



**Auditor-
Controller/Treasurer-Tax
Collector
COUNTY OF TULARE
AGENDA ITEM**

BOARD OF SUPERVISORS

ALLEN ISHIDA
District One

PETE VANDER POEL
District Two

PHILLIP A. COX
District Three

J. STEVEN WORTHLEY
District Four

MIKE ENNIS
District Five

AGENDA DATE: June 28, 2011

Public Hearing Required	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>	N/A <input type="checkbox"/>
Scheduled Public Hearing w/Clerk	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>	N/A <input type="checkbox"/>
Published Notice Required	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>	N/A <input type="checkbox"/>
Advertised Published Notice	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>	N/A <input type="checkbox"/>
Meet & Confer Required	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>	N/A <input type="checkbox"/>
Electronic file(s) has been sent	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>	N/A <input type="checkbox"/>
Budget Transfer (Aud 308) attached	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>	N/A <input type="checkbox"/>
Personnel Resolution attached	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>	N/A <input type="checkbox"/>
Resolution, Ordinance or Agreements are attached and signature line for Chairman is marked with tab(s)/flag(s) Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> N/A <input type="checkbox"/>			

CONTACT PERSON: Oscar J Garcia PHONE: 559-636-5214

SUBJECT: Fund Balance Policy

REQUEST(S):

That the Board of Supervisors:

1. Ratify and approve the County of Tulare's Fund Balance policy, which creates and defines new governmental fund designations while also delegating the authority to determine assigned fund balances to the Chief Administrative Officer (CAO) and delegating the authority to determine committed fund balances to the Board of Supervisors, retroactive to July 1, 2010.
2. Find that the Board had authority to approve the fund balance policy as of July 1, 2010 and that it was in the County's best interest to approve the policy on that date.

SUMMARY:

The Governmental Accounting Standards Board (GASB) has issued governmental standard number 54 which has changed the way governments are required to present fund balance in the County's Comprehensive Annual Financial Report (CAFR). The GASB is currently the source of generally accepted accounting

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principles (GAAP) used by State and Local governments in the United States of America. As with most of the entities involved in creating GAAP in the United States, it is a private, non-governmental organization.

The prior requirement for reporting fund balance included three categories for governmental funds. These categories were reserved, unreserved designated, and unreserved undesignated. Reserved fund balance was that portion of the fund balance of governmental funds segregated for future purposes or not available to finance expenditures of the subsequent accounting period. Unreserved designated fund balance was that portion of fund balance identified by management to reflect tentative plans or commitments of governmental resources. Unreserved undesignated was the remaining fund balance which could be used for any governmental purpose.

The new fund balance categories under GASB 54 are: non-spendable, restricted, committed, assigned, and unassigned. See attachment for definitions.

The following table illustrates the recommended authorities for approval, for each fund balance category. This table shows the authority of the CAO to assign fund balances and the Board to commit fund balances.

Fund Balance Category	Board Approval Required	CAO Approval Required
Non-spendable	No	No
Restricted	No	No
Committed	Yes	No
Assigned	No	Yes
Unassigned	No	No

Therefore approval of this policy must be retroactive so that the County can be GASB 54 compliant for the upcoming CAFR.

FISCAL IMPACT/FINANCING:

N/A

LINKAGE TO THE COUNTY OF TULARE STRATEGIC BUSINESS PLAN:

Organizational Performance – Provide for effective communication, collaboration, and decision-making at, and between all levels of the organization.

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ALTERNATIVES:

Do nothing and have the County continue with an unwritten fund balance policy which may be subject to misinterpretation.

INVOLVEMENT OF OTHER DEPARTMENTS OR AGENCIES:

The Auditor-Controller's Office will ask for yearly resource information from departments to help categorize Fund Balance into the proper categories for proper presentation in the County of Tulare's CAFR.

ADMINISTRATIVE SIGN-OFF:



Deborah Paolinelli
Assistant Auditor-Controller/Treasurer-Tax Collector

Cc: Auditor/Controller
County Counsel
County Administrative Office (3)

Attachment: County of Tulare Fund Balance Policy

**BEFORE THE BOARD OF SUPERVISORS
COUNTY OF TULARE, STATE OF CALIFORNIA**

IN THE MATTER OF Fund Balance)
Policy)
)

RESOLUTION NO. _____
AGREEMENT NO. _____

UPON MOTION OF SUPERVISOR _____, SECONDED BY
SUPERVISOR _____, THE FOLLOWING WAS ADOPTED BY THE
BOARD OF SUPERVISORS, AT AN OFFICIAL MEETING HELD _____
_____, BY THE FOLLOWING VOTE:

AYES:
NOES:
ABSTAIN:
ABSENT:

ATTEST: JEAN M. ROUSSEAU
 COUNTY ADMINISTRATIVE OFFICER/
 CLERK, BOARD OF SUPERVISORS

BY: _____
 Deputy Clerk

* * * * *

1. Ratified and approved the County of Tulare's Fund Balance policy, which created and defined new governmental fund designations while also delegated the authority to determine assigned fund balances to the Chief Administrative Officer (CAO) and delegated the authority to determine committed fund balances to the Board of Supervisors, retroactive to July 1, 2010.
2. Find that the Board had authority to enter into the proposed agenda as of July 1, 2010 and that it was in the County's best interest to enter into the agreement on that date.

County of Tulare Fund Balance Policy

To help comply with GASB 54 the following items are defined for County of Tulare Governmental Funds:

1. The Tulare County Board of Supervisors is the County's highest level of decision makers and, thus has the authority to commit fund balances in all governmental funds to ensure the operations of the County of Tulare. Once the Board of Supervisors have committed the funds, they are the only ones who may remove the commitment by taking the same action (example, board resolution) as they did to commit the funds.
2. The Board of Supervisors, by board resolution, delegates the authority to determine fund balances to the Chief Administrative Officer (CAO).
3. If an expenditure is incurred for a purpose for which both restricted and unrestricted (committed, assigned, or unassigned) amounts are available, the County considers restricted fund balances spent first, committed funds spent second, assigned funds spent third, and unassigned spent last.
4. The Governmental Accounting Standard Board, (GASB) has issued GASB 54, Fund Balance Reporting and Governmental Fund Type Definitions:
 - **Nonspendable Fund Balance** – includes amount that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.
 - **Restricted Fund Balance** – Fund balance should be reported as restricted when constraints placed on the use of resources are either:
 - Externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or
 - Imposed by laws through constitutional provisions or enabling legislation.
 - **Committed Fund Balance** – Amounts that can only be used for a specific purpose pursuant to constraints imposed by formal action of the government's highest level of decision-making authority should be reported as committed fund balance. Those committed amounts cannot be used for any other purpose unless the government removes or changes the specified use by taking the same type of action it employed to previously commit those funds (for example, a board resolution).
 - **Assigned Fund Balance** – Amounts that are constrained by the government's intent for specific purposes, but are neither restricted nor committed, should be reported as assigned fund balance. Intent should be expressed by (a) the governing body itself or (b) a body (a budget or finance committee, for example) or official to which the governing body has delegated the authority to assign amounts to be used for specific purposes.

Attachment

- **Unassigned Fund Balance** – The residual classification for the general fund.

The following table lists each fund balance category:

Fund Balance Category	Board Approval Required	CAO Approval Required
Non-spendable	No	No
Restricted	No	No
Committed	Yes	No
Assigned	No	Yes
Unassigned	No	No