

Folsom City Council Staff Report

MEETING DATE:	3/11/2025
AGENDA SECTION:	Consent Calendar
SUBJECT:	Resolution No. 11335 - A Resolution Directing the Finance Director to Make a Transfer from the General Fund to the Capital Projects Fund for the Amount in Excess of the General Fund Reserve
FROM:	Finance Department

RECOMMENDATION / CITY COUNCIL ACTION

The Finance Director respectfully recommends that the City Council pass and adopt Resolution No. 11335 – A Resolution Directing the Finance Director to Make a Transfer from the General Fund to the Capital Projects Fund for the Amount in Excess of the General Fund Reserve.

BACKGROUND / ISSUE

The Undesignated Fund Balances (Reserves) General Fund Reserve Policy states under the Transfer of Amounts in Excess of Specified Reserve section the following:

“To the extent funds accumulate in excess of the percentage of 20%, such funds shall be transferred to the Capital Projects Fund. This transfer shall be made upon completion of the annual financial audit. It is the intent of the City Council to affect such transfers through a Mid-Year Budget Resolution”

After the completion of the Fiscal Year 2023-24 annual financial audit, the General Fund had an unassigned fund balance of \$24,941,979, exceeding the City Council’s top range 20% reserve policy by \$1,920,295. This unassigned fund balance in excess of the 20% reserve policy is the result of over thirteen years of careful financial management by the City Council

to allow for this one-time transfer, per the policy, for use for capital projects. This will be the first transfer of unassigned fund balance to the Capital Projects Fund since the Great Recession.


POLICY / RULE

Financial Policy VI. Undesignated Fund Balances (Reserves) amended December 12, 2023, states that the City shall maintain an Undesignated Fund Balance (reserve) for the General Fund with a target reserve range of 17% - 20% of the annual operating expenditures.

ATTACHMENT

1. Resolution No. 11335 - A Resolution Directing the Finance Director to Make a Transfer from the General Fund to the Capital Projects Fund for the Amount in Excess of the General Fund Reserve

Submitted,



Stacey Tamagni, Finance Director/CFO
Office of Management and Budget

RESOLUTION NO. 11335

A RESOLUTION DIRECTING THE FINANCE DIRECTOR TO MAKE A TRANSFER FROM THE GENERAL FUND TO THE CAPITAL PROJECTS FUND FOR THE AMOUNT IN EXCESS OF THE GENERAL FUND RESERVE

WHEREAS, the City shall maintain an Undesignated Fund Balance (reserve) for the General Fund in the range of 17% - 20%; and

WHEREAS, to the extent funds accumulate in excess of the percentage of 20%, such funds shall be transferred to the Capital Projects Fund; and

WHEREAS, this transfer shall be made upon completion of the annual financial audit; and

WHEREAS, it is the intent of the City Council to affect such transfers through a Mid-Year Budget Resolution; and

WHEREAS, after the completion of the Fiscal Year 2023-24 annual financial audit, the General Fund had an unassigned fund balance of \$24,941,979, exceeding the City Council's top range 20% reserve policy by \$1,920,295; and

WHEREAS, staff recommends transferring the excess reserve balance in the General Fund to the Capital Projects Fund in accordance with the reserve policy amended by the City Council at the December 12, 2023 City Council meeting; and

WHEREAS, this will be the first transfer of unassigned fund balance to the Capital Projects Fund since the Great Recession; and

WHEREAS, sufficient funds are available in the General Fund unassigned fund balance to make the transfer:

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Folsom directs the Finance Director to make a transfer of \$1,920,295 from the General Fund (Fund 010) to the Capital Projects Fund (Fund 602) for the amount in excess of the General Fund reserve.

PASSED AND ADOPTED this 11th day of March, 2025, by the following roll-call vote:

AYES: Councilmember(s):
NOES: Councilmember(s):
ABSENT: Councilmember(s):
ABSTAIN: Councilmember(s):

Sarah Aquino, MAYOR

ATTEST:

Christa Freemantle, CITY CLERK