



**City of Coral Gables  
CITY COMMISSION MEETING  
January 24, 2012**

**ITEM TITLE:**

Resolution adopting a fund balance policy in compliance with Governmental Accounting Standards Board Statement No. 54; and providing an effective date.

**DEPARTMENT HEAD RECOMMENDATION:**

Approval.

**BRIEF HISTORY:**

In February 2009, the Government Accounting Standards Board (GASB) issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. The objective of GASB 54 is to enhance the usefulness of fund balance information by providing fund balance classifications that can be more consistently applied. It also clarifies the existing governmental fund type definitions to improve the comparability of governmental fund financial statements and help financial statement users to better understand the purposes for which governments have chosen to use particular funds for financial reporting.

The application of GASB 54 will result in changes in the current financial reporting model of the City's governmental funds. Under previous reporting standards, the City's governmental fund balances were reported under three categories: reserved, unreserved, and designated. The new reporting standard replaces these three fund balance categories with five new classifications, nonspendable, restricted, committed, assigned, and unassigned, and establishes a hierarchy based on the extent to which spending constraints restrict how a government can use the funds.

GASB 54 applies to only governmental funds (General Fund, Special Revenue Funds, Capital Project Funds and Debt Service Funds) and not to the proprietary and fiduciary funds such as the Parking System Fund or Pension Trust Fund.

Implementation of GASB 54 is effective for and as of the City's fiscal year ending September 30, 2011.

**LEGISLATIVE ACTION:**

Date:	Resolution/Ordinance No.	Comments

**FINANCIAL INFORMATION: (If Applicable)**

No.	Amount	Account No.	Source of Funds
1.			
<b>Total:</b>		<b>APPROVED BY:</b>	

**APPROVED BY:**

Department Director	City Attorney (If Applicable)	City Manager

**ATTACHMENT(S):**

1. Proposed Resolution