



## **ATTACHMENT 3**

### **Resolution Establishing Reserves**

RESOLUTION NO. 2026-XXXX

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SAN MARCOS AUTHORIZING APPROPRIATION AND TRANSFER OF FUNDS FOR THE ESTABLISHMENT OF AN APPROPRIATED RESERVE FOR FUTURE EXPENDITURES AND/OR CONTINGENCIES FOR FISCAL YEAR 2026-27

WHEREAS, State Legislation was passed by the voters and required municipalities to establish appropriation limits and funds for appropriated reserves; and

WHEREAS, it is necessary to appropriate, transfer and establish an appropriated reserve for future expenditures and/or contingencies; and

WHEREAS, the City Council adopted General Fund Reserve Policy No. 2012-04 ("Policy"), and amended by Resolution 2024-9299, which establishes a target minimum reserve level of 40% of General Fund annual operating expenditures into three reserve designations; and

WHEREAS, the Policy requires City Council action for the appropriation of the One-time Recurring Savings/Opportunity reserve funds; and

WHEREAS, the Policy dictates that a 10-Year reserve replenishment plan to be developed should the use of reserves cause the total unassigned fund balance to fall below the minimum threshold of 40% of General Fund annual operating expenditures; and

WHEREAS, all monies not subject to the City's appropriation limit, general fund unbudgeted reserves, general fund reserves, subventions, and monies generated by municipal operations and required for such items as lawsuits, insurance claims, catastrophic events, contract change orders, legislative or State Commission approved legislation or decisions requiring increased costs, excess inflationary trends, motor vehicles and capital equipment, building additions or construction, land requirements for municipal operations

and general operational service needs, and events beyond the control of the City, shall be designated as an Appropriated Reserve for future expenditures and/or contingencies.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of San Marcos does hereby:

- authorizes, appropriates, transfers and establishes an Appropriated Reserve for future expenditures and/or contingencies for the purpose of providing for the previously mentioned municipal requirements. The total amount of the reserve shall be equal to the Unappropriated Reserves for the Fiscal Year 2026-27. The City Council may, at its option from time to time, by Resolution, add or subtract, as deemed appropriate by the occasion, to such reserve by transferring unencumbered surplus from an appropriate fund or funds.
- authorizes the use of General Fund One-time Recurring Savings/Opportunity reserves as identified herein in the proposed FY 2026-27 Operations and Capital Improvement Program budget for the Fire Station 5 Capital Improvement Project (CIP# FC021), temporarily resulting in a total unassigned fund balance below the minimum 40% reserve threshold established by General Fund Reserve Policy No. 2012-04 and hereby approves the attached Reserve Replenishment Plan attached hereto as Exhibit 1, consistent with the requirements of General Fund Reserve Policy No. 2012-04.

PASSED, APPROVED AND ADOPTED by the City Council of the City of San Marcos this 9<sup>th</sup> day of June 2026, by the following roll call vote:

AYES: COUNCILMEMBERS:

NOES: COUNCILMEMBERS:

ABSENT: COUNCILMEMBERS:

ATTEST:

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Rebecca D. Jones, Mayor  
City of San Marcos

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Phillip Scollick, City Clerk  
City of San Marcos