

Introduced by: Councilmember Searcy

CITY OF TAKOMA PARK, MARYLAND

RESOLUTION NO. 2018-24

**RESOLUTION SETTING POLICY REGARDING LEVEL OF CITY'S GENERAL FUND
UNASSIGNED FUND BALANCE**

WHEREAS, the City Council's goal of Fiscally Sustainable Government calls for the adoption of a policy on appropriate reserve levels; and

WHEREAS, the City's Finance Director researched the Government Finance Officers Association (GFOA) recommended standards, other best practices, and the practices of other Maryland municipalities regarding General Fund Unassigned Fund Balance; and

WHEREAS, the City's Finance Director determined that municipalities such as Takoma Park should maintain a General Fund Unassigned Fund Balance equal to two months (17%) of the budgeted General Fund revenue amount; and

WHEREAS, the City Manager advised the City Council that some of Takoma Park's revenue sources are moderately risky; and

WHEREAS, the City Council recognizes that reaching an established minimum may require a "phase-in" period to help mitigate impacts on the local property tax rate and/or City programs and initiatives; and

WHEREAS, the City Council recognizes that special emergency or financial situations may arise in the future when the City Council may determine it is appropriate for the General Fund Unassigned Fund Balance to deviate from a standard minimum.

NOW, THEREFORE BE IT RESOLVED that the Takoma Park City Council:

1. shall set the General Fund Unassigned Fund Balance to be no less than two months (17%) of the General Fund revenue amount, unless a special situation justifies a lower amount;
2. shall issue a public statement, at the time the budget for a Fiscal Year is approved by the Council, identifying the special situation that justifies a lower amount, if the General Fund Unassigned Fund Balance is set lower than the established minimum (17%);

3. strives to raise the General Fund Unassigned Fund Balance to the minimum (17%) within three (3) years whenever the balance falls below minimum.

Adopted this 16th day of May, 2018

Attest:

Jessie Carpenter, CMC
City Clerk