

GASB 54

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GASB 54 Components

- Restructured Fund Balance categories
- Required disclosure of Accounting Policies
- Provided guidance regarding Stabilization Arrangements
- Clarified definitions of Governmental Fund Types
- Effective for fiscal years ending June 30, 2011

Fund Balance Classifications

- Nonspendable
- Restricted
- Committed
- Assigned
- Unassigned

Nonspendable

- Amounts not in spendable form
- Examples - inventory, prepaid expenses, long-term receivables

Restricted

- Subject to **external** enforceable legal restrictions
- Imposed by creditors, grantors, or other governments
- Imposed by law through constitutional provisions or enabling legislation
- Examples – Bond Covenants; Grants; Property taxes, gas taxes, and sales taxes collected in Special Revenue Funds

Committed

- Government limitations/action (**internal**)
- Highest level of decision making (**BOS**)
- Binding unless removed in the same manner (Formal action/Resolution)
- Action taken no later than the close of the fiscal year
- Examples – amounts committed to capital projects or incentives per Board Resolution

Assigned

- Amounts constrained by the City's intent to be used for specific purposes, but neither restricted nor committed
- Established by the "intent" of governing body, committee or official with delegated authority
- Giving authority to City Manager or Finance Director
- Example – Appropriation of existing fund balance to eliminate a projected budgetary deficit in next year's budget (\$2,646,864 will be assigned at the end of June 30, 2011 for this purpose).
- Never used for Stabilization Amounts

Unassigned

- Residual amount – what is “leftover”
- Can not be negative in the General Fund, but can be in Special Revenue Funds

GASB 54 Classifications Exercise

County has a capital project fund that has \$50 million in fund balance.

The \$50 million is comprised of the following:

- \$35 million from bond proceeds for capital projects
- \$10 million from tax increases voters passed to be used for capital projects
- \$5 million of transfers from other fund

GASB 54 Classifications Exercise (cont.)

How should the \$50 million fund balance be classified?

- \$35 million from bond proceeds for capital projects – **Restricted**
- \$10 million from tax increases voters passed to be used for capital projects – **Restricted**
- \$5 million of transfers from other fund – **Assigned or Committed if BOS passes Resolution to commit the funds**



Spending Order of Fund Balances

- When both restricted and unrestricted funds are available for expenditure, it is the City's policy to expend restricted resources first, then unrestricted resources
- It is the City's policy to expend committed resources first, followed by assigned resources, then unassigned resources when all are available for expenditure.

Stabilization Arrangements

- Set by circumstances, not purpose; therefore they must meet classification criteria to be Restricted or Committed – otherwise they are unassigned.
- Note Disclosure includes:
 - Authority establishing the Arrangement
 - Requirements for additions
 - Conditions for expenditure
 - Current Balance if not readily apparent

Stabilization Circumstances

- Formal Action can identify Specific Circumstances
- Circumstances would not be expected to occur routinely (“in an emergency” is cited as non-qualifying)
- “Anticipated revenue shortfall” would not qualify unless quantified and of a magnitude to not be in the ordinary course of operations

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- Questions??