

# **CITY OF ORLANDO RESERVE POLICY**

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**Presented to City Council**

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## EXECUTIVE SUMMARY

The Reserve Policy is designed to develop standards for setting reserve levels for various, significant City funds. The Policy covers the General Fund (which includes the Utilities Services Tax Fund), Enterprise Funds (both Self Supporting and Non-Self Supporting), Capital Projects Funds (excluding bond proceeds) and Internal Service Funds.

The factors that are considered in the evaluation of the adequacy of reserves are the size of the operating fund, the likelihood of a negative budgetary event, the cash flow characteristics of the fund, the elasticity of the revenues (how the revenues are affected by growth in the economy) of the fund, and the discretionary authority that the City Council has to raise rates or increase revenues of the fund. Other considerations that may be unique to each fund are also reviewed in the determination of the appropriate reserve level. Based upon this analysis, a range for the reserves is established for each of the funds or category of funds that is based upon the percentage (%) of the subsequent year's budgeted expenditures. Thus reserve balances must be increased as expenditures increase, even without other changes.

The goal of the Reserve Policy is to maintain a reserve between 75% and 100% of the maximum of the range. If reserve level falls below 75% of the range maximum, action will be required to increase the reserve over a number of years to at least 75% of the maximum. The Policy provides for a plan to be developed that will return the reserve to an appropriate level over a period of three to seven years, depending upon the severity of the draw down of the reserve.

This Policy also requires an annual reporting mechanism, and the review of this Policy on a periodic basis. The annual report compares the reserves of each fund at the end of each fiscal year to the budgeted expenditures of the current fiscal year.

### **Proposed Ranges**

The reserve ranges for each of the funds or category of funds covered are shown below:

General Fund: 15% to 25% of the Budgeted Expenditures

Enterprise Funds: 10% to 20% of Budgeted Expenditures  
(Self Supporting)

Enterprise Funds: 0% to 10% of Budgeted Expenditures  
(Non-Self Supporting)

Capital Projects Funds: 0% to 10% of Budgeted Expenditures  
(excluding bond proceeds)

Fleet Management Fund: 5% to 10% of Budgeted Expenditures

Risk Management Fund: 10% to 15% of the Outstanding Liability

## **RESERVE POLICY**

## **OBJECTIVE:**

To establish a Reserve Policy for the City of Orlando (the “City”) which is capable of addressing the various types (categories) of the City’s operating, capital and restricted purpose funds. The objectives of this Policy are to (i) provide a clear understanding of the goals and objectives of reserve establishment, (ii) offer guidance and limitations regarding the establishment, use and replenishment of City reserves, and (iii) establish a process for periodic reporting and review of City reserves.

## **DEFINITIONS:**

1. Budgeted Expenditures means the subsequent year’s budgeted expenditures for the respective Fund.
2. Capital Project Funds means capital improvement funds established by the City that are funded by transfers from other funds or by bond proceeds. An example of these funds is the Capital Improvement Fund.
3. Covenant Bond Program means the City’s primary borrowing program, secured by a covenant to budget and appropriate from available non-ad valorem revenues.
4. Enterprise Funds mean funds that are designed to be run similarly to a private business and collect user charges that are sufficient to provide for the costs of operating the fund. Examples of these Funds include the Wastewater Fund, Parking Fund, Stormwater Fund and the Solid Waste Management Fund (which are Self Supporting) and the Centroplex Fund and CFA Fund (which are Non-Self Supporting).
5. Outstanding Liability means the medium non-discounted estimated liability calculated by an independent actuary as of the end of each fiscal year of the eventual payouts of all open claims outstanding.
6. Internal Service Funds mean funds that provide goods and services to the various operating departments which in turn transfer funds to the Internal Service Funds to pay for the value of those goods and services. Examples of these funds include the Fleet Management Fund and the Risk Management Fund.
7. Non-Self Supporting means a fund that does not produce enough revenues through user fees to pay the full costs of its operations.
8. Policy means this Reserve Policy as amended and approved by City Council from time to time.

