# Dave Yost · Auditor of State

Bulletin 2011-004

**Auditor of State Bulletin**

**Date Issued:** **September 29, 2011**

**TO:** **All Fiscal Officers**

**FROM:** **Dave Yost, Ohio Auditor of State**

**SUBJECT:** **Governmental Accounting Standards Board Statement No. 54 – Fund Balance Reporting and Governmental Fund Type Definitions**

The Governmental Accounting Standards Board (GASB) Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, introduces five fund balance classifications and clarifies the existing governmental fund type definitions. The fund balance classifications relate to constraints placed upon the use of resources reported in governmental funds. The five classifications are nonspendable, restricted, committed, assigned and unassigned. This bulletin references specific paragraphs from GASB 54.

The GASB included supplementary information related to GASB 54 in their 2010 - 2011 Comprehensive Implementation Guide. The Implementation Guide is organized in a question and answer format. This bulletin references specific questions from the Implementation Guide.

The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2010. Fund reclassifications made to conform to the provisions of this Statement should be applied retroactively by restating fund balance for all prior periods presented. The change in fund balance presentation to the five classifications of fund balance in GASB 54 is not a restatement.

## Fund Balance Classifications

Following are the definitions of the five fund balance classifications (these definitions are taken directly from GASB 54):

> Nonspendable Fund Balance The nonspendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash, for example, inventories and prepaid amounts. (GASB 54 ¶6)

Restricted Fund Balance The restricted classification is used when constraints placed on the use of resources are either (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments (i.e., State Statutes); or (b) imposed by law through constitutional provisions (City Charter) or enabling legislation. (GASB 54 ¶8)

Committed Fund Balance The committed fund balance classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority. (GASB 54 ¶10)

Assigned Fund Balance Assigned fund balance includes amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed (GASB 54 ¶13).

Unassigned Fund Balance Unassigned fund balance is the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund (GASB 54 ¶17).

Nonspendable Fund Balance

The nonspendable definition addresses two components of nonspendable fund balance – (a) not in spendable form or (b) legally or contractually required to be maintained intact. Items are considered "not in spendable form" if they are not expected to be converted to cash; examples include inventories and prepaid amounts. Long-term loans and notes receivable, as well as property acquired for resale are also considered "not in spendable form." However, if once the receivables are collected or the assets are sold the proceeds are restricted, committed, or assigned, then those amounts should be included in the appropriate fund balance classification (restricted, committed, or assigned) rather than nonspendable fund balance. The principal reported in a permanent fund is an example of an amount that is legally or contractually required to be maintained intact. (GASB 54 ¶6)

Restricted Fund Balance

The restricted fund balance definition addresses enabling legislation. GASB 54 defines enabling legislation as follows:

> Enabling legislation authorizes the government to assess, levy, charge, or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stated in the legislation. Legal enforceability means that a government can be compelled by an external party-such as citizens, public interest groups, or the judiciary-to use resources created by enabling legislation only for the purposes specified by the legislation. (GASB 54 ¶9)

In Ohio, municipalities have the ability to enact enabling legislation (i.e., impact fees) while most other local governments (counties, townships, school districts etc.) operate solely within State statute. If legislation is passed to generate revenues for a local government under the authority of State statute, it is not enabling legislation.

Restricted fund balance constraints are externally imposed, typically by way of grant agreements, State statute, and debt covenants. Federal and State grant agreements generally include language placing constraints on the resources, thus restricting the fund balance. Constraints placed on

resources collected under the authority of State statute are identified in the respective section of the Ohio Revised Code. Debt agreements typically stipulate how the debt proceeds may be spent and what resources are to be used for repayment. These constraints are sufficient to restrict fund balance. The charts on the attached pages will assist in identifying when fund balance is restricted.

Local match requirements are bound by the constraints in the grant agreement; thus, if the grant is restricted the local match will be also. (Z.54.8) The grant agreement or State statute will specify constraints placed on interest earned on restricted resources. If the interest can be used only for the same purposes as the restricted resources, as indicated in the grant agreement or State statute, the interest will also be restricted, otherwise the interest is assigned. (Z.54.9)

ORC Section 5705.10 (H), states: "Money paid into any fund shall be used only for the purposes for which such fund is established." Therefore, all fund inflows, once recorded in a fund, are to be used for the same purpose as the specific revenue source serving as the foundation of that fund, and fund balance may be limited to one classification, the same as the foundation revenue. Thus, once the foundation revenue of a special revenue fund has been indentified and classified as restricted (or committed), other inflows into the same fund are also restricted (or committed). If the foundation revenue ceases to be collected, the same constraints continue to exist. See the special revenue fund definition section of this bulletin.

Committed Fund Balance

Committed fund balance amounts are internally imposed by the governing body. Once an amount is committed, it cannot be used for any other purpose unless the government, by taking the same type of action (resolution or ordinance), removes or changes the constraint. The difference between restricted and committed fund balance is committed fund balance constraints are imposed by the local government, separate from the authorization to raise the underlying revenue, and compliance with constraints imposed by the local government is not considered to be legally enforceable. (GASB 54 ¶11) Restricted fund balance constraints are externally imposed or are enacted through enabling legislation and are legally enforceable.

Committed fund balance should also incorporate contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements. The type of contractual obligations that would meet the committed criteria would be a contract awarded by resolution or through the bid process authorized by resolution of the governing board. Typically, this issue will be limited to the general fund because of its residual (unassigned) fund balance classification.

While an Ohio local government may impose constraints on certain resources and change those constraints prospectively by taking the same action that originally imposed the constraints, redirecting the existing resources (the cash balance of the fund) requires compliance with State statutes for the transfers of money, specifically ORC Sections 5705.14 - 16.

Certain "Charges for Services" and "Fees" have no external constraints; instead the constraints are internally generated by the government's highest level of decision-making authority. To commit the resource, the language in the ordinance/resolution creating the constraint should identify both the revenue source and the constraint. Examples include: charges for services related to swimming pools, parking lots, recreation centers, garbage collections, and transit services. See discussion of "Charges for Services" later in this bulletin.

Assigned Fund Balance

In governmental funds other than the general fund, assigned fund balance is the default classification which represents the remaining amount that is not restricted or committed. The assigned fund balance definition addresses the government's intent. Intent should be expressed by (a) the governing body itself or (b) a body (a budget or finance committee, for example) or official to which the governing body has delegated the authority to assign amounts to be used for specific purposes. (GASB 54 ¶13)

The governing body's intent may be expressed by a motion, but not by formal action such as a resolution or ordinance. In other words, a formal legislative process is not needed to add, remove, or modify assigned amounts. In a School District, a board policy indicating intended use of certain fees or charges for services would be considered an assignment. Constraints imposed on the use of assigned amounts are more easily removed or modified than those imposed on amounts that are classified as committed. Some governments may not have both committed and assigned fund balances, as not all governments have multiple levels of decision-making authority. (GASB 54 ¶14)

When the appropriation measure is adopted for the subsequent year, if a portion of existing fund balance is included as a budgetary resource, then that portion of fund balance should be classified as assigned. (GASB 54 ¶16 and Z.54.13) Stated differently, if appropriations (temporary or annual) exceed estimated receipts (not resources), the excess is to be assigned as it uses existing fund balance at year-end. This would be applicable to the general fund as it is the only fund with a positive unassigned fund balance.

Unassigned Fund Balance

Unassigned fund balance is the residual classification for the general fund. In governmental funds other than the general fund, the unassigned classification should be used only to report a deficit balance resulting from expenditures exceeding amounts that have been restricted, committed, or assigned. If a deficit exists, there should be no amounts reported in any other fund balance classifications.

Encumbrances

Accounting for encumbrances will continue; however, reserved for encumbrances will no longer appear on the financial statements. Encumbered amounts will be included in the restricted, committed, and assigned fund balance classifications. (Z.54.27) Issuing a purchase order assigns the amount of the purchase order to a specific purpose; thus, the outstanding encumbrance amount is included in assigned fund balance, unless the purchase order relates to restricted or committed resources. (Z.54.28) If resources have already been restricted or committed for encumbrances, the encumbered amounts will be included with restricted or committed resources. Encumbrances cannot further restrict or commit resources.

Stabilization Arrangements

Some governments set aside money in a rainy-day fund, specifying when and how the dollars can be spent. The criteria for the use of the resources should be specific, and the resources should not be expected to be spent routinely. "In an emergency" or to offset "anticipated revenue shortfall" are not specific enough to meet the criteria for restricted or committed. Stabilization amounts should be reported in the general fund as restricted or committed if they meet the criteria for restricted or committed, based on the source of the constraint on their use. Stabilization arrangements that do not meet the criteria to be reported within the restricted or committed fund balance classifications should be reported as unassigned in the general fund.

