



2026

FGFOA

Annual Conference

June 13-17, 2026

Loews Sapphire Falls Resort
at Universal



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Loews Sapphire Resort at Universal Orlando

Speaker



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Government Finance Officers Association



Pillar 1
**ESTABLISH
LONG-TERM
VISION**

*Give people
a reason to
cooperate.*

Pillar 2
**BUILD TRUST
AND OPEN
COMMUNICATION**

*Create the conditions
for cooperation.*

Pillar 3
**USE
COLLECTIVE
DECISION
MAKING**

*Develop forums
for participation.*

Pillar 4
**CREATE
CLEAR
RULES**

*Reinforce
constructive
behavior.*

Pillar 5
**TREAT
EVERYONE
FAIRLY**

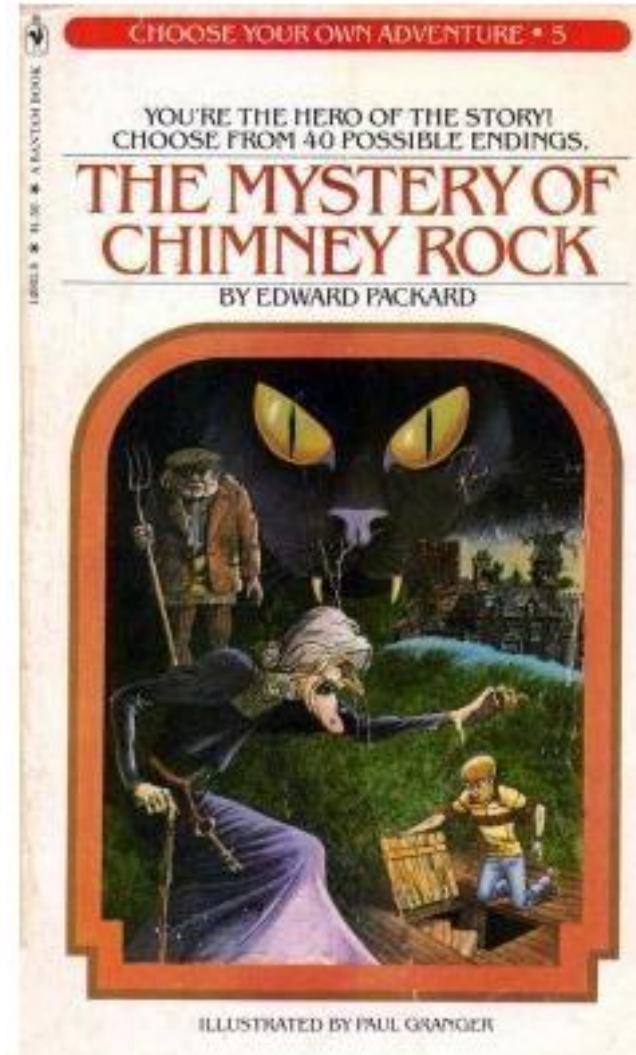
*Promote and
protect mutual
trust and respect.*

Why are financial policies necessary?

- Define practices and approaches for stewardship of public funds
- Provide a framework for financial accountability
- Provide guidance and reference points for actions in difficult time
- Encourage long-term consistency in financial practices and decisions
- Establish guidelines for operational & strategic decision making
- Identify acceptable, preferred and/or unacceptable courses of action