## **SCOPE:**

This Reserve Policy shall include the following funds of the City:

1. General Fund
2. Enterprise Funds (Business Units)
3. Capital Projects Funds (excluding bond proceeds)
4. Internal Service Funds (Special Purpose Funds)

CRA Funds and Impact Fee Funds have been excluded from this Policy. In the case of the CRA Funds, the three CRA Districts are required by statute to return any excess funds to the contributing taxing authorities. Furthermore, the Downtown District must have a reasonable expectation that year-end reserves will be spent within three fiscal years in order to hold those balances.

The City's two Impact Fee Funds (Transportation and Wastewater) must be spent on new, system expansion oriented capital projects. Since these funds are limited to fund capital projects, an operating reserve is not necessary. Year-end balances must have an anticipated use. While anticipated projects may be reprioritized, the ultimate use must always comply with the special purpose restriction.

Other funds have been excluded from this Policy because (1) there are already other legal restrictions that control the ability to maintain reserves, (2) the funds are to be used to fund future liabilities (pension funds), (3) the funds are small and have no material impact on City operations, or (4) other special circumstances exist.

## **FACTORS IN DETERMINING APPROPRIATE OPERATING RESERVE LEVELS:**

### **Operating Fund Size**

The size of the fund's expenditure budget is an important factor in determining the appropriate level of reserves to maintain. In general, the smaller the fund, the greater the appropriate reserve level as a percentage of Budgeted Expenditures.

### **Negative Budgetary Event Risk**

The relative risk of a negative budgetary event should be taken into consideration in setting the required reserve for an operating fund. The greater the likelihood that external events can negatively impact the fund's budget, the greater the need for reserves that can absorb such a financial shock.

### **Cash Flow Issues**

Another consideration in establishing a minimum reserve level is the cash flow issues related to major revenues. Are these revenues received on a somewhat level basis during the fiscal year (monthly based on activity), or are they received annually or seasonally (e.g. occupational license which are due in September and delinquent October 1 for the then ensuing fiscal year or property taxes which are received from November through March and then drawn down through the next November)? A fund that has more seasonal revenues will require a greater reserve.

## **Elasticity of Revenues**

The elasticity of a revenue refers to how a revenue source responds to changes in economic growth. Revenues that grow as the economy grows are elastic revenues. Elastic revenues include sales taxes, franchise fees and utility taxes. Inelastic revenues are revenues that remain flat or do not change with economic growth. These include occupational licenses and fines. The higher the percentage of elastic revenues in a fund, the lower the need for reserves.

## **Discretionary Authority**

Discretionary authority refers to the ability of the governing body to quickly adjust a particular revenue. Revenues that can be changed by action of the City Council and can be implemented within a short period are highly discretionary. Examples of highly discretionary revenues include user fees for the wastewater system and parking facility rates (hourly or monthly). Revenues that are not discretionary include sales taxes (rate is set by the State) and State shared revenue. Between these two extremes are revenues that have a moderate degree of discretion that allows for changes but only at certain times or under certain restrictions (notice requirements, etc.). Property taxes, which can be changed by City Council only once a year, require notices and public hearings, and have a statutory cap, are moderately discretionary.

## **USE AND REPLENISHMENT OF RESERVES**

### **Range Structure**

Ranges are established based upon the percentage (%) of the subsequent year's Budgeted Expenditures to allow for stability over time. This policy will require additional funding of reserves as Budgeted Expenditures increase.

### **Minimum/Maximum Range**

The reserve range should be set so that reserves at the maximum of the range can withstand at least two, and possibly three, negative budgetary events without falling below the minimum. The Policy generally anticipates a maximum negative budgetary event of 3.0% of Budgeted Expenditures. The goal of this Policy is to maintain reserves at or near the maximum of the range. If reserves fall below 75% of the maximum, action will be required to increase reserves to at least 75% over a specified number of years. If the reserve falls below the midpoint of the range, a more aggressive plan shall be implemented to return the reserve to a range of between 75% and 100% of the maximum (see "Replenishment of Reserves" below).

