

**CITY OF LA VISTA
COUNCIL POLICY STATEMENT**

FUND BALANCE POLICY IN ACCORDANCE WITH GASB #54

Issued: September 20, 2011
Resolution No. 11-114

The purpose of this is to comply with the Governmental Accounting Standards Board (GASB) statement issued on March 11, 2009, *GASB #54 Fund Balance Reporting and Governmental Fund Type Definitions*. It will also provide a stable financial environment for the City of La Vista's operations that allows the City to provide quality services to its residents in a fiscally responsible manner designed to keep services and taxes as consistent as possible over time. This fund balance policy is meant to serve as the framework upon which consistent operations may be built and sustained.

The following are fund definitions from GASB #54 and the City of La Vista's policy:

Fund Balance

Fund Balance is the difference between assets and liabilities in governmental funds (i.e. general fund, special revenue funds, capital project funds, debt service funds).

Non-Spendable Fund Balance - Describes the amount of a fund balance that cannot be spent because it is either not in spendable form or there is a legal or contractual requirement for the funds to be remain intact. Typically, a significant portion of the City's resources can be spent only for specified purposes. The following categories define the revenue source and the level of force of the constraint on spending.

Policy - At the end of each fiscal year, the City will report the portion of the fund balance that is Non-Spendable.

Restricted Fund Balance

The restricted fund balance category includes the portion of the fund balance that reflects constraints on spending because of legal restrictions stipulated by outside parties, constitutional provisions, and enabling legislation including, any legal restrictions based on state statutes or grant requirements placed on the use for specific purposes.

Policy - At the end of each fiscal year, the City will report Restricted Fund Balance for amounts that have applicable legal restrictions. In addition, funds restricted by enabling legislation will be reported as restricted.

Committed Fund Balance

The committed fund balance classification includes the portion of the fund balance that reflects constraints that the City has imposed upon itself by a formal action of the City Council (for example, an ordinance or resolution passed by the City Council). This constraint must be imposed prior to year end but the amount can be determined at a later date.

Policy - Prior to the end of each fiscal year, the City will report Committed Fund Balance for long-term loan receivables such as advances to other funds and similar accounts.

Assigned Fund Balance

The assigned fund balance is the portion of the fund balance that reflects funds intended to be used by the City for specific purposes assigned by more informal operational programs (e.g. replacement schedules - the constraint on use is not imposed by external parties or by formal council action). In governmental funds other than the general fund (capital project funds, debt service funds); assigned fund balance represents the amount that is not restricted or limited. The authority to assign fund balance is delegated to the City Administrator or designee.

Policy - At the end of each fiscal year, the City will report Assigned Fund Balance for equipment replacement according to the City's Capital Request schedule.

Unassigned

This is the residual classification for the City's **General Fund** and includes all remaining amounts not contained in the other classifications and, therefore, not subject to any constraints. Unassigned amounts are available for any purpose. These are the current resources available for which there are no government self-imposed limitations or set budget. Although there is generally no set budget for the unassigned portion, there is a need to maintain a certain funding level. Unassigned fund balance is commonly used for emergency expenditures not previously considered. In addition, the resources classified as unassigned can be used to cover expenditures for revenues not yet received.

Policy - At the end of each fiscal year, the City will maintain Spendable – Unassigned portions of the fund balance for Cash Reserve in a range up to 25% of the General Fund operating expenditures. In addition to cash reserve needs this accommodates emergency contingency concerns.

In the event that amounts designated for Cash Reserve fall above or below the desired range, the City Administrator or designee shall report such amounts to the City Council as soon as practical after the end of the fiscal year. Should the actual amount designated for Cash Reserve fall below the desired range, the City shall create a plan to restore the appropriate levels. Should the actual amount designated for cash reserve rise above the desired range, any excess funds will remain unassigned pending the City Council's final decision.