



## AGENDA MEMORANDUM

Action Item for the City Council Meeting of August 13, 2024

---

**DATE:** July 24, 2024

**TO:** Peter Zanoni, City Manager

**THRU :** Heather Hurlbert, CPA, CGFO, Assistant City Manager

**FROM:** Eddie Houlihan, Director of Management and Budget  
EddieHo@cctexas.com  
(361) 826-3792

Amendment to Financial Budgetary Policies for FY 2024-2025
--

### **CAPTION:**

Resolution amending Financial Budgetary Policies adopted by Resolution 033143 and providing financial policy direction on preparation of the FY 2025 operating and capital budgets.

### **SUMMARY:**

The financial budgetary policies for FY 2024-2025 are being requested for an amendment to address several changes including updated Section 3-General Fund Balance and Section 8-Funding Level from General Fund for Residential Street Reconstruction Fund.

### **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 2024-2025 are being recommended by staff for amendment to one section defining the percentage of the General Fund Balance reserve.

- **Section 3. General Fund Balance-**
  - Removing the reference to Working Capital in the title as this section refers to the Fund Balance.

- Removing the reference to the GFOA Best Practice publication
- Removing the language about a 17% unrestricted fund balance and using the 20% as the goal.
- Clarifying that the calculation is based on the general fund operating expenses and not appropriations.
- Updating the reference to the Annual Comprehensive Financial Report (ACFR) and removing the Comprehensive Annual Financial Report.
- Adding “for financial reporting purposes” to the second paragraph
- **Section 8. Funding Level from General Fund for Residential Street Reconstruction Fund Subsection 2**
  - Added “has not been approved by City Council to date” and updated the date from FY2023-2024 to 2024-2025.

In addition, a change to **Section 8-Funding Level from General Fund for Residential Street Reconstruction Fund, Subsection 2** has been requested to increase the transfer of the General Fund revenues from 1% to 3%. Staff is not recommending this change due to the current budgetary constraints of the FY 2024-2025 budget.

**ALTERNATIVES:**

An alternative would be to leave the financial budgetary policies as it is currently written or include some but not all requested amendments.

**RECOMMENDATION:**

Staff recommends approval of the resolution as presented.

**LIST OF SUPPORTING DOCUMENTS:**

Resolution  
Financial Budgetary Policies  
Presentation