



Legislation Text

File #: 18-926, **Version:** 1

FINANCIAL ADVISORY BOARD AGENDA ITEM

ACTION REQUESTED:

Continued Discussion on City's Reserve Policies

DEPARTMENT: Finance Department

SUBMITTED BY: Franco Bottalico, Budget Analyst

BOARD/COMMISSION REVIEW:

N/A

BACKGROUND:

At its last workshop meeting, the FAB discussed financial impacts that credit rating scores have on rates. It was agreed that the FAB would continue its discussion in order to recommend potential modifications to the City's current reserve policies.

DISCUSSION:

In June of 2018, City Council approved 10 Goals that have assisted staff in presenting a 2019 budget that would meet Council's priorities. Of these 10 Goals, the first two relate to financial stability.

Financial stability Goals #1 and #2 are a breakout of the City's current Financial Principle #3, which states that the City will actively seek to increase its reserves to 25% by the year 2023.

During the 2019 budget process staffed communicated to Council that the City ended 2017 with \$28.41 million, or approximately 23.7% of the 2017 actual General Fund expenditures of \$119.66 million. The fund balance figure is \$4.48 million more than the City's current 20% reserve requirement and \$1.5 million short of the 25% reserve level target.

Additionally, the City was recently awarded the highest bond rating from Moody's and Standard & Poor's. Moody's awarded an 'Aaa' rating and Standard & Poors issued an 'AAA' rating

SUMMARY:

The FAB should continue its review and discussion of a potential modification to the City's current reserve policies.