



## CITY COUNCIL MEMORANDUM

**FROM:** The Office of the City Manager   **DATE:** June 8, 2026

**SUBJECT:** Consider Resolution No. 2026-036, adopting the City's Fund Balance and Reserve Policy and providing an effective date.

**PRESENTER:** Chase Fosse, Director of Budget & Research

### **SUMMARY:**

The City's Fund Balance and Reserve Policy, last updated by staff on February 10, 2025, has never been formally adopted in its entirety by City Council. Following the incorporation of revisions discussed during the May 26, 2026, work session, it is recommended that City Council formally adopt this policy.

### **GENERAL DESCRIPTION:**

The purpose of the City's Fund Balance and Reserve Policy is to establish guidelines for fund balances - a key element contributing to the financial stability of the organization. It is essential that the City maintain adequate levels of reserve balances to mitigate financial risk that can occur from unforeseen revenue fluctuations, unanticipated expenditures, and similar circumstances. Standard & Poor's Global Rating Services, Moody's Ratings, and the Government Finance Officers Association (GFOA) recommend the establishment of a formal fund balance policy to facilitate adequate municipal reserve levels that provide structural balance of operations.

This policy ensures that the City maintains an adequate fund balance for the purposes of:

1. Providing sufficient cash flow liquidity for the City's general governmental operations;
2. Securing and maintaining investment grade bond ratings;
3. Mitigating significant economic downturns or revenue shortfalls;
4. Providing funds for unforeseen expenditures related to emergencies; and
5. Articulation of long-term financial planning objectives.

This policy last received an update by City staff on February 10, 2025, when it was shared with City Council during an informational work session presentation. Following the incorporation of additional proposed revisions discussed during a more recent, May 26, 2026, work session, it is recommended that City Council formally adopt this policy.

### **RECOMMENDATION:**



Approve Resolution No. 2026-036.