



Elgin City Council Meeting Agenda Item Executive Summary

ITEM: DISCUSSION AND CONSIDERATION OF A POLICY TO ESTABLISH AND CODIFY OBJECTIVES AND BEST PRACTICES FOR DETERMINING THE TARGETED-MINIMUM LEVELS OF UNRESTRICTED CASH BALANCES FOR THE CITY AND TO ASSIST ALL CONCERNED PARTIES IN UNDERSTANDING THE CITY'S APPROACH TO FUND BALANCE MAINTENANCE.

DEPARTMENT: Finance

PROPOSED ACTION: Adopt Policies for maintaining General Fund Reserves.

BACKGROUND: In the past several years, steps were made to take advantage of economic development opportunities, namely the acquisition of land (60 acres) in the Tax Increment and Reinvestment Zone One (TIRZ). This action along with general fund support of other capital improvements, drew down the City's reserves to a level below normal standard. This had the unintended consequence of negatively affecting the City's Bond rating going into the sale of Combination Tax and Revenue CO's and TIRZ CO's that are to be authorized to be sold at this meeting.

In an effort to avoid this result in the future and provide a target for beginning to rebuild proper reserve positions for restricted, committed and assigned reserves for general fund balances, the Resolution you will find attached has been prepared for consideration.

Adoption of this policy will provide the Council and staff direction on achieving and maintaining appropriate fund balances as described above. Development and implementation of the Policy will also demonstrate to the rating agencies, the City's concern and commitment to more careful management of City Funds in the future.

BUDGET/FINANCIAL IMPACT:

Funding for this item was { } included { } not included in the current-year budget {X} N/A

RECOMMENDATION: Review and adopt the Resolution as presented.

ATTACHMENTS: Resolution to adopt the Resolution as presented.

{ } Staff will be making a detailed presentation on this agenda item at the meeting.

{X} Staff will provide brief comments and answer questions on this item at the meeting.

{ } This is a routine procedural item and no presentation is planned for the meeting.

Councilmembers who have any detailed questions or would like to request additional information regarding this item are encouraged to contact the City Manager at their earliest convenience.