INTERNAL CITY AUDIT COMMITTEE MEETING AGENDA
LA BARCA CONFERENCE ROOM, CITY HALL
CITY OF PORTERVILLE, CALIFORNIA
TUESDAY, JANUARY 10, 2012 – 3:00 P.M.

Call to Order
Roll Call

Committee Members: Pete McCracken, Chair
Charles Webber, Member
Maria Bemis, Member
Julia Lew, Member
John Lollis, Member

ORAL COMMUNICATIONS
This is the opportunity to address the Audit Committee on any scheduled matter. Unless additional time is authorized by the Committee, all commentary shall be limited to three minutes per individual and no more than fifteen minutes total.

REPORTS
City Attorney
City Manager
City Finance Director

SCHEDULED MATTERS
1. Approval of Minutes of November 1, 2011

Carryover Business

New Business
3. Future Agenda Items

OTHER MATTERS

ADJOURNMENT

In compliance with the Americans with Disabilities Act and the California Ralph M. Brown Act, if you need special assistance to participate in this meeting, or to be able to access this agenda and documents in the agenda packet, please contact the Office of City Clerk at (559) 782-7464. Notification 48 hours prior to the meeting will enable the City to make reasonable arrangements to ensure accessibility to this meeting and/or provision of an appropriate alternative format of the agenda and documents in the agenda packet.

Materials related to an item on this Agenda submitted to the Audit Committee after distribution of the Agenda packet are available for public inspection during normal business hours at the Office of City Clerk, 291 N. Main Street, Porterville, CA 93257, and on the City’s website at www.ci.porterville.ca.us.
ORDINANCE NO.__________


WHEREAS, the City Council of the City of Porterville deems it prudent financial management to establish a General Fund Reserve Policy to require the accumulation of General Fund revenues to address future community needs; and

WHEREAS, adequate General Fund balance and Reserve levels are an important factor in an external agencies’ measurement of the City of Porterville’s creditworthiness and financial strength; and

WHEREAS, General Fund Reserve funds can assist in mitigating the effects of economic and financial crisis; and

WHEREAS, General Fund Reserve funds are necessary for cash flow management, and to enable the City of Porterville to manage unforeseen emergencies or changes in condition; and

NOW, THEREFORE, BE IT ORDAINED, that the City Council of the City of Porterville hereby creates a General Fund Reserve Policy, and authorizes the establishment of the following dedicated Reserve funds as follows:

“Budget Stabilization” Reserve Fund

It shall be the policy of the City of Porterville to establish Reserve funds that shall be used for the purpose to mitigate, should it occur, one-time annual budget revenue shortfalls (actual revenues less than projected revenues) due to changes in the economic environment, actions by the county/state/federal government, and/or expenditures that will result in future efficiencies and/or budgetary savings. The “Budget Stabilization” Reserve Fund shall be maintained at a minimum of fifteen percent (15%) of General Fund annual budgeted operating expenditures (excluding one-time expenditures), and may only be appropriated by formal City Council action. Should the Fund’s balance fall below 10% of annual budgeted operating expenditures, then a plan will be established to replenish the Fund to the required level within three (3) fiscal years.
“Catastrophic/Emergency” Reserve Fund

It shall be the policy of the City of Porterville to establish Reserve funds that shall be used for the purpose to mitigate costs associated with unforeseen emergencies, including natural disasters or catastrophic events. Should unforeseen and unavoidable events occur that require the expenditure of City resources beyond those provided for in the annual budget, formal City Council action is required of a budget amendment confirming the nature of the emergency and authorizing the appropriation of Reserve funds. The “Catastrophic/Emergency” Reserve Fund shall be maintained at a minimum of ten percent (10%) of General Fund annual budgeted operating expenditures (less one-time expenditures). Should the Fund’s balance fall below 10% of annual budgeted operating expenditures, then a plan will be established to replenish the Fund to the required level within five (5) fiscal years.

“Facility Deferred Maintenance/Equipment Replacement” Designated Fund

It shall be the policy of the City of Porterville to establish Designated funds that shall be used for the exclusive purpose of providing funds to support one-time City facility deferred maintenance and/or equipment replacement costs (excluding vehicles), such as HVAC units, roofing, parking lot overlays, painting, plumbing, electrical, and doors/windows. The “Facility Deferred Maintenance/Equipment Replacement” Designated Fund shall have no minimum balance, but shall accumulate funds until appropriated by formal City Council action. The Fund shall receive an allocation of twenty-five percent (25%) of audited General Fund unassigned fund balance (actual revenues more than actual expenditures).

“Capital Construction/Improvement” Designated Fund

It shall be the policy of the City of Porterville to establish Designated funds that shall be used for the exclusive purpose of providing funds to support new capital construction and/or improvement projects as identified in the City’s 10-year Capital Improvement Plan. The “Capital Construction/Improvement” Designated Fund shall have no minimum balance, but shall accumulate funds until appropriated by formal City Council action. The Fund shall receive an allocation of twenty-five percent (25%) of audited General Fund unassigned fund balance (actual revenues more than actual expenditures).

“Infrastructure Deferred Maintenance/Improvement” Designated Fund

It shall be the policy of the City of Porterville to establish Designated funds that shall be used for the exclusive purpose of providing funds to support one-time City infrastructure deferred maintenance and/or improvement costs, such as streets/alleys, bridges, sewer, water, storm drain, and curb/gutter/sidewalk. The “Infrastructure Deferred Maintenance/Improvement” Designated Fund shall have
no minimum balance, but shall accumulate funds until appropriated by formal City Council action. The Fund shall receive an allocation of twenty-five percent (25%) of audited General Fund unassigned fund balance (actual revenues more than actual expenditures).

“Special Purposes” Reserve Fund

It shall be the policy of the City of Porterville to establish Reserve funds that shall be used for the purpose of providing funds to support one-time City special events, projects, and/or purposes that benefit the community. The “Special Purposes” Reserve Fund shall be maintained at a minimum of $100,000, and may only be appropriated by formal City Council action. Should the Fund’s balance fall below $100,000 in a fiscal year, then the General Fund will replenish the Fund to the minimum required level at the beginning of the following fiscal year.

This Ordinance shall be in full force and effect thirty (30) days from and after its publication and passage.

PASSED, APPROVED, AND ADOPTED this _____ day of __________, 2011.

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Ronald L. Irish, Mayor

ATTEST:

John D. Lollis, City Clerk

By: _____________________________
Patrice Hildreth, Chief Deputy City Clerk