

RESOLUTION NO. R_____

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF JOHNSON CITY, TEXAS REPEALING RESOLUTION NO. R22-093 AND IMPLEMENTING GASB STATEMENT 54 REQUIREMENTS; AUTHORIZING THE CHIEF ADMINISTRATIVE OFFICER TO TAKE ALL NECESSARY STEPS TO IMPLEMENT THE PROVISIONS OF THIS RESOLUTION; INCORPORATING RECITALS; PROVIDING FOR SEVERABILITY; AND ADOPTING AN EFFECTIVE DATE.

WHEREAS, the Governmental Accounting Standards Board (GASB) adopted Statement 54, a new standard for governmental fund balance reporting and governmental fund type definitions, in February 2009; and

WHEREAS, GASB Statement 54 became effective after June 15, 2010; and

WHEREAS, the City Council desires to implement GASB Statement 54 requirements and apply such requirements to municipal financial statements commencing on October 1, 2023 and continuing in subsequent fiscal years.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF JOHNSON CITY, TEXAS THAT:

Section One. Adoption of Fund Policy.

(a) Fund balance shall mean the gross difference between governmental fund assets and liabilities reflected on the balance sheet.

(b) The City of Johnson City shall report governmental fund balances per GASB Statement 54 definitions on the balance sheet in the following manner:

(1) Non-spendable

Non-spendable funds that cannot be expended because they are not in a spendable form, or they are legally required to be maintained (e.g. inventory, permanent endowment funds, et cetera).

(2) Restricted

Restricted funds that can only be expended in a certain manner or on certain goods or services because constraints are externally imposed on said funds by creditors, grantors, law, or constitutional provisions.

(3) Committed

Committed funds are formally designated by the City Council for a particular purpose, and only City Council can alter such designation of funds.

(4) Assigned

Assigned funds are similar to committed funds; however, the City Council has formally delegated authority to assign fund amounts to another official or entity.

(5) Unassigned

Unassigned funds constitute the residual amount of monies within the General Fund that do not qualify for any of the aforementioned fund classifications.

(c) The City Council shall approve, modify, or remove all fund commitments by formal resolution, and such fund commitments must take place prior to fiscal year end in order to ensure that fund commitments are established on the balance sheet of subsequent fiscal years. Actual dollar amounts associated with fund commitments may be determined after fiscal year end.

(d) It is the policy of the City Council to not delegate the authority to assign fund amounts to another official or entity.

(e) It is the policy of the City Council to utilize funds in the following spending order:

- (1) Restricted;
- (2) Committed; and
- (3) Unassigned.

(f) Unless otherwise budgeted by the City Council, restricted, committed, and unassigned funds may be expended by the Chief Administrative Officer for unbudgeted purposes.

(g) Committed, restricted, and unassigned funds shall be expended in accordance with the annual budget(s) approved by the City Council.

Section Two. Non-spendable Funds.

(a) The City Council designates the municipally-owned land, buildings, vehicles, equipment, and infrastructure as Non-spendable Funds and, accordingly, assigns the use of said Funds in accordance with local law or policy.

Section Three. Restricted Funds.

(a) The City Council designates the following as Restricted Funds and, accordingly, restricts the use of said Funds in accordance with Federal, State, and local law or policy:

- (1) General Fund Balances:
 - (i) Police Forfeiture (State)
Funds collected from the sale of seized assets as a result of Local and State agency activities.
 - (ii) Police Forfeiture (Federal)
Funds collected from the sale of seized assets as a result of Local and Federal agency activities.
 - (iii) Court Technology
Funds collected through specific citation fees, as allowed by the State.
 - (iv) Court Security
Funds collected through specific citation fees, as allowed by the State.
 - (v) Local Truancy Prevention and Diversion
Funds collected through specific citation fees, as allowed by the State.
 - (vi) Municipal Jury
Funds collected through specific citation fees, as allowed by the State.
 - (vii) Hotel Occupancy Tax
Funds collected through hotel occupancy taxes, as allowed by the State.
 - (viii) Parks and Recreation
Funds collected through facility rental fees, as authorized by City Council.
 - (ix) Opioid Abatement
Funds collected through opioid settlements, as allowed by the State.
- (2) Interest and Sinking Fund Balance
Funds collected from the portion of annual ad valorem tax revenue assigned to Interest and Sinking.

- (3) Water and Wastewater Utility Fund Balances:
 - (i) Impact Fees
Funds collected through water and wastewater fees upon utility service connection, as allowed by the State and authorized by City Council.
 - (ii) Vehicle Equipment Replacement Program
Funds collected through water and wastewater fees, as authorized by City Council.

Section Four. Committed Funds.

(a) The City Council designates the Capital Replacement Fund, Water and Wastewater Utility Fund, and Splash Pad Fund as Committed Funds and, accordingly, commits the use of said Funds in accordance with local law or policy:

- (i) Capital Replacement Fund Balance
Funds formally designated by City Council for capital replacement purposes.
- (ii) Water and Wastewater Utility Fund Balance
Funds formally designated by City Council for water and wastewater operation and improvement purposes.
- (iii) Splash Pad Fund Balance
Funds formally designated by City Council for splash pad improvements.

Section Five. Unassigned Funds.

(a) The City Council designates the following unbudgeted balance of the General Fund as Unassigned Funds and, accordingly, assigns the use of said Funds in accordance with local law or policy:

- (1) General Fund Balance
Funds from the collection of maintenance and operation portions of ad valorem tax, sales tax, franchise fees, Court fines and fees, and other municipal licenses, fees, and activities.

Section Six. Authorization. The City Council of the City of Johnson City authorizes the Chief Administrative Officer to take all necessary steps to implement the provisions of this Resolution.

Section Seven. Findings. The City Council finds all of the above recitals to be true and correct and incorporates the same in this Resolution as findings of fact.

Section Eight. Severability. If any section, subsection, sentence, clause, or phrase of this Resolution is for any reason held to be unconstitutional or illegal, such decision shall not affect the validity of the remaining sections of this Resolution. The City Council hereby declares that it would have passed this Resolution, and each section, subsection, clause, or phrase thereof, irrespective of the fact that any one or more sections, subsections, sentences, clauses, or phrases be declared void.

Section Nine. Effective Date. This Resolution shall be effective immediately upon the approval of the City Council.

PASSED, ADOPTED, AND APPROVED by the City Council of the City of Johnson City this the 19th day of September 2023.

APPROVED:

Stephanie Fisher
Mayor

ATTEST:

Whitney Walston
City Secretary