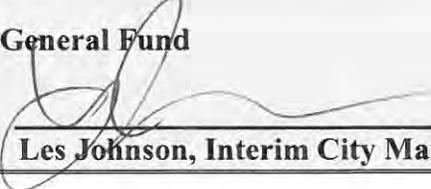


City of Los Alamitos

Administrative Regulation

Regulation:	3.9	 _____ Les Johnson, Interim City Manager
Title:	Fund Balance Policy for the General Fund	
Authority:	City Council	
Date:	July 21, 2014	
Revised:	October 21, 2019	

- 1. Purpose:** The policy designates categories of reserves established by City Council with adoption of the Budget that became effective starting July 1, 2016. This policy does not supersede the GASB 54 categories established by City Council in November, 2011.
- 2. Application:** This regulation applies to the General Fund of the City of Los Alamitos.
- 3. Regulation:** Each year the policy will be brought back to City Council for any recommended changes in the reserves. Each individual reserve is discussed in the policy, and although some of the reserves will not change each year, all of the reserves will be discussed each fiscal year after the adoption of the budget for any possible changes that Council wishes to consider, or any recommendations by staff for changes in reserve levels. Policies shall be adopted by City Council Resolution annually.
- 4. History:**
 - 7/1/14 - Implemented by Council Resolution 2014-20, July 21, 2014
 - 7/1/15 - Implemented by Council Resolution 2015-23, September 21, 2015
 - 7/1/16 - Implemented by Council Resolution 2016-31, September 19, 2016
 - 7/1/17 - Implemented by Council Resolution 2017-18, September 18, 2017
 - 7/1/18 - Implemented by Council Resolution 2018-28, September 17, 2018
 - 7/1/19 – Implemented by Council Resolution 2019-33, October 21, 2019

RESOLUTION NO. 2019-33

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF
LOS ALAMITOS, CALIFORNIA, ESTABLISHING A FUND
BALANCE POLICY FOR FISCAL YEAR ENDING JUNE 30,
2019**

WHEREAS, the City Council has established certain reserves in the City's General Fund; and,

WHEREAS, the City Council desires to establish the circumstances under which the reserves will be amended each fiscal year.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF LOS ALAMITOS, CALIFORNIA, DOES RESOLVE, DECLARE, DETERMINE AND ORDER AS FOLLOWS:

SECTION 1. The City Council of the City of Los Alamitos, California, finds that the above recitals are true and correct.

SECTION 2. That the City Council of the City of Los Alamitos approves a fund balance policy for the General Fund of the City, Exhibit A.

SECTION 3. That the reserves were established within the budget adopted by City Council that became effective starting July 1, 2019.

SECTION 4. That the City Council will revisit the reserves each fiscal year after the budget is adopted to approve any recommended changes to the levels of each individual established reserve.

SECTION 5. The City Clerk shall certify as to the adoption of this Resolution.

PASSED, APPROVED AND ADOPTED this 21st day of October, 2019.


Warren Kusumoto, Mayor

ATTEST:


Windmera Quintanar, MMC, City Clerk

APPROVED AS TO FORM:



Michael S Daudt, City Attorney

STATE OF CALIFORNIA)
COUNTY OF ORANGE) ss
CITY OF LOS ALAMITOS)

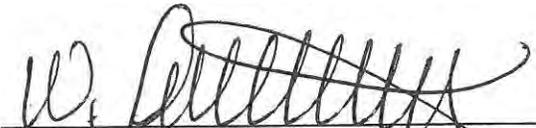
I, Windmera Quintanar, MMC, City Clerk of the City of Los Alamitos, do hereby certify that the foregoing Resolution was adopted at a regular meeting of the City Council held on the 21st day of October, 2019, by the following vote to wit:

AYES: COUNCILMEMBERS: Murphy, Chirco, Grose, Hasselbrink, Kusumoto

NOES: COUNCILMEMBERS: None

ABSENT: COUNCILMEMBERS: None

ABSTAIN: COUNCILMEMBERS: None



Windmera Quintanar, MMC, City Clerk

City of Los Alamitos

Fund Balance Policy for the General Fund
For the Fiscal Year Ended June 30, 2019

This Fund Balance Policy ("Policy"), as set forth by the City of Los Alamitos ("City"), provides the guidelines for amending General Fund Reserves established by the City Council as of June 30, 2019.

This Policy is subject to annual review by the City Council. No changes shall be made to the established reserves unless approved by City Council.

1. Purpose: This statement sets forth policies which shall govern the establishment and amendment of General Fund reserves.

2. Application: It is intended that this policy shall apply only to the General Fund of the City.

3. Regulation:

Reserve for Emergencies

The Reserve for Emergencies shall be maintained at 25% of General Fund appropriations. This is the minimum amount of reserves established for the General Fund. The Reserve for Emergencies shall never go below 25% of General Fund appropriations unless City Council declares an emergency for natural disasters or financial emergencies that temporarily cause the reserve to fall below 25%. A financial emergency is considered when annual revenues decrease by 5% or more or when annual expenditures increase by 5% or more. City Council will approve the amounts transferred to this reserve each year to maintain the reserve at 25% of General Fund appropriations.

PERS Reserves

The PERS reserve is \$3,620,000, an amount unchanged from the previous fiscal year. These funds are intended to address the pension debt accrued by the City. The most recent actuarial report, completed in July 2019, states the City has a net pension liability of \$18,853,613. This PERS reserve comprises approximately 19.2% of the total liability.

Other Post Employment Benefit Reserves (OPEB)

The OPEB reserve is \$500,000, which is approximately 11% of the unfunded OPEB liability. The unfunded OPEB liability is approximately \$4.52 million based on the actuarial report that was completed in July 2019. The amount set aside for OPEB reserves will be reevaluated annually and will take into consideration information reflected in the actuarial study.

Development Projects & Carryover Budget Allocations

The assigned balance for development projects and carryover budget allocations is \$469,450 for the fiscal year ending June 30, 2019. This is calculated each year based on the status of each project and the prioritization of future projects by the City Council.

Undesignated Reserves

Any amounts in excess of the reserves established above will be maintained as undesignated reserves, or may be transferred to existing reserves, or new reserves, but only upon approval of City Council.

Policy Review

The Fund Balance Policy for the General Fund shall be submitted to the City Council for approval each fiscal year after the adoption of the budget.