In Ohio, a taxing authority of a subdivision, by resolution or ordinance, may establish reserve balance accounts to accumulate currently available resources to stabilize its budgets against cyclical changes in revenues and expenditures under ORC Section 5705.13. The criterion for using the budget stabilization is not specific enough to meet the committed criteria and it does not meet the restricted criteria as the budget stabilization is not mandated by State statute. Therefore, a budget stabilization/reserve account should be reported as unassigned in the general fund. While statute also gives the authority to have stabilization reserve accounts in other operating funds, the fund balance is reported as restricted, committed, or assigned and the reserve account does not change the fund balance classification.

Balance Sheet Presentation

On the face of the financial statements, amounts for the two components of nonspendable fund balance may be presented separately or in total. If the financial statements present the total amount, then the separate components should be disclosed in the notes. Specific purpose amounts for restricted, committed or assigned fund balance amounts may be presented on the financial statements or disclosed in the notes. (GASB 54 ¶22 and ¶25)

Required Note Disclosure

Governments are required to disclose information about the processes through which constraints are imposed on amounts in the committed and assigned classification:

> 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. (GASB 54 ¶23)
>
> 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. (GASB 54 ¶23)

Governments should also disclose (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. (GASB 54 ¶23)

Significant encumbrances should be disclosed in the notes to the financial statements as part of the construction and other significant commitments note. This disclosure should include amounts for each major fund with a separate total for all non-major funds. (GASB 54 ¶24)

Governments that establish stabilization arrangements, even if they don't meet the restricted or committed criteria, should disclose: (a) the authority for establishing stabilization arrangements (for example, by statute or ordinance), (b) the requirements for additions to the stabilization amount, (c) the conditions under which stabilization amounts may be spent, and (d) the stabilization balance, if not apparent on the face of the financial statements. (GASB 54 ¶26)

If a governing body has formally adopted a minimum fund balance policy, the government should describe in the notes to its financial statements the policy established by the government that sets forth the minimum amount. (GASB 54 ¶27)

## Governmental Fund Type Definitions

The definitions of the general, special revenue, capital projects, debt service, and permanent fund types are clarified in GASB 54. The new governmental fund type definitions are (these definitions are taken directly from GASB 54):

> General Fund The general fund should be used to account for and report all financial resources not accounted for and reported in another fund. (GASB 54 ¶29)
>
> Special Revenue Funds Special revenue funds are 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 of specific revenue sources* establishes that one or more specific restricted or committed revenues should be the foundation for a special revenue fund. (GASB 54 ¶30)
>
> Capital Projects Funds Capital projects funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. Capital projects funds exclude those types of capital-related outflows financed by proprietary funds or for assets that will be held in trust for individuals, private organizations, or other governments. (GASB 54 ¶33)
>
> Debt Service Funds Debt service funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. Debt service funds should be used to report resources if legally mandated (i.e. debt payable from property taxes). Financial resources that are being accumulated for principal and interest maturing in future years also should be reported in debt service funds. (GASB 54 ¶34)
>
> Permanent Funds Permanent funds should be used to account for and report resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting government's programs – that is, for the benefit of the government or its citizenry. Permanent funds do not include private-purpose trust funds, which should be used to report situations in which the government is required to use the principal or earnings for the benefit of individuals, private organizations, or other governments. (GASB 54 ¶35)

Special Revenue Funds

The special revenue fund type definition addresses proceeds of specific restricted or committed revenue sources as the basis for a special revenue fund. Various revenues or resources can be reported in a special revenue fund; however, the fund is required to include substantial restricted or committed revenues as its foundation. Assigned revenues, transfers-in, or other financing sources (inflows) cannot be the foundation for establishing a special revenue fund. Substantial restricted or committed revenues means a material amount and it does not imply a quantitative range (more or less than some percentage of inflows).

When a special revenue fund is established to account for restricted or committed revenue, but the fund has a limited life expectancy and the inflows into the fund ultimately cease, the balance in that fund does not have to be reported as part of the general fund provided there **are no continuing inflows** (i.e., transfers) into the fund. The separate fund can continue to be reported until the restricted resources have been used for their specified purposes (Z.54.33). Governments should

discontinue reporting a special revenue fund and instead report the fund's remaining resources in the general fund, or another fund with a similar purpose that meets the criteria to be reported as a special revenue fund, if the government no longer expects that a substantial portion of the inflows will derive from restricted or committed revenue sources.

The new definition for special revenue funds includes a requirement that a specific source of revenue at least be committed. A fund with committed resources may require Auditor of State approval under ORC Section 5705.12. Most Ohio local governments can only do what is authorized in State statute, so the ability to commit an otherwise unrestricted general fund revenue for some other specific purpose may not exist. Municipalities may, because of home rule, be able to commit, by ordinance, a specific source of revenue to a specific purpose.

Debt Service and Capital Projects Funds

Debt service and capital projects funds do not need a foundation revenue to exist and can have transfers as their sole inflow. If a capital projects fund has a transfer as its sole inflow and the governing body has identified a specific purpose by ordinance or resolution, then the fund balance is committed. However, if the governing body has not identified a purpose, the fund balance is assigned.

Required Note Disclosure

Governments should disclose in the notes to the financial statements the purpose for each major special revenue fund. This definition should identify the foundation revenues in each fund and the source of the restriction or commitment.

Change in Fund Classification

GASB 54 changes the definitions of governmental funds; therefore, some funds that are maintained for day-to-day accounting purposes may no longer meet the fund type criteria for reporting in the year-end external financial statements. These funds should be presented as part of the general fund or a qualifying special revenue fund in the year-end financial statements. The budgetary comparison information in the year-end financial statements should be the legally adopted budget for the general fund or major special revenue funds, without modification for the funds no longer meeting the special revenue criteria. Differences in fund structure between budgetary reporting and GAAP reporting are "perspective differences." (See GASB Codification 2400.113) This perspective difference should be explained in the reconciliation of budgetary information to generally accepted accounting principles information. (Z54.41) Changes in fund structure should be applied retroactively and will result in restating fund balance for all prior periods.

## Specific Issues/Additional Information

Proprietary Funds

The new GASB 54 fund balance classifications apply to governmental fund financial statements only. They do not apply to net assets in proprietary funds or to the government-wide statement of net assets.

Relationship of net assets to fund balance

Restricted fund balance on the governmental fund financial statements will generally be different from restricted net assets for governmental activities reported on the government-wide statement of net assets. There are three reasons for this difference. First, the principal amount of a permanent fund is classified as nonspendable fund balance in the governmental fund financial statements, but is included in restricted net assets in the government-wide statement of net assets.

Second, the fund financial statements are prepared on the modified accrual basis of accounting and the government-wide statement of net assets is prepared on the accrual basis of accounting. The differences between the two bases of accounting will generate differences in the two amounts. And finally, the internal service fund is not included on the governmental fund financial statements; however, on the government-wide statement of net assets, the internal service fund is generally included with governmental activities. (Z.54.10)

Transfers

Transfers in are an inflow of resources to a fund, not a revenue source. A governing board can pass a resolution to annually transfer amounts from the general fund to a special revenue fund; however, when the transfer is the only inflow to be used for a specified purpose, it does not meet the criteria for restricted or committed revenues necessary to meet the definition of a special revenue fund. The separate fund can be reported as a special revenue fund even if the transfers-in exceed the foundation revenue for that fund. Following the constraint placed on fund resources by State law (5705.10(H), R.C.), the transferred resources would be reported the same as the restricted or committed revenues. Transfers from the general fund to any other governmental fund would be classified as part of assigned fund balance unless the governing board, by ordinance or resolution, identifies a specific purpose for the funds, in which case the resources would be reported as committed fund balance.

Cemetery Funds

Municipalities: Sale of cemetery lots under ORC Section 759.13 are restricted, "No more shall be charged for lots than is necessary to reimburse the city for the expense of lands purchased or appropriated for cemetery purposes, and to keep in order and embellish the grounds." If the charges for services received under ORC Section 759.13 are considered the foundation revenue of the cemetery fund, then it would be a special revenue fund with a restricted fund balance. If the foundation revenue under ORC Section 759.13 is no longer collected, reevaluate the fund.

Cemetery money coming in under ORC Section 759.12 and ORC Section 759.15 should be reported as a permanent fund or private purpose trust fund. ORC Section 759.12 states that the dollars received under this section is "... for the perpetual care of the lots designated, using only the interest or income of the money." ORC Section 759.15 states that the city shall "...forever hold such money as a permanent fund (statutory use and does not match GASB definition), and pay to the director (director of public service) in semiannual payments as interest on the funds, a sum sufficient to provide perpetual care of the lots as agreed by the director."

GASB 34 and 54 defines permanent funds as funds "...used to report resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting government's programs—that is, for the benefit of the government or its citizenry." Private purpose trust funds "...should be used to report situations in which the government is required to use the principal or earnings for the benefit of individuals, private organizations, or other governments." Investing a specific portion of the fee charged to everyone for the sale of lots and using the interest to cover on-going maintenance of a cemetery (mowing) is benefitting the government or its citizenry and would be a permanent fund. Allowing individuals the option to contribute with the principal and/or interest designated for placing flowers on specific grave sites is benefitting individuals and would be a private purpose trust fund.

