



## LEGISLATIVE MEMORANDUM

**TO:** Honorable Mayor and Members of the City Council

**FROM:** Scott Morgan, Interim City Manager

**THRU:** Larry Wojciechowski, Finance Director

**DATE:** April 17, 2025

**RE:** Resolution 2025-18, amending Resolution 2011-34, as amended by Resolution 2021-03, by updating the City of Palm Bay Fund Balance Policy.

### SUMMARY:

On August 4, 2011, the City's Fund Balance Policy was established and approved by City Council under Resolution 2011-34 and amended with Resolution 2021-03 on January 7, 2021, establishing a two (2) month General Fund reserve and a 2% to 4% Emergency Contingency Fund.

Staff is recommending an increase in the fund balance reserve to protect the City from economic uncertainties and modifying the Emergency Contingency Fund requirements.

The City's current minimum unrestricted balance requirement of a two (2) month reserve utilizing the subsequent fiscal year expenditures less capital outlay and transfers out that aligns with Government Finance Officers Association (GFOA) guidelines. Increasing the unrestricted reserve to four (4) months will ensure timely payment of debt obligations and/or legal judgments; to ensure fund stabilization in the events of unanticipated loss of revenues, unanticipated expenses, and/or losses not covered by insurance, or to cover costs until receipt of insurance or FEMA proceeds; to ensure that bond covenants or other legal obligations are met; and for such other uses as dictated by legal requirements or City Council action.

The City currently utilizes a council approved Emergency Contingency Fund for emergencies within the City limits. This Fund is no longer necessary as the four (4) month reserve by definition would be utilized for such emergencies.

Finance department staff was assisted in the review and drafting of the amended policy by the City's Financial Advisors, Public Resources Advisory Group (PRAG).

**REQUESTING DEPARTMENT:**

Finance

**FISCAL IMPACT:**

There is no fiscal impact budget wise; however, the City's General Fund Undesignated Fund balance will be reduced and the General Fund Minimum Required Fund balance will be increased.

**STAFF RECOMMENDATION:**

Motion to approve the amended resolution of the current fund balance policy.

**ATTACHMENTS:**

1. Fund Balance Policy Redlined
2. Resolution
3. Exhibit A, Palm Bay Fund Balance Policy