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## CITY COUNCIL WORK SESSION

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**MEETING DATE:** August 31, 2020  
**AGENDA ITEM:** Fund Balance Policy  
**FROM:** Aimee Tihonovich, Finance Director

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An important part of developing the budget each year is determining what level of fund balance reserves are available for the budget. It is essential that the City of Salida maintain adequate levels of fund balance to mitigate current future risks such as sudden economic downturns, loss of a major sales tax generator, occurrence of a natural disaster, or to maintain flexibility if a significant investment opportunity presents itself.

Salida adopted a policy in 2015 to provide guidance on what level of fund balance reserves to maintain and we feel that it is time to update the policy to include new fund structures and to take into account this council's risk assessment for reserves.

The policy follows with redlined suggested changes for our discussion purposes. Following the draft policy is an analysis of where I current and proposed fund balances stand with the policy.