


**From:** LSL CPAs - Lance, Soll & Lunghard LLP [august.burrows@lslcpas.com]  
**Sent:** Monday, March 07, 2011 3:31 PM  
**To:** Kelly Culver  
**Subject:** GASB 54 - Is Your City Prepared?



## The Latest Information

**March 7, 2011**

### **WHAT YOU NEED TO KNOW TO IMPLEMENT GASB 54**

GASB Statement 54 - Fund Balance Reporting and Governmental Fund Type Definitions is effective for periods beginning after June 15, 2010 which means for most government agencies this is required to be implemented for FY 10/11.

Below are some key points to consider:

1. New Fund Balance Classifications:

- Nonspendable: Such as fund balance associated with inventories and prepaids.
- Restricted: Includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation.
- Committed: Includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. (**FORMAL ACTION MUST OCCUR PRIOR TO FISCAL YEAR END**, amount can be determined subsequent to year end.)
- Assigned: Intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed.
- Unassigned: Includes the residual classification for the government's general fund and includes all spendable amounts not contained in the other classifications.

2. Governments are required to disclose information about the processes through which constraints are imposed on amounts in the committed and assigned classifications.

3. Appropriate fund balance classifications are determined by applying the government's accounting policies and procedures. If policies and procedures aren't comparable to the policies that underlie the

classifications in GASB Statement 54 then it is possible amounts may not be reported in all possible fund balance classifications. Disclosure of the policies in the notes to the financial statements is required.

4. Guidance on Stabilization Agreements (such as rainy day amounts, working capital needs, contingencies or emergencies) classification possibilities and disclosure requirements are provided in detail in the GASB Statement 54.

5. Reassess fund types your government currently holds based on clarified definitions of the General Fund, Special Revenue Fund, Capital Projects Fund, Debt Service Fund, and Permanent Fund.

Additional information relating to the requirements of GASB Statement 54, how to prepare and what the auditors will be looking for can be found in our GASB update training located on our website or [click here](#).

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Richard K. Kikuchi, CPA, Partner [richard.kikuchi@lslcpas.com](mailto:richard.kikuchi@lslcpas.com)

Bryan S. Gruber, CPA, Partner [bryan.gruber@lslcpas.com](mailto:bryan.gruber@lslcpas.com)

Debbie A. Harper, CPA, Manager [deborah.harper@lslcpas.com](mailto:deborah.harper@lslcpas.com)

Kelly A. Culver, CPA, Manager [kelly.culver@lslcpas.com](mailto:kelly.culver@lslcpas.com)

Kim A. Manning, CPA, Manager [kim.manning@lslcpas.com](mailto:kim.manning@lslcpas.com)

Frank C. North, CPA, Manager [frank.north@lslcpas.com](mailto:frank.north@lslcpas.com)

**Lance, Soll & Lunghard, LLP**

**[www.lslcpas.com](http://www.lslcpas.com)**

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