A RESOLUTION ADOPTING A REVISED CITY COUNCIL POLICY NO 700-4
“RESERVE – GENERAL FUND” AND CHANGING THE NAME TO “RESERVE AND
FUND BALANCE POLICY – GENERAL FUND

Section 1903 of the City Charter and Chapter 19.03 of the Stockton Municipal
Code require that the City Council adopt a reserve policy that is intended to prudently
protect the fiscal solvency of the City; and

The current City Council Policy was adopted on July 1, 2006, and has not been
updated since the City entered the severe fiscal crisis. During the Bankruptcy, the City
Council adopted Annual Budgets with reserves that were consistent with the Court
approved Plan of Adjustment, which were based upon the Long-Range Financial Plan
(“L-RFP”); and

While appropriate at the time, the City has emerged from Bankruptcy and the
current 10% reserve as measured by the need to file Bankruptcy is inadequate and
needs to be increased based upon the risks to ensure fiscal solvency; and

A revised policy has been presented before the City Council entitled “Reserve
and Fund Balance Policy – General Fund”; and

Additionally, the revised policy has been developed to comply with the direction
set forth in Government Accounting Standards Board (“GASB”) Statement No. 54 Fund
Balance Reporting and Governmental Fund Type Definitions which establishes a
hierarchy of fund balance classifications; and

It is the purpose of this policy to establish reserve targets and minimum levels of
unassigned and committed (or assigned) fund balances to be maintained in the
General Fund based upon various contingencies and risks faced by the City as
determined by a review of the Government Finance Officers Association (“GFOA”) best
practices, case studies and other cities’ policies to ensure that the City is able to
respond to the challenges presented by changing economic conditions; now, therefore,

BE IT RESOLVED BY THE STOCKTON CITY COUNCIL OF THE CITY OF
STOCKTON, AS FOLLOWS:

1. City Council approves the revised and renamed City Council Policy
entitled “Reserve and Fund Balance Policy – General Fund”; attached hereto as
“Exhibit A”;
2. The City Manager is hereby authorized to take appropriate and necessary actions to carry out the purpose and intent of this resolution.

PASSED, APPROVED, and ADOPTED March 29, 2016.

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ANTHONY SILVA, Mayor
of the City of Stockton

ATTEST:

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BONNIE PAIGE, City Clerk
of the City of Stockton