



MEMORANDUM

TO: Bob Vitas, City Manager
FROM: Roger D. Wittenberg, Finance Director
DATE: May 21, 2013
SUBJECT: Fund Balance Policy Amendments

ACTION STATEMENT:

Purpose of this resolution is to request approval by the City Commission to update the City's current Fund Balance Policy so as to comply with the new Governmental Accounting Standards Board Statement 54.

BACKGROUND

The Governmental Accounting Standards Board (GASB) issued Statement 54 which addresses fund balance classifications and definitions in **Governmental Fund** types. The objective of the statement was to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied.

Statement 54 established classifications for fund balance based upon the relative strength of the constraints that control how specific amounts can be spent.

- Nonspendable – Balances associated with inventories and prepaid expense
- Restricted – Amounts restricted by providers (grants) or through legislation.
- Committed - Amounts restricted by formal action of City Commission
- Assigned – Amounts intended for a specific purpose determined by City Commission or City Manager
- Unassigned – All funds not classified above.

Because of the changes in fund balance definitions the City's previous Fund Balance policy as adopted by Resolution 10-278 needs to be updated to comply with the new terminology.

FINANCIAL IMPACT:

There is no financial impact to adopting these policy modifications.

RECOMMENDATION:

Approve the resolution as requested in order to meet the requirements of GASB Statement 54.