



BOARD OF SUPERVISORS
AGENDA LETTER

Agenda Number:

Clerk of the Board of Supervisors
105 E. Anapamu Street, Suite 407
Santa Barbara, CA 93101
(805) 568-2240

Department Name: Auditor-Controller
Department No.: 061
For Agenda Of: December 13, 2016
Placement: Administrative
Estimated Tme:
Continued Item: No
If Yes, date from:
Vote Required: Majority

TO: Board of Supervisors

FROM: Department Theodore A. Fallati, CPA, CPFO, Auditor-Controller
Director(s)
Contact Info: Betsy Schaffer, CPA, CPFO, Asst. Auditor-Controller

SUBJECT: Fund Balance Policy Amendment

County Counsel Concurrence

As to form: N/A

Auditor-Controller Concurrence

As to form: Yes

Other Concurrence:

Recommended Actions:

That the Board of Supervisors:

- a) Adopt an amended comprehensive fund balance policy for the County of Santa Barbara to effect implementation of changes to the provisions of the Enterprise Funds portion of the policy, and
- b) Determine that pursuant to California Environmental Quality Act (CEQA) Guidelines Section 15378(b)(5) that the above action is a governmental administrative activity which does not involve any commitment to a specific project which may result in a potentially significant physical impact on the environment, and therefore is not a project subject to environmental review.

Summary Text:

The proposed amendment adjusts the size of the general operating reserve of the County's Enterprise Funds, eliminates the requirement for a post closure retained earnings account and allows for the addition of any restricted retained earnings accounts that are required by bond or debt instruments issued by the Enterprise Funds.

Background:

The County maintains certain financial and budgeting policies to promote sound financial management. These policies require occasional updates and modification in order to remain current and meet the

needs of the organization while complying with accounting standards, the needs of the organization and best practices. This policy was last updated and approved by your Board in June of 2011.

As a result of a proposed debt financing of the Tajiguas Resource Recovery Project, certain fund balance requirements for the Resource Recovery and Waste Management Fund are required by the financing documents. Specifically, a general operating retained earnings account that, at a minimum covers 180 days of operating expenses of the fund. Additionally, a Bond Holders Rate Stabilization restricted retained earnings account of \$5,000,000 is required. The post closure account that was intended to fund a new facility or alternative technology is being eliminated because the post closure account is recorded as a fund liability and not a reserve or retained earnings.

This amendment will allow the Enterprise Funds to establish any retained earnings accounts required in future financing documents as necessary.

Fiscal and Facilities Impacts:

The amount of fund balance will not be any different with this amendment, but required accounts will be established and segregated from other retained earnings of the Enterprise Funds.

Attachments:

Attachment A: Comprehensive Fund Balance Policy for the County of Santa Barbara (untracked/final)
Attachment B: Comprehensive Fund Balance Policy for the County of Santa Barbara (changes tracked)

Authored by:

Betsy Schaffer, Assistant Auditor-Controller