### **Use of Reserves to Address Structural Imbalance**

To the extent that there is an imbalance between revenues and Budgeted Expenditures, it is important that reserves are utilized carefully and judiciously, since reserves are a one-time, nonrecurring funding source. Just as reserves are built up over a series of years, drawing down on reserves should also be done in measured amounts. The long-term health of the fund requires that a structural imbalance must be addressed promptly. If an imbalance occurs, a multi-year plan shall be developed to address the imbalance concurrently with the planned reserve draw down. The implementation of the replenishment plan will be done in accordance with the guidelines below (see

“Replenishment of Reserves”). A planned draw down of a fund’s reserves should: a) not exceed 3.0% of Budgeted Expenditures, and b) not reduce the reserve below the midpoint of the range.

### **Replenishment of Reserves**

The following criteria should be used to restore reserves based upon the remaining reserve compared to the respective maximum reserve guideline:

1. If the reserves are drawn down below 75% of the maximum of the range, then a budgetary plan shall be implemented to return the reserve level to between 75% and 100% of the maximum over a 5 to 7 year period.
2. If the reserves are drawn down below the midpoint of the range, then the budgetary plan to restore the reserve shall be structured over a 3 to 5 year period.
3. If the reserves are drawn down below the minimum of the range, then a solution to replenish to at least the minimum shall be structured over a 1 to 3 year period.

### **Annual Status Reporting and Periodic Review**

Annually, after presentation of the City’s Comprehensive Annual Financial Report, the Chief Financial Officer will prepare and present an updated **Reserve Level Status** report (see attached) as of the end of the fiscal year (September 30).

At least every five years, the Mayor, based on advice from both the Chief Financial Officer and the Director of Management, Budget and Accounting, will ask the City Council to reaffirm or revise the Policy, including the percentage ranges established by category herein.

### **CATEGORIES:**

The following categories of funds and related reserve needs are addressed separately.

- General Fund
- Enterprise Funds (Business Units)
  - Self Supporting
  - Non-Self Supporting
- Capital Projects Funds
- Internal Service Funds
  - Fleet Management
  - Risk Management

## **GENERAL FUND:**

### Overview

The General Fund budget provides the primary governmental services of the Government (e.g. police, fire, public works, families, parks and recreation, etc.) as well as the administrative activities (e.g. planning and development, permitting, etc.).

### Operating Fund Size

The General Fund has the largest operating budget of the City's funds. In and of itself, this fact would justify a lower amount of reserves. For purposes of the Reserve Policy, the Utilities Services Tax Fund is included with the General Fund.

### Negative Budgetary Event Risk

With the wide array of services provided by the General Fund, it also has the greatest risk for a negative budgetary event. An increase in demand for public safety services, for example, does not have a revenue stream that would automatically generate additional funds to meet this demand. This factor would suggest the General Fund should have a higher reserve requirement.

### Cash Flow Issues

Property taxes are the General Fund's largest revenue, comprising 27% of all General Fund revenues and other inflows. This revenue source is almost twice as large as the second greatest revenue source. Property taxes are received on a seasonal basis, with funds received from November through June. Approximately 90 to 95% of our property taxes are received by January 31.

The primary revenues received evenly during the course of the year are the sales tax, utilities services tax, franchise fees and OUC dividend. These revenue sources combined represent 46% of the General Fund's revenues. While this is substantial, the seasonality of the property tax has a significant impact on the Fund's cash flows, leaving the General Fund vulnerable to a catastrophic event. From a cash flow perspective, the General Fund should maintain a higher reserve balance due to the seasonality of its primary revenue source.

