RESOLUTION NO. 2013-43

RESOLUTION OF THE MAYOR AND THE CITY COUNCIL OF THE CITY OF HIALEAH, FLORIDA APPROVING A FUND BALANCE/NET ASSET POLICY, A COPY OF WHICH IS ATTACHED HERETO AND MADE A PART HEREOF AS EXHIBIT "1".

WHEREAS, the City of Hialeah finds that it is in the best interest of the community and the proper administration of its government to approved a fund balance/net asset policy that requires the City to maintain fund balance/net assets reserves in the General Fund and Enterprise Fund.

NOW, THEREFORE, BE IT RESOLVED BY THE MAYOR AND THE CITY COUNCIL OF THE CITY OF HIALEAH, FLORIDA, THAT:

Section 1: The foregoing facts and recitations contained in the preamble to this resolution are incorporated and adopted by reference as if fully set forth herein.

Section 2: The City of Hialeah, Florida hereby approves a Fund Balance/Net Assets Policy, a copy of which is attached hereto and made a part hereof as Exhibit "1".

PASSED AND ADOPTED this 28 day of May, 2013.

Isis Garcia-Martinez
Council President

Attest:

Approved on this 31 day of May, 2013.

Marbelys Fatjo, Acting City Clerk

Mayor Carlos Hernandez

Approved as to form and legal sufficiency:

William M. Grodnick, City Attorney

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Resolution was adopted by a unanimous vote with Council Members, Caragol, Casals-Muñoz, Cue-Fuente, Garcia-Martinez, Gonzalez, Hernandez and Lozano voting "Yes".

City of Hialeah

FUND BALANCE / NET ASSET POLICY

I. PURPOSE

To establish a fund balance/net assets policy to: (1) provide sufficient cash flow for daily financial needs, (2) secure and maintain investment grade bond ratings, (3) offset significant economic downturns and revenue shortfalls, and (4) provide funds for unforeseen expenditures related to emergencies.

II. POLICY

The City will maintain fund balance/net assets reserves in the General Fund and Enterprise Funds.

A. General Fund

The City hereby establishes and will maintain fund balance reserves in compliance with Governmental Accounting and Financial Standards Board Statement (GASB) No. 54 *Fund Balance Reporting and Governmental Fund Type Definitions*. Within the General Fund, the fund balance shall be composed of nonspendable, restricted, committed, assigned, and unassigned amounts.

Nonspendable Fund Balance consists of amounts set aside for inventory and prepaid items held by the General Fund.

Restricted Fund Balance consists of amounts as stipulated by **external** resource providers (such as creditors, grantors, or contributors), or imposed by law through constitutional provisions or enabling legislation. These restrictions may be changed or lifted only with the consent of the resource providers or change in the law.

Committed Fund Balance consists of amounts set aside for specific purposes as determined by formal action of the City Council as recommended by the City Mayor. Commitments may be changed or lifted only by the City Council as recommended by the City Mayor.

Assigned Fund Balance consists of amounts the City intends to use for specific purposes that are neither restricted nor committed; the intent shall be expressed by the City Mayor.

Unassigned Fund Balance includes amounts that are not contained in the other classifications stated above. Unassigned amounts are the portion of the fund balance which is not obligated or specifically designated and available for any governmental purpose.

The City hereby establishes a targeted minimum reserve balance in its Unassigned Fund Balance equal to 10% of the current fiscal year General Fund's operating expenditures. This targeted reserve shall be in addition to all other reserves or designations of fund balance.

B. Enterprise Funds

The City maintains several Enterprise Funds. The Net Assets (difference between assets and liabilities) for the Enterprise Funds includes the equity in capital assets (i.e. capital assets minus related debt). The remainder of Net Assets is classified as either restricted or unrestricted.

Restricted Net Assets includes the net value (resources minus related liabilities) of assets whose use is legally restricted.

Unrestricted Net Assets is the balance of net assets after amounts invested in capital assets net of related debt and the restricted net assets.

The City hereby establishes a targeted minimum reserve balance in the Unrestricted Net Assets for the Enterprise Funds equal to 10% of the fund's operating expenditures.

III. UTILIZATION OF MINIMUM OR SURPLUS RESERVES

In the event that funds are not available to initially establish the minimum targeted balances, a plan shall be established to achieve the target by adding a designated amount to the budget to cover the deficiency over a period not to exceed five (5) fiscal years.

Appropriation from the minimum reserve balances, once met, shall require the approval of the City Council upon recommendation of the City Mayor.

IV. REPLENISHMENT OF MINIMUM RESERVE DEFICITS

If, at the end of any fiscal year, the actual amount of Unassigned Fund Balance or Unrestricted Net Assets falls below the targeted levels set forth herein, the City Mayor shall prepare and submit in conjunction with the proposed budget, a plan for expenditure or expense reductions and/or revenue increases necessary to restore the minimum requirements.

V. POLICY REVISION

This policy will be revised, as needed, in accordance with changes in the GASB regulations or Federal/State law. Policy revisions will be forwarded to the City Council as recommended by the City Mayor.