

RESOLUTION NO. 9-19

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PLEASANT HILL
ADOPTING AN UPDATED GENERAL FUND RESERVE POLICY

WHEREAS, the City Council first established a General Fund reserve in 2002 to ensure that the City had adequate financial resources to maintain basic municipal services in the event of a significant revenue shortfall or unanticipated expenditure; and

WHEREAS, since then, the City has periodically reviewed and modified its General Fund reserve, as expressed in the General Fund Reserve Policy, to respond to changing circumstances; and

WHEREAS, City staff recently analyzed the City's current financial and operational circumstances and best practices and recommended to the Budget Committee adoption of an updated policy, as expressed in the General Fund Reserve Policy attached hereto as Exhibit 1; and

WHEREAS, the Budget Committee, at its meeting of December 17, 2018, approved the update proposed by staff and forwarded it to the City Council with a recommendation to approve.

NOW, THEREFORE, BE IT RESOLVED, by the City Council of the City of Pleasant Hill that the General Fund Reserve Policy attached as Exhibit 1 is hereby approved and shall be implemented by City staff.

ADOPTED by the City Council of the City of Pleasant Hill at a regular meeting of the City Council held on the 28th day of January, 2019, by the following vote:

AYES:	Flaherty, Harris, Noack, Rinn, Carlson
NOES:	None
ABSENT:	None
ABSTAIN:	None


KENNETH CARLSON, Mayor

ATTEST:


CAROL WU, City Clerk

APPROVED AS TO FORM;


JANET E. COLESON, City Attorney

CITY OF PLEASANT HILL
GENERAL FUND RESERVE POLICY
EFFECTIVE JANUARY 2019

INTRODUCTION

This General Fund Reserve Policy (“Policy” or “Reserve Policy”) of the City of Pleasant Hill has been designed in accordance with guidelines of the Government Finance Officers Association (GFOA) and all applicable laws.

PURPOSE

The purpose of the General Fund Reserve Policy is to ensure that the City maintains adequate financial resources to continue to provide basic municipal services in the event of a significant revenue shortfall or unanticipated expenditure.

DEFINITION

The City shall establish a separate account in the financial system to reserve funds intended to meet the purpose above. This account and the funds contained therein shall be referred to as the General Fund reserve.

RESERVE LEVELS AND INITIAL FUNDING

The City’s General Fund reserve shall contain a Reserve for Working Capital and a Budget Stabilization Reserve. This policy establishes that the City shall endeavor to hold \$5 million in the Reserve for Working Capital and \$5 million in the Budget Stabilization Reserve. Upon approval of this Policy, the City shall establish a General Fund reserve of \$5 million for the Reserve for Working Capital and \$5 million for the Budget Stabilization Reserve. Resources in the General Fund reserve account will be considered assigned for the purpose of financial reporting per the standards of Generally Accepted Accounting Principles (GAAP).

AUTHORITY OVER AND USE OF RESERVES

Funds held in the Budget Stabilization Reserve can only be appropriated by a majority vote of the Council to address exceptional circumstances specifically related to a significant revenue shortfall, unanticipated expenditure, or other budget stabilization issue. Funds in the Reserve for Working Capital may not be appropriated for expenditure, as the specific purpose of these funds is to be retained to ensure adequate liquidity for the City’s normal financial transactions.

REPLENISHMENT OF RESERVES

If the reserve funds are appropriated and expended, the City Council will endeavor to replenish them to the full amounts noted above as part of the adoption of the subsequent biennial budget, if not sooner.

POLICY REVIEW

This Policy shall be reviewed by the City Council periodically to ensure its consistency with current law and the City's current needs.