



“...meeting community needs...enhancing quality of life.”

TO: Finance Committee

FROM: Mayor Jacob A. Woodford
Tony Saucerman, Finance Director

DATE: **October 12, 2020**

RE: **General Fund Balance Policy**

The City has a general fund balance that states:

At least 75% of general fund balance in excess of the reserve policy (currently three months operating expenditures) be used for the reduction of long-term liabilities. Utilization of the remaining funds are subject to recommendation from the Finance Committee to be used for additional reduction of long-term liabilities or general fund expenditures with final Council approval.

Each year upon the conclusion of the annual audit, the general fund balance is reviewed to determine if such excess funds are available. The audit report, presented to the Finance Committee on July 6, 2020 noted an unadjusted general fund balance of \$1,629,137 in excess of the City’s reserve policy at December 31, 2019.

December 31, 2019

General Fund Balance in excess of reserve policy per audit	\$ 1,629,137
Less: Unrealized investment gains included in fund balance	\$ (814,017)
Fund balance applied to the 2020 Budget	<u>\$ (225,800)</u>
Adjusted fund balance in excess of reserve policy	<u>\$ 589,320</u>

Applying the policy to the adjusted excess fund balance indicated above results in approximately \$442,000 (75%) being designated to be used to reduce long-term liabilities and \$147,320 (25%) subject to the recommendation of the Finance Committee.

Per discussion with staff, we are requesting the Finance Committee’s approval to allocate \$50,000 to the Appleton Redevelopment Authority’s (ARA) Business Enhancement Grant Program. This amount would supplement the \$80,000 that the ARA has already committed to this program. The purpose of the program is to encourage investment and improvements to commercial properties within the City of Appleton (outside of TIDs 11 & 12 which already have their own business improvement grant programs) that are readily visible to the public by providing grants to property owners and tenants to fund façade and exterior improvements to their establishments.

Additionally, staff is requesting approval to use \$100,000 to help fund a comprehensive planning study for the Library neighborhood which would provide recommendations for the most effective and orderly development of the properties north of E College Avenue in the areas surrounding the Appleton Public Library. The study would look at the institutions anchoring that area and develop a plan to advance their mission and unlock the potential for that area by using innovative real estate strategies utilizing both public and private resources to produce broad economic effects and create a vibrant and sustainable neighborhood.

Director Saucerman will work with the City's financial advisor to determine the most cost-effective use of the remaining approximate \$439,000 slated for debt reduction (either call any eligible existing debt or reduce the 2021 borrowing package).

If you have any questions on these requests, feel free to reach out to either Mayor Woodford or Director Saucerman. Thank you for your consideration.