### Elasticity of Revenues

The General Fund's largest revenues range from highly elastic to modestly elastic. The sales tax is the most elastic revenue of the Fund, showing the greatest response to changes in general economic activity. While property taxes are impacted by economic activity, the delay in new construction getting on the tax rolls mutes this effect somewhat, as does the 3% cap in assessed value growth on homesteaded properties. Thus, property taxes are considered modestly elastic. Utility taxes are more affected by weather than they are by general economic conditions, and are only modestly elastic. Overall, the General Fund's revenues are moderately elastic, having a neutral impact upon the recommended size of the reserve.

### Discretionary Authority

The property tax has a statutory 10 mill cap (without voter referendum), but at present this has not been a constraining factor. The remaining major General Fund revenues are already established at or near the maximum of their discretionary authority. Additionally, other revenues (e.g. permitting and user fees) are designed to recapture related costs and are therefore not designed to provide an additional funding source for the general operations of the City. The lack of a variety of discretionary revenues would, by itself, justify a higher level of reserves.

### Other Considerations

For working reserve purposes, the City combines the General Fund and Utilities Services Tax Fund to address available reserves. The City's primary borrowing pledge (the Covenant Program) has a bond covenant requirement to maintain a minimum 10% reserve against the subsequent year's General Fund Budgeted Expenditures. If reserves drop below this level, the City must contribute 1/36 of the current effective debt service Reserve Account into a second reserve account monthly over the next 36 months. If the City were required to fund this secondary reserve, the creditworthiness and effectiveness of this borrowing program may be significantly impacted. Understanding that the City's General and Utilities Services Tax Funds' combined operating reserves have historically (over the last 20 years) normally exceeded 25% (see Attachment "A"), and given the funding requirement and market access/reaction concerns, this Reserve Policy is designed to provide reasonable assurance that this 10% floor will not be pierced.

Additionally, reserves above the absolute floor of 10% of Budgeted Expenditures provides additional protection against a catastrophic event and the City's ability to work through any temporary period or delay, in receiving insurance proceeds and/or federal disaster relief, if appropriate. Finally, the Government Finance Officers Association (GFOA) recommends a minimum reserve balance of between 5% and 15% be maintained in the General Fund, with significantly higher amounts reserved depending upon the government's particular situation.

### Recommendation

Overall, the factors above suggest that the General Fund (combined with the Utilities Services Tax Fund) should maintain a higher reserve rather than a lower reserve. The on-going support needed for the Centroplex and CFA Funds (see "Enterprise Funds – Non-Self Supporting" discussion on page 8) further justifies the need for a higher reserve. In addition, the Covenant Program's 10% reserve bond covenant strongly encourages that the General Fund not have reserves that reach the 10% level. An additional reserve of 5% to 15% above this 10% floor will provide a 5-targeted 3% negative event margin between the 10% floor and the maximum reserve of 25% and comply with GFOA Recommended Practices. This will provide for a two to three month cushion in the event of a catastrophic event.

Recommended Range:            15% to 25% of the Budgeted Expenditures

## **ENTERPRISE FUNDS:**

### **Enterprise Funds (Business Units) – Self Supporting**

Funds:

- Wastewater System
- Parking System
- Stormwater System
- Solid Waste Management

#### Overview

Self Supporting Business Units are designed to operate as a government sponsored independent business. The user rates are established by City Council to meet the needs of the operation (O&M, debt service, capital, etc.) and to provide a reasonably priced service to the ratepayer. These funds each provide a specialized service that recoups the cost of providing that service by billing the user of that service (user fees). For example, the Wastewater System collects revenues based upon user fees charged to those that utilize the services of the system. Similarly, the Parking System only collects from those individuals that use the on street spaces, parking garages and lots run by the Parking System.

#### Operating Fund Size

Of this group, the Wastewater System is the only fund of a significant size, with annual appropriations of \$37 million. The other funds have annual budgets that range between \$10 million and \$18 million. The size of these funds is small to moderate, which would justify a slightly higher than normal amount of reserves.

