



GASB 54 Fund Balance Classifications

**Presented to the Croton-Harmon Board of
Education on May 8, 2014**

GASB-Governmental Accounting Standards Board

- Vision – Greater accountability and well-informed decision-making through excellence in public sector financial reporting
- Mission – To establish and improve standards of state and local governmental accounting and financial reporting that will:
 - Result in useful information for users of financial reports
 - Guide and educate the public, including issuers, auditors and users of those financial reports

Introduction

- What has changed with issuance of GASB 54? – nomenclature
 - New nomenclature expand classifications of fund balance
- Budgeting is year round
 - Ensuring that aid is maximized
 - Preparing for audits and ST-3 Form
 - Planning for expenditures and revenue
 - Ensuring that projects that we want to do, but won't do unless we have funds, are “shovel ready”
 - Helps to maximize planning for O&M

Fund Balance Components

- **Prior to 2010**
 - **Assigned Fund Balance**
 - Reserves
 - Money appropriated to lower the tax levy
 - **Unassigned Fund Balance**
 - 4% Unappropriated, Unreserved fund balance

Fund Balance Components

- **Currently:**
 - **Non-spendable Fund Balance**
 - School lunch inventory
 - Long-term receivable not expected to be converted to cash in the near future
 - **Restricted Fund Balance**
 - Reserves
 - **Committed Fund Balance**
 - Needs Board of Education Resolution to establish
 - **Assigned Fund Balance**
 - Rollover Encumbrances
 - Funds used to reduce tax levy
 - **Unassigned Fund Balance**
 - 4% Fund Balance

How does the district determine the balance in each component?

- **Restricted Fund Balance— Reserves**
 - *Legal Liability Reserve* – determined by legal counsel as to the outstanding litigation and possible legal fees and settlements
 - *Employee Benefit Accrued Liability Reserve* – determined by calculating all accrued leave time which would be payable at retirement
 - *Tax Certiorari Reserve* – calculated based on the assessment reductions received by the district
 - *Retirement Contribution Reserve* – based on amount payable for ERS pension contribution

How does the district determine the balance in each component? (cont.)

- *Unemployment Insurance Reserve* - based on unemployment insurance claims
- *Capital Reserve* – depends on:
 - The commitment of district
 - 5 Year Building Condition Survey
 - Building Aid
 - Budgetary factors

Assigned Fund Balance

- Each year, the Board of Education determines the amount of fund balance which will be used to reduce the tax levy
- Rollover encumbrances occur when contracts have been signed, work has begun, goods have been purchased, but the district has not yet paid for anything so we need to “roll forward” the funds to be able to pay the bills.

Committed Fund Balance

- Committed funds need to be estimated for reserves prior to the end of the fiscal year, though the exact amount can be stipulated after the year end.
 - Each year, in June, the Board of Education passes resolutions “committing” funds to the various reserves
 - Resolutions state “not to exceed” because exact amounts are not known until after the independent audit.

Unassigned Fund Balance

- Legal limit in New York State is 4% for school districts regardless of the school budget. Other governments are not restrained by this provision. Limit had been 2% until 2006-2007 when it went to 3% for 2007-2008 and then to 4% for 2008-2009 to present.



Questions