



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 & CEO
Department No.: 061 & 012
For Agenda Of: 7/13/2021
Placement: Administrative
Estimated Time: N/A
Continued Item: No
If Yes, date from: N/A
Vote Required: 4/5

TO: Board of Supervisors

FROM: Department Betsy M. Schaffer, CPA, Auditor-Controller
Director(s) Mona Miyasato, County Executive Officer
Contact Info: Joel W. Boyer, CPA, Financial Reporting Division Chief
Nancy Anderson, Budget Director

SUBJECT: Budget Revisions of Appropriations - GASB 84 Conversion

County Counsel Concurrence

As to form: N/A

Other Concurrence: N/A

As to form: No

Auditor-Controller Concurrence

As to form: Yes

Recommended Actions:

That the Board of Supervisors:

- a) Approve budget revisions necessary to transfer resources held in County fiduciary funds to County governmental funds in accordance with Governmental Accounting Standards Board (GASB) Statement No. 84 which require 4/5 approval vote from the Board of Supervisors.
- b) Determine that the above actions are not a project under the California Environmental Quality Act (CEQA) pursuant to Section 15378(b)(4) of the CEQA Guidelines because they consist of governmental fiscal activities which do not involve any commitment to any specific project which may result in a potentially significant physical impact on the environment.

Summary Text:

Prior to the required implementation of GASB Statement No. 84 in fiscal year 2020-21, the County held certain resources in fiduciary funds that were not subject to the same accounting and budgeting requirements as governmental funds. These resources were instead classified as Due to Others liabilities with periodic transfers made to governmental funds to recognize the resources as County revenue and appropriate for use by departments consistent with the restricted or intended use of the resources. The Auditor-Controller's Office analyzed all County fiduciary funds and determined that certain resources held by the County in these funds do not meet the fiduciary fund criteria under GASB Statement No. 84.

Fiscal year 2020-21 budgetary impacts from this new standard were brought to the Board of Supervisors on May 18th, 2021. The County implemented this new accounting standard in the Financial Information Network (FIN) in May 2021 which was within the required implementation timeframe. However, the implementation occurred after the majority of the County’s fiscal year 2021-22 budget process was complete. As a result, some budgetary impacts were not included in the County’s fiscal year 2021-22 adopted budget and require budget revisions.

Background:

The GASB issued Statement No. 84, *Fiduciary Activities*, to establish standards for state and local governments regarding the identification of fiduciary activities for accounting and financial reporting purposes. In order to be considered a fiduciary activity, an asset must meet all of the following summarized criteria:

- The asset is controlled by the government;
- The asset is not derived exclusively from the government’s own revenues or from transactions that are primarily taxation or grant driven;
- The asset has one or more of the following elements:
 - It is administered through a trust in which the government is not a beneficiary;
 - It is for the benefit of individuals and the government does not have administrative or direct financial involvement with it;
 - It is for the benefit of organizations beyond the government’s reporting entity.

The County Auditor-Controller determined that certain County activities that were previously considered fiduciary no longer meet these newly established criteria. As a result, the assets held related to these activities have been transferred from fiduciary funds to governmental funds.

Fiscal and Facilities Impacts:

Budgeted: No. Approval of the attached budget revisions will adjust the County’s fiscal year 2021-22 budget to properly account for these resources in accordance with GASB Statement No. 84. Beginning with the fiscal year 2022-23 budget development process, budgetary impacts of GASB Statement No. 84 will be included in the County’s recommended budget.

The following shows the budgeted fund balance impact of the attached budget revisions. Actual amounts may differ due to estimates of additional resources that may be received by June 30, 2022.

<u>Fund Balance</u>	<u>General Fund</u>	<u>Capital Outlay</u>	<u>Special Revenue</u>	<u>Permanent Fund</u>	<u>Total</u>
Committed	\$ (2,000)	\$ -	\$ (119,000)	\$ -	\$ (121,000)
Restricted	-	450,000	1,456,956	20,000	1,926,956
Total	\$ (2,000)	\$ 450,000	\$ 1,337,956	\$ 20,000	\$ 1,805,956

Attachments:

Attachment A: GASB 84 Budget Revision Requests - Board of Supervisors 4/5 Approval Required

Authored by:

Joel W. Boyer, CPA, Financial Reporting Division Chief