

CITY OF MAQUOKETA FUND BALANCE MINIMUM POLICY

The objective of this policy is for the City Council of the City of Maquoketa to formally define a fund balance minimum policy for operation-based funds such as the General Fund, Airport Fund, Road Use Tax Fund, and all Utility Funds.

The intent of this policy is to preserve strong financial capacities for the City of Maquoketa. Strategic decisions by Staff or City Council must be made in consideration of this policy. This may be directed by a member of the public, City Council, or City Staff.

This is a non-restrictive policy. However, if a subject fund is below the fund balance minimum target, then City Staff must identify a strategy to restore the fund balance minimum outlined by this policy.

Fund Balance Minimum Reserve:

Fund balance minimum reserve shall be maintained at a level of 25% or greater of the next fiscal year's predicted annual expenditure. This applies to the General Fund, Airport Fund, Road Use Tax Fund, and all Utility Funds.

Example:

The annual expenditure budget of the General Fund is \$5,000,000. The 25% reserve minimum would be \$1,250,000.