

**RESOLUTION
ROCK COUNTY BOARD OF SUPERVISORS**

Finance Committee
INITIATED BY



Jeffrey A. Smith, Finance Dir.
DRAFTED BY

Finance Committee
SUBMITTED BY

November 23, 2011
DATE DRAFTED

Designating Fund Balance Classifications

- 1 **WHEREAS**, the Governmental Accounting Standards Board (GASB) has issued Statement No. 54,
- 2 which changes the terminology used for fund balance reporting on the balance sheets of Governmental
- 3 Funds; and ,
- 4
- 5 **WHEREAS**, the changes made by GASB 54 do not affect total reported fund balances; and,
- 6
- 7 **WHEREAS**, GASB No. 54 requires that commitments of fund balances must occur before year end; and,
- 8
- 9 **WHEREAS**, GASB No. 54 requires decisions be made as to who should have authority to assign fund
- 10 balances.
- 11
- 12 **NOW, THEREFORE, BE IT RESOLVED** that the Rock County Board of Supervisors duly assembled
- 13 this 15th day of December, 2011 does hereby signify that the resources of the Parks Special
- 14 Revenue Fund be committed for wages, equipment, services and supplies for Parks activities; and,
- 15
- 16 **BE IT FURTHER RESOLVED**, that the resources of the Other Grant Special Revenue Fund be
- 17 committed for wages, equipment, services and supplies for the grant activities; and,
- 18
- 19 **BE IT FURTHER RESOLVED**, that the resources of the Veteran's Relief Special Revenue Fund be
- 20 committed for wages, equipment, services and supplies for veterans relief activities; and,
- 21
- 22 **BE IT FURTHER RESOLVED**, that the resources of the Other Activities Special Revenue Fund be
- 23 committed for costs associated with agency and trust account activities; and,
- 24
- 25 **BE IT FURTHER RESOLVED**, that the resources of the Other Special Revenue Funds be committed
- 26 for wages, equipment, services and supplies for other special revenue fund activities; and,
- 27
- 28 **BE IT FURTHER RESOLVED**, that the Finance Director be delegated the authority to assign fund
- 29 balances.

11-12A-538

Respectfully submitted,

FINANCE COMMITTEE

/s/Mary Mawhinney
Mary Mawhinney, Chair

/s/Sandra Kraft
Sandra Kraft, Vice Chair

/s/Mary Beaver
Mary Beaver

/s/David Diestler
David Diestler

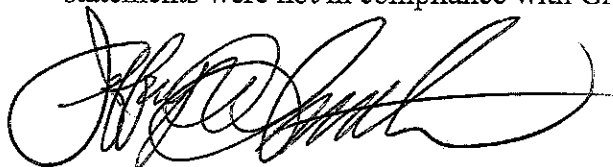
/s/J. Russell Podzilni
J. Russell Podzilni

Designating Fund Balance Classifications

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FISCAL NOTE:

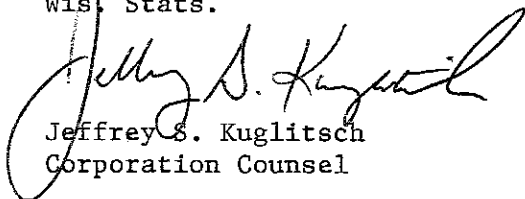
This resolution is required by the Governmental Accounting Standards Board (GASB) in accordance with generally accepted accounting principles (GAAP). It is important for the County to continue to have its financial statements prepared using GAAP. The County would not be eligible for many, if not all, federal and state grant awards if it did not produce annual audited financial statements using GAAP. In addition, the rating agencies would consider downgrading the County if its financial statements were not in compliance with GAAP.



Jeffrey A. Smith
Finance Director

LEGAL NOTE:

County Board is authorized to take this action pursuant to §§59.01 and 59.51, Wis. Stats.



Jeffrey S. Kuglitsch
Corporation Counsel

ADMINISTRATIVE NOTE:

Recommended.



Craig Knutson
County Administrator

EXECUTIVE SUMMARY

The Governmental Accounting Standards Board (GASB) has issued Statement No. 54, which changes the terminology used for fund balance reporting on the balance sheets of Governmental funds and creates five new classifications of governmental fund balances. The five classifications are:

1. Nonspendable – This classification will identify fund balance amounts that are in a nonspendable form. This includes prepaid expenses and inventories.
2. Restricted – The use of these fund balance amounts are limited by external legal restrictions. For example, grant funding can only be used for the specific purpose allowed by the grantor.
3. Committed - The use of these fund balance amounts are constrained by limitations imposed by the County Board. For example, per the County Board, the ATC fee proceeds are to be used for Parks or Land Conservation purposes only and only action by the County Board can change these limitations.
4. Assigned – Amounts in the assigned fund balance are intended to be used for a specific purpose. However, they don't meet the stricter definitions of restricted or committed. For example, carryover of funds to pay for equipment that was budgeted for and ordered in 2011, but did not arrive until 2012 would be classified as assigned in the 2011 financial statements. The County intends to use these funds to pay for the ordered equipment.
5. Unassigned – This is the total residual fund balance in the general fund and is available for any purpose.

The intent of GASB 54 is to provide fund balance classifications that governments will apply more consistently and will be more easily understood by users of the financial statements. The change in fund balance classifications will not change the total dollar amount of fund balance reported. GASB 54 only changes how the various items that make up the fund balance are classified.

Sample of Funds

| 2010 Audited Fund Balance | 2010 Fund Balance restated using GASB 54 terminology |
|------------------------------|---|
|------------------------------|---|

General Fund

| | | | | | | |
|--------------|----|------------|--|--------------|----|------------|
| Reserved | \$ | 5,046,759 | | Nonspendable | \$ | 5,046,759 |
| Designated | \$ | 1,026,721 | | Restricted | | |
| Undesignated | \$ | 16,965,422 | | Committed | | |
| | \$ | 23,038,902 | | Assigned | \$ | 1,026,721 |
| | | | | Unassigned | \$ | 16,965,422 |
| | | | | | \$ | 23,038,902 |

Revolving Loans Special Revenue Fund

| | | | | | | |
|--------------|----|---------|--|------------|----|---------|
| Undesignated | \$ | 150,403 | | Restricted | \$ | 150,403 |
|--------------|----|---------|--|------------|----|---------|

Arrowhead Library System Special Revenue Fund

| | | | | | | |
|--------------|----|--------|--|--------------|----|--------|
| Reserved | \$ | 4,259 | | Nonspendable | \$ | 4,259 |
| Undesignated | \$ | 26,904 | | Restricted | \$ | 24,904 |
| | \$ | 31,163 | | Assigned | \$ | 2,000 |
| | | | | | \$ | 31,163 |

Veterans' Relief Special Revenue Fund

| | | | | | | |
|--------------|----|-------|--|-----------|----|-------|
| Undesignated | \$ | 3,554 | | Committed | \$ | 3,554 |
|--------------|----|-------|--|-----------|----|-------|

ATC Fees Special Revenue Fund

| | | | | | | |
|----------|----|-----------|--|-----------|----|-----------|
| Reserved | \$ | 1,532,075 | | Committed | \$ | 1,532,075 |
|----------|----|-----------|--|-----------|----|-----------|