

**Jim Sabonis (HTS)**

Jul 18,  
2022, 1:29  
PM

to Andre, Jorge, Jennifer,

Linnea,

In response to your question regarding allocating \$200,000 to \$400,000 of the City's \$1.4 million unrestricted fund balance to a capital improvement fund seems appropriate and unlikely to have any negative impact on investors perception of the City's credit.

I attached a few documents about Fund Balance. The City should have an appropriate fund balance policy based on the composition of its revenues and expenses, and potential risks and issues. In general, standard best practice is for municipalities to allocated excess funds above their fund balance policy to onetime expenses typically capital expenditures.

(LB my emphasis)