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RESOLUTION NO. 1266

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF EDMONDS, WASHINGTON, ADOPTING A FINANCIAL POLICY.

WHEREAS, the City of Edmonds is committed to the highest standards of responsible financial management, and

WHEREAS, the City, including the City Council, Mayor and staff, are committed to working together to ensure that all financial matters of the City are addressed with care, integrity and in the best interests of the City, now, therefore,

THE CITY COUNCIL OF THE CITY OF EDMONDS, WASHINGTON, HEREBY RESOLVES AS FOLLOWS:

Section 1. The rules and procedures contained in this section are designed to:

- A. Protect the assets of the City of Edmonds and provide a financial base sufficient to sustain municipal services to maintain the social well being and physical condition of the City;
- B. Ensure that the accounting system will maintain records on a basis consistent and in compliance with federal, state, local legal and reporting requirements;
- C. Ensure the maintenance of open and accurate financial records. These financial records maintained in the form established by the State Auditor will be labeled properly (unaudited and date). Reports will be submitted to the City Council by the Finance Director and will be labeled clearly such as: monthly and/or quarterly and fiscal year ending. Such summary financial reports are to be labeled to reflect the financial activity of major types of funds and those related to major funds.
- D. Ensure the public has financial information available on the City's website under the Finance area at a minimum after the

monthly finance meeting has transpired. The information to be provided is set forth in Chapter 3.04 ECC. Availability of and ensuring that the reports are available to the public in a timely manner will be a responsibility of the Mayor.

E. Provide a means for the City Council to update and monitor these policies with the assistance and cooperation of the Mayor's office and the Director of Finance and Information Services.

F. The form and content of City financial reporting documents and financial records is established by the State Auditor. These policies shall be interpreted to comply with the requirements established by the State Auditor, and in the event of conflict, the State Auditor's requirements shall control.

Section 2. Accounting Records and Reports.

1. Basis of Accounting Basis of accounting refers to the point at which revenues or expenditures are recognized in the accounts and reported in the financial statements. The government-wide financial statements, as well as the financial statements for proprietary and fiduciary funds are reported using the economic resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the when the cash is received.

Under the modified accrual basis of accounting, revenues are recognized as soon as they become both measurable and available, and expenditures are recorded in the period that the expenditure occurs and becomes a liability. In the case of Federal and State grants, the grant revenues are recorded and a receivable is established when eligible expenditures are incurred. In the event that a different accrual basis is utilized, a disclosure will be made as to the reasoning for this method of accounting.

The City's Comprehensive Annual Financial Report (CAFR) on its financial activity shall be presented in compliance with Generally Accepted Accounting Principles (GAAP) as defined by the Governmental Accounting Standards Board (GASB) and Washington State Auditor's Office.

2. Basis of Budgeting. The basis of budgeting differs from the basis of accounting only by the assumptions that are made in regards to the timing of the recognition of revenue and

expenditures. The budget assumes that all revenues and expenditures, as well as associated cash, will be expended or received during the biennium. Conversely, the basis of accounting only recognizes revenues when they become both measurable and available. Cash is not necessarily received or expended at the same time.

3. Audit. City financial records are audited annually by the State Auditor. The Auditor's annual report is a public document and shall be made available on the City's web site.

RESOLVED this ___ day of _____, 2010.

APPROVED:

MAYOR, GARY HAAKENSON

ATTEST/AUTHENTICATED:

CITY CLERK, SANDRA S. CHASE

FILED WITH THE CITY CLERK:
PASSED BY THE CITY COUNCIL:
RESOLUTION NO. _____