

## FUND BALANCE POLICY

The General Fund Unassigned fund balance, at year end, will be between ten percent and twenty percent of the following year's budgeted expenditures. Unassigned fund balance over twenty percent will be transferred to the Disaster Reserve Fund, if necessary to meet the fund balance goal, or to the Capital Projects Fund. If the Unassigned fund balance is below ten percent at year end, a plan must be developed using increased revenues or a reduction in expenditures to return the Unassigned fund balance to ten percent or greater within three years.

The Utility Fund Unassigned fund balance, at year end, will be between ten percent and twenty percent of the following year's budgeted expenses. Unassigned fund balance over twenty percent will be assigned to a rate stabilization fund or transferred to the Utility Capital Projects Fund for utility system renewal and replacement. If the Unassigned fund balance is below ten percent at year end, a plan must be developed using increased revenues or a reduction in expenses to return the Unassigned fund balance to ten percent or greater within three years.

The Stormwater Fund Unassigned fund balance, at year end, will be between ten percent and twenty percent of the following year's budgeted expenses excluding capital expenditures. Unassigned fund balance over twenty percent will be assigned for future system capital projects. If the Unassigned fund balance is below ten percent at year end, a plan must be developed using increased revenues or a reduction in expenses to return the Unassigned fund balance to ten percent or greater within three years.

The Solid Waste Fund Unassigned fund balance, at year end, will be between five percent and ten percent of the following year's budgeted operating expenses. Unassigned fund balance over ten percent will be assigned to a rate stabilization fund. If the Unassigned fund balance is below five percent at year end, a plan must be developed using increased revenues or a reduction in expenses to return the Unassigned fund balance to five percent or greater within three years.

The Tennis Center Fund and the Golf Course Fund Unassigned fund balances, at year end, will be between five percent and ten percent of the following year's budgeted operating expenses. Unassigned fund balance over ten percent will be assigned for future capital projects including renewal and replacements. If the Unassigned fund balance is below five percent at year end, a plan must be developed using increased revenues or a reduction in expenses to return the Unassigned fund balance to ten percent or greater within three years.

The Disaster Reserve Fund Unassigned fund balance, at year end, will be at least two one hundredths percent (0.02%) of the just value of all property in the City on July 1 of that year. If the Unassigned fund balance is below the minimum amount at year end, a transfer should be made from the General Fund in an amount sufficient to increase the fund balance above the minimum amount, within two years.

All other funds, including Special Revenue Funds, Capital Project Funds, and Internal Service Funds do not have a fund balance requirement. Fund balances in these funds are dictated by revenue sources and a schedule of capital projects.

## REVENUE POLICY

The City will maintain an operating millage rate within the lowest forty percent, statewide, of the municipalities reporting for the prior year. The City may increase the reported millage rates by the increase in per capita Florida personal income, as reported by the Department of Revenue, in order to establish an operating millage rate for the upcoming budget year.

Other current General Fund tax rates will be kept constant. If the General Fund Unassigned fund balance drops below ten percent, these current tax rates may be considered for increases, within State limitations. The City Council may from time to time consider other tax sources that are not currently being utilized.

General Fund user fees will be established to cover the cost of providing the related services. These would include development fees, engineering fees, recreation fees, and others. The fees should cover all current operating costs.

Enterprise fund user fees will cover current operating cost plus capital maintenance and debt service. The fees will be sufficient to meet the debt service coverage ratios, as required in the bond covenants, in funds that have issued debt.