Under GASB 54, the principal of a permanent fund is reported as nonspendable. On the statement of net assets, amounts that are required to be retained in perpetuity are to be classified as nonexpendable within the restricted net asset category. GASB 34, paragraph 35 states that

permanent fund principal amounts should be shown in two additional categories of restricted net assets—expendable and nonexpendable.

Donations received under ORC Section 759.14 could be a special revenue, capital projects, permanent or private purpose trust fund depending on the nature of the donation. ORC Section 759.14 states that the donation may be "...used for the enlargement, improvement, embellishment, or care of the cemetery grounds generally, or for any particular parts or lots therein, as the donor directs, or as the director determines if no such direction is given." Embellishment or care of the grounds generally could be a special revenue fund if the GASB 54 restricted or committed criteria are met. Enlargement or improvement of the grounds generally would be a capital projects fund. Enlargement, improvement, embellishment or care of a particular lot directed by the donor would be a private purpose trust. A permanent fund would only be used if the principal cannot be spent and the earnings are used for government programs. (See permanent fund definition above.)

Townships: ORC Section 517.07 establishes the township's ability to sell cemetery lots, "Upon application, the board of township trustees shall sell at a reasonable price the number of lots as public wants demand for burial purposes." ORC Section 517.08 places the restriction on these dollars, "The proceeds arising from the sale of cemetery lots under ORC Section 517.07 shall be used in maintaining, improving, beautifying, and embellishing such grounds, ..." If the charges for services received under ORC Section 517.07 are considered the foundation revenue of the cemetery fund, then it is a special revenue fund with a restricted fund balance.

Dollars receipted into a Cemetery Fund under ORC Section 517.15 can be for a variety of purposes, as follows:

(A) "Gifts, devises, or bequests received for the purpose of maintaining, improving, or beautifying township cemeteries;" These dollars would be presented in a special revenue fund with a restricted fund balance.

(B) "Charges added to the price regularly charged for burial lots for the purpose of maintaining, improving, or beautifying township cemeteries;" These dollars may be presented in a permanent fund with a nonspendable fund balance.

(C) "Contributions of money from the township general fund;" These dollars would most likely not be the foundation revenue of the fund. These dollars would be presented in a special revenue fund with a restricted fund balance.

(D) "An individual agreement with the purchaser of a burial lot providing that a part of the purchase price is to be applied to the purpose of maintaining, improving, or beautifying any burial lot designated and named by the purchaser;" These dollars would be presented in a private purpose trust fund – not subject to GASB 54 fund balance classifications.

(E) "Individual gift, devises, or bequests made for the maintenance, improvement, and beautification of any burial lot designated and named by the person making the gift, devise, or bequest." These dollars would be presented in a private purpose trust fund – not subject to GASB 54 fund balance classifications.

State statute allows this activity to be in one fund; however, maintaining separate funds may simplify financial reporting issues.

Municipal Income Tax

A municipal income tax enacted under ORC Section 718.01(C), results in various classifications of fund balance as follows:

- An income tax (up to one percent) is enacted without voter approval and no constraints are placed on the use of the revenue. This income tax revenue is to be included with the general fund and is part of the unassigned fund balance. There is no basis for a separate fund, even on a budgetary basis.

- An income tax is enacted with voter approval and no constraints are placed on the use of the revenue. This income tax revenue is included with the general fund and is part of the unassigned fund balance. Again, there is no basis for a separate fund.

- An income tax is enacted with or without voter approval and constraints on the use of the revenue are imposed by a separate ordinance. For GASB 54 purposes, this income tax revenue is included with the general fund if it is used for municipal operations. It could also be reported as a separate special revenue or as a capital projects fund depending on the use of the revenue. Regardless of how the fund is reported, the fund balance will be committed.

- An income tax (up to one percent) is enacted without voter approval and constraints on the use of the revenue are imposed through enabling legislation – original ordinance. For GASB 54 purposes, this income tax fund is reported as a separate special revenue or capital projects fund depending on the use of the revenue, and reports a restricted fund balance.

- An income tax is enacted with voter approval and constraints on the use of the revenue are imposed externally by the voters. For GASB 54 purposes, this revenue is reported as a separate special revenue or capital projects fund depending on the use of the revenue, and is classified as restricted fund balance.

School District Income Tax

A school district income tax is enacted with voter approval and no constraints are placed on the use of the revenue. For GASB 54 purposes, this income tax revenue is included with the general fund and is part of unassigned fund balance. If however, the revenue is for capital improvements, this income tax revenue is included in the permanent improvements capital projects fund and is classified as restricted fund balance

Charges for Services

When a fund has "Charges for Services" as its foundation revenue, each situation should be evaluated separately:

- Certain "Charges for Services" have external constraints and meet the definition of restricted fund balance. See the Restricted Fund Balance section of this bulletin.

- Certain "Charges for Services" have no external constraints; instead the constraints are internally generated by the government's highest level of decision-making authority. To commit the resource, the language in the ordinance/resolution creating the constraint should identify both the revenue source and the constraint and indicate the revenue is to support the activity. Examples include: charges for services related to swimming pools, parking lots, recreation centers, garbage collections, and transit services.

- If the criteria for restricted and committed are not met, the revenue will be reported with the general fund and report an assigned or unassigned fund balance, as appropriate.

- If "Charges for Services" is not the foundation revenue, and the foundation revenue is restricted, the "Charges for Services" would also be restricted. See the Restricted Fund Balance section of this bulletin.

Donations

Donations received by a local government can be classified two ways. First, donations received with constraints imposed by the contributor are nonspendable (corpus) or restricted. Second, donations can be given to a specific department or fund in which case there is an implied constraint imposed by the donor. When this is combined with a resolution/ordinance recognizing the implied consent on the use of the dollars, the fund balance is committed. Donations received without written directive of how it is to be used from the donor should be considered a general fund receipt and reported as unrestricted fund balance.

OCBOA and Regulatory Financial Statements

Those local governments preparing OCBOA and regulatory statements should implement both the new fund balance classifications and the governmental fund type definitions. New templates will be available to facilitate this process. A failure to follow these classifications would usually preclude auditors from expressing an unqualified opinion on the statements.

Unclaimed Monies Fund

For unclaimed monies, the difference between the amount of cash in the fund and the estimated liability for payments to claimants would be classified as nonspendable fund balance until the end of the five year holding period. Unclaimed funds are legally required (ORC Section 9.39) to be maintained for five years. For a cash basis entity, the entire cash balance would be reported as nonspendable.

## School District Issues

Property Tax Advances and Subsequent Years' Appropriations

When the appropriation measure is adopted for the subsequent year, if a portion of existing fund balance is included as a budgetary resource (appropriated for general fund uses or appropriations exceed estimated receipts), then that portion of fund balance should be classified as assigned. (GASB 54 ¶16 and Z.54.13) For School Districts, the amount available as an advance against the August real property settlement (booked as a receivable/revenue at June 30) is part of fund balance. Therefore, when making this calculation, the estimated receipts should not include the amount available as an advance against the August real property settlement. Since the general fund is the only fund with a positive unassigned fund balance, this calculation is only needed for the general fund.

Allocation of Inside Millage

School Districts have the ability to allocate inside millage from the general fund to the permanent improvement fund. This reallocation process goes through a formal legislative process, public hearings, and the county budget commission. The allocated millage/revenues, such as those directed for permanent improvements, should be reported as committed fund balance as the same process is followed to return the inside millage to the general fund.

Classroom Facility Maintenance Fund (034)

School districts are required to establish and maintain a Classroom Facility Maintenance Special Revenue Fund and have a voted half mill property tax levy to finance the maintenance of completed School Facility Projects for 23 years. As an alternative to the half mill levy, a school district may earmark a portion of an existing continuing permanent improvement property tax levy or the proceeds of an income tax levy that may be used for permanent improvements. By statute, these resources are transferred to the Classroom Facility Maintenance Fund. In order to report the Classroom Facility Maintenance Special Revenue Fund, the transfers-in, on a GAAP basis, should be reclassified to property or income tax revenues and the transfers-out should be eliminated by reducing property or income tax revenues in the originating fund. This allows the Classroom Facility Maintenance Fund to report a specific revenue source (the foundation revenue) meeting the criteria necessary to have a special revenue fund. The transfers should continue to be presented on the budget and actual financial statements.

Set-Asides

School District set-asides established by ORC Sections 3315.17 and .18 represent restricted fund balance within the general fund. Effective July 1, 2011, the textbook set-aside is no longer required and has been removed from existing law.

Unspent refunds or rebates from Bureau of Workers' Compensation received prior to April 10, 2001, (previously required by law to be deposited into a budget reserve) are limited to the following purposes:

- To offset a budget deficit;
- For school facility construction, renovation or repair;
- For textbooks or instructional materials, including science equipment or laboratories;
- For the purchase of school buses; or
- For professional development of teachers.

