



# **Risk-Based Analysis and General Fund Reserve Requirements**

Budget and Finance Policy Committee  
13 March 2025

# PURPOSE AND OVERVIEW

- City's General Fund Reserve Policy adopted in 2017
- Policy includes risk assessment and review every 5 years
- Committee received report from GFOA on 2/13/25
  - Risk-Based Analysis and Stress Test of General Fund Reserve Requirements for the City of Berkeley”
- **Action Item:** Review existing General Fund Reserve policy and propose changes if needed

# OPTIONS AND RECOMMENDATIONS

- Keep policy of 30% minimum of adopted revenue in place

**OR**

- Modify policy to include a floor and ceiling for reserves instead of one target number (20-30% of revenue)

# OPTIONS AND RECOMMENDATIONS

- Consider combining stabilization and catastrophic reserves into one reserve fund

# OPTIONS AND RECOMMENDATIONS

- Continue using the revenue as the baseline for the reserves or change it to expenditure.

# NEXT STEPS

- If no changes, then policy remains as is at this time
- If changes, staff will revise policy and bring back to Committee and then Council for formal adoption