

RESOLUTION NO. A-_____

1 A RESOLUTION establishing guidelines in providing for an unreserved fund
2 balance in the City’s General Fund.

3 WHEREAS, the Fund Balance is the reserve of the General Fund of the City.
4 The General Fund is the primary operating fund for the City. The General Fund is
5 defined as including the following funds from the City’s General Ledger: General Fund,
6 Community Improvement Financing Fund and Donations Fund. This policy is intended
7 to provide for unreserved amounts only. Fund Balance that is reserved for such items
8 as encumbrances, inventories and prepaid items is not included; and

9 WHEREAS, the definition of reserved and unreserved fund balances shall be
10 consistent with generally accepted accounting principles as established by the
11 Governmental Accounting Standards Board or its successor; and

12 WHEREAS, the designations in this policy should be included in future year-end
13 financial statements in the notes, specifically, in Significant Accounting Policies; and

14 WHEREAS, the policy is intended to address the primary consideration of
15 meeting unanticipated short-term cash flow needs of the government and the long term
16 goal of managing General Fund balances in a manner that at all times preserves the
17 City’s ability to meet its cash flow needs.

18 NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of
19 Lincoln, Nebraska that the General Fund unreserved fund balances shall be designated
20 for the following purposes and in the amounts described below:

- 21 1. To meet excess cash flow needs of the City, a fund balance designation

1 of not less than 20% of the ensuing years General Fund budget should be
2 set aside as an unrestricted reserve.

3 2. The Mayor and Finance Director, as part of the annual budget process,
4 shall prepare an analysis of this policy. The analysis will be based on the
5 latest audited financial statements and updated to the time the budget is
6 presented. This analysis will be presented in the final budget document.

7 3. Any fund balances in excess of the current unreserved fund balance less
8 15% of the budget projected out for 5 years may be allocated over the
9 upcoming five year forecast period as a funding source.

10 4. Shortages from the requirements of this policy shall be built up through
11 the budget process. Shortage is defined as having less than the minimum
12 policy requirements at fiscal year-end. Shortage may also be defined as
13 having a projection at budget time that would indicate the requirements
14 will not be met at the current year-end. Any shortage will be calculated
15 and this amount will be amortized over the next three fiscal years.

16 5. The Finance Director shall, as part of the annual audit and financial
17 statement preparation process, see that the designations are made as
18 required by this policy.

Introduced by:

Approved as to Form and Legality:

City Attorney

Approved this ____ day of _____, 2003:

Mayor