



## CITY OF MARSHALL AGENDA ITEM REPORT

<b>Meeting Date:</b>	Tuesday, April 23, 2019
<b>Category:</b>	CONSENT AGENDA
<b>Type:</b>	ACTION
<b>Subject:</b>	Consider Amendments to the Fund Balance Policy
<b>Background Information:</b>	<p>Staff propose amendments to the Fund Balance Policy. During the long-term financial plan study conducted by AEM, it was recommended to reduce the City's fund balance policy from 50 to 40 percent of next year's budgeted expenditures to start funding capital improvements using cash instead of bonding.</p> <p>Information was gathered from 4 of Marshall's comparable cities on what their fund balance policy states. The fund balance policies ranged from 30 to 60 percent.</p> <p>The Office of the State Auditor's Office recommends unrestricted fund balances of approximately 35 to 50 percent.</p> <p>With this fund balance policy change, the City can begin to finance capital improvement projects using available cash and avoid interest and fees associated with bonding.</p>
<b>Fiscal Impact:</b>	
<b>Alternative/ Variations:</b>	
<b>Recommendations:</b>	Approve General Fund Balance from 50% and a month to 40% and refer to Ways and Means Committee to Finalize the complete Fund Balance Policy for Council Approval at Future Council Meeting.