



# ***GASB 54***

## ***The New Fund Balance***

**Santa Barbara County Auditor-Controller**  
**June 21, 2011**

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**Auditor-Controller**

County Court House - Santa Barbara Calif

0-4-24

# Fund Balance Reporting and Governmental Fund Type

- Definitions
- What it does:
  - Clarifies use of governmental fund types
  - Changes how fund balance is presented
- Effective: June 30, 2011



# Governmental Fund Type

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- Clarifies use of governmental fund types
  - The only significant change in Santa Barbara County was the elimination of CSA 32 fund transfers

# What Is Fund Balance?

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- **Governmental funds only**
- **Fund balance = assets – liabilities**
- **Fund balance before GASB 54**
  - *Reserved* fund balance
  - *Unreserved* fund balance
    - **Designated fund balance**
    - **Unreserved undesignated fund balance**

# What Is Fund Balance?

- Governmental funds only
- Fund balance = assets – liabilities
- Fund balance after GASB 54
  - Focus on “extent to which government is bound to honor constraints on specific purposes for which amounts in those funds can be spent”
  - Five (5) categories of fund balance, based on
    - *What is the limitation?*
    - *Who says so?*

# Fund Balance Categories

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*Similar to reserved*

*Similar to unreserved*

**Nonspendable**  
**Restricted**  
**Committed**  
**Assigned**  
**Unassigned**

*Similar to designated*

# Reporting Changes

## Old Format

### Fund 0001 -- General

As of: 6/30/2011  
Accounting Period: OPEN

	Beginning Balance 7/1/2010	Year-To-Date Debits	Year-To-Date Credits	Ending Balance 6/30/2011
<b>Equity</b>				
2000 -- Fund Balance-Reserved	27,237,635.05	1,500,350.00	153,961.56	25,891,246.61
2100 -- Fund Balance-Designated	61,274,481.03	17,940,771.17	30,846,765.01	74,180,474.87
2200 -- Fund Balance-Unres & Undes	643,478.69	1,584,095,058.38	1,545,555,182.79	-37,896,396.90
<b>Total Equity</b>	<b>89,155,594.77</b>	<b>1,603,536,179.55</b>	<b>1,576,555,909.36</b>	<b>62,175,324.58</b>
<b>Total Liabilities, Equity &amp; Other Credits</b>	<b>103,154,292.58</b>	<b>2,365,280,541.04</b>	<b>2,348,794,802.37</b>	<b>86,668,553.91</b>

## New Format

### Fund 0001 -- General

As of: 6/30/2011  
Accounting Period: OPEN

	Beginning Balance 7/1/2010	Year-To-Date Debits	Year-To-Date Credits	Ending Balance 6/30/2011
<b>Equity</b>				
2110 -- Fund Balance-Nonspendable	26,796,965.33	1,500,000.00	124,723.00	25,421,688.33
2120 -- Fund Balance-Restricted	7,304,672.43	1,463,309.46	2,881,628.83	8,722,991.80
2130 -- Fund Balance-Committed	54,410,478.32	16,477,811.71	27,994,374.74	65,927,041.35
2200 -- Fund Balance-Residual	643,478.69	1,584,095,058.38	1,545,555,182.79	-37,896,396.90
<b>Total Equity</b>	<b>89,155,594.77</b>	<b>1,603,536,179.55</b>	<b>1,576,555,909.36</b>	<b>62,175,324.58</b>
<b>Total Liabilities, Equity &amp; Other Credits</b>	<b>103,154,292.58</b>	<b>2,365,280,541.04</b>	<b>2,348,794,802.37</b>	<b>86,668,553.91</b>

# New Fund Balance Categories

*Nonspendable*  
(i.e. Teeter Tax Losses)

*Restricted*  
(i.e. DARE)

*Committed*  
(i.e. Litigation)

