



LODI CITY COUNCIL

Carnegie Forum
305 West Pine Street, Lodi

"SHIRTSLEEVE" SESSION

Date: May 25, 2010

Time: 7:00 a.m.

For information regarding this Agenda please contact:

Randi Johl

City Clerk

Telephone: (209) 333-6702

NOTE: All staff reports or other written documentation relating to each item of business referred to on the agenda are on file in the Office of the City Clerk, located at 221 W. Pine Street, Lodi, and are available for public inspection. If requested, the agenda shall be made available in appropriate alternative formats to persons with a disability, as required by Section 202 of the Americans with Disabilities Act of 1990 (42 U.S.C. Sec. 12132), and the federal rules and regulations adopted in implementation thereof. To make a request for disability-related modification or accommodation contact the City Clerk's Office as soon as possible and at least 24 hours prior to the meeting date.

Informal Informational Meeting

A. Roll Call by City Clerk

B. Topic(s)

B-1 Continue to Receive and Review the Draft Fiscal Year 2010/11 Financial Plan and Budget (CM)

C. Comments by Public on Non-Agenda Items

D. Adjournment

Pursuant to Section 54954.2(a) of the Government Code of the State of California, this agenda was posted at least 72 hours in advance of the scheduled meeting at a public place freely accessible to the public 24 hours a day.

Randi Johl
City Clerk



CITY OF LODI COUNCIL COMMUNICATION

AGENDA TITLE: Continue to Receive and Review the Draft Fiscal Year 2010/11 Financial Plan and Budget

MEETING DATE: May 25, 2010

PREPARED BY: Deputy City Manager

RECOMMENDED ACTION: Continue to receive and review the draft Fiscal Year 2010/11 Financial Plan and Budget.

BACKGROUND INFORMATION: The review of the draft 2010/11 budget will continue. On May 5, 2010, the City Council received a presentation of the major components of the Fiscal Year 2010/2011 budget. At the May 18th Shirtsleeve Session and May 19th Council meeting, the City Council began to receive departmental budget presentations. Departmental presentations will continue today. City Council Members were provided copies of the 2010/11 draft budget and are encouraged to bring the budget document to the meeting.

Staff will also be making a presentation on the attached proposed General Fund Reserve policy. Staff developed the proposed policy with significant input from the Budget and Finance Committee. A member of the Committee is also available today to address any Council questions.

FISCAL IMPACT: The draft 2010-11 budget provides an expenditure plan for all funds. The all funds budget is \$179,333,640. The General Fund Budget is \$41,321,750.

Jordan Ayers
Deputy City Manager

APPROVED: _____
Rad Bartlam, Interim City Manager

City of Lodi

General Fund Reserve Policy

Purpose of Reserve Policy

Adequate designations of reserves---funds set aside for various legitimate purposes---are critical to the successful and stable, short- and long-term operation of the City of Lodi. Adequate reserves in the General Fund ensure that the City is able to respond to emergencies and continue providing services to the citizens of Lodi. Adequate reserves ensure that the City will have sufficient funding available to meet its operating, capital and debt service obligations.

Pursuant to Statement No. 54 of the Governmental Accounting Standards Board (GASB) – Fund Balance Reporting and Governmental Fund Type Definitions, unrestricted fund balance is composed of funds that may be classified as committed, assigned or unassigned. Committed fund balance represents those funds that are constrained by a limitation imposed by the governing body of a government upon itself as to the use of those funds. Assigned fund balance represents the City Council's intention to use funds for a specific purpose. Unassigned fund balance represents the remainder of fund balance after accounting for all reserved amounts. Provisions of GASB Statement No. 54 are effective for reporting periods beginning after June 15, 2010.

Beginning with the budget for Fiscal Year 2010/11, the following General Fund Reserves shall be funded, as funding is available.

Committed Fund Balance

General Fund Reserve – Catastrophic Reserve

- To maintain the ability of the City to meet operational expenses during times of declared emergency or major catastrophe, the City shall maintain a committed General Fund balance of a minimum of 8% of annual General Fund revenues. It is recognized that during a time of emergency, the City will need to expend more resources than normal operations dictate to meet the community's needs. In addition to an increased level of expenditure, the tax base of the City may be impaired after a major catastrophic event. This reserve shall be exclusive of all other reserves. This reserve may only be drawn upon pursuant to an emergency as declared under the Lodi Municipal Code.
- If the General Fund – Catastrophic Reserve amount falls below 5% of annual revenue, the City Manager shall prepare a plan within three months of approval of the Comprehensive Annual Financial Report (CAFR), commencing with the CAFR for FY 2009/10, to restore the 5% level within 12 months and the 8% level within 24 months.
- This reserve is not intended for normal unanticipated expenditures and shall be funded before all other committed General Fund reserves.

General Fund Reserve – Economic Reserve

- To maintain the City's economic viability and to meet seasonal cash flow shortfalls, the City shall maintain a committed General Fund Reserve – Economic Reserve balance of a minimum of 8% of annual General Fund revenues. Although 8% is the minimum, because this reserve is intended to levelize economic cycles from year to year, the reserve should have a higher amount to cushion the cyclical effects of the economy. This reserve shall be exclusive of all other reserves. Funding may only be disbursed based upon a resolution of the City Council.
- Funding of the General Fund Reserve – Economic Reserve will begin in the fiscal year following full funding of the General Fund Reserve – Catastrophic Reserve. Provisions below regarding action required if the General Fund Reserve – Economic Reserve falls below 5% of General Fund revenues shall only apply after the reserve has been funded at the minimum 8% level.
- Once fully funded, if the General Fund Reserve – Economic Reserve falls below 5% of annual revenue, the City Manager shall prepare a plan within three months of approval of the Comprehensive Annual Financial Report, commencing with the CAFR for FY 2009/10, to restore the 5% level within 24 months and 8% within 48 months.
- Once fully funded, in no case shall the General Fund Reserve - Economic Reserve fall below 5% of annual General Fund revenue for greater than a continuous 24-month period.

Assigned Fund Balance

Once Committed Reserves are fully funded, the City Council may establish Assigned Reserves for designated purposes. Assigned Reserves reflect Council's intent as to the use of funds. Once assigned, funds may only be released by resolution of the City Council.