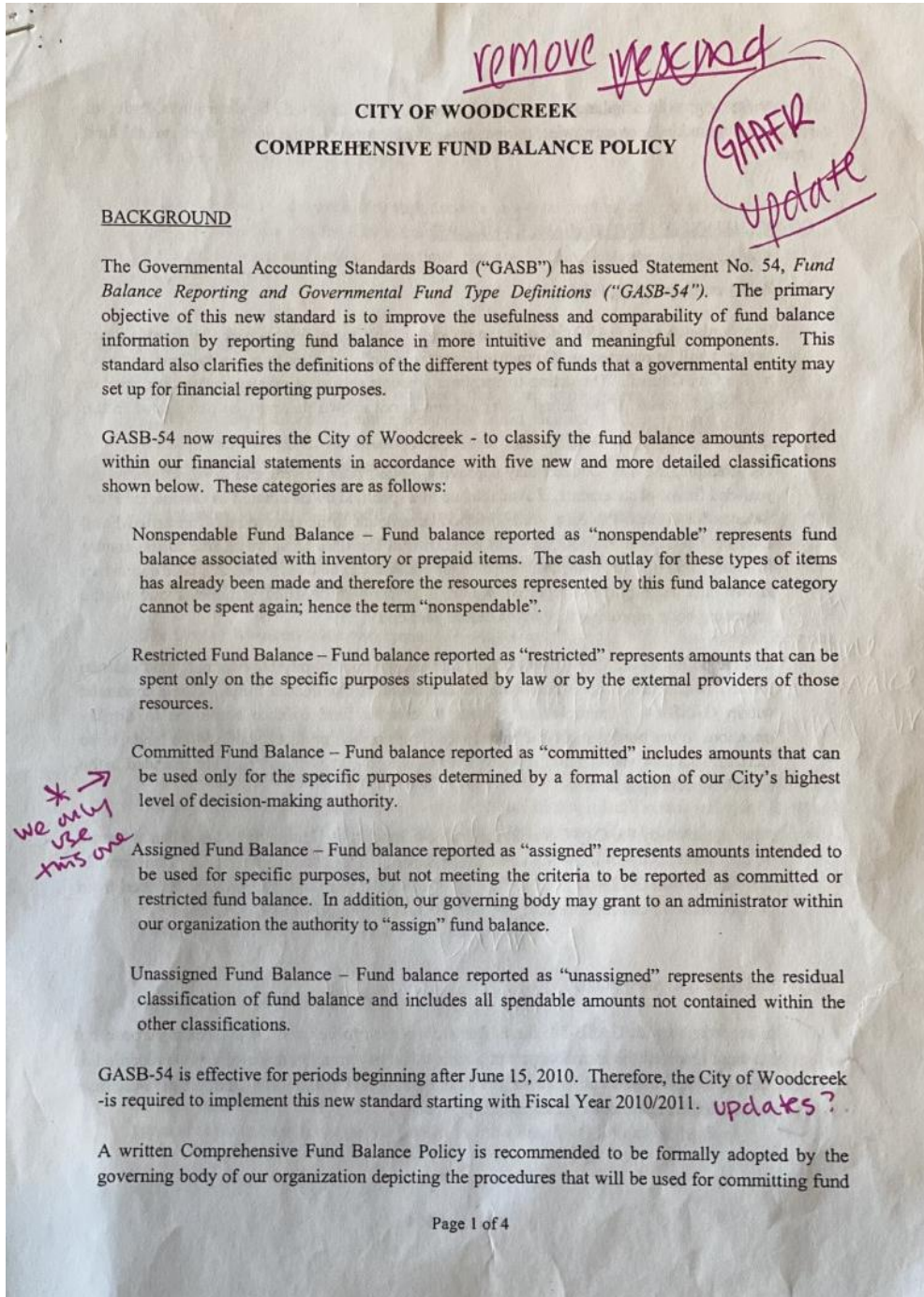


EXISTING FUND BALANCE POLICY

Handwritten notes by Councilmember Hines made in a meeting in early 2022 with City Manager Brenton Lewis and Councilmember Grummert



balance, assigning fund balance, how stabilization funds, if any, will be determined, order of spending the fund balance categories, minimum fund balance levels, and use of governmental fund types.

COMPREHENSIVE FUND BALANCE POLICIES

1.0 Policy on Committing Funds

In accordance with GASB-54, it is the policy of the City of Woodcreek that fund balance amounts will be reported as "Committed Fund Balance" only after formal action and approval by the City Council. The action to constrain amounts in such a manner must occur prior to year end; however, if the actual dollar amount is not known that may be determined in the subsequent period.

