

Management Committee

Meeting date: December 13, 2017

For the Metropolitan Council meeting of January 10, 2018

Subject: Fund Balance Classification

District(s), Member(s): All

Policy/Legal Reference:

Staff Prepared/Presented: Marie Henderson, Controller (651-602-1387)

Division/Department: Finance

Proposed Action

That the Metropolitan Council approve the fund balance classification of committed for Metro Mobility, Transportation Planning and Contracted Transit services governmental funds.

Background

There are four classifications for financial reporting purposes of governmental spendable funds. Those classifications are: Restricted, Committed, Assigned and Unassigned.

The restricted fund balance classification should be reported when constraints placed on the use of resources are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation.

The committed fund balance classification reflects specific purposes pursuant to constraints imposed by formal action of the Council's highest level of decision-making authority. Also, such constraints can only be removed or changed by the same form of formal action.

The assigned fund balance classification reflects amounts that are constrained by the government's intent to be used for specific purposes, but meet neither the restricted nor committed forms of constraint.

The unassigned fund balance classification is the residual classification for the general fund only. It is also where *negative residual amounts* for all *other* governmental funds would be reported.

Rationale

This request for compliance with Generally Accepted Accounting Principles (GAAP) formally documents the fund balance commitment for Metro Mobility, Transportation Planning and Contracted Transit services governmental funds consistent with requirements of the special revenue funds.

Thrive Lens Analysis

Accountability – This follows the Governmental Accounting Standard Board (GASB) Statement No. 54 requirement for accurate financial statement presentations for fund balance disclosures.

Funding

None

Known Support / Opposition

None