

AN ORDINANCE

ADOPTING A FUND BALANCE POLICY IN ACCORDANCE WITH THE GOVERNMENTAL ACCOUNTING STANDARDS BOARD (GASB) STATEMENT 54

WHEREAS, The Governmental Accounting Standards Board (GASB) released Statement 54, "Fund Balance Reporting and Governmental Fund Type Definitions," which is effective for the fiscal year ending September 30, 2011; and

WHEREAS, the new Statement is intended to improve the usefulness of the amount reported in fund balance by providing more structured classifications; and

WHEREAS, this Statement applies to fund balance reported in the General Fund and does not apply to Enterprise Funds, Internal Service Funds, and extremely restricted reserves; and

WHEREAS, currently fund balance is classified as "reserved" or "unreserved." Unreserved fund balance may be further allocated into designated and undesignated; and

WHEREAS, GASB Statement 54 will change how the fund balance is reported. The hierarchy of five possible GASB 54 classifications are as follows:

- **Non-Spendable Fund Balance** - includes amounts not in spendable form, such as inventory, or amounts required to be maintained intact legally or contractually. (e.g. inventory, prepaid items).
- **Restricted Fund Balance** - includes amounts constrained for a specific purpose by external parties (e.g. Debt Service Fund, Capital Projects Fund, State and Federal grant funds).
- **Committed Fund Balance** - includes amounts constrained for a specific purpose by a government using its highest level of decision making authority.
- **Assigned Fund Balance** - includes General Fund amounts constrained for a specific purpose by a governing body or by an official that has been delegated authority to assign amounts.
- **Unassigned Fund Balance** - is the residual classification for the General Fund.

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF LEON VALLEY, TEXAS:

1. That the Fund Balance Policy created in accordance with GASB Statement 54 and evidenced by the attached is formally adopted.

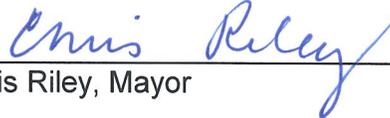
DULY PASSED BY THE CITY COUNCIL OF THE CITY OF LEON VALLEY, TEXAS, ON

THE 20TH OF SEPTEMBER 2011

ATTEST:


Janie Willman, City Secretary

APPROVED:


Chris Riley, Mayor

APPROVED AS TO FORM:


Mick McKamie, City Attorney
FRANK ONISZ,

