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 with not less than 2/3s of those voting in agreement. 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. An initial balance shall be appropriated from the current unallocated reserve as of the date of adoption of this Ordinance in an amount equal to fifteen percent (15%) of the Budgeted General Fund Expenditures for fiscal 2011-2012.
“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 with not less than 2/3s of those voting in agreement 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. An initial balance shall be appropriated from the current unallocated reserve as of the date of adoption of this Ordinance in an amount equal to ten percent (10%) of the Budgeted General Fund Expenditures for fiscal 2011-2012.

“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, but not limited to, HVAC units, roofing, parking lot overlays, painting, plumbing, electrical, and doors/windows. The City Council, by means of a Resolution, may add, modify, or delete specific deferred maintenance or equipment replacement categories. 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%) one third (1/3) of audited General Fund unassigned fund balance (actual revenues more than actual expenditures). An initial balance shall be appropriated from the current unallocated reserve as of the date of adoption of this Ordinance in an amount equal to one-third (1/3) of the current unallocated reserve balance as of the date of adoption of this Ordinance after the funding of the Budget Stabilization Reserve Fund, the Catastrophic/Emergency Reserve Fund, and the initial funding of the Special Purpose Designated Fund, have been deducted from the initial unallocated reserve fund balance.

“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%) one third (1/3) of audited General Fund unassigned fund balance (actual revenues more than actual expenditures). An initial balance shall be appropriated from the current unallocated reserve as of the date of adoption of this Ordinance in an amount equal to one-third (1/3) of the current unallocated reserve balance as of the date of adoption of this Ordinance after the funding of the Budget Stabilization Reserve Fund, the Catastrophic/Emergency Reserve Fund, and the initial funding of the Special Purpose Designated Fund, have been deducted from the initial unallocated reserve fund balance.

“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, but not limited to, streets/alleys, bridges, sewer, water, storm drain, and curb/gutter/sidewalk. The City Council, by means of a Resolution, may add, modify, or delete specific infrastructure deferred maintenance/improvement categories. 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%) one third (1/3) of audited General Fund unassigned fund balance (actual revenues more than actual expenditures). An initial balance shall be appropriated from the current unallocated reserve as of the date of adoption of this Ordinance in an amount equal to one-third (1/3) of the current unallocated reserve balance as of the date of adoption of this Ordinance after the funding of the Budget Stabilization Reserve Fund, the Catastrophic/Emergency Reserve Fund, and the initial funding of the Special Purpose Designated Fund, have been deducted from the initial unallocated reserve fund balance.

“Special Purposes” Reserve Fund

It shall be the policy of the City of Porterville to establish Reserve funds as a line item of the annual City Council budget 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. **An initial balance in the amount of One Hundred Thousand and no/100 dollars ($100,000.00) shall be appropriated from the current unallocated reserve as of the date of adoption of this Ordinance.**

**“Formal City Council Action” for appropriations**

For the purposes of this ordinance, formal City Council action shall be defined as adopting a Resolution making finding(s) that the appropriation is within the intent and purpose of the Designated Fund including, where appropriate, one or more findings that the purpose of the appropriation is within the defined purpose of the Designated Fund whether or not explicitly stated in this Ordinance.

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