Policies don't preempt decision-making

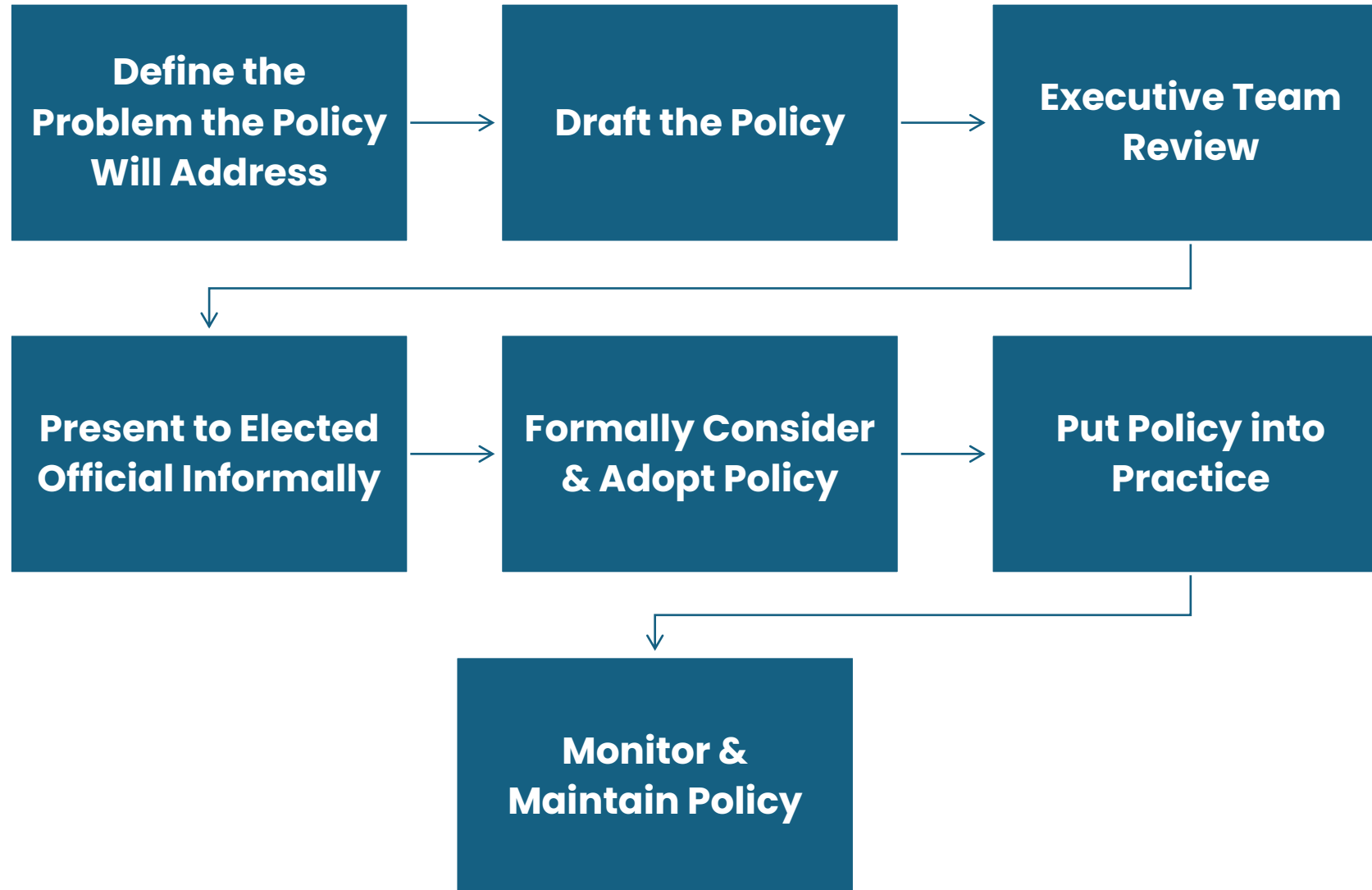


Design Features of Effective Policies

- **Explicit**, in writing: easy-to-understand guidebook
- **Current** and relevant: reviewed and updated regularly (1-3 years)
- **Literal**: mean what they say and use plain language
- Easily **accessible**: available to all stakeholders, multiple means of access
- **Concise**: brief and to the point and separate from procedures
- **Comprehensive**: address the risks and issues that impact decision-making



Policy Development Method



Essential Policies

- Fund balance and reserves
- Operating budget
- Capital budget and planning
- Debt management
- Long-range financial planning
- Investment



Tips for Adoption

- If needed, take it slow and compromise when necessary
- Use rating agencies “good financial management” statements and state law as incentives to adopt
 - Also, GFOA Best Practices!
- Anticipate political issues and be ready to address, including very careful wording
- Do not risk overall policies for controversy over one policy
 - “Don’t let perfect be the enemy of the good.”
- Look for opportunities



General Fund Reserve Policy Elements

**Definition and
purpose of
reserves**

**Reserve target
levels**

**Funding the
target amount**

**Conditions for
use of reserves**

**Authority over
reserves**

**Replenishment
of reserves**

**Excess
reserves**

**Periodic review
of targets**



What are reserves?

