

PORT SAN LUIS HARBOR DISTRICT POLICY HANDBOOK

POLICY TITLE: Fiscal Goals
POLICY NUMBER: 3022
Originally Adopted:
Revised: March 29, 2011; February 25, 2014

3022.10 Generate cash from operations and property taxes equal to 100% of our combined (general/enterprise fund) operating costs and provide for capital projects (3022.50 and 3022.60 below).

3022.20 Maintain an operating reserve level of at least \$1,300,000 with a goal of 50% of actual fiscal year expenditures (not including capital outlay) by 2018/19 fiscal year end. To the extent we are not generating revenues equal to 100% of operating costs, we need additional cash reserves to allow us the flexibility to fund projects that will generate revenues.

3022.30 Focus efforts on bringing a significant enterprise income source to Port San Luis via Harbor Terrace properties and all enterprise opportunities.

3022.40 Evaluate the level of service (costs) we are providing, in the general and enterprise funds and make reductions if appropriate, or lower services that exceed 100% of costs.

3022.50 Enterprise Fund. Generate sufficient cash flow from operations and grants to fund capital improvements and infrastructure maintenance annually. As a basic guideline, the amount should be approximately equal to the capital asset depreciation expense.

3022.60 General Fund. Generate sufficient cash flow to fund capital improvements and infrastructure maintenance. . As a basic guideline, the amount should be approximately equal to the capital asset depreciation expense

3022.70 Review expenses to determine if costs should be reallocated between enterprise/non-enterprise funds.



MEMORANDUM

TO: Board of Commissioners
FROM: Julie van Hoff, Business Manager
DATE: June 28, 2011
SUBJECT: **Government Accounting Standards Board Statement No. 54**

Recommendation / Proposed Motion

- Recommendation: Receive information and approve reiteration of District policy for compliance with Government Accounting Standards Board Statement No. 54.

Policy Implications

Government Accounting Standards Board (GASB) issued Statement No. 54-Fund Balance Reporting and Governmental Fund Type Definitions with an effective date of June 15, 2011.

Fiscal Implications / Budget Status

None at this time.

Alternatives Considered

The following actions were considered but are not recommended at this time:

- Do nothing

Discussion

Fund balance is essentially the difference between assets and liabilities reported in a governmental fund. GASB 54 establishes the following five components of fund balance, each of which identifies the extent to which the District is bound to honor constraints on the specific purposes for which amounts can be spent.

1. Nonspendable Fund Balance- Amounts that cannot be spent due to form, for example, inventories and prepaid amounts. Also, long-term loan and notes receivables, and property held for resale would be reported here unless the proceeds are restricted, committed or assigned. In addition, amounts that must be maintained intact legally or contractually (corpus or principal of a permanent fund).

2. Restricted Fund Balance- Amounts constrained for a specific purpose by external parties, constitutional provision or enabling legislation. This is the same definition used by GASB Statement no. 34, Basic Financial Statements—and Management’s Discussion and Analysis—for State and Local Governments, for restricted net assets.

3. Committed Fund Balance- Amounts constrained for a specific purpose by a government using its highest level of decision-making authority. It would require action by the same group to remove or change the constraints placed on the resources. Also the action to constrain resources must occur prior to year-end; however, the amount can be determined in the subsequent period.

4. Assigned Fund Balance- For all governmental funds other than the general fund, any remaining positive amounts not classified as nonspendable, restricted or committed. For the general fund, amounts constrained for the intent to be used for a specific purpose by a governing board or a body or official that has been delegated authority to assign amounts. Amount reported as assigned should not result in a deficit in unassigned fund balance.

5. Unassigned Fund Balance-For the general fund, amounts not classified as nonspendable, restricted, committed or assigned. The general fund is the only fund that would report a positive amount in unassigned fund balance. For all governmental funds other than the general fund, amount expended in excess of resources that are nonspendable, restricted, committed or assigned (a residual deficit). In determining a residual deficit, no amount should be reported as assigned.

The following table identifies the 2010/11 District General Fund Balance and identifies the fund balance using the GASB 54 fund balance classifications.

District General Fund Reserve	GASB 54 Classification	Fiscal Year 2010/11 Classification
n.a.	Nonspendable	Reserved-Prepaid Expense
Operating Reserve	Unassigned	Unreserved-Undesignated
Specified Reserves	Assigned	Unreserved-Designated

GASB 54 requires governments to disclose information about the processes through which constraints are imposed on amounts in the committed and assigned classifications. Currently, the District does not have committed funds. Assigned fund balance is set-aside for specific purposes (specified reserves) and is adopted as part of the budget process.

Governments also are required to classify and report amounts in the appropriate fund balance classifications by applying their accounting policies that determine whether restricted, committed, assigned, and unassigned amounts are considered to have been spent. Disclosure of the policies in the notes to the financial statements is required. The District accounting policies are to use funds from the most restricted to the least restricted (i.e. 1) restricted, 2) committed 3) assigned 4) unassigned). For example,

restricted grant funds are used for the specific purpose of the grant before unassigned funds will be used.

This Statement also provides guidance for classifying stabilization amounts on the face of the balance sheet and requires disclosure of certain information about stabilization arrangements in the notes to the financial statements. For fiscal year-ending June 30, 2011 the District will not have a stabilization amount. This issue will be brought back to the Board for further discussion for fiscal year ending June 30, 2012.

Staff recommends approval of reiteration of District policy for compliance with Government Accounting Standards Board Statement No. 54.