



Legislation Text

File #: 11-0749, **Version:** 1

Resolution to Adopt Revised Fund Balance and Debt Policies

The City's financial policies undergo periodic review by staff to ensure the City has incorporated best practices and compliance with new guidelines. The fund balance and debt policies were reviewed by the Budget Committee of Council on June 6, 2011 and contain the following revisions:

Fund Balance Policy

The City believes that sound financial management principles require that sufficient funds be retained by the City to provide a stable financial base at all times. In order to do so, the City needs to maintain a fund balance sufficient to fund all cash flows of the City, to provide for financial reserves for unanticipated one-time expenditures, revenue shortfalls, and/or emergency needs. The fund balance policy was completely re-written to incorporate this existing philosophy as well as the new accounting standard, Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

Debt Policy

The debt policy includes two new sections (11 and 12) on debt defeasance and inter-fund loans. Some minor administrative changes were made in other sections.

Approval of these revised policies is recommended.

Prepared by: Karen M. Lancaster, Accounting Services Manager

Reviewed by: Budget Committee

Approved by: Tom Crawford, Interim City Administrator

Whereas, Council and staff perform periodic reviews of financial policies;

Whereas, Council Budget Committee has reviewed the fund balance and debt policies on June 6, 2011;

Whereas, Best practices and compliance with new guidelines have been incorporated into these policies;

Whereas, Staff has identified other recommended changes to the policies; and

Whereas, The Budget Committee of Council recommends adoption of these policies;

RESOLVED, That Council adopts the revised fund balance and debt policies; and

RESOLVED, These policies replace all previous versions.