“Reserves” is a budget and policy term that describes the resources available *outside of the budget* for use if the resources appropriated *inside of the budget* are insufficient. This offers protection against **unplanned, unavoidable** costs or losses.



Minimum levels

- Depends on revenue and expenditure/expense reliability and volatility, future plans and **risk**
 - General Fund – 2 months of revenues or expenditures
 - Enterprise Fund – 45 day minimum
- With this in mind, GFOA has developed resources to help governments optimize their reserves based on risk



What is the traditional mental model for reserves?

The Savings Account

- Easy to grasp
- Seemingly obvious parallel to our personal lives



The savings account model is limited

- Savings is more commonly seen as deferred spending than a way to manage risk
- Implies that more is better



What's the alternative?

The Insurance Policy

- A reserve manages volatility
- Risk is a product of volatility
- Hence, reserves help manage risk

Advantages

- Obvious parallel to personal lives
- Invites us to think how commercial insurance complements reserves
- Implies there is an optimal amount



GFOA Reserves Resources

Fund Balance Guidelines for the General Fund

<https://www.gfoa.org/materials/fund-balance-guidelines-for-the-general-fund>

Working Capital Targets for Enterprise Funds

<https://www.gfoa.org/materials/working-capital-targets-for-enterprise-funds>

Should We Rethink Reserves?

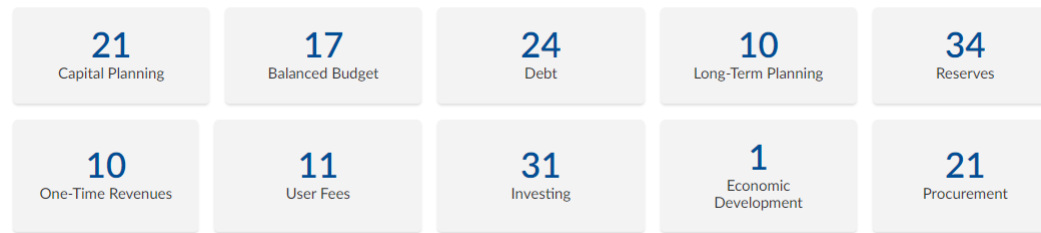
<https://www.gfoa.org/materials/rethinkingreserves>



GFOA Policy Resources

Financial Policy Challenge:
view policies that have
been submitted by GFOA
members at
www.gfoa.org/financial-policy-challenge

How many policies have been submitted?



 GFOA MEMBER COMMUNITIES

HOME COMMUNITIES COMMUNITY FAQs MEMBER DIRECTORY

Welcome to GFOA Member Communities

GFOA's new member communities allow you to take the public finance conversation further with members across the United States and Canada. Ask questions, offer insight to others, upload helpful documents, and more.

GFOA Member Communities: start a conversation at community.gfoa.org/home



GFOA Policy Templates

GFOA has several policy templates available on its website: <https://www.gfoa.org/materials/topic/fff>

RESERVE POLICY

This template provides the basics of a reserve policy. You should adjust this policy to fit your government's needs. For further guidance, refer to the GFOA book "Financial Policies." The book describes the elements in this template plus additional options.

Why a Reserve Policy Is Important

A reserve provides protection from risk. [Name of your government] faces risks like revenue shortfalls during recessions and losses from extreme events, like [relevant examples of natural disasters your government could experience]. Reserves help make sure that [name of your government] can respond quickly and decisively to extreme events. Reserves also support vital public services during revenue declines. A reserve policy describes how much we will try to retain in our reserve. It also describes acceptable uses of reserves.

The Size of [Name of your government]'s Reserve

[Name of your government] will try to hold the following amounts in reserves. The amount of money held in reserve is stated as a percent of revenues. [Expenses can be used too. A government will want to select one that is a reliable indicator of its ongoing budget]. This is so that [name of your government]'s reserve stays consistent with the size of the budget over time.

- At a minimum, the reserve will be equal to at least [X]% of revenues [or expenses]. [The size of the reserves should be based on an analysis of the types of risk your government is trying to manage with reserves. A more general guideline for a minimum is 16% – 17%.]
- The maximum size of the reserves is [Y]% of revenues [or expenses]. [Naming a maximum gives the government a range of reserves to manage within.]

