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RESOLUTION NO. 2019-47

**A RESOLUTION OF THE ALBANY CITY COUNCIL ESTABLISHING THE
GENERAL FUND RESERVE POLICY**

WHEREAS, General Fund Reserves ensure the City’s ability to maintain vital services to the community during times of economic uncertainty; and

WHEREAS, the Government Finance Officers’ Association recommends that governments establish a formal policy on the level of unrestricted (unassigned) fund balance that should be maintained in the general fund; and

WHEREAS, the City is committed to achieving long-term financial stability as well as mitigating the negative impacts of extraordinary risk including but not limited to earthquakes, fires, and floods; and

WHEREAS, as part of the City’s continuing effort to enhance fiscal and operational practices, a General Fund Reserve Policy has been developed; and

WHEREAS, it is necessary to define the use and replenishment of the General Fund Reserves.

NOW, THEREFORE, BE IT RESOLVED that the Albany City Council, does hereby adopt the attached exhibit titled General Fund Reserve Policy.

BE IT FURTHER RESOLVED that the City’s General Fund Reserve Policy will be reviewed by the Finance Department each year while preparing the budget to ensure

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appropriate reserves are maintained, and the policy will be reviewed by the City Council
at least every 5 years.



ROCHELLE NASON, MAYOR

EXHIBIT: GENERAL FUND RESERVE POLICY 2019

City of Albany

**GENERAL FUND
RESERVE POLICY**



1000 San Pablo Avenue
Albany, CA 94706
510.528.5710

www.albanyca.org
cityhall@albanyca.org

Resolution No. 2019-47, Exhibit A
Adopted June 17, 2019

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SECTION 1: PURPOSE

The purpose of this policy is to establish adequate financial reserves in order to prepare for the impact of economic cycles, natural disasters, and other events that may influence essential City services. For purposes of this Policy, the definition of “reserves” is limited to the portion of fund balance that is unreserved. Unreserved is to mean not set aside for existing legal obligations of the City, or other Council directed purposes (capital/equipment reserve accounts, special projects, etc.).

SECTION 2: TARGET RESERVE LEVELS

The target level for total General Fund Reserves shall be at a minimum level of 25% of the adopted expenses.

SECTION 3: FUNDING TARGET BALANCE

As of June 30, 2018, the City has enough reserve to cover the reserve amounts outlined in Section 2. However, if the City’s reserves should fall below that amount, the City will strive to restore these balances within a three-year period. Actions that may be considered to restore the balance include:

- Strategically reducing general fund operating budgets;
- Conduct a revenue study to update General Fund revenue sources which may have fallen behind;
- Conduct an analysis of general fund cost allocation to plan and ensure other City funds are paying the appropriate fees for administration.

SECTION 4: CONDITIONS FOR USE OF RESERVES

The use of reserves shall be limited to unanticipated, non-recurring needs, or anticipated future obligations. Fund balances shall not be used for normal or recurring annual operating expenditures. Uses may include, but are not limited to:

- Interrupted cash flows;
- Emergencies/disaster;
- Capital and infrastructure needs which lack other funding sources.

The City Manager is authorized to make recommendations to the City Council for use of reserves. Any recommendation shall be accompanied by a proposal for the replenishment of the reserves to the City Council.

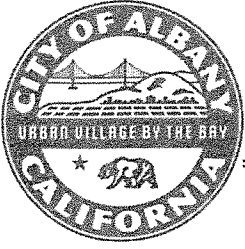
SECTION 5: USE OF BALANCES EXCEEDING THE MINIMUM BALANCE

Amounts in excess of the reserve amount set in Section 2, including year-end surplus, should not be relied on in future budget periods and should only be used to stabilize existing revenues in times of economic downturn and for nonrecurring expenditures. The City Manager is authorized to make recommendations to the City Council to use any funds exceeding the minimum balance at any time to fund nonrecurring expenditures such as:

- Unfunded pension liabilities;
- Capital improvements;
- Equipment purchases;
- Other, one-time expenditures that are non-recurring in nature and which will not require additional future expense outlay for maintenance, additional staffing or other recurring expenditures.

SECTION 6: REVIEW

This policy shall be reviewed by the Finance Director each year during the preparation of the operating budget, and at least every 5 years by the City Council.



City of Albany

1000 San Pablo Avenue • Albany, California 94706
(510) 528-5710 • www.albanyca.org

RESOLUTION NO. 2019-47

PASSED AND APPROVED BY THE COUNCIL OF THE CITY OF ALBANY,

The 17th day of June, 2019, by the following votes:

AYES: Council Members Barnes, Maass, McQuaid, Pilch and Mayor Nason

NOES: None

ABSENT: none

ABSTAINED: none

RECUSED: none

WITNESS MY HAND AND THE SEAL OF THE CITY OF ALBANY, this

18th day of June, 2019.

Eileen Harrington
DEPUTY CITY CLERK