#### Negative Budgetary Event Risk

The largest negative budgetary risk that one of these enterprise funds faces is that a government mandate may require additional operational costs or capital improvements that were not foreseeable (wastewater treatment requirements and changes in capacity ratings are good examples) or there is a sudden decrease in demand for the service being provided (a business closure near a parking facility, for example). This factor would suggest the Enterprise Funds should have an average reserve requirement.

#### Cash Flow Issues

The primary revenues of the Enterprise Funds are user charges, which are received on a systematic basis. The only exception to this is the Stormwater System, which receives its funding through property taxes. Property taxes, as noted above, are received primarily from December through March. From a cash flow perspective, only the Stormwater Fund should maintain a higher reserve balance to provide a cushion against negative unforeseen circumstances. The remaining Enterprise Funds require only a normal reserve balance from a cash flow standpoint.

### Elasticity of Revenues

Enterprise Fund revenues generally are not susceptible to changes in the business cycle and do not vary much in response to changing economic conditions, thus these revenues are modestly elastic. This suggests maintaining a slightly higher than normal reserve.

### Discretionary Authority

With the exception of the Stormwater Fund due to its reliance on the property tax billing system, the remaining Enterprise Fund revenues may be adjusted quickly by action of the City Council, thus these funds have a great deal of discretionary authority to increase revenues. Of course, rates that are charged by neighboring entities for similar services effectively cap the Council's ability to continually raise rates. Nonetheless, the discretionary latitude available to these funds suggests a lower level of reserves may be retained.

### Other Considerations

To the extent that the Business Unit has debt outstanding (Wastewater and Parking), the marketplace will require the establishment of: 1) a rate, and 2) additional bond covenants, which normally require that the rate be set at a level which will provide coverage for the operating cost and multiplier of the maximum annual debt service (typically 125% to 150%). The coverage process will typically provide for ongoing pay-as-you-go capital funding. The presence of debt-related covenants will lead to a higher than normal reserve requirement.

### **Recommendation**

Overall, the above factors would suggest a slightly larger than normal reserve be retained by these Funds. The recommended range below represents a reserve of thirty-six (36) to seventy-two (72) days of operating expenditures. Enterprise Fund reserves above the maximum of this range are deemed to be capital reserves.

\*Recommended Range: 10% to 20% of Budgeted Expenditures

### **Enterprise Funds (Business Units) Non-Self Supporting**

Funds:

- Centrolplex (Arena, Bob Carr and Expo Center)
- CFA (Citrus Bowl, Tinker Field)

### Overview

Non-Self Supporting Business Units routinely rely on annual subsidies from the General Fund to underwrite their ongoing operations.

### Operating Fund Size

Both of these funds are small, with annual appropriations that range from \$3 million to \$12 million. The small size of these funds would justify a higher than normal amount of reserves.

### Negative Budgetary Event Risk

The largest negative budgetary risk for these two funds is that certain sporting or entertainment activities no longer wish to use our facilities, or that the facility is damaged and causes us to cancel some scheduled activities. This factor would suggest these funds should have a higher reserve requirement.

### Cash Flow Issues

The primary revenues of these funds are user charges, which mostly are received on a systematic basis for the Centroplex Fund but are more seasonal for the CFA Fund as events are held at these venues. The Centroplex Fund receives a steady stream of revenues from the TD Waterhouse Centre, but receives more seasonal revenues from the Bob Carr facility from the Broadway Series that runs approximately from November to June. The CFA Fund receives most of its revenues during the fall and early winter that coincides with the college football season. From a cash flow perspective, these two funds require a normal to higher than normal reserve balance.

### Elasticity of Revenues

While entertainment spending is often curtailed during an economic downturn, the revenues of these funds are only marginally affected by changes in economic activity. These modestly elastic revenue streams would suggest that a slightly higher reserve be maintained for these two funds.

