

**CITY OF REDDING, CALIFORNIA
COUNCIL POLICY**

SUBJECT	RESOLUTION NUMBER	POLICY NUMBER	EFFECTIVE DATE	PAGE
ESTABLISHMENT OF LONG-RANGE FINANCIAL PLANS AND UNRESERVED CASH BALANCE	92-110	412	03/17/92	1

BACKGROUND

Fiscal stability is an important factor to any city. The budget decisions made today will have an impact on the City's future in not only what is accomplished, but what resources are available in the future. Being concerned with only making ends meet this year, with little planning about what the future will hold is shortsighted. Many governments become too shortsighted with their budget process, which causes crisis for them down the road. The decisions made today could have a profound impact on the City's future.

PURPOSE

Just as a city must look ahead at land use needs, it must also forecast its financial needs in order to avoid serious deficiencies or over-commitments to programs and projects. Establishing a long-range financial plan and minimum reserve levels will assist in accomplishing the City's goal and objectives and provide for orderly provisions of services to the citizens of Redding.

POLICY

It is the policy of the City Council of the City of Redding:

1. To prepare long-range financial plans for each of the City's major funds and update those plans at least biennially.
2. To maintain at a minimum an estimated five percent of projected expenditures unreserved cash balance at year end throughout the long-range financial plan.
3. When approval of additional appropriations is requested of Council the effect on the long-range financial plan should be considered.
4. A requested appropriation that would cause the estimated end of year cash reserve in any year of the long-range financial plan to drop below five percent needs to be submitted with a plan to insure the fiscal stability of the major fund's financial position.
5. During the budget process, the City Council will evaluate the cash balance to determine if adequate levels of cash are maintained based on the economic conditions of the area or other circumstances.