



Staff Report

Agenda Item #: {{section.number}}A

Yountville Town Council Staff Report

DATE: May 7, 2024

TO: Mayor and Town Council

FROM: Brad Raulston, Town Manager; Celia King, Administrative Services Director

PREPARED BY: Brad Raulston, Town Manager; Celia King, Administrative Services Director

RECOMMENDATION

Consider adoption of Resolution 24-4260 approving recommended updates to Town Fund Balance Policy and reserve targets.

DISCUSSION/BACKGROUND

In October 2023, the Town contracted with the Government Finance Officers Association (GFOA) to conduct a Risk-Based Reserve Analysis. At the December 5, 2023 Town Council meeting, Shayne Kavanagh from the GFOA presented the results of the Risk-Based Reserve Analysis to the Town Council and discussed some potential updates to the Town's existing Fund Balance Policy and reserve targets.

At the March 19, 2024 Town Council meeting staff presented a revised Fund Balance Policy for the Town Council to review and discuss. Staff is now bringing an updated revision of the Fund Balance Policy that incorporates Town Council feedback and direction that was given at the March meeting.

A recap of the revisions to the existing Fund Balance Policy are as follows:

- 1. Removal of Governmental Accounting Standards Board (GASB) defined categories.**
- 2. A plainer description of what fund balance is and why it is important.**
- 3. The combination of the Emergency Reserve and the Unanticipated Tourism Revenue Deficits Reserve into one, the new General Fund Reserve.**
- 4. Revised acceptable use of the new General Fund Reserve in the form of the following two categories:**
 - A. Contingency – for unanticipated costs or revenue shortfalls that are fairly typical through a budget year. Also, for one-time projects, programs, or extraordinary events that require a use of reserves.
 - B. Emergency – to cover a declared state, federal or local emergency as defined by the Yountville Municipal Code section 2.52.020.
- 5. Revised reserve target set at 35% of General Fund Expenditures.**
- 6. Removal of fund balance allocations that are no longer applicable to the General Fund.**
- 7. Fund Balance set aside for known future spending.**

8. Addressing fund balance levels and course of action should the reserve fall short of or exceed the minimum target.

Adoption of this resolution will enable the revised Fund Balance Policy to be adopted with the Biennial Budget and be effective for Fiscal Year 2024/2025.

ENVIRONMENTAL REVIEW

Exempt per California Environmental Act (CEQA) Guideline, Section 15061(b)(3)

FISCAL IMPACT

Is there a Fiscal Impact? Yes

Is it Currently Budgeted? N/A

Where is it Budgeted? N/A

Is it Mandatory or Discretionary? Discretionary

Is there a Staff Resource Impact? Nominal

STRATEGIC PLAN GOAL

Is item Identified in Strategic Plan? Yes

If yes, Identify Strategic Goal and Objective. **Responsible Fiscal Policy:** The Town maintains its fiscal health through policies designed to maximize economic opportunities, manage expenses, and ensure prudent reserves. **Visionary Leadership:** The Town's leadership maintains an open-minded, forward-thinking decision-making process. We value engagement and participation from all members of the community as we work together to create policies and plan for the future.