*Assigned*

*Unassigned*



# Fund Balance Components

<b>Fund 0001 -- General</b>		As of: 6/16/2011 Accounting Period: OPEN		
<b>Line Item Account</b>	<b>Beginning Balance 7/1/2010</b>	<b>Year-To-Date Debits</b>	<b>Year-To-Date Credits</b>	<b>Ending Balance 6/30/2011</b>
<b>General Ledger Account 2110 -- Fund Balance-Nonspendable</b>				
9602 -- Receivables	20,305,811.70	1,500,000.00	0.00	18,805,811.70
9605 -- Prepays/Deposits	50,000.00	0.00	0.00	50,000.00
9610 -- Teeter Tax Losses	6,441,153.63	0.00	124,723.00	6,565,876.63
<b>Total Fund Balance-Nonspendable</b>	<b>26,796,965.33</b>	<b>1,500,000.00</b>	<b>124,723.00</b>	<b>25,421,688.33</b>
<b>General Ledger Account 2120 -- Fund Balance-Restricted</b>				
9715 -- Maintenance-Casa Nueva Bldg	417,919.72	0.00	29,038.56	446,958.28
9733 -- State Off Hwy Fee	146,926.64	0.00	0.00	146,926.64
9744 -- Recorder Modernization	631,921.22	485,703.00	520,183.00	666,401.22
9758 -- Forfeiture Penalty	512,029.42	43,997.57	274,763.41	742,795.26
9759 -- Gaviota Bikeway	313,582.50	2,039.15	2,122.74	313,666.09
9762 -- Real Estate Fraud	28,122.80	0.00	0.00	28,122.80
9767 -- Assessor AB818	552,982.94	0.00	0.00	552,982.94
9768 -- Public Safety Prop 172	146,402.07	0.00	0.00	146,402.07
9770 -- Probation LLEBG	0.00	0.00	0.00	0.00
9773 -- Donations	177,128.22	26,846.75	500.00	150,781.47
9774 -- Public Arts Program	323,649.86	3,062.04	616,817.29	937,405.11
9777 -- Probation LESF/COPS	3,568.15	23.23	120.97	3,665.89
9778 -- Survey Monument	356,418.71	0.00	12,220.00	368,638.71
9780 -- Animal Control Programs	103,242.38	8,044.00	25,744.92	120,943.30
9782 -- P&D Offsite Mitigation	1,030,490.25	153,314.85	21,895.78	899,071.18
9783 -- Vital Records	246,697.64	0.00	40,921.65	287,619.29
9787 -- DARE	40,383.79	0.00	0.00	40,383.79
9789 -- Probation Programs	163,622.63	34,683.87	808,136.99	937,075.75
9791 -- Sheriff Categorical Grants	1,948,318.59	705,595.00	279,807.52	1,522,531.11
9792 -- Recorder Micrographics	159,794.90	0.00	82,979.00	242,773.90
9793 -- Recorder Redaction	1,470.00	0.00	83,188.00	84,658.00
9794 -- Recorder ERDS	0.00	0.00	83,189.00	83,189.00
<b>Total Fund Balance-Restricted</b>	<b>7,304,672.43</b>	<b>1,463,309.46</b>	<b>2,881,628.83</b>	<b>8,722,991.80</b>

# Fund Balance Components

## Fund 0001 -- General

As of: 6/16/2011  
Accounting Period: OPEN

Line Item Account	Beginning Balance 7/1/2010	Year-To-Date Debits	Year-To-Date Credits	Ending Balance 6/30/2011
<b>General Ledger Account 2130 -- Fund Balance-Committed</b>				
9811 -- Mental Health	0.00	0.00	0.00	0.00
9821 -- Imprest Cash	22,750.00	350.00	200.00	22,600.00
9822 -- County Executive Programs	578,728.00	0.00	0.00	578,728.00
9823 -- Ag Commissioner Projects	39,455.00	25,000.00	0.00	14,455.00
9824 -- Housing Programs	29,444.00	20,527.00	0.00	8,917.00
9825 -- Clerk Record Assessor Projects	824,580.83	0.00	0.00	824,580.83
9826 -- General Services Projects	41,200.00	0.00	0.00	41,200.00
9827 -- Treas Tax Collector Projects	3,033,984.00	161,164.81	0.00	2,872,819.19
9828 -- General County Programs	431,654.00	0.00	0.00	431,654.00
9829 -- Human Resources Programs	449,906.00	177,000.00	177,000.00	449,906.00
9830 -- Accumulated Capital Outlay	4,375,974.76	2,517,427.48	2,100,000.00	3,958,547.28
9834 -- Auditor Systems Maint/Develop	876,234.69	0.00	300,000.00	1,176,234.69
9840 -- Strategic Reserve	21,045,713.00	1,203,267.00	6,739,386.00	26,581,832.00
9841 -- Sheriff Projects	1,617,723.04	1,312,116.35	112,898.00	418,504.69
9842 -- Elections Voting Equipment	2,015,416.03	103,982.97	103,982.97	2,015,416.03
9845 -- Litigation	3,622,699.64	496,898.98	386,934.00	3,512,734.66
9846 -- ARRA Matching	580,383.00	0.00	0.00	580,383.00
9848 -- Parks Projects	0.00	0.00	0.00	0.00
9849 -- Salary & Benefits Reductions	114,010.00	2,196,591.00	3,789,943.00	1,707,362.00
9850 -- Salary & Retirement Offset	2,365,926.47	0.00	0.00	2,365,926.47
9851 -- Facilities Maintenance	836,589.79	1,315,401.80	2,000,000.00	1,521,187.99
9855 -- P&D Land Use System	387,759.37	0.00	140,000.00	527,759.37
9857 -- Rental Maintenance	67,934.41	0.00	0.00	67,934.41
9860 -- Toxic Waste Monitoring	10,151.57	0.00	0.00	10,151.57
9866 -- Building & Safety Permitting	40,000.00	0.00	0.00	40,000.00