For example, the City Council may approve a motion prior to year end to report within the year-end financial statements, if available, up to a specified dollar amount as Committed Fund Balance for Capital Projects. The exact dollar amount to be reported as Committed Fund Balance for Capital Projects may not be known at the time of approval due to the annual financial audit not yet being completed. This amount can be determined at a later date when known and appropriately reported within the year-end financial statements due to the governing body approving this action before year-end.

It is the policy of the City of Woodcreek that the governing body may commit fund balance for any reason that is consistent with the definition of Committed Fund Balance contained within GASB-54. Examples of reasons to commit fund balance would be to display intentions to use portions of fund balance for future capital projects, stabilization funds, or to earmark special General Fund revenue streams unspent at year-end that are intended to be used for specific purposes.

After approval by the City Council, the amount reported as Committed Fund Balance cannot be undone without utilizing the same process required to commit the funds. Therefore, in accordance with GASB-54, it is the policy of this City that funds can only be removed from the Committed Fund Balance category after motion and approval by City Council.

2.0 Policy on Assigning Funds

? [In accordance with GASB-54, funds that are *intended* to be used for a specific purpose but have not received the formal approval action at the governing body level may be recorded as Assigned Fund Balance. Likewise, redeploying assigned resources to an alternative use does not require formal action by the governing body.

GASB-54 states that resources can be assigned by the governing body or by another internal body or person whom the governing body gives the authority to do so, such as a budget committee or the City Administrator.

Therefore, having considered the requirements to assign fund balance, it is the policy of the City of Woodcreek that the City Administrator will have the authority to assign fund balance of this organization based on intentions for use of fund balance communicated by the governing body.

3.0 Policy on Order of Spending Resources

It is the policy of the City of Woodcreek that when expenditures are incurred that would qualify as expenditures of either Restricted Fund Balance or Unrestricted Fund Balance (Committed, Assigned, or Unassigned), those expenditures will first be applied to the Restricted Fund Balance category.

Furthermore, it is the policy of the City of Woodcreek - that when expenditures are incurred that would qualify as a use of any of the Unrestricted Fund Balance categories (Committed, Assigned, or Unassigned), those expenditures will be applied in the order of Committed first, then Assigned, and then Unassigned.

The City of Woodcreek has two funds: 1) Hotel-Motel Tax Fund which is a Special Revenue Fund and 2) the General Fund.

4.0 Policy on the Acceptable Minimum Level of Fund Balances

It is the policy of the City of Woodcreek to maintain at all times an overall Unrestricted Fund Balance (Committed Fund Balance, Assigned Fund Balance, and Unassigned Fund Balance) of not less than two months of regular budgeted General Fund operating expenditures, measured based on the most recently completed fiscal year. If it is determined that the City is below this minimum established fund balance level, the governing body will be informed of this condition and take necessary budgetary steps to bring the fund balance level into compliance with this policy through budgetary actions.

5.0 Review of Governmental Fund Classifications

The City of Woodcreek - desires that the governmental fund types available for use in governmental financial reporting be appropriately selected based on the GASB-54 definitions of these fund types. Furthermore, the fund balance categories utilized within each these fund types are also to be appropriately selected from the new GASB-54 classifications.

Therefore, after consideration of the purpose of each governmental fund type, it is the policy of the City of Woodcreek to limit the fund balance categories that may be used with each governmental fund type as follows:

General Fund

Nonspendable Fund Balance
Restricted Fund Balance
Committed Fund Balance
Assigned Fund Balance
Unassigned Fund Balance

Debt Service Funds

Restricted Fund Balance
Committed Fund Balance
Assigned Fund Balance

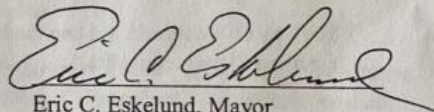
Capital Projects Funds

Restricted Fund Balance
Committed Fund Balance
Assigned Fund Balance

Special Revenue Funds

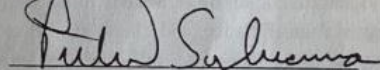
Restricted Fund Balance
Committed Fund Balance
Assigned Fund Balance.

PASSED AND APPROVED by a vote of 4 (ayes), 0 (nays), and 1 (absence) this the 6th day of September, 2011.



Eric C. Eskelund, Mayor
City of Woodcreek, Texas

ATTEST:


Pieter Sybesma, City Administrator
City of Woodcreek, Texas

APPROVED AS TO FORM:
Roger E. Gordon, City Attorney