The last four items above would be reported as restricted fund balance because of the constraints placed on the use by State statute and should be reported within the general fund according to the purpose chosen by the board of education. The choice to offset a budget deficit parallels a budget stabilization arrangement which is reported as unassigned fund balance. This presentation differs from the guidance in GASB 54 which has constraints imposed by State statute (laws of another government) as restricted fund balance.

## GASB 54 Fund Balance Classification Analysis Charts

The following pages contain charts presenting the more common funds and foundation revenue/inflow for Cities/Villages, Schools Districts, Counties, Townships and Libraries.

The charts identify the "GASB 54 fund classification" and the "prior fund classification" to illustrate situations necessitating the change in fund classification resulting from the implementation of GASB 54. If the two columns are the same, then no change in fund classification resulted.

The charts do not include all possible grant funds; however, if a special revenue fund or capital projects fund has been properly established to account for a grant, the fund balance would be restricted based on the language in the grant agreement.

The chart may identify multiple foundation revenues/inflows for a single fund. Local governments should identify which resource or resources they will be using as their foundation revenue and classify fund balance as appropriate. For example on the county chart, the jail operations special revenue fund could have property taxes or charges for services as its foundation revenue. If property taxes are the foundation revenue, fund balance would be restricted; however, if charges for services are the foundation revenue, fund balance would be committed.

**Questions**

If you have any questions regarding the information presented in the Bulletin, please contact Local Government Services at the Auditor of State's Office at (800) 345-2519.

Dave Yost
Ohio Auditor of State

# Cities/Villages

## GASB 54 Fund Balance Classification Analysis

| GASB 54 Fund Classification | Prior Fund Classification | Fund Name | Revenue Source Foundation Revenue (SR only)/ Inflow | Source of Constraint | Type of Constraint | Fund Balance Classification |
|---|---|---|---|---|---|---|
| General | General | General | Various sources | None | None | Unassigned |
| General | SR | Compensated Absences | Transfers + | ORC Section 5705.13(B), transferred from other funds | City's intent--pmt of sick/vacation/comp at termination | Committed |
| General | SR | Underground Storage Tanks | Transfers from other funds + | AOS Bulletin 94-04 | Remediation deductible; no specific source, transfers | Committed |
| General | General | Unclaimed Monies Fund | Various unclaimed funds | ORC Section 9.39 | Externally imposed by State Statute | Nonspendable |
| General | General | General | Hotel/Motel Tax - 50% for municipality | ORC Section 5739.09(B) | None | Unassigned |
| SR | SR | Police Pension | 3/10 mill Property Taxes | ORC Sections 5705.06(G) & 742.33(B) | Externally imposed by State Statute | Restricted |
| SR | SR | Fire Pension | 3/10 mill Property Taxes | ORC Sections 5705.06(G) & 742.34(B) | Externally imposed by State Statute | Restricted |
| SR | SR | Special Levy | Property Taxes | ORC Section 5705.19 | Externally imposed by voters | Restricted |
| SR | SR | Hotel/Motel Tax | Hotel/Motel Tax - 50% for municipality | ORC Section 5739.09(B) | Internally imposed by City Ordinance | Committed |
| SR | SR | Hotel/Motel Tax | Hotel/Motel Tax - 50% for convention and visitors' bureau | ORC Section 5739.09(B) | Externally imposed by State Statute | Restricted |
| SR + a | SR | Tax Increment | Increment Taxes | ORC Sections 5709.40 - 5709.43 | Externally imposed by State Statute | Restricted |
| SR | SR | Service Assessments | Special Assessments | ORC Chapters 727 & 729 | Externally imposed by State Statute | Restricted |
| SR + b | SR | CDBG | Intergovernmental-Grant Monies | Grant Award/Agreement | Externally imposed by Grantor | Restricted |
| SR | SR | CDBG Revolving Loan | Intergovernmental | Grant Award/Agreement | Externally imposed by Grantor + | Restricted + |
| SR | SR | Cops | Intergovernmental-Grant Monies | Grant Award/Agreement | Externally Imposed by Grantor | Restricted |
| SR | SR | FEMA | Intergovernmental | ORC Section 131.35 | Externally imposed by State Statute/grant award | Restricted |
| SR | SR | HUD Housing | Intergovernmental-Grant Monies | Grant Award/Agreement | Externally imposed by Grantor | Restricted |
| SR | SR | Joint Economic Develop District | Intergovernmental - City's share of JEDD income tax collections | ORC Sections 715.72-715.83 | Externally Imposed by State Statute | Restricted |
| SR | SR | Street Maintenance (SCMR) | Intergovernmental | | Externally imposed by State Statute | Restricted |
| | | | - Gas Tax | ORC Section 5728.06 & ORC Chapter 5735 | | |
| | | | - Motor Vehicle License Fees | ORC Chapter 4503 | | |
| SR | SR | State Highway | Intergovernmental | | Externally imposed by State Statute | Restricted |
| | | | - Gas Tax | ORC Section 5728.06 & ORC Chapter 5735 | | |
| | | | - Motor Vehicle License Fees | ORC Chapter 4503 | | |
| SR | SR | Permissive Motor Vehicle License | Intergov't - Permissive MVL | ORC Chapter 4504 | Externally imposed by State Statute | Restricted |
| SR | SR | Drug Law Enforcement | Fines and Forfeitures | ORC Section 2925.03, AOS Bulletin 86-16 | Externally imposed by State Statute | Restricted |
| SR | SR | Enforcement and Education | Fines and Forfeitures | AOS Bulletin 90-25 | Externally imposed by State Statute | Restricted |
| SR | SR | Federal Equitable | Fines and Forfeitures | US Treasury & Justice Departments | Externally imposed by Federal Law | Restricted |
| SR | SR | Indigent Alcohol | Fines and Forfeitures | ORC Sections 4511.191(H)(1) & 2949.094(A) | Externally imposed by State Statute | Restricted |
| SR | SR | Law Enforcement Trust | Fines and Forfeitures | ORC Section 2981.13 (C)(1) | Externally imposed by State Statute | Restricted |
| SR | SR | Mandatory Drug Fines | Fines and Forfeitures | ORC Section 2925.03, AOS Bulletin 86-16 | Externally imposed by State Statute | Restricted |
| SR + c | SR | Municipal Court Special Programs | Fines and Forfeitures | ORC Section 1901.26 (B)(1) | Externally imposed by State Statute | Restricted |
| SR | SR | Cemetery | Charges for Services-Sale of Lots | ORC Section 759.13 | Externally imposed by State Statute | Restricted |
| SR + d | SR | City Donation Fund | Donations | External resource providers | Externally imposed by contributor | Restricted |
| | | | Donations | External resource providers | Implied by donor, internally imposed by ordinance | Committed |
| DS | DS | G.O. Bond Retirement | Property Taxes | ORC Sections 5705.19; 133.10 & 133.25 | Externally imposed by State Statutes | Restricted |
| | | | Income Taxes | ORC Sections 5705.09; 133.10 & 718.01 | Externally imposed by State Statutes | Restricted |
| | | | Transfers + | Transfers from General Fund | City intends to use for specific purpose | Assigned |
| DS | DS | Special Assessment Bond Retirement | Special Assessments | ORC Sections 133.17 & 6115.50 | Externally imposed by State Statutes | Restricted |
| CP | CP | Capital Grants | Intergovernmental | Grant Award/Agreement | Externally imposed by Grantor | Restricted |
| CP | CP | Federal Stimulus | Intergovernmental | Grant Award Letter | Externally imposed by Grantor | Restricted |
| CP | CP | Issue II Improvements | Intergovernmental | OPWC Money | Externally imposed by grantor/OPWC | Restricted |
| CP | CP | Municipal Court Improvements | Fines and Forfeitures | ORC Section 1901.26 (B)(1) | Externally imposed by State Statute | Restricted |
| CP | CP | Capital Improvement Assessment Fund | Special Assessments | ORC Chapters 727 & 729 | Externally imposed by State Statute | Restricted |

# Cities/Villages

## GASB 54 Fund Balance Classification Analysis

| GASB 54 Fund Classification | Prior Fund Classification | Fund Name | Revenue Source Foundation Revenue (SR only)/ Inflow | Source of Constraint | Type of Constraint | Fund Balance Classification |
|---|---|---|---|---|---|---|
| CP | CP | Construction/Improvement Fund | Specific source TBD by City | ORC Section 5705.13 (C) & City Ordinance | Internally imposed by City ordinance | Committed |
| | | | Transfers + | ORC Section 5705.13 (C) & City Ordinance | City has identified a specific purpose by ordinance | Committed |
| | | | Transfers + | ORC Section 5705.13 (C) | City has not identified a specific purpose | Assigned |
| CP | CP | Construction Fund | Initial Debt Proceeds + | ORC Sections 133.15, & .32 | Externally imposed by debt covenants | Restricted |
| Perm | Perm | Cemetery Investment/Perpetual Care | Charges for Services | ORC Sections 759.12 & .15 | Imposed by State Statute | Nonspendable |
| Perm + e | Perm | Endowment | Donations-Corpus can't be spent | ORC Section 5705.09 (F), Trust Law | Externally imposed by donor | Nonspendable |
| | | | Earnings on corpus | ORC Section 5705.09 (F), Trust Law | Externally imposed by donor | Restricted |

## Cities/Villages
## Explanatory Notes

The preceding chart shows the "prior fund classification" and the "GASB 54 fund classification" to illustrate situations necessitating the change in fund classification resulting from the implementation of GASB 54. If the two columns are the same, then no change in fund classification resulted.

