

RESOLUTION

BY THE CITY COUNCIL OF THE CITY OF ISLE OF PALMS, SOUTH CAROLINA, ESTABLISHING FUND BALANCE POLICIES AS REQUIRED BY GASB #54.

IT IS RESOLVED BY THE CITY COUNCIL FOR THE CITY OF ISLE OF PALMS, SOUTH CAROLINA, THAT:

WHEREAS, The Governmental Accounting Standards Board (“GASB”) has adopted Statement #54 (“GASB #54”), a new standard for governmental fund balance reporting and governmental fund type definitions that became effective in governmental fiscal years starting after June 15, 2010, and;

WHEREAS, The City currently accounts for governmental fund balances (all funds other than the Marina Enterprise Fund and the Fire Department 1% Agency Fund) as either reserved or unreserved (which has two sub-categories of designated and undesignated), and;

WHEREAS, The new governmental fund categories of fund balances prescribed by GASB #54 are: Nonspendable, Restricted, Committed, Assigned and Unassigned, and;

WHEREAS, City Council elects to implement GASB #54 requirements, and to apply such requirements to its financial statements beginning with the fiscal year July 1, 2010 – June 30, 2011.

NOW THEREFORE BE IT RESOLVED THAT City Council hereby adopts the following policy:

FUND BALANCE POLICY

Fund balance measures the net financial resources available to finance expenditures of future periods.

The City’s Unassigned fund balance in the General Fund will be maintained to provide the City with sufficient working capital and a margin of safety to address cyclical fluctuations in revenues and expenditures.

Fund balance of the City may be committed for a specific purpose by resolution of the City Council, Amendments or modifications of the Committee Funds must also be approved by resolution of the City Council.

When it is appropriate for fund balance to be assigned, the City Council delegates authority to the Mayor and City Administrator. City Council may also assign fund balance by a simple majority vote and has the authority to remove or change assigned fund balance with a simple majority vote.

NOW THEREFORE BE IT RESOLVED that City Council, utilizing the GASB #54 definition of "Committed" fund balance, commits, as an initial amount, the following portions of its governmental fund balances as follows:

\$ 1,827,679.00 is committed from General Fund for Disaster Recovery. Spending may occur as needed for the purpose intended.


\$ 273,900.00 is committed from the Capital Projects Fund for Recreation Ball field Renovations. Spending may occur as needed for the purpose intended.

AND BE IT RESOLVED that the City's financial goal is to have a sufficient balance in the General Fund (operating fund) with sufficient working capital and a margin of safety to address cyclical fluctuations in revenues and expenditures. The City shall strive to maintain a yearly fund balance (as of June 30) in the General Fund (operating fund) in which the total fund balance is thirty (30%) percent of the total General Fund expenditures and the unassigned fund balance is twenty (20%) percent of the General Fund expenditures.

PASSED AND APPROVED BY THE CITY COUNCIL FOR THE CITY OF ISLE OF PALMS, SOUTH CAROLINA, ON THE 28TH DAY OF JUNE, 2011.


Richard F. Cronin, Mayor

Attest:


Marie B. Copeland, City Clerk

