

RESOLUTION NO. 5343

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

WHEREAS, on June 13, 2011 the City Council approved a Fund Balance Policy for the General Fund in compliance with Government Accounting Standards Board Statement 54; and

WHEREAS, the City Council directed the City Manager to prepare a Resolution to adopt a General Fund Reserve Policy as discussed; and

WHEREAS, the purpose this General Fund Reserve Policy is to support an understanding of what types and amounts of reserves should be maintained by the City and how to manage those reserves in terms of funding and appropriation; and

WHEREAS, research indicates that cities commonly set aside reserves ranging from 15% to 55% of General Fund expenses for items such as economic uncertainties, disasters/emergencies and occasional major expenses; and

WHEREAS, factors influencing General Fund balances and reserves include changes in the economy, the stock market, unexpected declines in revenues, subsidies to other funds, fleet replacement and litigation.

NOW, THEREFORE, THE CARPINTERIA CITY COUNCIL HEREBY RESOLVES that the following three reserve categories and amounts be established and comprise the Committed Fund Balance portion of total fund balance as per Government Accounting Standards Board Statement 54:

1. Financial and Economic Uncertainty Reserve equal to a minimum of 55% of annual General Fund expenses
2. General Reserve Fund set as a minimum of \$1,000,000 with interest only accruing therein to be appropriated by Council Resolution
3. Major Asset Replacement and Repair Reserve Fund equal to a minimum of \$882,000 with interest only accruing therein to be appropriated by Council Resolution

BE IT FURTHER RESOLVED that the \$882,000 minimum in the Major Asset Replacement and Repair Fund be increased to a minimum of \$1,000,000 whenever possible; and

BE IT FURTHER RESOLVED that:

In years when revenues exceed expenses the Council will direct the allocation of any excess as part of the annual transmittal of the audited Comprehensive Annual Financial Report; and

As part of the annual budget process staff will make recommendations for appropriations from the various reserve categories for items, if any, which meet the intended use of the reserves; and

At least annually, as part of the budget process and/or Comprehensive Annual Financial Report transmittal, staff will report on the level of reserve balances as compared to the targeted 55% level.

PASSED, APPROVED AND ADOPTED this 26th day of September 2011 by the following called vote:

AYES: COUNCILMEMBERS: Armendariz, Carty, REddington, Stein, Clark
NOES: COUNCILMEMBERS: None
ABSENT: COUNCILMEMBERS: None



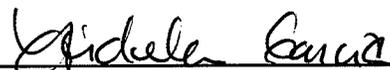
MAYOR, CITY OF CARPINTERIA

ATTEST:



CITY CLERK, CITY OF CARPINTERIA

I hereby certify that the foregoing resolution was duly and regularly introduced and adopted at a regular meeting of the City Council of the City of Carpinteria held this 26th day of September 2011.



CITY CLERK, CITY OF CARPINTERIA

APPROVED AS TO FORM:



PETER N. BROWN
CITY ATTORNEY