The preceding chart does not include all possible grant funds: however, if a special revenue fund or capital projects fund has been properly established to account for a grant, the fund balance would be restricted based on the language in the grant agreement.

**+ GASB 54 Fund Classification**

a AOS Bulletin 2010-003 addresses the appropriate fund classification to account for Tax Increment Financing (TIF) and other funds that maybe necessary for external reporting. Regardless of fund classification, the fund balance related to TIF's would be restricted.

b Some of the grant funds that are presented as special revenue funds could also be capital projects funds based on the use of the award; however, the fund balance classification will still be restricted.

c The municipal court computerization funds could be classified as special revenue or capital projects funds based on the use of the dollars; however, the fund balance classification will still be restricted.

d Some of the donation funds could be capital projects funds based on the use of the dollars; however, the fund balance classification will not change.

e The use of a permanent fund requires an evaluation of each individual circumstance, and the chart is illustrating the GASB 54 fund balance classification for those situations when a permanent fund is appropriate.

**+ Foundation Revenue/Inflow**

Transfers and debt proceeds represent an inflow not a revenue.

**+ Type of Constraint**

Review grant agreement for constraints on use of interest payments and collection of receivable.

**+ Fund Balance Classification**

The fund balance classification related to the loan receivable may be presented as restricted if the proceeds from the collection of the receivable are restricted.

# School Districts

## GASB 54 Fund Balance Classification Analysis

| GASB 54 Fund Classification | Prior Fund Classification | Fund Name | Revenue Source Foundation Revenue (SR only)/ Inflow | Source of Constraint | Type of Constraint | Fund Balance Classification |
|---|---|---|---|---|---|---|
| General | General | General Fund (001) | Various Sources | None | None | Unassigned |
| General + a | SR | Uniform School Supplies (009) | Tuition and Fees | ORC Section 3313.811 | None, statute too broad | Unassigned |
| | | | Tuition and Fees | ORC Section 3313.811 | Board Policy indicating intended use of revenues | Assigned |
| General | SR | Rotary Fund - Special Services (011) | Charges for Services | ORC Section 5705.12, AOS Permission Req'd | None | Unassigned |
| | | | Charges for Services | ORC Section 5705.12, AOS Permission Req'd | Board Policy indicating intended use of revenues | Assigned |
| General + a | SR | Adult Education (LSD, CSD & EVSD) | Tuition and Fees | ORC Section 5705.12, AOS Permission Req'd | None, No Board Policy | Unassigned |
| | | | Tuition and Fees | ORC Section 5705.12, AOS Permission Req'd | Board Policy indicating intended use of revenues | Assigned |
| General | SR | Emergency Levy Fund (016) | Property Taxes | ORC Section 5705.194 | No restrictions in ballot language | Unassigned |
| General | SR | Public School Fund (018) | Sales | ORC Section 5705.12, AOS Permission Req'd | School Board approval | Assigned |
| General | SR | Underground Storage Tanks (031) | Transfers + | AOS Bulletin 94-04 | Remediation deductible; no specific source, transfers | Committed |
| General | SR | Termination Benefits (035) | Transfers + | ORC Section 5705.13(B) | Termination payments; no specific source, transfers | Committed |
| SR + a | SR | Food Service (006) | Charges for Services, Intergov't | ORC Section 3313.81 | Externally imposed by State Statute | Restricted |
| SR | SR | Special Trust (007) | Donations | External resource providers | Externally imposed by donor | Restricted |
| | | | Donations | External resource providers | Implied by donor, internally imposed by resolution | Committed |
| SR + a | SR | Adult Education (012) | Intergov't - JVS State Funding | ORC Sections 5705.12 & 3301.40, AOS Permission Req'd | Externally imposed by State Statute | Restricted |
| SR | SR | Emergency Levy Fund (016) | Property Taxes | ORC Section 5705.194 | Externally imposed by voters, see ballot language for constraints | Restricted |
| SR + b | SR | Other Grants Funds (019) | Donations, Intergov't | External resource providers/grant agreement | Externally imposed by State Statute or the Grantor | Restricted |
| SR | SR | Ed Foundation Fund (029) | Donations - with conditions | ORC Section 3315.40 | Externally imposed by Donor | Restricted |
| | | | Donations - without conditions | ORC Section 3315.40 | Directed by Board resolution | Committed |
| SR | SR | Special Levy Fund (030) | Property Taxes | ORC Sections 5705.199 & .21 | Externally imposed by Voters | Restricted |
| SR | SR | School Improvement Models (032) | Intergovernmental | Grantor | Externally imposed by the Grantor | Restricted |
| SR | SR | Classroom Facilities Maintenance (034) | Property Taxes | ORC Section 3318.06 | Externally imposed by Voters | Restricted |
| SR | SR | District Managed Student Activity (300) | Extracurricular Activities | ORC Section 3315.062 | Externally imposed by State Statute | Restricted |
| SR | SR | School Bus Driver Training Program (421) | Intergovernmental | Ohio Department of Highway Safety PL 89-654, CFDA 20.600 | Externally imposed by Ohio Dept of Highway Safety | Restricted |
| SR | SR | Motorcycle Safety & Education (430) | Intergovernmental | ORC Section 4501.13 | Externally imposed by State Statute | Restricted |
| SR | SR | All other State Grant Funds | Intergovernmental | State biennium budget bill, See USAS | Externally imposed by State General Assembly | Restricted |
| SR | SR | Federal Grant Funds | Intergovernmental | Catalog of Federal Domestic Assistance | Externally imposed by Federal Granting Agency | Restricted |
| DS | DS | Bond Retirement (002) | Property Taxes | ORC Sections 5705.09 & 133.18 | Externally imposed by State Statute & Voter Approval | Restricted |
| CP | CP | Permanent Improvement (003) | Property Taxes | ORC Section 5705.21 | Externally imposed by State Statute & Voter Approval | Restricted |
| | | | Property Taxes-diverted inside millage | ORC Chapter 5705 | Internally imposed by Board of Education & Budget Commission Approval | Committed |
| | | | Income Tax | ORC Section 5748.02 | Externally imposed by State Statute & Voter Approval | Restricted |
| | | | Sale of Permanent Improvement | ORC Section 5705.10F | Externally imposed by State Statute | Restricted |
| | | | Transfers + | Transfers from General, ORC Section 5705.12, AOS Permission Req'd | Board of Education has identified a specific purpose by resolution | Committed |
| | | | Transfers + | Transfers from General, ORC Section 5705.12, AOS Permission Req'd | Board of Education has not identified a specific purpose | Assigned |
| CP | CP | Building Fund (004) | Debt Proceeds + | ORC Section 133.32 | Externally imposed by State Statute | Restricted |
| CP | CP | Classroom Facilities (010) | Intergovernmental | ORC Sections 3318.04, .080 & .15 | Externally imposed by State Statute/OSFC/Voters | Restricted |
| CP | CP | Library Construction (017) | Debt Proceeds + | ORC Sections 3375.43 & .44 | Externally imposed by State Statute/Voters | Restricted |
| CP | CP | Special Levy (Capital Projects) (033) | Property Taxes | ORC Sections 5705.21 | Externally imposed by the Voters | Restricted |
| CP | CP | Capital Projects (070) | Specific Source TBD by School | ORC Section 5705.13 (C) & Board Resolution | Internally imposed by Board of Educatior | Committed |
| | | | Transfers + | ORC Section 5705.13 (C) & Board Resolution | Board of Education has identified a specific purpose by resolution | Committed |
| | | | Transfers + | ORC Section 5705.13 (C) & Board Resolution | Board of Education has not identified a specific purpose | Assigned |
| CP | CP | Capital Grants Fund (071) | Intergovernmental | Grant agreement | Externally imposed by State Statute | Restricted |
| CP | CP | Vocational Education Equipment (420) | Intergovernmental | HB 1, 128th GA appropriation line item 200-526 | Externally imposed by State General Assembly | Restricted |
| CP | CP | School Net (450) | Intergovernmental | HB 1, 128th GA appropriation line item 228-539 | Externally imposed by State General Assembly | Restricted |

# School Districts

## GASB 54 Fund Balance Classification Analysis

| GASB 54 Fund Classification | Prior Fund Classification | Fund Name | Revenue Source Foundation Revenue (SR only)/ Inflow | Source of Constraint | Type of Constraint | Fund Balance Classification |
|---|---|---|---|---|---|---|
| CP | CP | Telecommunity (453) | Intergovernmental | HB 1, 128th GA appropriation line item 228-630 | Externally imposed by State General Assembly | Restricted |
| CP | CP | School Building Ass't Limited Fund (496) | Intergovernmental | Senate Bill No. 102 | Externally imposed by Senate Bill 102 | Restricted |
| CP | CP | CAP (498) | Intergovernmental | House Bill 810 (122 GA) | Externally imposed by House Bill 810 | Restricted |
| CP | CP | Emergency School Repair (583) | Intergovernmental | Catalog of Federal Domestic Assistance #84.3542 | Externally imposed by Federal Grant | Restricted |
| Perm + c | Perm | Special Trust (007) | Donations-Corpus can't be spent | External resource providers | Externally imposed by donor | Nonspendable |
| | | | Earnings on corpus | External resource providers | Externally imposed by donor | Restricted |
| Perm + c | Perm | Endowment (008) | Donations-Corpus can't be spent | External resource providers | Externally imposed by donor | Nonspendable |
| | | | Earnings on corpus | External resource providers | Externally imposed by donor | Restricted |

The preceding chart shows the "prior budgetary USAS fund classification' and the "GASB 54 fund classification" to illustrate situations necessitating the change in fund classification resulting from the implementation of GASB 54. If the two columns are the same, then no change in fund classification resulted.

