

January 28, 2026

To: Mayor and Members of City Council

202600211

From: Sheryl M. M. Long, City Manager

Subject: Emergency Ordinance – Stabilization Funds Policy Update

Attached is an Emergency Ordinance captioned:

AUTHORIZING the policy of managing the Stabilization Funds for the City of Cincinnati.

Ordinance No. 0253-2015 established a policy to manage the fund balance reserves now referred to as the Stabilization Funds. Ordinance No. 0213-2019 amended Ordinance No. 0253-2015 to better comply with Government Finance Officers Association (GFOA) recommendations on maintaining adequate reserves. Subsequently, Ordinance No. 0056-2022 amended Ordinance No. 0253-2015 to better utilize any year-end surplus to not only maintain reserve balances but to address critical priorities by funding affordable housing development, the City's pension system, and capital needs.

Due to the careful financial management of the City since 2022, the City has been able to achieve and then exceed the target minimum policy reserve balance of two months (approximately 16.7 percent) of prior year General Fund operating revenues and achieved a reserve balance of seventeen percent of prior year General Fund operating revenues from FY 2024. This reserve level provides for a healthy balance to address unforeseen expenses that arise, and mitigates risk against fluctuations in income tax receipts, the City's primary General Fund operating revenue source.

This Emergency Ordinance would authorize an updated Stabilization Funds Policy which is intended to (1) to recognize the excellent progress that the City has made in establishing a healthy reserve balance at seventeen percent by formally establishing the target minimum General Fund Contingency Account minimum policy balance as 2.3 percent of prior year General Fund operating revenues, and (2) to better define parameters for allocation of the remaining carryover balance, once the financial reserve balances are achieved.

Due to the multitude of amendments to the prior Stabilization Funds Policy of the City, this Emergency Ordinance would fully replace the existing Stabilization Funds Policy established in Ordinance No. 0253-2015 and amended by Ordinance Nos. 0213-2019 and 0056-2022.

Additionally, this Emergency Ordinance includes a new funding stream for Special Events Support, transferring up to \$500,000, as part of the remaining surplus after addressing any needs in the Stabilization Funds.

Finally, at the bottom of the waterfall, the surplus that previously went to the Infrastructure and Capital Project Reserve will now be split 50/50 between a newly created Housing and Economic Development Reserve and the existing Infrastructure and

Capital Project Reserve for City-owned capital assets. The eligible uses from the Infrastructure and Capital Project Reserve are also expanded to include fleet, equipment, facilities, information technology (IT) needs, etc.

The reason for the emergency is the immediate need to implement a City policy establishing the percentage target of the City's Stabilization Funds, per the policy recommendation of the Government Finance Officers Association.

cc: William "Billy" Weber, Assistant City Manager
Andrew Dudas, Budget Director
Steve Webb, Finance Director

Attachments