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GASB Statement No. 54

Fund Balance Reporting and Governmental Fund Type Definitions

#22

Government Accounting Standards Board (GASB)

- GASB was organized in 1984 and establishes standards of financial accounting and reporting for state and local government entities. GASB pronouncements are recognized as generally accepted and authoritative.

GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions

- GASB 54 was issued in February 2009 and is effective for the fiscal year ending June 30, 2011.

Background and Summary:

- **GASB 54 does not change the total amount reported as fund balance**
  - Shifts focus from reporting fund balance available for appropriation (budgeting)

To

  - Reporting constraints on the government's resources to which the government is bound.

Current Classifications of Fund Balance :

County of Solano
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GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions

○ Two categories

- Reserved
- Unreserved
  - ☐ Designated
  - ☐ Undesignated

Current Classifications of Fund Balance (Cont'd) :

- **Reserved**
  - Long-term assets
  - Debt Service
  - Encumbrances
  - Imprest cash
- **Unreserved**
  - Designated, reported in
    - General fund
    - Special revenue funds
  - Undesignated, reported in
    - General fund
    - Special revenue funds
    - Capital project funds
    - Debt services funds

Fund Balance – Under GASB 54:

- **Five Categories**
  - Nonspendable
  - Restricted
  - Committed
  - Assigned
  - Unassigned

Fund Balance – Under GASB 54:

- **Nonspendable**
  - Generally means not expected to be converted to cash.
  - Not in spendable form
    - Inventories
    - Prepaid items
    - Long-term loans and notes receivable
    - Funds legally or contractually required to be maintained intact.

County of Solano
Auditor-Controller's Office
GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions

Fund Balance – Under GASB 54:

- **Restricted**
  - Externally enforceable limitations on use
    - Externally imposed by creditors, grantors, contributors, or laws or regulations of other governments;
    - Imposed by law through constitutional provisions of enabling legislation.

or

County of Solano
Auditor-Controller's Office
GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions

Fund Balance – Under GASB 54:

- **Committed**
  - Resources that can only be used for specific purposes:
    - Limitation imposed by Board
    - Constraint is removed or changed only by Board
    - Action should be taken by fiscal year-end

Fund Balance – Under GASB 54:

- Assigned
  - Established by the Board of Supervisors or by a body or official delegated by the Board.
  - Less formal than for Committed
  - Action may be taken before issuance of financial statements
  - Never in excess of total fund balances less other components

County of Solano
Auditor-Controller's Office
GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions

Under GASB 54:

Fund Balance – Under GASB 54:

- **Unassigned**
  - Residual net resources
  - Total fund balance in the **general fund** in excess of nonspendable, restricted, committed and assigned fund balance (i.e. surplus)
  - Deficit fund balance in funds other than general fund (not a normal occurrence).

Fund Balance – Under GASB 54:

Fund Balance – Under GASB 54:

OLD	NEW
Reserved	
Long-term assets (loans, inventories, prepaid)	Nonspendable
Health programs	Restricted
Debt Service	Restricted
Encumbrances	Restricted, Committed or Assigned
Imprest cash	Nonspendable
Unreserved	
Designated, reported in	
General fund	Committed or Unassigned
Special revenue funds	Restricted or Committed
Undesignated, reported in	
General fund	Assigned or Unassigned
Special revenue funds	Restricted Committed, Assigned or Unassigned (negative fund balance)
Capital project funds	Restricted, Committed or Assigned
Debt services funds	Unassigned (negative fund balance)

County of Solano
Auditor-Controller's Office
GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions

GASB 54 recommends governments adopt a fund balance policy

formally adopt a fund balance policy and actions which include resources are to be expended from fund balance.

- The order in which resources are to be expended from fund balance.
- Description of the authority and that lead to commitment and assignment of fund balance.

County of Solano
Auditor-Controller's Office
GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions

Questions?