

RESOLUTION NO. 10-18914

A RESOLUTION OF THE CITY OF BILLINGS, MONTANA, CITY COUNCIL
ADOPTING MINIMUM RECOMMEND FUND BALANCES AND WORKING
CAPITAL BALANCES AND A GENERAL FUND BALANCE POLICY.

WHEREAS, the City of Billings does not currently have a written policy for Fund Balances and Working Capital Balances; and

WHEREAS, the City of Billings needs to adopt a Fund Balance ("Assigned") and Working Capital Balance ("Assigned") Policy (Exhibit A) to provide the City with minimum recommended balances for certain funds. The policy is necessary to provide sufficient cash flow for daily financial needs, secure and maintain investment grade bond ratings, offset revenue shortfalls, and provide funds for unforeseen expenditures related to emergencies.

WHEREAS, the City of Billings is required to adopt a General Fund balance policy (Exhibit B) per Governmental Accounting Standards Board (GASB) 54.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF BILLINGS, MONTANA, AS FOLLOWS:

That the Fund Balance and Working Capital Balance Policy (Exhibit A) and the General Fund Balance Policy (Attachment B) are hereby adopted.

APPROVED AND PASSED by the City Council of the City of Billings, this 22nd day of February, 2010.



THE CITY OF BILLINGS:

BY: Thomas W. Hanel
Thomas W. Hanel, MAYOR

ATTEST:

BY: Cari Martin
Cari Martin, CITY CLERK

Recommended Fund and Working Capital Balances Policy

Recommended Fund and Working Capital Balances policy statement:

The City shall use recommended Fund and Working Balances for certain funds as a best practice. Fund Balance ("Assigned") and Working Capital Balance ("Assigned") will be the designations for accounting purposes.

Recommended balances purpose:

The policy is necessary to provide sufficient cash flow for daily financial needs, secure and maintain investment grade bond ratings, offset revenue shortfalls, and provide funds for unforeseen expenditures related to emergencies.

Recommended balances implementation authority:

Upon adoption of this Statement of Policy, the City of Billings Council authorizes the City Administrator to establish recommended balance procedures which may be necessary to support the policy statement and adopt such documents by Administrative Order. The City Administrator will review the procedures with the City Council at a work session every five years or as deemed necessary prior to the five years.

**City of Billings
Fund Balance Policy for the General Fund
February 2010**

A fund balance policy helps ensure that the City can:

- Avoid the need for short-term borrowing to cover delays in revenue receipt. The City only receives two major tax payments, which are in December and June. The City must be able to cover five months worth of payroll and operations and maintenance before each December and June tax collection.
- Provide the ability to pre-fund reimbursable grants such as in Community Development.

This policy establishes the amounts the City of Billings will strive to maintain in its fund balance, how the fund balance will be funded, and the conditions under which the fund balance may be spent.

Amounts Held in Fund Balance

The City of Billings (the "City") will strive to hold a determined percentage of total budget less capital in assigned General Fund balance.

If management's analysis and forecasting determines that the goal is not being met, or is not likely to be met at some point within a five-year time horizon, then management will develop a plan to meet the goal.

Funding Fund Balance Targets

Funding of General Fund balance targets will typically come from one-time revenues, excess fund balances (e.g., unused or excessive assignments or commitments), and revenues in excess of expenditures.

Use of Fund Balance

It is the intent of the City to limit the use of General Fund balances to address unanticipated, non-recurring needs or known and planned future obligations. Fund balances shall not normally be applied to recurring annual operating expenditures. Fund balances may, however, be used for operations to allow time for the City to restructure its operations in a deliberate manner, but such use will only take place in the context of an adopted long-term plan.

Authority to Use Fund Balance

The City Administrator may propose the use of fund balances to the City Council for purposes deemed necessary for operations of the General and Public Safety Funds.

Replenishment of Fund Balance

In the event the fund balance is used and falls below the recommend level, the City Administrator shall propose a plan for the replenishment of the fund balance to the City Council.

Excess Fund Balance

Prior to the start of each fiscal year budget, Finance will report on the previous fiscal year end audited financial results. Any yearend balance in excess of the recommended fund balance level may:

1. Be used for one-time expenditures in the upcoming fiscal year end budget.
2. Remain in the General Fund as excess above the recommended balance.

