



AGENDA ITEM SUMMARY

Agenda Date	September 23, 2025
Requested Action	APPROVE RESOLUTION NO. 2025-R74; A RESOLUTION ADOPTING REVISIONS TO THE FINANCIAL MANAGEMENT POLICY TO ALIGN WITH BEST PRACTICES AND REGULATORY REQUIREMENTS.
Contact Person	Sarah Buckelew, Finance Director
Background Information	<p>The proposed revisions to the Financial Management Policy will clarify the City’s standard practice for handling fund balances and net position in excess of the minimum reserve requirements. Under the revised policy, year-end surpluses in the General Fund and Utility Funds will, by default, be directed to budgeted long-term, one-time uses, in accordance with Financial Management Policy XXII (3)(E) unless otherwise directed by City Council.</p> <p>The updated language establishes a clear hierarchy for applying surplus funds:</p> <ol style="list-style-type: none">1. Statutory, restricted, assigned, and non-spendable amounts (including encumbrances);2. Minimum operating reserves as required by the Fiscal & Budget Policy;3. Capital and special projects adopted in the subsequent year’s budget and Capital Improvement Program (CIP); and4. Residual balances transferred to the Governmental Capital Fund or the respective Capital Fund of each utility. <p>This change ensures that surplus funds are applied in a consistent, transparent manner that prioritizes capital improvements and/or budgeted special projects, while preserving Council’s discretion to direct otherwise when necessary. Special Revenue Funds remain excluded, as their use is restricted by law or dedicated revenue sources.</p> <p>By formalizing this process, the City ensures that one-time surpluses are not used to fund ongoing operations, supporting long-term financial sustainability and compliance with best practices in municipal finance.</p>

Strategic Alignment	Financial Excellence
Financial Considerations	N/A
Citizen Input/Board Review	N/A
Legal Review	N/A
Alternative Options	N/A
Supporting Documents	Resolution No. 2025-R74