

ORDINANCE NO. 2011- 20

**AN ORDINANCE ESTABLISHING THE COMMITMENT OF REVENUES FOR INDUSTRIAL DEVELOPMENT, RECRUITMENT AND TRAINING ACTIVITIES OF THE CITY OF MARYVILLE IN ACCORDANCE WITH REQUIREMENTS OF STATEMENT 54 OF THE GOVERNMENTAL ACCOUNTING STANDARDS BOARD.**

WHEREAS, the Governmental Accounting Standards Board (“GASB”) released Statement 54- “Fund Balance Reporting and Governmental Fund Type Definitions” to become effective for the fiscal year ending June 30, 2011; and

WHEREAS, GASB Statement 54 requires that at least 50% of revenues be committed, as defined by GASB Statement 54, by the highest level of legal authority in order for a governmental fund to qualify as a Special Revenue Fund for financial reporting purposes; and

WHEREAS, the City of Maryville (the “City”), as required by the state and federal governments to ensure fiscal and operational accountability of local governments, maintains authoritative accounting and financial reporting standards in accordance with Generally Accepted Accounting Principles (“GAAP”) as established by GASB; and

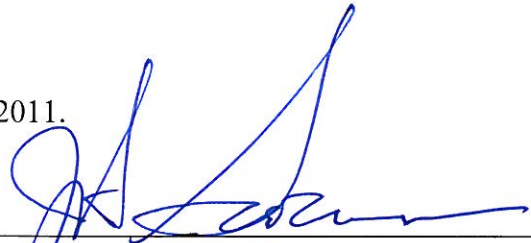
WHEREAS, it is the intention of the City to maintain the Industrial Development Fund as a Special Revenue Fund in accordance with GASB Statement 54.

NOW, THEREFORE, BE IT ORDAINED by the City Council of Maryville, Tennessee, as follows:

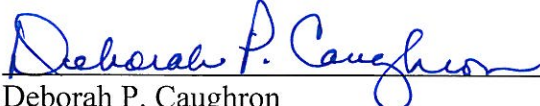
1. The Governing Body hereby commits revenues received from the rent of certain city properties for the industrial development, recruitment and training activities of the City.

2. That the provisions of this Ordinance take effect immediately upon passage, the public welfare requiring it.

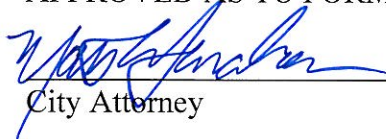
Adopted this the 23<sup>rd</sup> day of June, 2011.

  
~~Thomas W. Taylor~~ Joe A. Swann  
Acting Mayor

ATTEST:

  
Deborah P. Caughron  
City Recorder

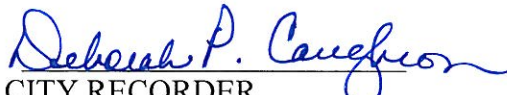
APPROVED AS TO FORM:

  
City Attorney

PASSED ON 1<sup>ST</sup> READING 6/7, 2011

  
CITY RECORDER

PASSED ON 2<sup>ND</sup> READING 6/23, 2011

  
CITY RECORDER



MEMORANDUM

Date: May 23, 2011

To: City Council Members

From: Kristine Tallent *Kristine*  
Director of Management and Budget

Re: Consideration of Ordinances Required by Statement 54 of the Governmental Accounting Standards Board (GASB)

---

Attached for your consideration herein are four ordinances required to comply with requirements of Statement 54 of the Governmental Accounting Standards Board (GASB). Statement 54, which requires the governing body to make certain decisions regarding the use of resources and classifications of ending fund balance in order for the annual audit to be in compliance with generally accepted accounting principles, is effective for the City's fiscal year ending June 30, 2011.

Statement 54 defines a Special Revenue Fund as a fund in which at least 50% of revenues are committed by the highest level of legal authority (City Council). Following a review of all revenue sources in city funds currently classified as Special Revenue Funds, staff recommends City Council consider adoption of ordinances to commit revenues of the three Special Revenue Funds listed below:

- Industrial Development Fund
- Continuing Care Program Fund
- Drug Fund

Adoption of these ordinances will allow for the three funds listed above to continue to be classified as Special Revenue Funds of the City for financial reporting purposes.

Statement 54 also requires adoption by the highest level of legal authority of a Fund Balance Policy. At minimum, the following areas must be addressed in the policy.

1. The policy must address a spending policy using new fund balance terminology defined in Statement 54. There may be different spending priorities for various funds depending upon fund classification and its purpose.
2. The policy must address the authority and actions necessary that lead to assign fund balance.

3. The policy must address how the beginning fund balance in the year of implementation is classified. For the City, the date of implementation is July 1, 2010.

Although adoption of these ordinances are necessary to ensure compliance with Statement 54 for purposes of the audit for fiscal year 2011, City Council, at some point in the future, may amend or repeal these ordinances as circumstances change. For example, a revenue source committed by ordinance for a certain Special Revenue Fund may be committed to another fund in a future year if the nature of a program changes. However, a significant change in the commitment of revenue sources for a Special Revenue Fund will require action by City Council.

Thank you for consideration of these ordinances. Please do not hesitate to contact me with any questions or concerns.

c: Greg McClain, City Manager