

## MEMORANDUM

**TO:** Governing Board Members

**FROM:** Douglas Bergstrom, Director, Administrative Services Division

**DATE:** November 10, 2011

**SUBJECT:** FY2011 Budget Amendment

### **Background:**

As part of the FY2011 budget adoption presented in September, 2010 pursuant to District Resolution 2010-942B, the Governing Board approved various operating transfers, including a \$15,428,366 revenue transfer from the Everglades Trust Capital Projects Fund to the Stormwater Treatment Area O&M Special Revenue Fund.

For the fiscal year ended September 30, 2011, the District is implementing Statement No. 54 as issued by the Governmental Accounting Standards Board (GASB), the standard setting body for generally accepted accounting principles of governmental entities. GASB No. 54, entitled Fund Balance Reporting and Governmental Fund Type Definitions, establishes fund balance classifications for governmental fund accounting, and also provides clarification for the existing governmental fund type definitions. As part of the revised definition for the special revenue fund type, a fund used to account for and report the specific revenue sources that are restricted to expenditure for specific purposes other than debt service or capital projects, GASB No. 54 provides that a specific revenue source may initially be received in another fund and subsequently distributed to a special revenue fund, but in such cases those amounts should not be recognized as revenue in the fund initially receiving the proceeds; instead as revenue in the special revenue fund in which they will be expended.

In order to fully comply with the intent of GASB Statement No. 54, the above-described operating transfer approved during FY2011 budget adoption effectively needs to be reversed, and the budget amended to appropriate the related revenue directly to the expending special revenue fund.

### **How this helps meet the District's 10 Year Strategic Plan?**

The District's Strategic Plan includes the success indicator: "an unqualified (positive) opinion in District's financial audit", compliance with GASB No. 54 will help the District to achieve this measure.

### **Funding Source:**

No change in the funding source, Ad Valorem taxes – Everglades Construction Project.

### **This Board item impacts what areas of the District, both resource areas and geography:**

The Board item primarily impacts the Operations and Maintenance Resource Area. Geographically, this Board item impacts the Stormwater Treatment Areas.

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**What concerns could this Board item raise?**

There are no foreseeable concerns relative to this request and related action, other than the potential for a written comment from the external auditors regarding noncompliance with GASB 54 if the action isn't taken at this time to rectify the FY2011 budget. This is the sixth and final proposed budget amendment for FY2011. If approved, this amendment will not change the District's budget.

**Why should the Governing Board approve this item?**

The District needs to be in compliance with GASB No. 54.

If you have any questions, please call me at extension 6214.

DB/mq  
Attachment - Resolution