### Discretionary Authority

While City Council does have the ability to set rental rates for the various facilities, market conditions (competition) are the true factors that determine the fees that can be charged. Similarly with the other enterprise funds, rates that are charged by nearby facilities for similar services effectively cap the Council's ability to continually raise rates. Since these funds are not able at this time to charge fees at a level that would sustain themselves due to market forces, even though the City has the ability to legally raise rates, indicates that discretionary authority to raise revenues is low. This suggests a higher level of reserves may be retained by these funds.

### Other Considerations

The main issue is that both of these funds are unable to survive without an annual operating transfer from the General Fund, which bolsters the case for maintaining higher reserves in the General Fund. The inability to survive on their own suggests that neither fund should carry a substantial reserve since it merely amounts to the General Fund prepaying future subsidies. It is more rational to simply subsidize at a level needed to keep the funds afloat, prevent unanticipated draws on the General Fund and work to narrow and/or eliminate the required subsidies in the future.

### **Recommendation**

Overall, the above factors would suggest a higher than average amount of reserves should be maintained in these two funds. However, the inability to fund their operations outweighs the other factors considered. Reserves in these situations should be designed to: a) avoid volatility in the annual budgeted subsidy, and b) to address unanticipated renewal and replacement repairs. With the

General Fund as the only true source to boost reserves, these Funds require only a minimal reserve and the replenishment requirement does not apply.

Recommend Range: 0% to 10% of Budgeted Expenditures

## **CAPITAL PROJECTS FUNDS:**

Funds:

- Capital Improvement Fund

### Overview

Capital Projects Funds are designed to finance and complete an established list of projects. Routine annual contributions are made into the Capital Improvement Fund. For some projects, a variety of funding sources may participate in an individual capital project (General Fund, Gas Tax, Transportation Impact Fees, Wastewater and/or Stormwater).

### Operating Fund Size

The size of the Capital Projects Funds will vary from tens of millions of dollars to a few million dollars, depending upon the project and its proximity to completion. The size of these funds would justify a normal level of reserves.

### Negative Budgetary Event Risk

The main negative budgetary risk for these funds is that the expenditures were under-estimated or that an unforeseen event or condition caused a change in the construction plans once the project was underway. This risk should be minimal, suggesting that these funds should maintain a nominal reserve.

### Cash Flow Issues

These funds receive their funding from other sources usually in a single amount to cover the cost of the project, thus cash flow is not an issue. On this basis, these funds require a lower than normal reserve balance.

### Elasticity of Revenues

Since these funds have no revenues, only transfers, this analysis does not apply.

### Discretionary Authority

As with elasticity, the lack of revenues makes this analysis inapplicable.

### Other Considerations

Since conceptually there should always be a match between adequate funding provided and commitments outstanding, in theory, there may not be a need for reserves. In reality, the project or projects, in sum, rarely, ultimately match actual costs with original estimates. Thus, only a minimal reserve is required and the replenishment requirement should be waived.

### **Recommendation**

Overall, the above factors would suggest a lower than average amount of reserves should be maintained in these two funds. These funds have no ongoing operations; they are focused only on completing a specific project. Reserves in these situations should be designed to avoid volatility in the annual budgeted subsidy. With the General Fund as the only true source to boost reserves, these Funds require only a minimal reserve and the replenishment requirement does not apply.

Recommend Range: 0% to 10% of Budgeted Expenditures

## **INTERNAL SERVICE:**

Funds:

- Fleet Management
- Risk Management

### Overview

Internal Service Funds are created to serve the needs of other operating departments. The Fleet Management Fund provides for the maintenance and repair of City vehicles and equipment. In addition, within the Fleet Management Fund, there are monies set aside for the replacement of the City's current fleet. The Risk Management Fund provides loss prevention and control services, the purchase of insurance and pays the losses for those programs that the City self-insures.

### Operating Fund Size

These funds have annual appropriations that range from \$10 million to \$15 million. The size of these funds is small to moderate, which would justify a slightly higher than normal amount of reserves.

