

**Governmental Accounting Standards Board (GASB) 54 Sub-Committee on  
Financial Management, Accounting and Reporting  
Approved by the Committee - July 13, 2010 Meeting Minutes**

The GASB 54 Sub-Committee met on July 13, 2010. Members in attendance: David Peterson, Pat Morphew, Jeff Yeager, Myrna Meunier, Tracey Fiereck, Nancy Schulzetenberg, Greg Hierlinger, and Patrick Chaffey.

MDE Staff: Audrey Bomstad, Karen Dykoski, Sarah Miller, and Mary Weigel

The meeting was opened by Sarah Miller at 12:05 p.m.

The committee members reviewed the agenda and it was unanimously approved by the committee.

David Peterson volunteered to be the committee chair.

Sarah Miller asked the committee to review the draft table of contents for the UFARS manual and gave the committee an overview of the future direction of the UFARS manual. The document is in draft format and subject to change.

The committee recommended that the draft table of contents, chapters 1 and 2 be presented to the advisory committee.

Sarah began presenting an overview of GASB 54. The committee felt that they needed to discuss the specific implementation issues and then follow-up with the overview.

The committee recommended that in the GASB 54 overview a statement should be added explaining that GASB 54 applies to governmental funds in the financial statement. Assignments and commitments should not be reported on the face of the statement of net assets.

The committee reviewed the specific classifications of fund balances under GASB 54: nonspendable fund balance, restricted fund balance, committed fund balance, assigned fund balance and unassigned fund balance. The committee reviewed the following funds to determine at a minimum which classifications would be included in each fund.

Fund	Nonspendable	Restricted	Committed	Assigned	Unassigned
1	Yes	Yes	Yes	Yes	Yes
2	Yes	Yes	(1)	(1)	Yes (4)
4	Yes	Yes	(2)	(2)	Yes (4)
6	Yes	Yes	No	No	(3)
7	No	Yes	No	No	Yes (4)

Notes:

- (1) Fund 02, questionable if Committed and Assigned are an option
- (2) Fund 04, questionable if Committed and Assigned are an option
- (3) Fund 06, can the fund go into a deficit and how would donations be recorded

(4) Funds 2, 4, and 7 for deficit unassigned fund balance only. MDE will review the Minnesota Statutes and other applicable rules, laws and regulations to see the effect on fund balance reporting.

MDE will review the UFARS manual definitions to see how the new classifications would be included in the accounting structure. Reserve fund balances may be converted to restricted fund balances with language added for other fund types. Unreserved/undesignated fund balances may be converted to assigned and unassigned fund balance. Reserve for encumbrance could be converted to committed, assigned or unassigned. MDE will explore potentially adding three fund balance codes for committed, assigned and nonspendable.

A committee member stated that GASB 54 has specific footnote requirements that may not be specifically addressed by the committee. With the implementation of GASB 54 the fund balances may not be comparable in the financial statements. The auditing firms are giving the districts the option if they would like comparable financial statements.

The committee discussed GASB 54 training for districts and other reporting entities. It was recommended that CPA firms and RMICs are in the best position to train their clients on the implementation of GASB 54. Some CPA firms are including information in the management letters and exit conference interviews.

The committee requested the following items be completed for the next GASB 54 meeting.

MDE will:

- review statutes, laws, rules and regulations and determine the impact on fund balance reporting;
- provide suggested changes in the wording and accounts in the UFARS manual;
- explore the fund balance requirements for fund 04;
- research fund 06 if deficits are allowed and how donations would be handled; and
- check with MSBA on what GASB 54 training they are doing.

David Peterson volunteered to prepare a document for districts that would include policy information on implementation of GASB 54.

The next meeting is scheduled for August 24, 2010, at 12:00 p.m. at MDE.

Meeting adjourned at 3:55 p.m.