

CITY OF IMPERIAL BEACH COUNCIL POLICY		
SUBJECT: Fund Balance Reserve Policy	POLICY NUMBER: 420	PAGE 1 OF 2
ADOPTED BY: Resolution No. 2011-7039 AMENDED BY: Resolution No. 2013-7334 Resolution No. 2014-7461	DATED: March 19, 2014	

BACKGROUND

The City Council has determined that it is in the best interest of the residents of Imperial Beach to maintain a minimum fund balance, or reserve, in several of the accounts established within the City’s financial framework. The minimum standards are intended to be retained at all times, except in the event of an unforeseen emergency or fiscal crisis. The provisions of this policy are intended to be consistent with the Governmental Accounting Standards Board (GASB) Statement Number 54 which standardizes fund balance reporting and definitions. As such, fund balance is defined as the difference between assets and liabilities reported in a government fund. Specifically, the fund balances addressed in this policy, and further defined by GASB 54, include:

- Nonspendable Fund Balance
- Restricted Fund Balance
- Committed Fund Balance
- Assigned Fund Balance
- Unassigned Fund Balance

Because both nonspendable and restricted fund balance do not represent a true reserve that can be allocated by the City Council, minimum fund balance policies have not been established for these accounts. These accounts are generally loan receivables, debt service reserves, and inventory assets among other restricted items. Therefore, the provisions of this policy primarily address unrestricted fund balance or accounts on which the City Council has established internal restrictions. In other words, these funds can be allocated by the City Council in any manner the City Council determines to be in the best interest of the community.

After careful evaluation of the municipal cash flow, the potential for weather event and other calamities, the City Council, by resolution, has established the following fund balance reserve policies:

- General Fund Unassigned – Minimum of 30% of the annual General Fund expenditures with a maximum of 40% of the annual General Fund expenditures. If the Unassigned General Fund Balance exceeds 40%, the City Council will allocate the additional funds toward the completion of identified high priority projects in the Imperial Beach Capital Improvements Program.
- General Fund Economic Uncertainty – Minimum of 10% of the annual General Fund expenditures to be utilized only in the event of an unanticipated economic condition that requires an infusion of financial resources to maintain an acceptable level of necessary governmental services.

- Public Works Reserve – Minimum \$1 million to be utilized only in the event of an emergency requiring funds to provide for public safety, minimum levels of circulation or other authorized emergency situations.

The other fund balance accounts and internal service funds of the City are intended to allow more flexibility to respond to municipal needs and economic conditions. There are no minimum fund balance reserve requirements established for these accounts, but generally, the accounts should maintain ample reserves to serve their intended purpose. These accounts include, but may not be limited to:

- Public Works Strategic Capital Reserve
- Public Works Reserve
- Public Safety Communications Reserve
- Parks and Recreation Capital Reserve
- Vehicle Replacement Fund
- Risk Management Fund
- Technology Fund
- Facilities Maintenance Fund

This policy is established to provide a prudent level of protection against unforeseen events and economic conditions. The policy is also intended to be consistent with the provisions of GASB 54. The provisions of this policy shall not be superseded by any other policy or procedure.

RESOLUTION NO. 2014-7461

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF IMPERIAL BEACH, CALIFORNIA, AMENDING CITY COUNCIL POLICY 420 ESTABLISHING GENERAL FUND BALANCE RESERVES PROVIDING AN EFFECTIVE DATE

WHEREAS, the City Council has a fiduciary responsibility to create a fund balance reserve policy and allocate adequate funding to protect the City in times of economic distress and unforeseen emergency situations; and

WHEREAS, the City Council has adopted City Council Policy 420, General Fund Balance Reserve Policy that identifies the provisions of the fund balance standards for the City of Imperial Beach; and

WHEREAS, the City Council has determined that Policy 420 needs to be amended to better reflect the fund balance needs of the City; and

WHEREAS, it is in the best interests of the residents of the City to have an effective fund balance reserve policy;

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Imperial Beach that the provisions of City Council Policy 420 are repealed in their entirety and amended to reflect the following together with general explanatory language:

- Policy 420 is amended to establish a minimum unassigned fund balance of 30% of annual General Fund expenditures.
- Policy 420 is amended to establish an assigned Economic Uncertainty Fund Balance of 10% of annual General Fund expenditures.
- Policy 420 is amended to establish a minimum fund balance of \$1 million in the Public Works Reserve Account.

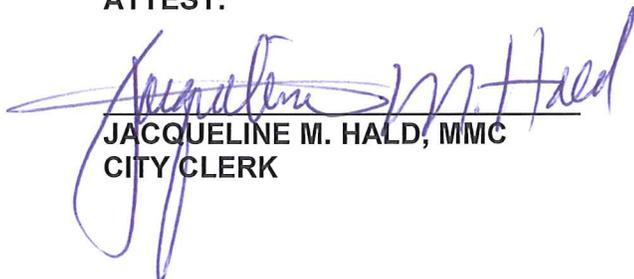
PASSED, APPROVED, AND ADOPTED by the City Council of the City of Imperial Beach at its meeting held on the 19th day of March 2014, by the following vote:

AYES: COUNCILMEMBERS: BRAGG, SPRIGGS, PATTON, JANNEY
NOES: COUNCILMEMBERS: NONE
ABSENT: COUNCILMEMBERS: BILBRAY



JAMES C. JANNEY, MAYOR

ATTEST:



JACQUELINE M. HALD, MMC
CITY CLERK