

## RESOLUTION NO. 14-063

### AMENDING COUNCIL POLICY NO. 400-6 BUDGET AND FINANCIAL MANAGEMENT TO REFLECT A CONSISTEN GENERAL FUND RESERVE POLICY

1. Reserve funds are a mechanism the City utilizes to save money for future uses and Council Policy 400-6, *Budget and Financial Management*, states reserves are established to ensure that sufficient resources are maintained in specified funds in amounts sufficient to manage reasonable risks, meet unanticipated needs, capitalize on opportunities, and provide for reasonable contingencies.
2. During the refinancing of the City's 2004 Golf Course Certificates of Participation (authorized by the Council on August 20, 2014), an inconsistency was identified between Council Policy 400-6 and the Budgetary and Financial Policies (Appendix F of the Fiscal Year 2014-15 Adopted Budget) regarding General Fund reserves.
3. Because fund balance is an indication of overall financial stability, amending Council Policy 400-6, Budget and Financial Management will provide a consistent reserve policy that the City may utilize in its overall financial management and fiscal strategies.
4. The current reserve policy language should be replaced with language contained in the Budgetary and Financial Policies (Appendix F of the Fiscal Year 2014-15 Adopted Budget) which would establish a target level of ten percent (10%) of the annual operating budget as the reserve level in the General Fund as provided in the attached draft amended policy.
5. This action does not constitute a "Project" as that term is defined under the California Environmental Quality Act (CEQA) Guideline Section 15378, as it is an organizational or administrative activity that will not result in direct or indirect physical changes in the environment.

**NOW, THEREFORE**, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF PACIFIC GROVE:

1. The foregoing Findings are adopted by the City Council as though set forth in full.
2. Council Policy No. 400-6 is amended as shown on the attachment hereto.
3. This Resolution shall take effect immediately following its adoption.

**PASSED AND ADOPTED** BY THE COUNCIL OF THE CITY OF PACIFIC GROVE  
this 1st day of October, 2014, by the following vote:

AYES: Mayor Kampe, Councilmembers Cohen, Cuneo, Huitt, Lucius

NOES: Fischer and Miller

ABSENT: None

APPROVED:

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BILL KAMPE, Mayor

ATTEST:

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Ann Camel, Interim City Clerk

APPROVED AS TO FORM:

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DAVID C. LAREDO, City Attorney