

Presented by: The Manager
Introduced: 10/08/2012
Drafted by: J.W. Hartle

RESOLUTION OF THE CITY AND BOROUGH OF JUNEAU, ALASKA

Serial No. 2629

A Resolution Establishing Guidelines for the Amount, Use, and Replenishment of the City and Borough Budget Reserve.

WHEREAS, in 1990, a Mayor's Fiscal Task Force was created to establish a framework for City and Borough management of any significant loss in State revenue; and

WHEREAS, the Mayor's Task Force determined that a budget reserve is appropriate and necessary to ensure adequate resources in the event of an emergency or significant unanticipated reduction in revenues; and

WHEREAS, the 1990 task force recommended that a budget reserve of at least \$10 million be maintained; and

WHEREAS, in 2011, a Mayor's Task Force was created to make recommendation on the following three issues:

- Whether the budget reserve should be maintained;
- At what amount the reserve should be maintained; and
- Under what circumstances should the reserve be accessed.

WHEREAS, the 2011 Task Force held public meetings on this issue and reported to the Assembly with a draft resolution and transmittal letter; and

WHEREAS, the Assembly has reviewed the work of the Task Force and reached the following conclusions.

NOW, THEREFORE, BE IT RESOLVED BY THE ASSEMBLY OF THE CITY AND BOROUGH OF JUNEAU, ALASKA:

Section 1. It is the intent of the Assembly that the amount of the CBJ budget reserve be adjusted on an annual basis based on general governmental revenues from the most recently-audited annual financial statements, using the Government Finance

Officers Association's recommended reserve target of not less than two months (16.7%) of annual operating revenues.

Section 2. It is further the intent of the Assembly that use of the budget reserve be limited to the following circumstances:

- To provide for temporary funding of unforeseen needs of an emergency or nonrecurring nature; or
- To permit orderly budget reductions and/or tax adjustments, for a period not to exceed two fiscal years, when funding sources are lost or substantially reduced.

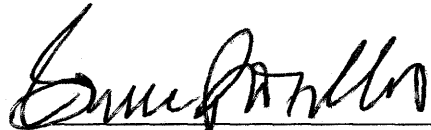
Section 3. It is further the intent of the Assembly that approval by the Assembly shall be required prior to any use of the reserve.

Section 4. It is further the intent of the Assembly that, in the event the budget reserve falls below the target as determined under Section 1, a plan for replenishment be developed by the City Manager and presented to the Assembly that allows for orderly budget reductions and/or tax adjustments.

Section 5. It is further the intent of the Assembly that reserve replenishment take priority over tax reductions, and accordingly that the Assembly not reduce the mill rate or other tax rates when reserves are below target.

Section 6. Effective Date. This resolution shall be effective immediately upon adoption.

Adopted this 8th day of October, 2012.



Bruce Botelho, Mayor

Attest:



Laurie J. Sica, Clerk