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Post-Implementation Review Concludes GASB Standard On Fund Balance Reporting Achieves Its Purpose.

Norwalk, CT—November 16, 2016 — The accounting and financial reporting standard for state and local governments that addresses fund balance reporting and governmental fund type definitions achieves its purpose, according to a report issued today by the Financial Accounting Foundation (FAF). The Post-Implementation Review (PIR) Report on Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, addresses technical, operational, and cost-effectiveness aspects of the Statement.

GASB Statement 54 was issued in 2009 to improve the usefulness of information provided to financial report users about fund balance by providing clearer, more structured fund balance classifications, and by clarifying the definitions of existing governmental fund types.

"The PIR process has provided some important stakeholder feedback on the benefits and costs of Statement 54 in light of actual experience in using and preparing the information," said GASB Chairman David A. Vaudt in the Board's response to the PIR report. "On behalf of the GASB, I would like to thank the Foundation for undertaking this important process and all of the individuals and organizations who gave their time to share their insights and experiences with the PIR staff."

The PIR team received broad-based input from GASB stakeholders including auditors, preparers, financial statement users, and academics. Based on its research, the review team concluded that:

- Overall, Statement 54 resolved the primary issues underlying its stated need—it introduced fund balance classifications that are easier to understand and clarified fund type definitions. Although some stakeholders have indicated that it is difficult to distinguish between committed and assigned fund balances, the Statement was an improvement over prior literature.
- Statement 54 provides users of financial statements with decision-useful information.
- Overall, Statement 54 is operational because it is understandable, can be applied as intended, and enables fund balance and governmental fund type information to be reported reliably.
- The changes made to financial and operating practices as a result of Statement 54 were not significant or unexpected.
- There were no significant unanticipated consequences as a result of the adoption of Statement 54.
- Overall, implementation and continuing application costs associated with Statement 54 were not significant and were consistent with the GASB's expectations.
- Overall, Statement 54 achieved its expected benefits.
- The PIR team's review did not result in any standard-setting process recommendations for the GASB.

The review of Statement 54 was undertaken by an independent team of the FAF, the parent organization of the GASB and the Financial Accounting Standards Board (FASB). The team's formal report is available here. The GASB's response letter to the report is available here.

The next PIR of a GASB standard will not be conducted for a few years, as the PIR team has

completed all the reviews of significant GASB standards that have been effective for at least two years.

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