



# City of Eustis

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TO: Eustis City Commission  
FROM: Rick Gierok, Interim City Manager  
DATE: June 4, 2026  
RE: Resolution Number 2026-48: Approval To Establish A Formal Fund Balance Reserve Policy for The City  
Resolution Number 2026-49: Approval of General Fund – Fund Balance Designations and Amounts

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## **Introduction:**

The City's General Fund currently has approximately \$20.6M in unassigned reserves, also considered "surplus" or "excess". It is prudent, and Best Practice, to designate specific purposes for the available fund balance.

## **Background – Resolution Number 2026-48:**

### **Fund Balance Policy**

For fiscal years ending June 30, 2011, and later, the *Generally Accepted Accounting Board's* (GASB) issued GASB Statement 54. GASB Statement 54 established accounting and financial reporting standards for all governments on how fund balance is presented. This Statement provided for five (5) classifications of fund balance.

These classifications, and their requirements, are presented below and are further explained in the Fund Balance Reserve Policy.

#### **1. Non-Spendable Fund Balance**

Includes amounts that cannot be spent because they are either (a) not in spendable form; or (b) legally or contractually required to be maintained intact. The amounts are not typically budgeted and are determined annually based on actual results.

#### **2. Restricted Fund Balance**

Amounts that can be spent only for specific purposes stipulated by (a) external resources, or (b) imposed by law through enabling legislation (Florida Statute, Bond Covenants, etc.). The amounts are typically budgeted and reported in funds other than the General Fund (Special Revenue, Capital Improvement, Pension and/or Debt Service Funds).

**3. Committed Fund Balance**

Includes amounts constrained for a specific purpose as formally established by the City’s highest level of authority (City Commission). The constraints can only be removed by the same formal action as the City Commission.

**4. Assigned Fund Balance**

Includes amounts to be used for specific purposes as determined by management of the City and are included in the budget. There are no external parties imposing constraints and there is no formal action taken by the City Commission. These funds are intent-based and easily redirectable.

**5. Unassigned Fund Balance**

The amount of fund balance remains after determining the amounts for the above classifications. Best Practice is 25% of the budgeted annual operating expenditure for the current fiscal year. This amount is recommended primarily due to the timing of the collection of property taxes and other short-term cash flow variations.

Available Fund Balance will be spent and reported in a hierarchy based primarily on “the extent to which a government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.” When expenditures occur for a purpose for which amounts are available in one or more of the fund balance classifications, the restricted funds for that specific purpose will be used first with unrestricted funds being spent last. Committed, assigned, and unassigned fund balance will be used in that order for expenditure.

**Background – Resolution Number 2026-49:**

**Fund Balance Reserve Designations**

Staff recommends adopting the Committed and Unreserved Fund Balance amounts for the General Fund.

**Committed:**

Committed reserves can only be changed in the same manner in which adopted.

- Emergency/disaster relief – funds designated specifically for emergencies or other major unforeseen events
  - **Recommended reserve amount** **\$1,000,000**
- Millage rate stabilization – funds designated specifically to assist in maintaining the City’s millage rate in the event significant changes to the State’s property tax system occur
  - **Recommended reserve amount** **\$5,000,000**
- Strategic plan / CIP projects – funds designated specifically to assist the City in leveraging available funds for the best financing options to implement the City’s Strategic Plan
  - **Recommended reserve amount** **\$5,000,000**
- Grant match – funds designated specifically to fund the City’s match for any grant requiring a monetary match
  - **Recommended reserve amount** **\$1,000,000**

**Unassigned:**

- Operating reserve – funds designated specifically to ensure financial stability during times of irregular cash flow; Best Practice recommends 25% of the annual operating budget
  - **Recommended reserve amount** **\$6,620,060 \***

\* Changes annually during the budget process.

**Recommendation:**

Adopt Resolution 2026-48 establishing a Fund Balance Reserve Policy for the General Fund.  
Adopt Resolution 2026-49 designating existing Fund Balance for the General Fund as recommended by Staff.

**Prepared by:**

Lori Carr, Finance Director

**Reviewed by:**

Mari Leisen, Deputy Finance Director

Miranda Burrowes, Deputy City Manager

**Attachments:**

Fund Balance Slide Presentation

Fund Balance Policy

Resolution Number 2026-48

Resolution Number 2026-49