The preceding chart does not include all possible grant funds; however, if a special revenue fund or capital projects fund has been properly established to account for a grant, the fund balance would be restricted based on the language in the grant agreement.

**+ GASB 54 Fund Classification**

a Some of the funds with charges for services or tuition and fees revenue could be reported as enterprise funds and would not report fund balance.

b Some of the donation funds could be capital projects funds based on the use of the dollars; however, the fund balance classification will not change.

c The use of a permanent fund requires an evaluation of each individual circumstance, and the chart is illustrating the GASB 54 fund balance classification for those situations when a permanent fund is appropriate.

**+ Foundation Revenue/Inflow**

Transfers and debt proceeds represent an inflow not a revenue.

**+ Type of Constraint**

Fund 018 has no legal restrictions, at best fund balance is assigned

# Counties

## GASB 54 Fund Balance Classification Analysis

| GASB 54 Fund Classification | Prior Fund Classification | Fund Name | Revenue Source Foundation Revenue (SR only)/ Inflow | Source of Constraint | Type of Constraint | Fund Balance Classification |
|---|---|---|---|---|---|---|
| General | General | General | Various, all unrestricted | None | None | Unassigned |
| General | SR | Certificate of Auto Title Administration | Fees retained by clerk of courts | ORC Section 325.33 | State Statute - Residual Balance Unrestricted | Unassigned |
| General | SR | Equipment Recorders Supply | Charges for Services | ORC Section 317.321 | State Statute - Residual Balance Unrestricted | Unassigned |
| General | SR | Public Defender | Charges for Services | ORC Sections 120.18 & 120.28 | Reimbursement of costs | Unassigned |
| General | SR | Various | Charges for Services | No resolution establishing funding source | Resolution establishing intent of fund | Assigned |
| General | General | Unclaimed Monies | Unclaimed Funds | ORC Section 9.39 | Externally imposed by State Statute | Nonspendable |
| General | SR | Underground Storage Tanks | Transfers from other funds + | AOS Bulletin 94-04 | Remediation deductible; no specific source, transfers | Committed |
| General | SR | Compensated Absences | Transfers + | ORC Section 5705.13 (B), Cash transferred from other funds | County's intent--pmt of sick/vacation/comp-time at termination | Committed |
| SR | SR | Mental Health Programs | Property Taxes | ORC Section 5705.221 | Externally imposed by State Statute | Restricted |
| SR | SR | Jail Operating Levy | Property Taxes | ORC Section 5705.19 (MM) | Externally imposed by State Statute | Restricted |
| SR | SR | Emergency 911 Operating Fund | Property Taxes | ORC Section 5705.19 (BB) | Externally imposed by State Statute | Restricted |
| SR | SR | Mental Retardation | Property Taxes | ORC Section 5705.19 (L) | Externally imposed by State Statute | Restricted |
| SR | SR | Children Services Levy | Property Taxes | ORC Section 5705.24 | Externally imposed by State Statute | Restricted |
| SR | SR | Senior Citizens Levy | Property Taxes | ORC Section 5705.19 (Y) | Externally imposed by State Statute | Restricted |
| SR | SR | County Home Levy | Property Taxes | ORC Section 5705.19 (K) | Externally imposed by State Statute | Restricted |
| SR | SR | Special Levy | Property Taxes | ORC Section 5705.19 | Externally imposed by State Statute | Restricted |
| SR | SR | Criminal and Administrative Justice | Permissive Sales Tax | ORC Sections 5739.021 & 5741.021 | Externally imposed by State Statute & Resolution | Restricted |
| SR | SR | Specific Purpose Permissive | Permissive Sales Tax | ORC Sections 5739.026 & 5741.021 | Externally imposed by State Statute & Resolution | Restricted |
| SR | SR | Dog and Kennel | Charges for Services | ORC Sections 955.19 & .20 | Externally imposed by State Statute | Restricted |
| SR | SR | Real Estate Assessment | Charges for Services | ORC Sections 325.31 & 319.54 | Externally imposed by State Statute | Restricted |
| SR | SR | Geographic Information System (GIS) | Charges for Services | ORC Section 325.31 | Externally imposed by State Statute | Restricted |
| SR | SR | Dispute Resolution Fees | Charges for Services | ORC Section 2101.163 | Externally imposed by State Statute | Restricted |
| SR | SR | Delinquent Real/Assessment Collection | Charges for Services | ORC Section 321.261 | Externally imposed by State Statute | Restricted |
| SR | SR | Indigent Guardianship | Charges for Services | ORC Section 2111.51 | Externally imposed by State Statute | Restricted |
| SR | SR | Marriage License | Charges for Services | ORC Sections 3113.34, 2101.16 & 2303.201 | Externally imposed by State Statute | Restricted |
| SR | SR | County Home | Charges for Services | Resolution establishing funding source | Internally imposed by county resolution | Committed |
| SR | SR | Developmental Disabilities | Charges for Services | Resolution establishing funding source | Internally imposed by county resolution | Committed |
| SR | SR | Children's Services | Charges for Services | Resolution establishing funding source | Internally imposed by county resolution | Committed |
| SR | SR | Jail Operations | Charges for Services | Resolution establishing funding source | Internally imposed by county resolution | Committed |
| SR | SR | Motor Vehicle Gas Tax (MVGT) | Intergovernmental - Gas Tax | ORC Sections 5735.25, 27,28, 29, 292, 30 & 5728.06 | Externally Imposed by State Statute | Restricted |
| SR + a | SR | Airport | Intergovernmental - Grants | Federal/State Grantors | Externally imposed by Grantor | Restricted |
| SR | SR | Beautification | Intergovernmental - Grants | Federal/State Grantors | Externally imposed by Grantor | Restricted |
| SR + a | SR | CDBG: | | | | |
| | | CDBG | Intergovernmental - Grants | Federal/State Grantors | Externally imposed by Grantor | Restricted |
| | | Community Home Improvement Program | Intergovernmental - Grants | Federal/State Grantors | Externally imposed by Grantor | Restricted |
| | | CDBG Revolving Loan | Intergovernmental - Grants | Grant Award/Agreement | Externally imposed by Grantor + | Restricted + |
| SR | SR | Child Support Enforcement Agency | Intergovernmental - Grants | Federal/State Grantors | Externally imposed by Grantor | Restricted |
| SR | SR | Children Services Grants | Intergovernmental - Grants | Federal/State Grantors | Externally imposed by Grantor | Restricted |
| SR | SR | Community Corrections Act Program | Intergovernmental - Grants | Federal/State Grantors | Externally imposed by Grantor | Restricted |
| SR | SR | Continuing Prof. Training Sheriff | Intergovernmental - Grants | Federal/State Grantors | Externally imposed by Grantor | Restricted |
| SR | SR | Crime Victims Assistance Office | Intergovernmental - Grants | ORC Section 307.62 & Federal/State Grantors | Externally imposed by Statute & Grantor | Restricted |
| SR | SR | Developmental Disabilities Grants: | | | | |
| | | Preschool Grant | Intergovernmental - Grants | Federal/State Grantors | Externally imposed by Grantor | Restricted |
| | | Title I | Intergovernmental - Grants | Federal/State Grantors | Externally imposed by Grantor | Restricted |
| | | MR Lunch | Intergovernmental - Grants | Federal/State Grantors | Externally imposed by Grantor | Restricted |
| | | Family Resources | Intergovernmental - Grants | Federal/State Grantors | Externally imposed by Grantor | Restricted |
| SR | SR | Domestic Violence Investigator | Intergovernmental - Grants | Federal/State Grantors | Externally imposed by Grantor | Restricted |
| SR | SR | Felony Delinquent Care & Cust. | Intergovernmental - Grants | Federal/State Grantors | Externally imposed by Grantor | Restricted |
| SR | SR | Juv Prob Serv Enhancement | Intergovernmental - Grants | Federal/State Grantors | Externally imposed by Grantor | Restricted |
| SR | SR | Juvenile Acct Incentive Block Grant | Intergovernmental - Grants | Federal/State Grantors | Externally imposed by Grantor | Restricted |

