

RESOLUTION R11-09

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF
PALOS VERDES ESTATES, CALIFORNIA APPROVING A FUND BALANCE
POLICY FOR THE GENERAL FUND**

WHEREAS, the Governmental Accounting Standards Board (GASB) has issued its Statement No. 54 "Fund Balance Reporting and Governmental Fund Type Definitions" with the intent of improving financial reporting by providing fund balance categories that will be more easily understood; and

WHEREAS, the City Council of the City of Palos Verdes Estates has reviewed and consider a "Fund Balance Policy for the General Fund", attached hereto as Exhibit "A", which outlines the policy and procedures to accurately reflect and report the fund balance of the General Fund.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF PALOS VERDES ESTATES, CALIFORNIA DOES RESOLVE AS FOLLOWS:

Section 1. The City Council hereby approves and adopts the "Fund Balance Policy for the General Fund" dated May 24, 2011.

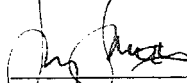
Section 2. The Clerk shall certify to the passage and adoption of Resolution R11-09 and enter into the book of original resolutions.

PASSED, APPROVED AND ADOPTED on this 24th day of May, 2011.



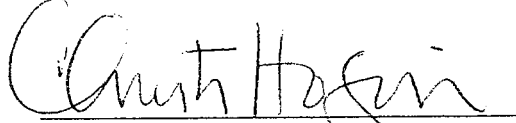
John Rea, Mayor

ATTEST:



Judy Smith, City Clerk

APPROVED AS TO FORM:



Christi Hogin, City Attorney

“EXHIBIT A” RESOLUTION R11-09

CITY OF PALOS VERDES ESTATES
“FUND BALANCE POLICY FOR THE GENERAL FUND”
DATED: MAY 24, 2011

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This fund balance policy establishes the procedures for reporting fund balance in the general fund financial statements. Certain commitments and assignments of fund balance will help ensure there are adequate general fund financial resources. This policy authorizes and directs the Assistant City Manager/Finance Director to prepare financial reports which accurately categorize fund balance in accordance with Governmental Accounting Standards Board Statement No. 54 and as further detailed below.

Committed Fund Balance

The City Council, as the highest level of decision-making authority, may commit fund balance for specific purposes. Commitments of fund balance for a fiscal year must be adopted by resolution prior to the end of the fiscal year. Amounts that have been committed by the City Council cannot be used for any other purpose, unless the City Council adopts a resolution to change or remove the constraint.

Emergency Contingency – The City’s general fund balance committed for emergency contingencies is established as \$7.2 million. The specific permitted uses of the committed fund balance are:

- Declaration of a state or federal state of emergency or declaration of a local emergency as provided in the Palos Verdes Estates Municipal Code Section 2.28.060;
- Loss of general fund revenue in the amount of \$500,000 or more, either through state action to divert or change general fund allocations, or local conditions affecting a major revenue source.

Assigned Fund Balance

The Assistant City Manager / Finance Director is provided the authority to assign general fund balance amounts to fulfill Council direction and in order to ensure accurate financial statement presentation.

Unassigned Fund Balance

As part of the presentation of the Comprehensive Annual Financial Report (CAFR), the Assistant City Manager / Finance Director shall report to the City Council on the total unassigned general fund balance in order that the City Council may evaluate and provide direction on possible alternate use of such unassigned funds, provided that the combined balance including all general fund balance categories equals approximately six (6) months of total operating funds.