



**RESOLUTION FOR UNDERSTANDING OF CERTAIN ACCOUNTING
PRACTICES AND FINANCIAL GOALS FOR
THE CITY OF REXBURG**

Resolution 2012– 02

WHEREAS, the City desires to establish a minimum fund balance guideline for the general fund to mitigate current and future risks (e.g., revenue shortfalls, unanticipated expenditures, and natural disasters or emergencies). Fund balance levels are affected by actual revenues and expenditures and will be used to achieve and maintain the City's minimum fund balance goals and to meet the next year's budget expenditure requirements. In the event there is excess fund balance in the general fund over the 25% minimum reserve, good management of public monies would suggest that the surplus be designated to future expenses to provide service levels that are currently deficient and to maintain or increase current service levels.

THEREFORE, as a general practice, the City will strive to maintain a total general fund committed fund balance equal to a minimum of 25%, or greater, of general fund budgeted expenditures for the last ended fiscal year.

WHEREAS, the City desires to establish an accounting policy to determine the spending priority of governmental fund balances.

THEREFORE, the City considers restricted amounts to have been spent first when an expenditure is incurred for purposes for which multiple classifications may be included in a fund balance. For example, restricted amounts are used first, followed by committed, assigned, and unassigned amounts in that order, for purposes of reporting fund balance.

WHEREAS, the City desires to establish an accounting policy to efficiently depreciate property, plant and equipment owned by the City that is valued above a certain threshold.

THEREFORE, the City wishes to set the depreciable property threshold at \$5,000, effective October 1, 2012, so that all property, plant and equipment, at or above that level, are depreciated over time instead of immediately expensed.

THEREFORE, the undersigned Mayor of City of Rexburg (City) hereby certifies that resolution 2012-02 is intended to provide understanding of certain accounting practices and financial goals as adopted by the City Council on **February 15th, 2012.**

IN WITNESS WHEREOF, this Amendment has been executed this 15th day of February, 2012.

SIGNED BY: Richard S. Woodland
Mayor

ATTEST: Blair D. Kay
City Clerk