



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: May 10, 2011
Placement: Administrative
Estimated Tme:
Continued Item: No
If Yes, date from:
Vote Required: 4/5 Vote

TO: Board of Supervisors

FROM: Department Robert W. Geis, CPA, Auditor-Controller
Director(s)
Contact Info: Julie A. Hagen, CPA, Chief Deputy Controller

SUBJECT: Budget Revisions – GASB 54

County Counsel Concurrence

As to form: N/A

Other Concurrence: N/A

As to form: Select_Concurrence

Auditor-Controller Concurrence

As to form: Yes

Recommended Actions: That the Board of Supervisors receive and approve the attached budget revisions.

Summary Text:

The Governmental Accounting Standards Board (GASB) is the source of generally accepted accounting principles (GAAP) used by State and Local governments. The GASB establishes and improves standards of state and local governmental accounting and financial reporting. GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, will improve financial reporting by providing fund balance categories and classifications that will be more easily understood.

Background:

The attached budget revisions are necessary in order to correctly classify fund balance in preparation for the required implementation of GASB 54 as of July 1, 2011.

The use of public resources typically is constrained by legal restrictions and other limitations. Some of these constraints are imposed by outside parties (e.g., higher levels of government, grantors, creditors); others reflect limitations that the government itself has placed upon the use of resources. Financial statement users examine fund balance information to identify the available resources that can be used. GASB Statement No. 54 is designed to improve financial reporting by establishing fund balance classifications that are easier to understand and apply. It establishes a hierarchy based on the extent to which a government is bound to observe spending constraints on the funds it can use.

In addition, GASB 54 imposes specific requirements on the definition of Special Revenue Funds. Under the new requirements Special Revenue Funds are used to account for and report the proceeds of specific revenue sources that are restricted to expenditure for specific purposes. The inflows into a Special Revenue Fund must be originally recognized as revenues directly in that fund. Transfers from another fund do not constitute revenue. Based on these new requirements we performed an analysis of all the Special Revenue Funds and found that Fund 2230 (CSA 32) no longer qualifies as a Special Revenue Fund. The only transactions in the fund are transfers between Fund 2230 and the General Fund and these entries are no longer appropriate. The attached budget revision for Fund 2230 (CSA 32) will reverse out the budgeted entries that transfer amounts from Department 990 in the General Fund, to Fund 2230 and back to Department 32 (Sheriff) in the General Fund. This revision is not changing the method of tracking costs in the Sheriff's Department and it is not changing the funding of these costs.

Fiscal and Facilities Impacts: Acceptance of the attached budget revisions does not have a fiscal or facilities impact.

Attachments:

Attachment A – Budget Revisions

Authored by: Julie Hagen, CPA, Chief Deputy Controller