



# New Governmental Accounting Standards Board Statements

# GASB Statement No. 54

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## Fund Balance Reporting and Governmental Fund Type Definitions



# Summary

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- The objective of this Statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions.



# Is this Clearer?

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- Establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds.



# Fund Balance Reporting

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- Nonspendable
- Restricted
- Committed
- Assigned
- Unassigned



# Nonspendable Fund Balance

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- Includes amounts that cannot be spent because they are either,
  - (a) not in spendable form (inventory) or,
  - (b) legally or contractually required to be maintained intact (permanent fund corpus)



# Restricted Fund Balance

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- Constraints placed on the use of resources are either,
  - (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or
  - (b) imposed by law through constitutional provisions or enabling legislation



# Committed Fund Balance

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- Amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority.



# Assigned Fund Balance

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- Amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed, except for stabilization arrangements.
  - (a) remaining amounts (except negative) which are reported in governmental funds other than the general fund
  - (b) amounts in the general fund that are intended to be used for a specific purpose



# Unassigned Fund Balance

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- The residual classification for the general fund.
- In other governmental funds, if expenditures incurred for specific purposes exceeded the amounts restricted, committed or assigned to those purposes, it may be necessary to report a negative unassigned fund balance.



# Disclosures

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- Governments should disclose the following about their fund balance classification policies and procedures in the notes to the financial statements:
  - a. For *committed* fund balance: (1) the government's highest level of decision-making authority and (2) the formal action that is required to be taken to establish (and modify or rescind) a fund balance commitment



# Disclosures (continued)

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- b. For *assigned* fund balance: (1) the body or official authorized to assign amounts to a specific purpose and (2) the policy established by the governing body pursuant to which that authorization is given



# Disclosures (continued)

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- c. For the classification of fund balances in accordance with paragraph 18: (1) whether the government considers restricted or unrestricted amounts to have been spent when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available and (2) whether committed, assigned, or unassigned amounts are considered to have been spent when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.



# Reporting Encumbrances

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For governments that use encumbrance accounting, significant encumbrances should be disclosed in the notes to the financial statements by major funds and nonmajor funds in the aggregate in conjunction with required disclosures about other significant commitments.



# Fund Balance Detail

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Detail information for the various categories of fund balances may be displayed in sufficient detail so that the major components are evident to the financial statement user, or each classification may be displayed in the aggregate with detail provided in the footnote.



	General Fund	Major Special Revenue Funds		Major Debt Service Fund	Major Capital Projects Fund	Other Funds	Total
		Highway Fund	School Aid Fund				
<b>Fund balances:</b>							
<b>Nonspendable:</b>							
Inventory	\$ 125,000	\$ 108,000	\$ 16,000	—	—	—	\$ 249,000
Permanent fund principal	—	—	—	—	—	\$ 164,000	164,000
<b>Restricted for:</b>							
Social services	240,000	—	—	—	—	—	240,000
Parks and recreation	80,000	—	—	—	—	—	80,000
Education	55,000	—	—	—	—	—	55,000
Highways	—	—	—	—	\$ 444,000	—	444,000
Road surface repairs	—	24,000	—	—	—	—	24,000
Debt service reserve	—	—	—	\$206,000	—	—	206,000
School construction	—	—	—	—	301,000	—	301,000
Law enforcement	—	—	—	—	—	214,000	214,000
Other capital projects	—	—	—	—	51,000	—	51,000
Other purposes	30,000	—	—	—	—	—	30,000
<b>Committed to:</b>							
Zoning board	16,000	—	—	—	—	—	16,000
Economic stabilization	210,000	—	—	—	—	—	210,000
Homeland security	110,000	—	—	—	—	—	110,000
Education	50,000	—	103,000	—	—	—	153,000
Health and welfare	75,000	—	—	—	—	—	75,000
<b>Assigned to:</b>							
Parks and recreation	50,000	—	—	—	—	—	50,000
Library acquisitions	50,000	—	—	—	—	—	50,000
Highway resurfacing	—	258,000	—	—	—	—	258,000
Debt service	—	—	—	306,000	—	—	306,000
Public pool	—	—	—	—	121,000	—	121,000
City Hall renovation	—	—	—	—	60,000	—	60,000
Other capital projects	50,000	—	—	—	471,000	—	521,000
Other purposes	80,000	—	73,000	—	—	176,000	329,000
<b>Unassigned:</b>	525,000	—	—	—	—	—	525,000
Total fund balances	<u>\$1,746,000</u>	<u>\$ 390,000</u>	<u>\$ 192,000</u>	<u>\$ 512,000</u>	<u>\$ 1,448,000</u>	<u>\$ 554,000</u>	<u>\$4,842,000</u>

This level of detail is not required for display on the face of the balance sheet. Fund balance categories and classifications may be presented in detail or in the aggregate if sufficient detail is provided in the notes to the financial statements.



		Major		Major	Major		
		Special Revenue Funds		Debt	Capital		
	General	Highway	School Aid	Service	Projects	Other	
	Fund	Fund	Fund	Fund	Fund	Funds	Total
<b>Fund balances:</b>							
<b>Nonspendable</b>	\$ 125,000	\$ 108,000	\$ 16,000	—	—	\$ 164,000	\$ 413,000
<b>Restricted</b>	405,000	24,000	—	\$ 206,000	\$ 796,000	214,000	1,645,000
<b>Committed</b>	461,000	—	103,000	—	—	—	564,000
<b>Assigned</b>	230,000	258,000	73,000	306,000	652,000	176,000	1,695,000
<b>Unassigned</b>	525,000	—	—	—	—	—	525,000
<b>Total fund balances</b>	<b>\$ 1,746,000</b>	<b>\$ 390,000</b>	<b>\$ 192,000</b>	<b>\$ 512,000</b>	<b>\$ 1,448,000</b>	<b>\$ 554,000</b>	<b>\$4,842,000</b>



# Questions?

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