

CITY OF SANDY OAKS, TEXAS

RESOLUTION NO. 2016-35

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SANDY OAKS, TEXAS APPROVING THE COMMITMENT OF FUND BALANCES IN ACCORDANCE WITH GASB STATEMENT 54 STANDARDS AND APPLICATIONS.

WHEREAS, the Government Accounting Standards Board (“GASB”) has adopted Statement 54 (“GASB Statement 54”), a new standard for government fund type which change the terminology used for fund balance reporting of governmental funds; and

WHEREAS, for financial statement reporting, GASB Statement 54 defines *restricted* amounts as those constrained to specific purposes by their providers through constitutional provisions or enabling legislation

WHEREAS, for financial reporting purposes, GASB Statement 54 defines *assigned* amounts as those the government intends to use for specific purposes; and

WHEREAS, when expenditures are incurred for which *restricted*, *committed*, *assigned*, or *unassigned* fund balances are available, the City of Sandy Oaks’ (“City”) policy is to first apply restricted fund balances; and

WHEREAS, 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 balances, then *assigned* fund balances, and finally *unassigned* fund balances.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF SANDY OAKS, TEXAS that the City of Sandy Oaks hereby approves the following Fund Balance Policy:

**CITY OF SANDY OAKS
FUND BALANCE POLICY**

- 1) Fund balance is the difference between the assets and liabilities reported in the City’s governmental funds. The City shall report governmental fund balances (per GASB Statement 54 definition) in the balance sheet as follows:

Nonspecified: Resources that cannot be spent because they are either not in a spendable form, such as inventories, prepaid items, or contractually required to be maintained intact, such as permanent funds.

Restricted: Resources having constraints that are either externally imposed by creditors, grantors, contributors, and laws or imposed by constitutional provisions or enabling legislation.

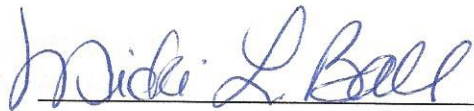
Committed: Resources that are formally designated for City Council through an ordinance or resolution. The constraints remain binding unless removed through the same formal manner by the City Council. Council action to commit fund balances prior to the end of the fiscal year, but the amount may be determined at a later date.

Assigned: Resources that are set for specific purposes by the City Council or by an official to which Council has formally delegated the authority to assign amounts. These resources are neither *restricted* nor *committed*.

Unassigned: Residual resources in the General Fund, in excess of what can be properly classified in one of the other four fund balance categories.

- 2) The City Council shall approve all commitments by formal action through an ordinance or a resolution. The action shall to commit funds must occur prior to fiscal year-end to report such commitments in the balance sheet of the respective period, even though the amount may be determined subsequent to fiscal year-end. A commitment can only be modified or removed by the same formal action.
- 3) When it is appropriate for fund balances to be assigned, the City Council delegates the responsibility to assign funds to the City Administrator. Assignments may occur subsequent to fiscal year-end.
- 4) The City Council will utilize funds in the following spending order:
 - a. Restricted
 - b. Committed
 - c. Assigned
 - d. Unassigned

APPROVED AND ADOPTED by the City Council of the City of Sandy Oaks at a regular meeting held on the 14th day of July, 2016.



Micki L. Ball, Mayor

ATTEST:



Charlotte Rabe, City Clerk