



Legislation Details (With Text)

File #: R-2019-231 **Version:** 1 **Name:** Revised Fund Balance Policy_V10
Type: Resolution **Status:** Passed
File created: 7/31/2019 **In control:** Department of Financial Services
On agenda: 8/28/2019 **Final action:** 8/28/2019
Title: A Resolution Of The City Commission Of The City Of Hollywood, Florida, Repealing Resolution Nos. R-2011-238 And R-2018-053 Regarding The Fund Balance Policy For The City And Adopting A New Fund Balance Policy Consistent With Governmental Accounting Standards Board Statement No. 54, Fund Balance Reporting And Governmental Fund Type Definitions.

Sponsors:

Indexes:

Code sections:

Attachments: 1. Revised Fund Balance Policy_v10.pdf, 2. R-2011-238, 3. R-2018-053, 4. BIS 19-247.pdf

Date	Ver.	Action By	Action	Result
8/28/2019	1	Regular City Commission Meeting	adopt	Pass

A Resolution Of The City Commission Of The City Of Hollywood, Florida, Repealing Resolution Nos. R-2011-238 And R-2018-053 Regarding The Fund Balance Policy For The City And Adopting A New Fund Balance Policy Consistent With Governmental Accounting Standards Board Statement No. 54, Fund Balance Reporting And Governmental Fund Type Definitions.

Staff Recommends: Approval of the attached Resolution.

Explanation:

Approval of the attached Resolution is recommended in order for the City to be compliant with Governmental Accounting Standards Board Statement ("GASB") No. 54, Fund Balance Reporting And Governmental Fund Type Definitions. GASB Statement No. 54 was implemented to provide consistency in the financial reporting of fund balance information for governmental units.

In addition to providing compliance with GASB Statement No. 54, the proposed fund balance policy will assist in stabilizing the long-term financial position of the City by setting standards for the use and replenishment of fund balance reserves. This policy will also provide structural balance to the City's budget by limiting use of reserves to cover recurring expenditures.

The adoption of a fund balance policy is also a recommended practice by rating agencies and

the Government Finance Officers Association ("GFOA"). The proposed fund balance policy maintains an unrestricted unassigned fund balance target of 17% of general fund operating expenditures (approximately two months of operating expenditures).

The proposed fund balance policy updates the City's original policy adopted in 2011 to more accurately reflect the composition and reporting structure of fund balance, removes a debt covenant requirement to the First Florida Governmental Financing Commission that was satisfied at the end of Fiscal Year 2018, and updates the Economic Stabilization Reserve to a Disaster Reserve of 5% of operating expenditures (within the Committed Fund Balance definition) to protect the City from adverse financial impacts in the event of unexpected economic events or natural disasters.

Recommended for inclusion on the agenda by:

Cintya Ramos, Director of Financial Services

Adam Reichbach, Assistant City Manager for Finance and Administration