

City Council Item

June 22, 2026



Item	Update to Financial Management Policies	
File No.		Item No: D.6
Agenda Section	<u>CONSENT AGENDA</u>	
Prepared By	Kelly Grinnell, Finance Director	
Reviewed By		

<u>SUGGESTED ACTION</u>	
"The Chanhassen City Council approves the updates to Financial Management Policies."	
Motion Type	Simple Majority Vote of members present
Strategic Priority	Financial Sustainability

SUMMARY

The City Council adopted Financial Management Policies in February 2023 and revised those policies in January 2024. Staff has reviewed the policies and recommends the following changes:

- Operating Budget Policy – minor language edits, added Debt Service Funds to operating budget.
- Reserves Policy – added Local Affordable Housing Aid Fund to Special Revenue Funds section. Clarified that the city’s unassigned fund balance in the General Fund shall be maintained at a minimum level of 50% of the following year’s General Fund property tax levy (the previous iteration just said 50% of the following year’s property tax levy).
- Purchasing Policy – increased City Manager approval limit from \$20,000 to \$25,000. This matches the limits for city managers in state law. It also matches the amount allowed for federal awards and grants. Also, minor language edits for leases, invoice documentation, and deadlines for accounts payable processing
- Accounts Payable and EFT Payments Policy – minor language edits

- Capital Assets Policy – added asset type Leased Assets
- Debt Management Policy – increased direct debt per capita limit from \$2,000 to \$5,000 due to expected increase from community center bond issuance

There are two attached PDFs for this item. One shows the suggested changes highlighted in yellow and the other version shows the proposed final version.

BACKGROUND

DISCUSSION

BUDGET

RECOMMENDATION

Staff recommends the Chanhassen City Council approve the updates to Financial Management Policies.

ATTACHMENTS

[FINANCIAL MANAGEMENT POLICIES with Highlighted Changes 2026](#)

[FINANCIAL MANAGEMENT POLICIES for Council Consideration 2026-06-22](#)