



City of Long Beach

Summary of Fiscal Policy Updates & Reforms



As part of our effort to reform City government and stabilize our finances, the City administration is working towards establishing sound fiscal policies.

Below please find a brief description of the updated Investment Policy and newly created Fund Balance Policy:

The Fund Balance Policy

Purpose:

The fund balance policy is established to ensure the City has adequate savings in place for emergencies or unforeseen circumstances. Simply put, it shall be the policy of the City to establish and maintain an adequate and proper "rainy day fund."

What's included?

The City's fund balance policy recommends an unassigned fund balance (savings) of 5% of the normal prior years expenses made from its General, Water & Sewer funds. In years when the unassigned fund balance falls below 5%, the City will replenish by setting aside 25% of the difference between its current level of unassigned fund balance and the 5% recommended under the policy. The City recommends the unassigned fund balance shall be replenished over a four year period.

As current financial circumstances improve the City will seek to establish a number of key reserve accounts (i.e. separate accounts to meet any unexpected costs). Some of those accounts may include a Snow/Ice Removal & Repair account, Retirement Contribution account and Tax Stabilization account.

Updates:

Going forward, the city council shall review and approve policy revisions, if any, by formal City Council resolution.

The Investment Policy

Purpose:

The investment policy is the official roadmap for managing the City's financial resources. The policy ensures that tax payers' dollars and all monies available for deposit and investment by the City are handled with adequate controls, prudence and accountability.

What's included?

The City investment policy objectives are to comply with all legal requirements, preserve principal, provide sufficient liquidity, forecast upcoming payments and obtain a reasonable return on all investments.

Major elements of the investment policy include, identifying parties responsible for the investment program, permitted investments, a list of all authorized institutions approved for banking and investment purposes and safeguards for bank deposits.

Updates:

On an annual basis, the city council shall review and approve policy revisions, if any, by formal resolution. A copy of the resolution will be filed with the State. The current policy was recently updated in 2013; prior updates date back to 1989.