



Office of the Town Manager

Rafael G. Casals, ICMA-CM, CFM
Town Manager

MEMORANDUM

To: Honorable Mayor and Town Council

From: Rafael G. Casals, ICMA-CM, CFM, Town Manager

Date: September 22, 2020

Re: **Fund Balance Reserve Policy Annual Certification
Pursuant to Ordinance #13-06 (As Amended)**

On October 21, 2015, the Town adopted Ordinance #15-07, which amended Ordinance #13-06 adopted on April 17, 2013 establishing a Fund Balance Reserve Policy. Ordinance #13-06, as amended, requires both the Town Manager and Finance Director to certify, as part of the annual budget adoption process, that the adopted budget complies with the provisions of the Ordinance.

Below is an excerpt of Section VI, which requires an Annual Certification:

***“Annual Review and Compliance Certification** Compliance with the provisions of this policy shall be reviewed as a part of the annual budget adoption process. The budget presented to the Town Council for consideration and deliberation will include a calculation demonstrating compliance with this fund balance policy and the Town Manager and Finance Director shall include in the budget book written certification signifying that the adopted budget complies with the provisions of this policy.”*

Section II of the Ordinance, as amended, provides that the Town maintain a reservation of fund balance equal to a minimum of seventeen percent (17%) of the next Fiscal Year’s operating expenditure budget for the General Fund. The amount so determined will be set aside in an unassigned fund balance category called “reserve for contingencies and emergencies”.

Based on the **Tentative** FY 2020-21 budget presented to the Town Council on September 22, 2020, General Fund operating expenditures, as defined, total \$19,215,391, seventeen percent (17%) of which would yield a minimum reserve of \$3,266,616. The **tentative** General Fund budget for FY 2020-21, based on the advertised millage rate of 2.6500 mills, provides for an unassigned fund balance amount of **\$10,077,295** for contingencies and emergencies.

This memorandum is being issued to certify that the **Tentative** budget complies with the provisions of the Fund Balance Reserve Ordinance, as amended. Based on the calculation in the preceding paragraph, the **Tentative** FY 2020-21 General Fund budget is in compliance with the Town’s Fund Balance Reserve Ordinance.

