



## MAYOR AND COUNCIL COMMUNICATION

DATE: 4/02/2013

**CONSENT**

ITEM #: 11

**MOTION**

**AGENDA ITEM:** Approve Fund Balance/Net Assets Policy

**SUBMITTED BY:** Cathy Bendel, Finance Director

**THROUGH:** Dean Zuleger, City Administrator

**REVIEWED BY:** Dean Zuleger, City Administrator

**SUMMARY AND ACTION REQUESTED:** The City Council is asked to consider approval of a policy related to the Fund Balance/Net Assets.

**BACKGROUND INFORMATION:** The City of Lake Elmo currently has no official policy surrounding the Fund Balances and Net Assets. Although most items listed are currently being adhered to, there is nothing documenting that fact as there should be. By approving the attached policy the City Council will strengthen the internal controls surrounding the use of these funds and provide clear direction to staff on the monitoring and reporting surrounding those funds.

**STAFF REPORT:** It is important for the financial stability of the City to maintain fund balance/net assets for unanticipated expenditures, as well as to provide adequate working capital for current operating needs so as to avoid short-term borrowing. The monitoring and reporting on all fund balances is a critical function and this policy will outline the process and procedure.

During the 2013 budget cycle the use of a “contingency fund” was introduced to set aside money for unforeseen expenditures that always seem to arise in the course of doing business. This policy will ensure that this continues to happen as part of the regular annual budgeting process.

**RECOMMENDATION:** It is recommended that the City Council consider approval of the Fund Balance/Net Asset Policy. The suggested motion to do so is as follows:

***“Move to approve the Fund Balance/Net Assets policy as presented”***

**ATTACHMENTS:**

1. Draft Fund Balance/Net Assets Policy

**SUGGESTED ORDER OF BUSINESS:**

Introduction of Item.....City Administrator  
Report/Presentation.....Finance Director  
Questions from Council to Staff.....Mayor Facilitates  
Public Input, if Appropriate.....Mayor Facilitates  
Call for Motion.....Mayor & City Council  
Discussion.....Mayor & City Council  
Action on Motion.....Mayor Facilitates