



## **Committed Fund Balance**

The City Council, as the City's highest level of decision-making authority, may commit fund balance for specific purposes pursuant to constraints imposed by formal actions taken, such as an ordinance or resolution. These committed amounts cannot be used for any other purpose unless the City Council removes or changes the specified use through the same type of formal action taken to establish the commitment. City Council action to commit fund balance needs to occur within the fiscal reporting period; however the amount can be determined subsequently.

## **Assigned Fund Balance**

Amounts that are constrained by the City's intent to be used for specific purposes, but are neither restricted nor committed, amounts should be reported as assigned fund balance. **This policy hereby delegates the authority to assign amounts to be used for specific purposes to the City Manager** for the purpose of reporting these amounts in the annual financial statements. A few examples of assigned fund balance follow.

- **Continuing Appropriations**  
Fund balance levels must be sufficient to meet funding requirements for projects approved in prior years and which must be carried forward into the new fiscal year.
- **Debt Service**  
An amount established to provide for future debt service obligations.
- **Budget Balancing Measures**  
Funds set aside for the purpose of stabilizing the delivery of City services during periods of operational budget deficits and to mitigate the effects of major economic uncertainties resulting from unforeseen changes in revenues and/or expenditures.
- **Meet Financial Reserve Policy #301**

In fiscal year 1998-99 the City of El Centro established Reserve Policies (as part of financial policy #301) which establish, dedicate, and maintain reserves annually to meet the following estimated future obligations.

1. Totally funded workers compensation
2. Liability insurance
3. Value of accrued vacation and sick leave
4. Estimated cost of retirees medical payments

5. Depreciation and replacement of vehicles and major equipment
6. Major maintenance and renovations of building, parks, and landscaping

### **Unassigned Fund Balance**

These are residual positive net resources of the general fund in excess of what can properly be classified in one of the other four categories.

#### **Financial Reserve Policy**

In fiscal year 1998-99 the City of El Centro established Reserve Policies (as part of financial policy #301) which establish, dedicate, and maintain reserves annually to meet known and estimated future obligations. The policy seeks to establish specific reserve accounts which include, but are not limited to the following:

1. A General Fund reserve for economic uncertainties of not less than 10% of expenditures

The City Council recognizes that the unobligated General Fund reserves are needed for cash flow requirements, downturns in the economy, vulnerability to actions by State and Federal governments, interruptions in revenue stream and exposure to damages to infrastructure caused by natural disasters, and other contingency factors.

### **Fund Balance Classification**

The accounting policies of the City consider restricted fund balance to have been spent first when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available. Similarly, when an expenditure is incurred for purposes for which amounts in any of the unrestricted classifications of fund balance could be used, the City considers committed amounts to be reduced first, followed by assigned amounts and then unassigned amounts.

### **III. Summary:**

This policy is in place to provide a measure of protection for the City against unforeseen circumstances and to comply with GASB Statement No. 54. No other policy or procedure supersedes the authority and provisions of this policy.

## EXHIBIT "A"

### VARIOUS COMPONENTS OF FUND BALANCE AS DEFINED BY GOVERNMENTAL ACCOUNTING STANDARDS BOARD STATEMENT NO. 54.

#### **Non-spendable Fund Balance:**

Petty Cash: The portion of fund balance that represents the asset amount of petty cash, held by a given fund.

Inventories: The portion of fund balance that represents the asset amount of supply inventories, held by a given fund.

Prepaid Expenditures: The portion of fund balance that represents the asset amount of prepaid expenditures, held by a given fund.

Notes Receivable: The portion of fund balance that represents the asset amount of notes receivable, held by a given fund.

Advances to Other Funds: The portion of fund balance that represents the asset amount of cash advanced to other funds, held by a given fund.

Loans Receivable: The portion of fund balance that represents the asset amount of loans receivable, held by a given fund.

Land Held For Resale: The portion of fund balance that represents the asset amount of land inventory that is being held for resale, held by a given fund.

Redevelopment Loans: The portion of fund balance that represents the asset amount of loans receivable made to the Community Redevelopment Agency, held by a given fund.

#### **Restricted Fund Balance:**

Gas Tax (201) – The portion of fund balance derived from the State of California gas tax revenue to be used for street improvements and maintenance.

Transportation Article 8 (202) - The portion of fund balance derived from State of California Transportation Development Act funds to be used for street maintenance.

Transportation Article 3 (203) - The portion of fund balance derived from State of California Transportation Development Act Funds to be used for bicycle and pedestrian

projects.

