

Ordinance#392

An ordinance by the City Mayor and Council of the Town of Ashland City, Tennessee to establish a Fund Balance Policy.

The purpose of a fund balance is to give written guidelines, restrictions, and to comply with the current GASB 54 law.

General Fund:

It is the city's policy to first use "restricted" fund balance prior to the use of "unrestricted" fund balance when an expense is incurred for purposes for which both restricted and unrestricted funds are available. When there are committed and assigned components of "unrestricted" fund balance, it is the City's policy to use committed amounts first, followed by assigned amounts and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used. It is the Mayor and Council's intention to keep a balance of at least 50% of expenditures in the fund balance at all times unless an emergency situation transpires.

Other Governmental Funds:

In all other governmental funds, other than the General Fund, interest income, if any, will be utilized first followed by restricted, committed and assigned revenues when an expense is incurred for purposes for which both restricted and unrestricted funds are available. Transfers to other Funds are considered committed for these purposes.

Governmental Fund Balances Beginning year of Implementation:


In the initial GASB 54 implementation year, beginning fund balances for governmental funds, except for the General Fund, will be classified as restricted. Beginning fund balance in the General Fund will be classified as unassigned.

BE IT THEREFORE ORDAINED, that this policy shall take effect after its final passage, the public welfare requiring it.

1st reading 12-13-11

Public hearing 1-10-12

2nd reading 1-10-12


Rick Johnson, Mayor


Phyllis Schaeffer, City Recorder