

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

Financial Management Advisory Committee
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Office of Financial Management
Statewide Accounting
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1

GASB Statement No. 54

- Effective for periods beginning after June 15, 2010.
- Focus is on governmental funds.
- *Has no impact on proprietary funds or fiduciary funds.*
- Requires several new note disclosures.

2

GASB 54 applies only to governmental fund types

- General Fund
- Special Revenue Funds
- Debt Service Funds
- Capital Project Funds
- Permanent Funds

3

Governmental fund type definitions

- Special revenue funds
 - GASB 54 definition
 - Used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.
 - The term "proceeds for specific revenue sources" establishes that one or more restricted or committed revenues should be the foundation for a special revenue fund.*

4

Governmental fund type definitions

- Special revenue funds must have a specific restricted or committed revenue source which comprises a *substantial portion* of fund's resources on an ongoing basis.

5

Fund balance under GASB 54

Under GASB 54, fund balance will be reported in classifications that:

- Comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.



6

New fund balance reporting for Governmental Funds

- Five categories
 - Nonspendable
 - Restricted
 - Committed
 - Assigned
 - Unassigned



7

Committed fund balance

- Amounts whose use is constrained by limitations that the government imposes on itself
 - Imposed at the government's highest level of decision making (legislation).
- Binding unless removed in the same manner
- Action taken no later than the close of the reporting period

8

Nonspendable fund balance

- Generally means cannot be spent because of its form.
- Funds legally or contractually required to be maintained intact.

9

Restricted fund balance

- Amounts subject to externally enforceable legal restrictions:
 - Externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments
 - Imposed by law through constitutional provisions or enabling legislation

10

Assigned fund balance

- Intended use of resources
 - Established by the governing body itself, or
 - Established by a body or an official delegated by the governing body.
- Never in excess of total fund balance less its nonspendable, restricted and committed components.

11

Unassigned fund balance

- Reported only in the General Fund, except in cases of negative fund balance
 - Negative fund balances in other funds are reported as unassigned.
 - Positive balance possible only in the General Fund.
- Excess of total fund balance over nonspendable + restricted + committed + assigned components.
- Available for any purpose.

12

New reporting requirements



- Detailed presentation
- Encumbrances
- Note disclosures
 - Purpose and source of major revenue funds
 - Encumbrances
 - Authority of committed and assigned fund balance
 - Spending prioritization
 - Stabilization arrangements

13

GASB 54 implementation in Washington state



- Participated in national workgroup
- Attended training sessions – high level overview
- Trying to implement centrally, instead of passing responsibility to agencies

14

GASB 54 implementation in Washington state



- Reviewed of all 531 governmental accounts to meet new definitions.
 - Determination of substantial restricted or committed revenue source for special revenue accounts
 - Not transfers or other financing sources
 - Analyzed expenditures of debt service and capital project accounts
- Resulted in
 - Two new rollup funds
 - Administrative accounts in the general fund
 - Other accounts in the general fund
 - Rollup fund assignments changed for 139 accounts

15

GASB 54 implementation in Washington state



- Identified fund balance classification on all 531 governmental accounts.
 - Assigned a fund balance category to each account based on:
 - restrictions and/or limitations
 - substantial revenues flowing through the account

16

GASB 54 implementation in Washington state



- Identified fund balance classification on all 531 governmental accounts.
 - General ledger (GL) codes assigned to each accounts based on the purpose of the account.
 - This is the GL code that the account will close to at the biennial close.
 - One fund balance GL code 9590, replaced with 21 variables identified by purpose.

17

GASB 54 implementation in Washington state – OFM SWA tasks

1. New AFRS transaction codes for new GL codes.
2. OFM will make beginning balance adjustments from old to new GL codes.
3. Accounting exception reports in ER are being updated to reflect the new GL codes.



18

GASB 54 implementation in Washington state – Agency tasks

1. Agencies will need to move any activity for FY11 from the old to new GL codes.
2. Before Phase 2 close, agencies will need to reclassify fund balance between restricted/committed/assigned as necessary.
3. Review the Accounting exception reports in ER for variances.



Need more information?

- OFM Accounting Resources website:
<http://www.ofm.wa.gov/resources/gasb54.asp>
- For further information visit the GASB website:
<http://www.gasb.org>
- Contact your assigned accounting consultant or
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20
