



FINANCIAL SERVICES
DEPARTMENT

FY 2023-24 Financial Policy Changes



General Fund Financial Policies - Reserves



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11. A General Fund Emergency Reserve Fund of ~~8%~~ **10%** of total fund requirements shall be budgeted annually.

To better align to Government Finance Officers Association (GFOA) practices. GFOA recommends, at a minimum, that general-purpose governments, regardless of size, maintain unrestricted budgetary fund balance in their general fund of no less than two months of regular general fund operating revenues or regular general fund operating expenditures.

General Fund Financial Policies - Reserves



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12. A General Fund Reserve for Budget Stabilization shall be maintained to provide financial stability for the General Fund during economic downturns through the capture at each fiscal year end of any excess revenue and unspent appropriations. If this reserve exceeds ~~6%~~ 7% of total fund requirements, then it may also be used to fund capital items or other one-time costs each year.

To better align to Government Finance Officers Association (GFOA) practices. GFOA recommends, at a minimum, that general-purpose governments, regardless of size, maintain unrestricted budgetary fund balance in their general fund of no less than two months of regular general fund operating revenues or regular general fund operating expenditures.

Tax Increment Financing (TIF) Policy



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10. ~~If the approved project plan is completed ahead of schedule, and the debt is defeased, any remaining revenue available through the end of the TIRZ, is prioritized by the City~~ **Closure of TIF Zones: If the components of an approved Project and Financing Plan are completed ahead of schedule, and all associated debt is paid in full, the City Manager shall bring forward a recommendation to Council regarding closure of the zone and prioritizing remaining revenue available through the end of the TIF** to address affordable housing and/or provide permanent supportive housing or other eligible service expenditures for people experiencing homelessness. ~~that benefits the TIRZ. The City Manager will bring forward the appropriate TIRZ amendments to effectuate this.~~

The proposed changes provides clarity and minor edits to the “closure” component of the policy that was added during the Fiscal Year 2023 Budget adoption.

General Obligation Debt Financial Policies



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12. It is the City's priority to fund capital expenditures **for capital assets** with cash or voter-approved debt. However, non-voter-approved debt may be ~~used for capital expenditures as an alternative to lease/purchase or other financing options if the capital~~ **issued, to the extent allowable by State law,** if the expenditure is:

- Urgent;
- Unanticipated;
- Necessary to prevent an economic loss to the City;
- Results in an economic gain to the City within a reasonable time;
- Non-voter approved debt is the most cost effective financing option available; or,
- **Required to address life and health safety issues at City facilities, to extend the useful life of City facilities, or to refurbish existing City facilities to meet changing City space needs.**

The proposed change will add a criterion for the use of non-voter-approved debt that focuses on safety, useful life, and refurbishment of City facilities. This criterion supports the City's goal to utilize its owned facilities more efficiently and effectively, reduce reliance on leased space, and ensure employees have safe and healthy work environments.

Thank You

For more information:

- austintexas.gov/financeonline/
- austintexas.gov/budget/
- Budget.austintexas.gov



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