### Negative Budgetary Event Risk

The primary negative budgetary risk for the Risk Management Fund is that a sudden increase in costs will drain the reserves too quickly. The risk for Fleet Management is that maintenance and fuel costs will escalate dramatically after the Budget has been adopted. The negative budgetary event risk for these two funds suggests that Risk Management should have a higher reserve requirement and that Fleet Management would have a normal reserve amount.

### Cash Flow Issues

The primary revenues of these funds are transfers from other departments, which are received on a systematic basis. From a cash flow perspective, these funds require a normal reserve balance.

### Elasticity of Revenues

Since these funds have no outside revenues, only transfers, this analysis does not apply.

### Discretionary Authority

As with elasticity, the lack of outside revenues makes this analysis inapplicable.

### Other Considerations

With the funding of these services coming from departmental transfers, the level of reserves should be easily managed with annual adjustments. It is important to maintain adequate reserves to minimize the fluctuations in contributions from each operating department. Risk Management, however, has to accumulate reserves in order to pay out liabilities that have been incurred in the past but have not been settled. As of the end of each fiscal year, the City receives an independent actuarial estimate of the eventual payouts of all open claims outstanding and has historically funded

the medium non discounted estimate and booked a year-end liability related thereto. For this reason, Risk Management's reserve is designed to: a) avoid the need for end-of-year billing adjustments to other operating funds, and b) to backstop the actuarial estimate booked. Thus, the reserve for Risk Management is based upon the year-end liabilities, not Budgeted Expenditures.

**Recommendation**

Overall, the above factors would suggest a lower than normal to normal reserve requirement for the Internal Service Funds, except for Risk Management whose reserve is not based upon budgetary expenditures but rather upon liabilities.

Fleet Management Fund Recommend Range:           5% to 10% of Budgeted Expenditures

Risk Management Fund Recommended Range:       10 – 15% of the Outstanding Liability

**RESERVE LEVEL STATUS**

The following schedule is designed to present the annual end-of-year actual status to the Reserve Policy. The dollar ranges and percentages shown below equate to of the subsequent year's Budgeted Expenditures. In the case of the Risk Management Fund, the ranges are based upon the percentage of the outstanding liability (see above).

**City of Orlando**  
**Operating Reserve Level Status**  
**Presented as of September 30, 2003**  
**(\$'s in millions)**

<u>Funds</u>	<u>2003/2004 Budget</u>	<u>Reserve Policy</u>				<u>Actual</u>
		<u>Minimum</u>		<u>Maximum</u>		
<b>General Fund</b>						\$ 58.80
Utilities Services Tax						15.70
Total General Fund	\$ 264.40	\$ 39.70	15%	\$ 66.10	25%	\$ 74.50 <sup>(1)</sup> 28%
<b>Enterprise Funds</b>						
<b>Self Supporting</b>						
Wastewater System	\$ 37.40	\$ 3.70	10%	\$ 7.50	20%	\$ 13.50 36%
Parking System	\$ 9.80	\$ 1.00	10%	\$ 2.00	20%	\$ 2.00 20%
Stormwater System	\$ 11.50	\$ 1.15	10%	\$ 2.30	20%	\$ 2.30 20%
Solid Waste Management	\$ 17.80	\$ 1.80	10%	\$ 3.60	20%	\$ 3.60 20%
<b>Enterprise Funds</b>						
<b>Non-Self Supporting</b>						
Centrolplex	\$ 12.10	\$ -	0%	\$ 1.20	10%	\$ (0.90) -7%
CFA	\$ 3.80	\$ -	0%	\$ 0.38	10%	\$ - 0%

(1) The year-end balance has been diminished by an original budget \$5.0 million use and a \$3.5 million new year re-appropriation for a total of \$8.5 million, which represents an estimated current reserve balance of \$66 million, or 25% of the 2003/2004 Budget amount.