# Counties

## GASB 54 Fund Balance Classification Analysis

| GASB 54 Fund Classification | Prior Fund Classification | Fund Name | Revenue Source Foundation Revenue (SR only)/ Inflow | Source of Constraint | Type of Constraint | Fund Balance Classification |
|---|---|---|---|---|---|---|
| SR | SR | Litter Control | Intergovernmental - Grants | Federal/State Grantors | Externally imposed by Grantor | Restricted |
| SR | SR | Mediation Juvenile Program | Intergovernmental - Grants | Federal/State Grantors | Externally imposed by Grantor | Restricted |
| SR | SR | Mental Health | Intergovernmental - Grants | Federal/State Grantors | Externally imposed by Grantor | Restricted |
| SR | SR | Prisoner Incentive | Intergovernmental - Grants | Federal/State Grantors | Externally imposed by Grantor | Restricted |
| SR | SR | Public Assistance: | | | | |
| | | Human Services | Intergovernmental - Grants | Federal/State Grantors | Externally imposed by Grantor | Restricted |
| | | WIA | Intergovernmental - Grants | Federal/State Grantors | Externally imposed by Grantor | Restricted |
| SR | SR | Revolving Loan | Intergovernmental - Grants | Grant Award | Externally imposed by Grantor | Restricted |
| SR | SR | Victim Witness | Intergovernmental - Grants | Federal/State Grantors | Externally imposed by Grantor | Restricted |
| SR + b | SR | Clerk of Courts Computer Fund | Fines and Forfeitures | ORC Section 2303.201(A) | Externally imposed by State Statute | Restricted |
| SR + b | SR | Conduct of Business | Fines and Forfeitures | ORC Section 2101.19 | Externally imposed by State Statute | Restricted |
| SR + b | SR | County Probation Services | Fines and Forfeitures | ORC Section 321.44 | Externally imposed by State Statute | Restricted |
| SR + b | SR | Court Computer Equipment | Fines and Forfeitures | ORC Section 2303.201(B) | Externally imposed by State Statute | Restricted |
| SR + b | SR | Court Computer Research | Fines and Forfeitures | ORC Section 1907.261 | Externally imposed by State Statute | Restricted |
| SR + b | SR | Court Special Projects | Fines and Forfeitures | ORC Sections 1907.24(B)(1), 2303.201 (E)(1), & 4511.19(G)(5)(e) | Externally imposed by State Statute | Restricted |
| SR | SR | Drug Law Enforcement | Fines and Forfeitures | ORC Section 2925.03, Technical Bulletin 86-16 | Externally imposed by State Statute | Restricted |
| SR | SR | Enforcement and Education | Fines and Forfeitures | Technical Bulletin 90-25 | Externally imposed by State Statute | Restricted |
| SR | SR | Indigent Drivers Alcohol Treatment | Fines and Forfeitures | ORC Section 2949.094 | Externally imposed by State Statute | Restricted |
| SR | SR | Law Enforcement Trust | Fines and Forfeitures | ORC Section 2981.13 | Externally imposed by State Statute | Restricted |
| SR | SR | Juvenile Diversion | Fines and Forfeitures | ORC Section 5139.43 | Externally imposed by State Statute | Restricted |
| SR | SR | Concealed Handgun Lic Exp | Fees, Licenses and Permits | ORC Section 311.42 | Externally imposed by State Statute | Restricted |
| SR + c | SR | County Donation Fund | Donations | External resource providers | Externally imposed by contributor | Restricted |
| SR + c | SR | County Donation Fund | Donations | External resource providers | Implied by donor, internally imposed by resolution | Committed |
| DS | DS | Bond Retirement | Permissive Sales Tax | ORC Sections 5739.026 & 133.081 | Externally imposed by State Statute & Resolution | Restricted |
| | | | Property Taxes | ORC Sections 5705.19; 133.10, .18, & .25 | Externally imposed by State Statute or voters | Restricted |
| | | | Rental Revenue | ORC Section 133.151 | Externally imposed by State Statute | Restricted |
| | | | Transfers + | | | Assigned |
| DS | DS | Special Assessment Bond Retirement | Special Assessments | ORC Sections 133.17 & 6115.50 | Externally imposed by State Statutes | Restricted |
| CP | CP | Capital Improvements | Note Proceeds + | ORC Section 133.32 | Externally imposed by Debt Covenants | Restricted |
| CP | CP | Capital Improvements | Grants | Federal/State Grantors | Externally imposed by Grantor | Restricted |
| CP | CP | Capital Improvements | Property Taxes | ORC Section 5705.19 (G) | Externally imposed by State Statute | Restricted |
| CP | CP | Capital Improvements | Permissive Sales Tax | ORC Section 5739.026 | Externally imposed by State Statute | Restricted |
| CP | CP | Issue II Improvements | Intergovernmental | OPWC Money | Externally imposed by grantor/OPWC | Restricted |
| CP | CP | Capital Improvement Assessment Fund | Special Assessments | ORC Section 5705.09 | Externally imposed by State Statute | Restricted |
| CP | CP | Construction | Specific Source TBD by County | ORC Section 5705.13 (C) & County Resolution | Internally imposed by county resolution | Committed |
| | | | Transfers + | ORC Section 5705.13 (C) & County Resolution | Commissioners have identified a specific purpose by resolution | Committed |
| | | | Transfers + | ORC Section 5705.13 (C) & County Resolution | Commissioners have not identified a specific purpose | Assigned |
| CP + b | CP | Court Computer Fund | Fines and Forfeitures | ORC Section 2303.201(B) | Externally imposed by State Statutes | Restricted |
| Perm + d | Perm | Endowment | Donations-Corpus can't be spent | External resource providers | Externally imposed by donor | Nonspendable |
| Perm + d | Perm | Endowment | Earnings on corpus | External resource providers | Externally imposed by donor | Restricted |

The chart shows the "prior fund classification' and the "GASB 54 fund classification" to illustrate situations necessitating the change in fund classification resulting from the implementation of GASB 54. If the two columns are the same, then no change in fund classification resulted.

The preceding chart does not include all possible grant funds; however, if a special revenue fund or capital projects fund has been properly established to account for a grant, the fund balance would be restricted based on the language in the grant agreement.

**+ GASB 54 Fund Classification**

a Some of the grant funds which are presented as special revenue funds could also be capital projects funds based on the use of the award; however, the fund balance classification will not change.

b Some of the court computerization funds could be capital projects funds based on the use of the dollars; however, the fund balance classification will still be restricted.

c Some of the donation funds could be capital projects funds based on the use of the dollars; however, the fund balance classification will still be restricted.

d The use of a permanent fund requires an evaluation of each individual circumstance, and the chart is illustrating the GASB 54 fund balance classification for those situations when a permanent fund is appropriate.

**+ Foundation Revenue/Inflow**

Transfers and debt proceeds represent an inflow not a revenue.

**+ Type of Constraint**

Review grant agreement for constraints on use of interest payments and collection of receivable.

**+ Fund Balance Classification**

The fund balance classification related to the loan receivable may be presented as restricted if the proceeds from the collection of the receivable are restricted.