Bus Shelter (204) - The portion of fund balance derived from State of California Transportation Development Act Funds to be used for the maintenance of Bus Shelters within the City.

Local Transportation Authority (205) - The portion of fund balance derived from a one-half cent voter approved sales tax to be used for street improvements.

Traffic Congestion Relief (206) – The portion of fund balance derived from transportation funding sales and use tax revenues to be used for street maintenance, rehabilitation and reconstruction

FHWA Grants (207) – The portion of fund balance derived from FHWA received through the California Department of Transportation and to be used for street improvements.

7<sup>th</sup> & State Bus Terminal (211) – The portion of fund balance derived from Federal Transit Administration to be used for the development of the new Bus Terminal at 7<sup>th</sup> & State Avenue.

LTA Revenue Bonds (212) – The portion of fund balance derived from LTA secured bond issuance to be used for street related expenditures.

2010 Earthquake (213) – The portion of fund balance derived from reimbursements from FEMA and the State of California to be used for to repair facilities damaged by the earthquake.

Traffic Safety (220) - The portion of fund balance derived from traffic fines and forfeitures received from the County of Imperial and to be used for traffic safety purposes.

Asset Forfeiture (221) - The portion of fund balance derived from the Department of Justice from drug related seizures and to be used for police related expenditures.

OTS Grant (222) - The portion of fund balance derived from the State of California Department of Traffic Safety to be used for police related expenditures.

State COPS SLESF (223) - The portion of fund balance derived from the Supplemental Law Enforcement Services Fund (SLESF) pursuant to Section 30061 of the California Government Code (AB 3229) and to be used for street related activities.

Development Impact Fees (230-238) - The portion of fund balance derived from collection of development impact fees to be used for public infrastructure improvements necessary because of growth.

Home Grants (240) – The portion of fund balance derived from the State Department of Housing and Community Development Home program and to be used for affordable housing related activities.

Home Program (241) - The portion of fund balance derived from the collection of HOME program loan payments and to be used for affordable housing related activities.

Rental Rehab HUD (242) - The portion of fund balance derived from California Department of Housing and Urban Development rental rehabilitation program to be used for rental rehabilitation programs.

HUD Entitlement Program (243) – The portion of fund balance derived from the California State Department of Housing and Community Development entitlement program and to be used for entitlement qualified expenditures.

CDBG Program Income RFF (244) - The portion of fund balance derived from the collection of Community Development Block Grant loans made from program income and to be used for loans and other activities.

Housing Enabled by Local Partnership (245) - The portion of fund balance derived from California Housing Finance Agency to be used to make mortgage loans to first time home buyers.

CALHOME Program (246) – The portion of fund balance derived from Department of Housing and Community Development (CALHOME) to be used to provide mortgage assistance loans to first time home buyers.

EDA Revolving Fund (248) - The portion of fund balance derived from EDA Loan payments (sequestered per EDA) until it is to be utilized for additional loans.

Business Enterprise Grant (249) – The portion of fund balance derived from USDA Rural Development and to be used to provide business training to the tenants at the El Centro Business Incubator.

Home PI Administration (250) – The portion of fund balance derived from HOME program administration fees and to be used for administration of the HOME program.

Recreation Projects (261) – The portion of fund balance derived from grants and contributions to be used for recreational projects.

Library Assistance (262) - The portion of fund balance derived from donations and from the State of California Public Library Fund and to be used for library related

expenditures.

Special Events (266) - The portion of fund balance derived from contributions from the Redevelopment Agency, general fund and public to be used to finance special events sponsored by the City.

Buena Vista L&LD (272) – The portion of fund balance derived from the landscape and lighting district homeowner's assessment to be used for the lighting and maintenance of the Buena Vista subdivision.

Legacy Ranch CFD (273) – The portion of fund balance derived from the community facilities district homeowner assessments to be used for payment of the bonds related to the Legacy Ranch Community Facilities District.

Legacy Ranch L&LD (274) – The portion of fund balance derived from the landscape and lighting district homeowner's assessment to be used for the lighting and maintenance of the Legacy Ranch subdivision.

I.V. Commons CFD (275) – The portion of fund balance derived from the community facilities district assessment to be used for payment of the bonds related to the I.V. Commons CFD.

Tire Clean-up Grant (280) – The portion of fund balance derived from the State of California Environmental Protection Agency and to be used for the clean-up of tires that have been illegally dumped in our communities.

Household Hazardous Waste (281) – The portion of fund balance derived from the State of California Environmental Protection Agency and to be used to establish a permanent household hazardous waste collection facility and provide mobile collection events to service remote and underserved residents.

