GASB CODIFICATION · GENERAL PRINCIPLES

Section 1800

Classification and Terminology

GARS 1800

The vocabulary rules that keep transfers, revenues, and net position consistent across every fund and every statement — so a dollar reported as a transfer in one place doesn't quietly turn into revenue somewhere else. Plain-language reference only; not a substitute for the authoritative text.

GENERAL PRINCIPLES

Interfund Activity

Classify it consistently, wherever it crosses.

Transfers, interfund loans, and reimbursements across governmental, proprietary, and fiduciary funds need consistent treatment so they aren't miscounted as ordinary revenue or expense.

GENERAL PRINCIPLES

No Offsetting

Assets and liabilities stay gross.

They should not be netted against each other in the government-wide or proprietary fund statements of net position, except where a genuine legal right of offset exists.

GENERAL PRINCIPLES

Net Position, Three Pieces

Net investment in capital assets.

Restricted (by major category of restriction). Unrestricted. Together, these three components make up net position at the government-wide and proprietary fund levels.

GENERAL PRINCIPLES

Where Internal Service Funds Land

Usually governmental activities.

Internal service fund balances not eliminated in the statement of net position normally land in the governmental activities column — even though they're technically a proprietary fund type.

Unless business-type activities are the customer.

If enterprise funds are the predominant participant, the internal service fund's residual balances shift to the business-type activities column instead.

Paraphrased for plain-language reference from GASB's Codification of Governmental Accounting and Financial Reporting Standards, Section 1800, “Classification and Terminology.” Principal sources: NCGA Statement 1; GASB Statements 6, 7, 34, 37, 46, 51, 54, 62, 63, 87, 96, 100, 103. This summary is not authoritative — consult the current Codification (GARS-Online) or your auditor for application to a specific district.