

RESOLUTION NO.

A RESOLUTION OF THE COUNCIL OF THE CITY OF SANTA BARBARA DEFINING THE NEW COMPONENTS OF FUND BALANCE IN ACCORDANCE WITH GOVERNMENTAL ACCOUNTING STANDARDS BOARD STATEMENT NO. 54

WHEREAS, the Governmental Accounting Standards Board (GASB) issued Statement No. 54 – Fund Balance Reporting and Governmental Fund Type Definitions, which changes the terminology used for fund balance reporting on balance sheets of Governmental Funds; and

WHEREAS, for financial statement reporting purposes, the GASB Statement 54 has created new categories of fund balance to bring greater transparency, clarity and consistency to fund balance reporting in the government sector.

NOW, THEREFORE, BE IT RESOLVED that that City Council of Santa Barbara hereby establishes the following definitions of fund balance in accordance with Governmental Accounting Standards Board Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions:

- a. Nonspendable Fund Balance – Amounts that cannot be spent because they are either: (a) not in a spendable form, such as prepaid items, inventories of supplies, or loans receivable; or (b) legally or contractually required to be maintained intact, such as the principal portion of an endowment.
- b. Restricted Fund Balance. Amounts that are constrained on the use of resources by either: (a) external creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.
- c. Committed Fund Balance. Amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the City Council of the City of Santa Barbara. The formal action that is required to be taken to establish, modify, or rescind a fund balance commitment is a resolution by the City Council of the City of Santa Barbara.
- d. Assigned Fund Balance. Amounts that are constrained by the government's intent to be used for specific purposes, but are neither Restricted nor Committed. The Finance Director is authorized to assign amounts to a specific purpose.
- e. Unassigned Fund Balance. Residual amounts that have not been restricted, committed or assigned to specific purposes.