# Fund Balance Components

<b>Fund 0001 -- General</b>		As of: 6/16/2011 Accounting Period: OPEN		
<u>Line Item Account</u>	<u>Beginning Balance 7/1/2010</u>	<u>Year-To-Date Debits</u>	<u>Year-To-Date Credits</u>	<u>Ending Balance 6/30/2011</u>
<b>General Ledger Account 2130 -- Fund Balance-Committed</b>				
9868 -- District Attorney Programs	3,041.00	0.00	0.00	3,041.00
9875 -- Energy Projects	0.00	0.00	0.00	0.00
9876 -- Audit Exceptions	8,779,382.00	4,282,686.98	6,984,884.00	11,481,579.02
9881 -- Public Health Programs	15,010.76	15,010.76	0.00	0.00
9882 -- Planning/Development Projects	435,005.59	234,700.31	237,528.85	437,834.13
9889 -- Probation Programs	1,059,655.79	966,055.00	0.00	93,600.79
9890 -- Program Restoration	0.00	883,805.64	3,972,037.00	3,088,231.36
9897 -- Unrealized Gains	482,515.58	535,844.63	53,329.05	0.00
9898 -- Contingencies	227,650.00	29,981.00	896,251.87	1,093,920.87
Total Fund Balance-Committed	54,410,478.32	16,477,811.71	27,994,374.74	65,927,041.35
<b>General Ledger Account 2200 -- Fund Balance-Residual</b>				
-- *** NOT ON FILE ***	643,478.69	1,584,095,058.38	1,545,555,182.79	-37,896,396.90
Total Fund Balance-Residual	643,478.69	1,584,095,058.38	1,545,555,182.79	-37,896,396.90
<b>Total General</b>	<b>89,155,594.77</b>	<b>1,603,536,179.55</b>	<b>1,576,555,909.36</b>	<b>62,175,324.58</b>

# Fund Balance Policy

- What is the purpose of a fund balance policy?

- Provide guidance for the management of the governmental fund balance, which represents the net assets or financial position of the county, and providing for a financial “cushion” against unanticipated events

- Focus of fund balance policy?

- Unrestricted fund balance

- Committed

- Assigned

- Unassigned

# Fund Balance Policy

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## Essential Elements

- Appropriate level of fund balance
  - Minimum amount, or
  - Range
- Circumstances for spending down
- Policy for replenishment

# Stabilization Arrangements (Rainy Day Funds/Strategic Reserve)

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- The Strategic Reserve will be classified as Committed fund balance if the following two requirements are included in the policy:

- Sufficiently specific stated purpose
- Non-routine

- Without a policy, the Strategic Reserve will be classified as Unassigned fund balance for financial statement reporting purposes

# Strategic Reserve Policy

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## Target Funding Level

The committed Strategic Reserve fund balance shall be an *amount equivalent to 8% of operating revenue* (approx. 30 days working capital) for the General Fund.

# Purpose of Strategic Reserve

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- Purpose of the County's Strategic Reserve

1. Mitigate economic downturns that reduce County general revenue
2. Mitigate State or Federal budget actions that may reduce County revenue
3. Maintain core service levels essential to public health, safety and welfare
4. Front-fund or completely fund disaster costs associated with emergencies.
5. Absorb liability settlements in excess of available resources in the litigation designation.



# Purpose of Strategic Reserve

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The Strategic Reserve should only be used to support the operating budget when general revenue increases less than 3% from the prior fiscal year.



Questions?

County Court House - Santa Barbara Calif -

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