# Townships

## GASB 54 Fund Balance Classification Analysis

| GASB 54 Fund Classification | Prior Fund Classification | Fund Name | Revenue Source Foundation Revenue (SR only)/ Inflow | Source of Constraint | Type of Constraint | Fund Balance Classification |
|---|---|---|---|---|---|---|
| General | General | General (1000) | Various sources | None | None | Unassigned |
| General | SR | Compensated Absences | Transfers + | ORC Section 5705.13(B) Cash transferred from other funds | Township's intent--payment of sick/vacation/comp-time at termination | Committed |
| General | SR | Underground Storage Tank ( 2291 - 2339) | Transfers + | AOS Bulletin 94-04 | Remediation deductible; however, no specific source, transfers | Committed |
| General | General | Unclaimed Monies Fund | Various unclaimed funds | ORC Section 9.39 | Externally imposed by State Statute | Nonspendable |
| General | SR | Zoning | None | ORC Chapter 519 | None | Unassigned |
| General | SR | Various | Charges for Services | No resolution establishing funding source | Resolution establishing intent of fund | Assigned |
| General | General | General | Hotel/Motel Tax - 50% for general fund | ORC Section 5739.09(B) | None | Unassigned |
| SR | SR | Motor Vehicle License Tax Fund (2011) | Motor Vehicle License Fees | ORC Chapter 4503 | Externally imposed by State Statute | Restricted |
| SR | SR | Gasoline Tax Fund (2021) | Gas Tax | ORC Section 5728.06 & Chapter 5735 | Externally imposed by State Statute | Restricted |
| SR | SR | Road and Bridge Fund (2031) | Property Taxes | ORC Section 5705.19 (G) | Externally Imposed by State Statute | Restricted |
| SR | SR | Road and Bridge Fund (2031) | Property Taxes--inside millage | ORC Section 5705.06 (F) | Internally Imposed by Trustees | Committed |
| SR | SR | Cemetery (2041 -2069) | Property Taxes | ORC Sections 517.03 & 5705.19 (T) | Externally Imposed by State Statute | Restricted |
| SR | SR | Cemetery (2041 -2069) | Charges for Services | ORC Section 517.15 A, C | Externally Imposed by State Statute | Restricted |
| SR | SR | Cemetery (2041 -2069) | Charges for Services | ORC Sections 517.07 & 517.08 | Externally Imposed by State Statute | Restricted |
| SR | SR | Garbage and Waste Disposal District (2071 - 2079) | Property Taxes--inside millage | ORC Section 505.29, | Internally Imposed by Trustees | Committed |
| SR | SR | Garbage and Waste Disposal District (2071 - 2079) | Property Taxes | ORC Section 5705.19 (V) | Externally Imposed by State Statute | Restricted |
| SR | SR | Garbage and Waste Disposal District (2071 - 2079) | Charges for Services | ORC Section 505.29 - no separate fund req'd - Resolution establishing funding source | Internally imposed by township resolution | Committed |
| SR | SR | Police District (2081 -2109) | Property Taxes | ORC Sections 505.48, 505.51, & 5705.19 (J) | Externally Imposed by State Statute | Restricted |
| SR | SR | Police District (2081- 2109) | Charges for Services | ORC Section 505.431 - no separate fund req'd - Resolution establishing funding source | Internally imposed by township resolution | Committed |
| SR | SR | Fire District (2111-2139) | Taxes | ORC Sections 505.39 & 5705.19 (I) | Externally Imposed by State Statute | Restricted |
| SR | SR | Fire District (2111 - 2139) | Charges for Services | ORC Sections 505.371 & 505.375 - separate fund - rate set by fire district board | Externally imposed by State Statute | Restricted |
| SR | SR | Road District (2141 -2169) | Property Taxes | ORC Section 5573.211 | Externally Imposed by State Statute | Restricted |
| SR | SR | Park Levy (2171 - 2179) | Property Taxes--inside millage | ORC Section 511.27 | Internally Imposed by Trustees | Committed |
| SR | SR | Park Levy (2171 - 2179) | Property Taxes | ORC Section 5705.19 (H) | Externally Imposed by State Statute | Restricted |
| SR | SR | Special Levy (2191 -2219) | Property Taxes | ORC Sections 5705.19, 505.46 &.47 | Externally imposed by voters | Restricted |
| SR | SR | Drug Law Enforcement (2221) | Fines and Forfeitures | ORC Section 2925.03, Technical Bulletin 86-16 | Externally imposed by State Statute | Restricted |
| SR | SR | Permissive Motor Vehicle License (2231) | Intergovernmental | | Externally imposed by State Statute | Restricted |
| | | | - Permissive MVL | ORC Chapter 4504 | Externally imposed by State Statute | Restricted |
| SR | SR | Permissive Sales Tax (2241) | Hotel/Motel Tax - 50% for convention and visitors' bureau | ORC Section 5739.09(B) | Externally imposed by State Statute | Restricted |
| SR | SR | Federal Law Enforcement (2251) | Fines and Forfeitures | AOS Bulletin 88-18 | Externally imposed by State Statute | Restricted |
| SR | SR | Law Enforcement Trust (2261) | Fines and Forfeitures | ORC Section 2981.13 (C)(1) | Externally imposed by State Statute | Restricted |
| SR | SR | Enforcement and Education (2271) | Fines and Forfeitures | AOS Bulletin 90-28 | Externally imposed by State Statute | Restricted |
| SR | SR | Fire and Rescue, Ambulance and Emergency Medical Services (2281 - 2289) | Charges for Services | ORC Section 505.84 - separate fund - rate set by township trustees | Externally imposed by State Statute | Restricted |
| SR | SR | Service Assessments (2401 - 2599) | Special Assessments | ORC Section 515.11 - lighting | Externally imposed by State Statute | Restricted |
| SR | SR | Miscellaneous Special Revenue (2901 - 2999) | TBD by township | TBD by township | TBD by township | TBD by township |
| DS | DS | General Retirement Fund (2101 - 3199) | Property Taxes | ORC Sections 5705.19; 133.10 & 133.25 | Externally imposed by State Statutes | Restricted |
| | | | Transfers + | Transfers from General Fund | | Assigned |
| DS | DS | Special Assessment Bond Retirement (3301 -3399) | Special Assessments | ORC Sections 133.17 & 6115.50 | Externally imposed by State Statutes | Restricted |

# Townships

## GASB 54 Fund Balance Classification Analysis

| GASB 54 Fund Classification | Prior Fund Classification | Fund Name | Revenue Source Foundation Revenue (SR only)/ Inflow | Source of Constraint | Type of Constraint | Fund Balance Classification |
|---|---|---|---|---|---|---|
| DS | DS | Miscellaneous Debt Service (3901 - 3999) | TBD by Township | TBD by township | TBD by township | TBD by township |
| | | | | | | |
| CP | CP | Bond Fund (4101 - 4999) | Initial Debt Proceeds + | ORC Sections 133.15, .32, & 504.20 | Externally imposed by debt covenants | Restricted |
| CP | CP | Permanent Improvement (4301 - 4399) | TBD by Township | TBD by township | TBD by township | TBD by township |
| CP | CP | Public Works Commission Project (4401 - 4499) | Intergovernmental | OPWC Money | Externally imposed by grantor/OPWC | Restricted |
| CP | CP | Capital Improvement Assessment Fund (4501 - 4599) | Special Assessments | ORC Sections 504.18, 515.16 & 521.06 - water and sewer | Externally imposed by State statute | Restricted |
| CP | CP | Miscellaneous Capital Projects (4901 - 4949) | TBD by township | TBD by township | TBD by township | TBD by township |
| Perm | Perm | Cemetery (2041 -2069) | Charges for Services | ORC Section 517.15 B - endowment | Externally imposed by State Statute | Nonspendable |
| Perm + | Perm | Permanent (4951 - 4999) | Donations-Corpus can't be spent | ORC Section 5705.09(F) | Externally imposed by donor | Nonspendable |
| | | | Earnings on corpus | ORC Section 5705.09(F) | Externally imposed by donor | Restricted |

The chart shows the "prior fund classification' and the "GASB 54 fund classification" to illustrate situations necessitating the change in fund classification resulting from the implementation of GASB 54. If the two columns are the same, then no change in fund classification resulted.

The preceding chart does not include all possible grant funds; however, if a special revenue fund or capital projects fund has been properly established to account for a grant, the fund balance would be restricted based on the language in the grant agreement.

**+ GASB 54 Fund Classification**

The use of a permanent fund requires an evaluation of each individual circumstance, and the chart is illustrating the GASB 54 fund balance classification for those situations when a permanent fund is appropriate.

**+ Foundation Revenue/Inflow**

Transfers and debt proceeds represent an inflow not a revenue.

# Libraries

## GASB 54 Fund Balance Classification Analysis

| GASB 54 Fund Classification | Prior Fund Classification | Fund Name | Revenue Source Foundation Revenue (SR only)/ Inflow | Source of Constraint | Type of Constraint | Fund Balance Classification |
|---|---|---|---|---|---|---|
| General | General | General | Various sources | None | None | Unassigned |
| General | General | Unclaimed Monies Fund | Various unclaimed funds | ORC Section 9.39 | Externally imposed by State Statute | Nonspendable |
| SR | SR | Miscellaneous Special Revenue | Intergovernmental - Grants | Federal/State Grantors | Externally Imposed by Grantor | Restricted |
| DS | DS | General Retirement Fund | TBD by Library | TBD by Library | TBD by Library | TBD by Library |
| CP | CP | Capital Projects | TBD by Library | TBD by Library | TBD by Library | TBD by Library |
| CP | CP | Building and Repair Fund | TBD by Library | TBD by Library | TBD by Library | TBD by Library |
| Perm + | Perm | Permanent | Donations-Corpus can't be spent | ORC Section 5705.09(F) | Externally imposed by donor | Nonspendable |
| Perm + | Perm | Permanent | Earnings on corpus | ORC Section 5705.09(F) | Externally imposed by donor | Restricted |

The chart shows the "prior fund classification' and the "GASB 54 fund classification" to illustrate situations necessitating the change in fund classification resulting from the implementation of GASB 54. If the two columns are the same, then no change in fund classification resulted.

The preceding chart does not include all possible grant funds; however, if a special revenue fund or capital projects fund has been properly established to account for a grant, the fund balance would be restricted based on the language in the grant agreement.

**+ GASB 54 Fund Classification**

The use of a permanent fund requires an evaluation of each individual circumstance, and the chart is illustrating the GASB 54 fund balance classification for those situations when a permanent fund is appropriate.

**+ Foundation Revenue/Inflow**

Transfers and debt proceeds represent an inflow not a revenue.

**This page was left blank intentionally.**