

***Reserve Policies***

The City Council recognizes the need to set reserve amount targets for every operating fund of the City. The targets for those funds using the modified accrual basis of accounting are set as the percentage that the undesignated fund balance is to the budgeted expenditures and transfers to other funds. The targets for those funds using the accrual basis of accounting are set as the percentage that the working capital is to the budgeted operating expenses. The targets are as follows:

Fund Title	Undesignated Fund Balance (or Working Capital) as a % of Expenditures (or Operating Expenses) And Transfers to Other Funds
General Fund	25%
Solid Waste Management Fund	5%
State Street Aid Fund	5%
Debt Service Fund	25%
Fleet Management Fund	5% Working Capital
Drug Enforcement Fund	5%
School General Fund	3%
School Food Service Fund	10%
Library General Fund	10%
Storm Water Fund	5%

The City Manager and Director of Finance are directed to prepare Budgets that result in every target being met by June 30, 2009.

These reserve targets shall be reviewed annually by the City Manager and Director of Finance, who shall report to the City Council on their continued adequacy.