

POLICY & PROCEDURE

Barry Eaton District Health Department *FUND BALANCE*

Administration

Policy 140F-018-2012

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Effective Date: 12/1/12

Revision Date: 3/20/15

Health Officer Approval: _____

Date Reviewed: 4/6/15

Purpose: The purpose of this policy is to ensure the department is maintaining a prudent level of financial resources to protect against the need to reduce service levels because of temporary revenue shortfalls or unpredicted expenditures.

Statement of Policy: The department's fund balance policy requires a reserve for economic uncertainties, consisting of unassigned amounts, equal to 20% of the general fund operating expenditures. This policy will ensure that an adequate fund balance and reserves are maintained to: provide sufficient cash flow for daily financial needs, offset significant economic downturns or revenue shortfalls, and provide funds for unforeseen expenditures related to emergencies.

When the balance falls below the minimum 20 % range, it will be replenish by reducing expenditures to eliminate any structural deficit within three years.

When the balance is above the minimum 20% range, the excess funds will be divided into special revenue and/or debt service funds for the following purposes: information technology, facility improvement (for items/projects outside the responsibility of the counties), support of periodic strategic planning efforts, technical assistance, leadership/staff development initiatives, and Michigan Employee Retirement System (MERS) unfunded accrued liability (ual).

Definition: Fund type definitions

The general fund is used to account for all financial resources not accounted for and reported in another fund

Special revenue funds are used to account and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specific purposes other than debt service or capital projects.

Debt service funds are used to account for all financial resources restricted, committed or assigned to expenditure for principal and interest.

Capital projects funds are used to account for all financial resources restricted, committed or assigned to expenditure for the acquisition or construction of capital assets.

Permanent funds are used to account for resources restricted to the extent that only earnings, and not principal, may be used for purposes that support the government's purposes.

Responsibilities: Commitments will only be used for specific purposes pursuant to a formal action of Barry Eaton District Health Board. A majority vote is required to approve a commitment and a two-thirds vote is required to remove a commitment.

Authority: Recommended by: GASB Statement 54
Proposed by: Health Officer
Approved by: Barry-Eaton District Board of Health