

RESOLUTION NO. 18

A RESOLUTION IMPLEMENTING COMPLIANCE WITH, AND ESTABLISHING A FUND BALANCE POLICY IN ACCORDANCE WITH, THE GOVERNMENT ACCOUNTING STANDARDS BOARD STATEMENT NO. 54.

THE URBAN RENEWAL AGENCY OF THE CITY OF TROUTDALE FINDS AS FOLLOWS:

1. That the Municipal Audit Law, ORS 297.425 requires an annual audit of the URA's financial statements and report to the Secretary of State.
2. That the Governmental Accounting Standards Board (GASB) has identified accountability as the paramount objective of financial reporting, and that GASB is the acknowledged authoritative body in setting governmental accounting standards,
3. That GASB has issued Statement No. 54 ("GASB 54"), titled *Fund Balance Reporting and Governmental Fund Type Definitions*; which became effective for the fiscal year ending June 30, 2011,
4. That maintaining compliance with, and expected conformity to, audit and accounting standards is of significant importance to external users of the URA's financial statements,
5. That to maintain expected financial conformity requires the URA to define and adopt fund balance classifications, a prudent reserve requirement, and a hierarchy of fund balance expenditures, in accordance with GASB 54.

NOW, THEREFORE, BE IT RESOLVED BY THE URBAN RENEWAL AGENCY OF THE CITY OF TROUTDALE THAT:

Section 1: The URA hereby adopts the following:

FUND BALANCE POLICY

This Fund Balance Policy establishes procedures for reporting fund balance classifications, establishes prudent reserve requirements, and establishes a hierarchy of fund balance expenditures. Fund balance measures the net financial resources available to finance expenditures of future periods.

Fund Balance Definitions: Balance hierarchy for financial statement reporting purposes, as in accordance with GASB 54, defines fund balance amounts as:

- a. Nonspendable amounts as those that are not in a spendable form or are required to be maintained intact;
- b. Restricted amounts as those that are constrained to specific purposes by their providers through constitutional provisions or enabling legislation;
- c. Committed amounts as those constrained to specific purposes by URA Board resolution or ordinance;
- d. Assigned amounts as those the URA management intends to use for a specific purpose;
- e. Unassigned amounts as that residual portion of a fund balance remaining that is not assigned to one of the above four categories.

Authority To Establish, Maintain, And Assign Fund Balances: The URA Board reserves the authority to establish and modify commitments of revenues and ending fund balances. The authority to classify portions of ending fund balances as assigned is hereby granted to the City Manager and the Finance Director.

Further this policy authorizes and directs the Finance Director to classify available fund balance for specific purposes in accordance with GASB 54, and to prepare financial reports, which accurately categorize and report fund balance per GASB 54.

Order Of Spending Fund Balance: In circumstances where an expenditure is to be made for a purpose for which amounts are available in multiple fund balance classifications, the order in which resources will be expended is as follows: restricted fund balance, followed by committed fund balance, assigned fund balance, and lastly, unassigned fund balance.

Reserve Requirement: This policy is established in order to provide a measure of financial protection for the URA against unforeseen circumstances, as the prudent reserve requirement. Further that it is in the best financial interest of the URA to carry forward adequate funds (beginning fund balance in the new fiscal year) and minimize borrowing funds. The City Manager and the Finance Director are assigned the responsibility to insure, to the extent possible, that Fund Balance in the General Fund is adequate to fund operations of the General Fund until property tax revenues are received each fiscal year.


Section 2: This resolution is effective for the fiscal year beginning July 1, 2010.

YEAS: 7
NAYS: 0
ABSTAINED: 0



Jim Kight, Chair


Date



Debbie Stickney, City Recorder
Adopted: June 21, 2011