

CITY OF NEWPORT

**RESOLUTION
OF THE
COUNCIL**

No. 2025-171

**A Resolution to Update the City of Newport's Fund
Balance Policy**

WHEREAS, the City of Newport has maintained a fund balance policy to ensure responsible fiscal management, safeguard against unanticipated expenditures, and provide financial stability; and

WHEREAS, the current fund balance policy requires maintaining an unassigned general fund balance at a minimum of two months of revenues, but in no event less than 10% of total general fund expenditures plus transfers out; and

WHEREAS, the City Council has reviewed the current policy and determined that updating the policy will further enhance the City's financial stability by more effectively managing surplus funds for specific purposes; and

WHEREAS, as of fiscal year 2024, the unassigned general fund balance amounts to 30.03% of general fund expenditures plus transfers out; and

WHEREAS, the City Council recognizes the importance of setting aside surplus funds for specific, identified needs and wishes to define and formalize the treatment of any surplus in the general fund;

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Newport, that:

1. Updated Fund Balance Policy:

The City's fund balance policy shall be amended to include the following provisions:

- The unassigned general fund balance shall be maintained at a minimum of two months of revenues, but not less than 10% of total general fund expenditures plus transfers out, as is currently required.
- Starting in fiscal year 2025, any surplus in the general fund will be first allocated to the

unassigned fund balance to ensure a maximum balance at or around 30% of the subsequent year's budgeted general fund expenditures plus transfers out.

- o Any remaining surplus, after maintaining the unassigned fund balance at or around the 30% level, will be posted to the **Committed Fund Balance**. This Committed Fund Balance will be used for specific purposes such as capital improvements or other needs as identified and approved by the City Council.

2. Definition and Key Points of Committed Fund Balance:

- o **Committed Fund Balance** refers to amounts that are set aside for specific purposes, as determined by formal action of the City Council.
- o The constraints on the committed fund balance are internally imposed by the City Council, but they are not legally binding. The Council retains the authority to remove or modify the commitment through a formal action.

3. Annual Review:

The City Council will review the general fund unassigned fund balance and committed fund balance annually as part of the budget process to ensure compliance with this updated policy and the City's long-term financial goals.

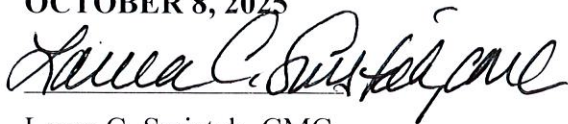
4. Implementation:

This updated fund balance policy shall be effective starting in fiscal year 2025 and shall be incorporated into the City's financial management practices and budgetary policies.

IN COUNCIL

READ AND PASSED

OCTOBER 8, 2025



Laura C. Swistak, CMC
City Clerk