for short-term cash flow purposes, unanticipated expenditures of a non-recurring nature, to meet unexpected immediate increases in service delivery costs, or to maintain service levels in the event that an economic downturn should cause a shortfall in revenues.

ROAD AND DRAINAGE DISTRICT FUND

3.05 Contingency/Emergency/Disaster Relief Reserve

The Road and Drainage District Fund should maintain a reserve of seventy-five days of operating expenditures to be used to ensure the maintenance of services to the public during non-routine and unforeseen disaster situations such as hurricanes and other weather-related events, as well as other environmental or other natural disasters that cause disruptions in public services as declared appropriate by the Commission.

3.06 Budget Stabilization and Economic Uncertainty Reserve

In addition, the Road and Drainage District Fund should maintain a reserve of thirty-five to sixty days of operating expenditures to be used for short-term cash flow purposes, unanticipated expenditures of a non-recurring nature, to meet unexpected immediate increases in service delivery costs, or to maintain service levels in the event that an economic downturn should cause a shortfall in revenues.

SOLID WASTE DISTRICT FUND

3.07 Contingency/Emergency/Disaster Relief Reserve

The Solid Waste District Fund should maintain a reserve of seventy-five days of operating expenditures to be used to ensure the maintenance of services to the public during non-routine and unforeseen disaster situations such as hurricanes and other weather-related events, as well as other environmental or other natural disasters that cause disruptions in public services as declared appropriate by the Commission.

3.08 Budget Stabilization and Economic Uncertainty Reserve

In addition, the Solid Waste District Fund should maintain a reserve of thirty-five to sixty days of operating expenditures to be used for short-term cash flow purposes, unanticipated expenditures of a non-recurring nature, to meet unexpected immediate increases in service delivery costs, or to maintain service levels in the event that an economic downturn should cause a shortfall in revenues.

SECTION 4 – ENTERPRISE FUNDS

UTILITY SYSTEM

4.01 Contingency/Emergency/Disaster Relief Reserve

The Utility System should maintain a reserve of a minimum range of ninety to one hundred twenty days of operating expenditures to be used to ensure the maintenance of services to the public during non-routine and unforeseen disaster situations such as hurricanes and other weather-related events, as well as other environmental or other natural disasters that cause disruptions in public services as declared appropriate by the Commission.

4.02 Debt Compliance Reserve

In addition, the Utility System will maintain necessary reserves to comply with debt covenants.

SECTION 5 – INTERNAL SERVICE FUNDS

RISK MANAGEMENT

5.01 Risk Management should maintain a reserve in accordance with an actuarial study to ensure financial viability. The City will procure an actuarial study at a minimum of every two years and will take a conservative approach when establishing the amount of reserves required. The Finance Department shall book the net claim liability per the actuarial study. In addition, the City shall maintain the minimum required reserve of 60 days of projected claims. At the conclusion of each fiscal year, an annual report will be provided to the Commission on the health of the fund and whether it complies with this minimum reserve requirement.

Additional Information

All corresponding calculations and interpretation of calculations of a definitive nature will be determined by the City Manager or designee.

The Fund Balances will be Classifications of Balance or Net Position on the balance sheet of each fund in the official financial records of the City. This policy will be reviewed internally when deemed necessary by the Finance Department for the possibility of amendments to be presented to the Commission.

SECTION 6 – REPEAL

Resolution No. 2011-R-14 and Resolution No. 2016-R-20 are hereby repealed in their entirety.

The above recitals are hereby ratified and confirmed as being true and correct and are hereby made a specific part of this Fund Balance Policy Resolution.

SECTION 7- CONFLICTS.

All resolutions or parts thereof in conflict herewith are hereby repealed to the extent of such conflict.

SECTION 8- SEVERABILITY.

If any clause, section, other part or application of this Fund Balance Policy Resolution is held by any court of competent jurisdiction to be unconstitutional or invalid, in part or application, it shall not affect the validity of the remaining portions or applications of this Fund Balance Policy Resolution.

SECTION 9- EFFECTIVE DATE.

This Fund Balance Policy Resolution shall take effect immediately upon its passage and adoption.

PASSED AND DULY ADOPTED by the City Commission of the City of North Port, Florida, this ##th day of *Month*, 2018.

CITY OF NORTH PORT, FLORIDA

VANESSA CARUSONE
MAYOR

ATTEST:

PATSY C. ADKINS, MMC
CITY CLERK

APPROVED AS TO FORM AND
CORRECTNESS:

AMBER L. SLAYTON
CITY ATTORNEY