

RESOLUTION #2009-44

RESOLUTION ADOPTING A FUND BALANCE POLICY

WHEREAS, the City Council has determined that it is in the best interest of the City to formally adopt a Fund Balance Policy;

WHEREAS, the City Council has enacted these policies in an effort to ensure financial security through the maintenance of a healthy reserve fund;

WHEREAS, Fund Balance Policy can help community leaders maintain a prudent level of financial resources to protect against reducing service levels or raising taxes and fees;

WHEREAS, a carefully crafted and consistently applied Debt Management Policy provides evidence to the rating agencies of the City's commitment as a community, to prudent financial management practices and is positively regarded in evaluating a jurisdiction's creditworthiness.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF WEBSTER GROVES, THAT:

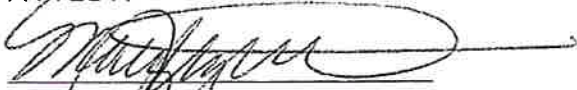
The policy statement attached hereto and marked Exhibit "A" entitled "CITY OF WEBSTER GROVES FUND BALANCE POLICY," is hereby adopted.

ADOPTED this 3rd day of November 2009.



MAYOR

ATTEST:



CITY CLERK

EXHIBIT A

CITY OF WEBSTER GROVES FUND BALANCE POLICY

Purpose

The City of Webster Groves has enacted the following policy in an effort to ensure financial security through the maintenance of a healthy reserve fund that guides the creation, maintenance, and use of resources for financial stabilization purposes. The City's primary objective is to maintain a prudent level of financial resources to protect against reducing service levels or raising taxes and fees due to temporary revenue shortfalls or unpredicted one-time expenditures. The City of Webster Groves also seeks to maintain the highest possible credit ratings which are dependent, in part, on the City's maintenance of a healthy fund balance.

Policy Statement

Fund Balance is defined as the excess of assets over liabilities, which is a resource that remains part of the General Government budget. The Fund Balance of the City's General Fund has been accumulated to meet this purpose, to provide stability and flexibility to respond to unexpected adversity and/or opportunities. The target is to maintain a rolling beginning fund balance of not less than 50% of annual operating expenditures for the current fiscal year. Should the balance fall below 50%, the City will identify a plan to restore the Fund Balance to its target amount as part of the budget proposal.

The City's basic goal is to maintain annual expenditure increases at a conservative growth rate, and to limit expenditures to anticipated revenues in order to maintain a structurally balanced budget. The decision to retain a fund balance of not less than 50% of operating expenditures stems from the following considerations:

- This amount provides adequate funding to cover approximately 6 months of operating expenses.
- It provides the liquidity necessary to accommodate the City's uneven cash flow, which is inherent in its periodic tax collection schedule.
- It provides the liquidity to respond to contingent liabilities.

Fund balance may be accessed under the following conditions:

- To draw down the City's fund balance to the recommended funding rate by using these funds for capital expenditures, long term obligations, or debt service needs.
- To respond to emergency funding necessities.

This policy has been approved by the City Manager and Director of Finance & Administration, and adopted by the City Council by Resolution #2009-44. The Fund Balance Policy of the City will be reviewed biannually and can be adjusted at any time by action of the City Council.