Used Oil Grant (285) – The portion of fund balance derived from the State of California Environmental Protection Agency and to be used for the establishment and maintenance of local used oil collection programs.

Integrated Waste Management (286) – the portion of fund balance derived from membership fees paid by the member cities and to be used to operate solid waste management and source reduction recycling.

Soft Drink Franchise (287) - The portion of fund balance derived from collection of fees by Coca Cola and to be used to supplement Parks and Recreation activities.

SIMPLOT (288) - The portion of fund balance derived from settlement of environmental litigation and to be used for parks and recreation activities.

Department of Conservation (289) – The portion of fund balance derived from California State Department of Conservation to be used to administer recycling activities through collection and public education.

FHWA Street Overlays (401) – The portion of fund balance derived from the FHWA received through the California Department of Transportation used on various street projects.

Colonia-El Dorado Street (407) – The portion of fund balance derived from the State Community Development grant program for street improvements in the El Dorado Colonia.

La Brucherie Green Belt (409) - The portion of fund balance derived from the County's clean air fund to be used for the construction of a non-motorized pathway along La Brucherie Road.

Prop. 1 B (410) – The portion of fund balance derived grant funds from the State of California to be used on various street projects

Fire Mitigation Fees (270) – The portion of fund balance derived from mitigation fees paid by new developments and to be used for Fire related activities.

Police Mitigation Fees (271) – The portion of fund balance derived from mitigation fees paid by new developments and to be used for police related activities.

Fund Balance – Restricted: The portion of fund balance that is in any non-general fund governmental fund that is restricted under the "Restricted Fund Balance: definition as prescribed by Governmental Accounting Standards Board Statement No. 54 and not otherwise defined in this category above.

**Committed Fund Balance:**

Capital Projects - The portion of fund balance that has been appropriated for specified capital projects and remains unspent.

I-8 Imperial Ave. Overpass (208) – The portion of fund balance derived from fees charged on new developments for overpass project to be used for I8 Imperial Avenue overpass.

Wake Ave Extension (209) - The portion of fund balance derived from mitigation fees to be used for the construction of Wake Ave.



Capital Construction (210) - The portion of fund balance derived from annexation fees to be used for public improvements.

Special Events (266) - The portion of fund balance derived from contributions from the Redevelopment Agency, general fund and public to be used to finance special events sponsored by the City.

Orange Ave Regional Lift Station (402) – The portion of fund balance derived from fees charged on new development and to be used for development of the lift station.

Drainage Facilities (403) – The portion of fund balance derived from fees charged on new development for drainage facilities.

Lotus Parallel (404) –The portion of fund balance derived from development fees and to be used for the future water and sewer trunk from water and wastewater plants to I-8.

IID Facility Crossing (405) – The portion of fund balance derived from developers for the installation of siphon pipes to allow for the Orange and Hamilton Avenue crossings

8<sup>th</sup> Street Overpass Bridge (406) – The portion of fund balance derived from developers for the lighting of the bridge

Bridge/Road Improvement (408) – The portion of fund balance derived from developers for the Improvements to Dogwood Bridge and various related roads.

Park Development (460) – The portion of fund balance derived from new development for the development and maintenance of parks.

RDA special revenues (267) - The portion of fund balance derived from property tax revenues and to be used for various projects

Project fund 2011 c bonds (268) - The portion of fund balance derived from bond proceeds to be used for various projects

Project fund 2011 a & b bonds (269) – The portion of fund balance derived bond proceed payments to be used for various projects.

Fund Balance – Committed: The portion of fund balance that is in any non-general fund governmental fund that is committed under the “Committed Fund Balance: definition as prescribed by Governmental Accounting Standards Board Statement No. 54 and not otherwise defined in this category above.

**Assigned Fund Balance:**

Donations: used to account for the portion of fund balance that is derived from unrestricted donations made to the City.

Fund Balance – Assigned: The portion of fund balance that is in any non-general fund governmental fund that is assigned under the “assigned Fund Balance: definition as prescribed by Governmental Accounting standards Board Statement No. 54 and not otherwise defined in this category above.

**Unassigned Fund Balances (General Fund Only):**

Prior Year Available Fund Balance: The portion of fund balance that is brought forward from the prior fiscal year and is available for appropriation to fund current fiscal year activities.

Contingency Reserve: The portion of fund balance that has been set aside as the City’s reserve for contingencies per the financial reserve policy.

Fund balance: Any portion of General Fund fund balance that does not fall under any of the fund balance definitions presented above.