**City of Orlando**  
**Operating Reserve Level Status**  
**Presented as of September 30, 2003**  
**(\$'s in millions)**

<u>Funds</u>	<u>2003/2004 Budget</u>	<u>Reserve Policy</u>				<u>Actual</u>
		<u>Minimum</u>		<u>Maximum</u>		
<b>Capital Project Funds</b>						
Capital Improvement Fund	\$ 5.00	\$ -	0%	\$ 0.50	10%	\$ 0.50 10%
<b>Internal Service Funds</b>						
Fleet Management Fund	\$ 11.50 <sup>(2)</sup>	\$ 0.58	5%	\$ 1.15	10%	\$ 1.00 9%
Risk Management Fund	\$ 34.50 <sup>(3)</sup>	\$ 3.40	10%	\$ 5.20	15%	\$ 7.00 20%

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(2) Reflects only the operating (and not vehicle replacement) budget.

(3) Reflects the outstanding liability for claims as of September 30, 2003 (see pages 13 – 14).

**City of Orlando**  
**Capital Reserve Level Status**  
**Presented as of September 30, 2003**  
**(\$'s in millions)**

<u>Funds</u>	<u>Unrestricted</u>	<u>Restricted</u>		<u>Total</u>
	<u>Capital Projects Reserve</u>	<u>R&amp;R</u>	<u>Other</u>	
<b>Enterprise Funds</b>				
<b>Self Supporting</b>				
Wastewater System	\$ 47.10	\$ 4.70	\$ 16.20 <sup>(4)</sup>	\$ 68.00
Parking System	\$ 10.90	\$ 2.40	\$ -	\$ 13.30
Stormwater System	\$ 5.40	\$ -	\$ -	\$ 5.40
Solid Waste Management	\$ 0.50	\$ -	\$ -	\$ 0.50
<b>Capital Project Funds</b>				
Capital Improvement Fund	\$ 1.50	\$ -	\$ -	\$ 1.50
<b>Internal Service Funds</b>				
Fleet Management Fund	\$ -	\$ -	\$ 11.00 <sup>(5)</sup>	\$ 11.00
Risk Management Fund	\$ -	\$ -	\$ -	\$ -

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(4) Reflects excess impact fees, over debt service, (see page 8)

(5) Reflects the vehicle replacement reserve (see page 13).

## Reserve History for General and Utilities Services Tax Funds

### Attachment A

Fiscal Year	Combined Ending Fund Balance	Subsequent Year's Budgeted Expenditures	Fund Balance as % of Expenditures
2003	\$ 74,418,309	\$ 264,449,074	28.14%
2002	\$ 70,041,364	\$ 260,242,876	26.91%
2001	\$ 81,727,767	\$ 239,621,180	34.11%
2000	\$ 79,354,222	\$ 227,546,687	34.87%
1999	\$ 78,919,406	\$ 211,824,241	37.26%
1998	\$ 76,505,533	\$ 208,854,621	36.63%
1997	\$ 69,193,879	\$ 201,420,605	34.35%
1996	\$ 64,314,496	\$ 190,908,051	33.69%
1995	\$ 53,114,899	\$ 175,618,347	30.24%
1994	\$ 53,963,912	\$ 168,715,742	31.99%
1993	\$ 54,113,845	\$ 162,334,285	33.33%
1992	\$ 46,948,276	\$ 149,799,625	31.34%
1991	\$ 42,594,858	\$ 146,186,864	29.14%
1990	\$ 33,625,098	\$ 134,979,839	24.91%
1989	\$ 31,086,000	\$ 114,718,652	27.10%
1988	\$ 24,332,072	\$ 103,969,897	23.40%
1987	\$ 24,606,035	\$ 90,478,858	27.20%
1986	\$ 29,948,222	\$ 80,998,365	36.97%
1985	\$ 31,122,911	\$ 76,778,254	40.54%
1984	\$ 32,226,389	\$ 71,620,959	45.00%