



Legislation Text

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CITY COUNCIL AGENDA ITEM

Memo Date: April 17, 2020
Agenda Date: April 22, 2020
Prepared By: Christi Grant, Staff Accountant
Through: Rebecca Bowman, MBA, CGFO, CGFM, Finance Director
Requested Action:

Approve a Resolution to Commit Funds in the General Fund Balance to Increase the Stabilization Reserve for Fiscal Year 2020

BACKGROUND:

In October 2010, the City Council established a Fund Balance Reserve Policy as part of the Financial Operations Manual (FOM). Each fiscal year the City Manager is to recommend to City Council the amount of fund balance that will be committed to a Capital Replacement Reserve and a Stabilization Reserve based on the most recent audited financial statements (CAFR). Changes to the reserves are approved by City Council through a Resolution. Only the City Council can authorize expenditures out of these reserves and increase or decrease the reserve balances.

As part of Committed Fund Balance, the Fund Balance Reserve Policy established a Stabilization Reserve, which targets no less than \$9,500,000 or 33% of the total operating expenditures of the General Fund reported in the prior year's CAFR, whichever is greater. The FY2019 CAFR reports total operating expenditures of the General Fund of \$34,833,655, 33% of which is \$11,495,106. Therefore, the City Manager recommends the Stabilization Reserve be increased by \$1,173,148 for FY2020.

There is no change needed for the Capital Replacement Reserve.

STRATEGIC PLAN CONNECTION:

The Fund Balance Reserve Policy is to insure against unanticipated events adversely affecting the financial condition of the City and jeopardizing the continuation of necessary public services

BUDGETARY IMPACT:

None.

PREVIOUS ACTION:

On October 12, 2010, the City Council approved Resolution No. 2010-137 adopting the FOM, which

included the Fund Balance Reserve Policy. On September 27, 2011, the City Council approved Resolution No. 2011-109, approving the commitment of general funds from the fund balance to the Capitalization Replacement Reserve, the Stabilization Reserve, and the Health Insurance Reserve. On August 25, 2015, the City Council approved Resolution No. 2015-050, amending the FOM, which amended the Fund Balance Reserve Policy to remove the Health Insurance Reserve from Committed Fund Balance. On March 28, 2017, the City Council approved Resolution 2017-114, increasing the Stabilization Reserve to \$9,591,506. On March 13, 2018, the City Council approved Resolution 2018-016, increasing the Stabilization Reserve to \$9,903,251. On March 28, 2019, the City Council approved Resolution 2019-027, increasing the Stabilization Reserve to \$10,321,958.

RECOMMENDED MOTION:

To approve a Resolution to Commit Funds in the General Fund Balance to Increase the Stabilization Reserve for Fiscal Year 2020.