

# SANTA BARBARA COUNTY BOARD AGENDA LETTER



Clerk of the Board of Supervisors  
105 E. Anapamu Street, Suite 407  
Santa Barbara, CA 93101  
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**Agenda Number:**  
**Prepared on:** 6/4/02  
**Department Name:** Auditor-controller  
**Department No.:** 061  
**Agenda Date:** 6/18/02  
**Placement:** Administrative  
**Estimate Time:** 0 minutes  
**Continued Item:** NO  
**If Yes, date from:**

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**TO:** Board of Supervisors  
**FROM:** The GASB 34 Policy Group  
**STAFF CONTACT:** Robert W. Geis, CPA CPFO, Auditor-Controller  
x2101  
**SUBJECT:** Financial Reporting Policies

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## **Recommendation(s):**

That the Board of Supervisors:

Set a hearing for June 25, 2002 on the Departmental Agenda for the following (ESTIMATED TIME: 30 minutes):

- 1.) Accept the fiscal year 2000-2001 Pro-forma Comprehensive Annual Financial Report (CAFR) prepared under Government Accounting Standards Board (GASB) Statement No. 34 guidelines and financial reporting format.
- 2.) Approve the attached financial reporting policies necessary to implement GASB Statement No. 34.
- 3.) Provide direction to the Auditor-Controller regarding the financial resources generated by the reversal of the compensated absences short-term liability.

## **Alignment with Board Strategic Plan:**

*The recommendations are primarily aligned with Goal No. 3, a strong, professionally managed County organization and is required by law or by routine business necessity.*

## **Executive Summary and Discussion:**

In order to implement Governmental Accounting Standards Board Pronouncement #34, certain financial reporting policies need to be established within the County. We will be bringing these policies and a version

of the June 30, 2001 CAFR that complies with this standard and these policies to your board on June 25, 2002.

GASB 34 redefined the short-term compensated absences liability and as a result, the short-term liability recorded on the County's books must be reversed. The effect across all County operating funds is the reversal of \$3,943,455 of current and prior year expenditures and liability.

**Mandates and Service Levels:**

In order to conform with Generally Accepted Accounting Principles (GAAP), it is required that the County implement GASB Statement No. 34 for the Comprehensive Annual Financial Report for fiscal year ending June 30, 2002.

**Fiscal and Facilities Impacts:**

No financial impact from adopting the attached financial reporting policies. The reversal of the compensated absences short-term liability provides a \$3,943,455 positive fund impact across all County operating funds. A portion of this liability amount has previously been expensed to and reimbursed by Federal and State programs. The reversal would require an estimated 40% (\$1,577,000) rebate to existing Federal and State programs.

An alternative to rebating the Federal and State programs could be to transfer the entire resource to the Workers Compensation Fund to reduce the \$10 million deficit in that fund at the beginning of FY 01-02. Current workers compensation rates amortize the existing deficit over a ten year period.

**Special Instructions:**

None

**Concurrence:**

None