



AGENDA MEMORANDUM

Action Item for the City Council Meeting of March 24, 2026

DATE: March 24, 2026

TO: Peter Zanoni, City Manager

THRU : Michael Rodriguez, Deputy City Manager

FROM: Sergio Villasana, CPA, CIA, CGFO Director of Finance & Procurement
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Amendment to Financial Budgetary Policies for FY 2026-2027

CAPTION:

Resolution amending Financial Budgetary Policies adopted by Resolution 033727 and providing financial policy direction on preparation of the FY 2027 operating and capital budgets.

SUMMARY:

The financial budgetary policies for FY 2026–2027 are being submitted for amendment to address several updates, including revisions to Section 2 (Current Revenues / Current Expenditures), Section 8 (Funding Level from General Fund for the Residential Street Reconstruction Fund), and Section 12 (Operating Contingencies).

BACKGROUND AND FINDINGS:

Annually, City staff reviews the financial budgetary policies for direction on preparing the upcoming, annual budget. The financial budgetary policies for FY 2026-2027 are being recommended by staff for amendment as follows:

- **Section 2. Current Revenues / Current Expenditures** – The proposed amendment replaces the word “Current” with “Recurring.” Traditionally, current revenues and current expenditures refer to the revenues collected and funds spent during the fiscal year in progress. Using the terms recurring revenues and

recurring expenditures more clearly conveys that these revenues and expenditures are ongoing, occur annually, and are expected to continue.

- **Section 8. Funding Level from General Fund for Residential Street Reconstruction Fund Subsection 3** – The proposed amendment removes the recommendation and fiscal year language from the final statement.
- **Section 12. Operating Contingencies** – The proposed amendment adds language to establish a separate stabilization fund that would be funded by any unspent operating contingency funds at year-end. Unspent operating contingency funds would be transferred annually until the stabilization fund reaches 5% of recurring General Fund operating expenditures, exclusive of any one-time appropriations.

ALTERNATIVES:

An alternative would be to leave the financial budgetary policies as they currently are written.

FISCAL IMPACT:

There is no financial impact for this item.

RECOMMENDATION:

Staff recommends approval of the resolution as presented.

LIST OF SUPPORTING DOCUMENTS:

Resolution
Presentation – Financial and Budgetary Policy
Presentation – General Fund Reserve Policy