

RESOLUTION 2011-30

A RESOLUTION IMPLEMENTING GOVERNMENTAL ACCOUNTING STANDARDS BOARD (GASB) STATEMENT NUMBER 54 BY ADOPTING A FUND BALANCE POLICY, COMMITTING UNCLASSIFIED REVENUES FOR SPECIFIC PURPOSES, AND DELEGATING AUTHORITY FOR ASSIGNMENT OF ENDING FUND BALANCES.

WHEREAS, the Governmental Accounting Standards Board adopted Statement No. 54 (GASB 54) in 2009, a new standard for governmental fund balance reporting and governmental fund type definitions that became effective in governmental fiscal years starting after June 15, 2010, and

WHEREAS, The City of La Feria, Texas elects to implement GASB 54 requirements, and to apply such requirements to its financial statements beginning with the current fiscal year (October 1, 2010 - September 30, 2011), and

WHEREAS, prior to GASB 54, ending fund balances were specified as reserved, designated, or unreserved, and

WHEREAS, GASB 54 requires classification of the ending fund balances into five categories: nonspendable, restricted, committed, assigned and unassigned, and

WHEREAS, GASB 54 requires that a policy for use of financial resources be developed and adopted (See Exhibit A), and

WHEREAS, as resources are received, there might be the necessity for the City Manager and Finance Director, to assign unclassified revenues to a specific purpose when appropriate

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COMMISSION OF THE CITY OF LA FERIA, TEXAS as follows:

SECTION 1. The recitals set forth above are found to be true and correct, and they are hereby adopted by the City Commission and made a part of this resolution for all purposes

SECTION 2. Formally adopt the GASB 54 required fund balance policy as outlined in Exhibit A.

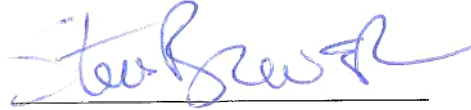
SECTION 3. Commit the ending fund balance of all governmental funds to be classified into the aforementioned five categories.

SECTION 4. Delegate authority to the City Manager and Finance Director to assign unclassified revenues for resources/fund balances as needed.

SECTION 1. Effective Date. This Resolution shall be in full force and effect from and after the date of its adoption and approval and shall remain in effect until amended or repealed by the City Commission.


ADOPTED this 9th day of August 2011.

APPROVED:




Steve Brewer, Mayor

ATTEST:



Olga Oberwetter, City Secretary

APPROVED AS TO FORM:



Richard S. Talbert, City Attorney

"Exhibit A"
City of La Feria, Texas
Fund Balance Policy

This policy establishes the procedures for reporting, within the annual financial statements, unrestricted fund balance (comprised of Committed, Assigned, and Unassigned categories) within the City's governmental funds: General Fund, Special Revenue Funds, Debt Service Fund, and Capital Projects Funds.

Definitions

Fund balance is the difference between the assets and liabilities reported in the City's governmental funds. There are generally limitations on the purpose for which all or a portion of the resources of a governmental fund may be used. The force behind these limitations can vary significantly, depending upon their source. Consequently, the fund balance reported in the annual financial statements is categorized into five components whereby each component identifies the extent to which the City is bound to honor constraints on the specific purposes for which amounts in the fund can be spent. The five components of fund balance are as follows:

- **Nonspendable:** Resources that are 1) not in spendable form, such as inventories, prepaids, long-term receivables, or non-financial' assets held for resale, or 2) required to be maintained intact such as an endowment.
- **Restricted:** Resources that are subject to externally enforceable legal restrictions; these restrictions would be either 1) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or 2) imposed by law through constitutional provisions or enabling legislation.
- **Committed:** Resources that are constrained to specific purposes by a formal action of the City Commission such as an ordinance or resolution. The constraint remains binding unless removed in the same formal manner by the City Commission. City Commission action to commit fund balance must occur within the fiscal reporting period while the amount committed may be determined subsequently.
- **Assigned:** Resources that are constrained by the City's intent to be used for specific purposes, but that are neither restricted nor committed.
- **Unassigned:** Within the General Fund, the residual resources, either positive or negative, in excess of what can be properly classified in one of the other four fund balance categories. Within all other governmental funds, the negative residual resources in excess of what can be properly classified as nonspendable, restricted, or committed.

Policy

1. When expenditures are incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) fund balances are available, the City's policy is to first apply restricted fund balance. When expenditures are incurred for purposes for which committed, assigned, or unassigned fund balances are available, the City's policy is to first apply committed fund balance, then assigned fund balance, and finally unassigned fund balance.
2. This policy delegates to the City Manager and Finance Director the authority to assign unrestricted fund balance amounts where the City's intent is for those amounts to be used for specific purposes. This delegation of authority is for the sole purpose of reporting these amounts in the annual financial statements.

This policy has been prepared in accordance with Governmental Accounting Standards Board (GASB) Statement No. 54. No other policy or procedure supersedes the authority and provisions of this policy.