

Introduced by: Mayor Cleworth
Date: November 14, 2011

RESOLUTION NO. 4495

**A RESOLUTION ADOPTING GOVERNMENTAL ACCOUNTING
STANDARDS BOARD (GASB) STATEMENT 54 AND FUND
BALANCE POLICY**

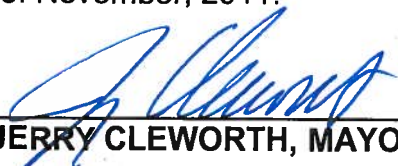
WHEREAS, the Governmental Accounting Standards Board (GASB) is the independent organization that establishes and improves standards of accounting and financial reporting for the U.S., state, and local governments and is recognized by governments, the accounting industry, and the capital markets as the official source of generally accepted accounting principles (GAAP); and

WHEREAS, the financial statements of the City of Fairbanks are required to comply with GASB 54 regarding fund balance classifications beginning with fiscal year 2011; and

WHEREAS, GASB 54 encourages a policy be adopted to provide guidelines relative to classifying fund balance and setting spending prioritizations with GASB 54;

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Fairbanks, Alaska, hereby adopts the Governmental Accounting Standards Board Statement 54 with the attached policy.

PASSED and APPROVED this 14th day of November, 2011.

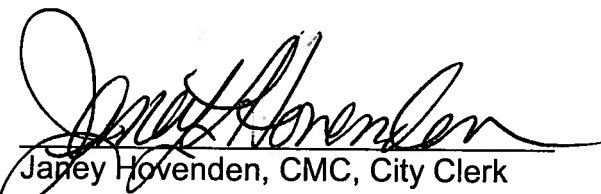


JERRY CLEWORTH, MAYOR


AYES: PASSED and APPROVED on the Consent Agenda
NAYS:
ABSENT:
APPROVED: November 14, 2011

ATTEST:

APPROVED AS TO FORM



Jarney Hovenden, CMC, City Clerk



Paul J. Ewers, City Attorney

City of Fairbanks
Policy and Procedures
Fund Balance Classification and Spending Prioritization Policy

Purpose: Provide guidelines relative to classifying fund balance and setting spending prioritization in accordance with GASB 54.

Policy:

- The City will utilize the following table to classify fund balance components based on what constraints are placed on how resources can be used and the identification of the source of those constraints.

Fund Balance Classification:

Fund Balance Classification	Policy Interpretation
Nonspendable	<ul style="list-style-type: none"> • Consumable Inventories • Prepaids • Property held for resale • Noncurrent loans and contracts receivable must be examined. These may be classified as nonspendable, restricted, committed or assigned based on the restrictions placed on the usage of the loan repayments.
Restricted	<ul style="list-style-type: none"> • Resources are restricted for use by the: <ul style="list-style-type: none"> ○ Alaska Constitution ○ Federal government ○ Debt covenants ○ External parties ○ Grantors • Contract commitments • A restricted fund balance can never be negative.
Committed	<ul style="list-style-type: none"> • Resources are restrained for use by: <ul style="list-style-type: none"> ○ City Council action • Commitments may <u>only</u> be changed or lifted by the council taking the same formal action that imposed the constraint originally. • Commitments are considered spent when the expenditure occurs. • Commitments of fund balance <u>must</u> be in place before the end of the fiscal year. A committed fund balance can never be negative.
Assigned	<ul style="list-style-type: none"> • Resources are restrained for use by: <ul style="list-style-type: none"> ○ Assignment ability is delegated by Council. • Amounts that are not restricted or committed and intended to be used for the purpose of the fund. • Assignments are considered spent when the expenditure occurs. • Assignments can occur anytime before issuance of financial statements. • An assigned fund balance can never be negative. Assignments can never cause the overall fund balance to be negative.
Unassigned	<ul style="list-style-type: none"> • A positive balance is only reportable in general fund. • May be negative (deficit) fund balance for other fund types.

- Unassigned general fund balance shall not be less than 20% of budgeted operational expenditures with a \$4,000,000 minimum level.
- Spending Prioritization: The City's policy is to spend restricted fund balance as external party restrictions have been satisfied. Commitments will be spent as soon as the conditions for the commitment are present and require satisfaction; assignments are spent when the circumstance creating the assignment are ready to be fulfilled. Unassigned fund balance may only be spent after the resources for the other fund balance classifications are not available.

Approved by City Council Approval of Resolution No. 4495 on November 14, 2011; certified copy attached.

ATTEST

for 

Janey Hovenden, CMC 11/14/2011
City Clerk