

**BOARD OF HEALTH OF THE  
TRI-COUNTY HEALTH DEPARTMENT**

**RESOLUTION**

**ADOPTION OF AMENDED AND RESTATED  
GASB 54 FUND BALANCE POLICY**

**WHEREAS**, the Tri-County Health Department (“TCHD”), is the District Public Health Agency for the Counties of Adams, Arapahoe and Douglas, Colorado; and

**WHEREAS**, the Governmental Accounting Standards Board (GASB) has adopted Statement 54 (“GASB 54”), a standard for governmental fund balance reporting and governmental fund type definitions that became effective for governmental fiscal years starting after June 15, 2010; and

**WHEREAS**, the Board of Health of the Tri-County Health Department (“Board of Health”) has committed to implementing GASB 54 requirements, and has applied such requirements to its financial statements, beginning with TCHD’s fiscal year starting January 1, 2012; and

**WHEREAS**, Board of Health desires to amend and restate in its entirety TCHD’s GASB 54 Fund Balance Policy adopted on February 14<sup>th</sup>, 2012.

**NOW THEREFORE BE IT RESOLVED THAT**, the Board of Health hereby adopts the following GASB 54 Fund Balance Policy to amend and restate in its entirety TCHD’s GASB 54 Fund Balance policy adopted on February 14<sup>th</sup>, 2012:

**FUND BALANCE POLICY**

**Purpose**

The Board of Health enacts this policy in an effort to ensure financial security of TCHD through the maintenance of healthy fund balance reserves which will guide the creation, maintenance, and use of resources for financial stabilization purposes. The Board of Health’s objective is to establish a prudent level of financial resource requirements in order to maintain a strong fiscal position that will protect the agency against unforeseen circumstances and events such as revenue shortfalls and unanticipated expenditures.

The Fund Balance represents the equity available to finance expenditures for routine or emergency purposes. The Fund Balance consists of five categories:

- **Non-spendable** Fund Balance includes items not expected to be converted to cash in the near term (e.g., inventories and prepaids), or funds that legally or contractually must be maintained intact.
- **Restricted** Fund Balance includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation.

- **Committed Fund Balance** includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority (governing board). The same formal action must be taken to remove or change the limitations placed on the funds.
- **Assigned Fund Balance** consists of funds intended to be used for specific purposes but do not meet the criteria to be classified as Restricted or Committed. In governmental funds other than the General Fund, the Assigned Fund Balance represents the remaining amount that is not restricted or committed.
- **Unassigned Fund Balance** is the residual classification of the General Fund and includes all spendable amounts not contained in the other classifications. This category also provides the resources necessary to meet unexpected expenditures and revenue shortfalls.

### **Fiscal Guidance**

The Board of Health maintains checks and balances regarding how monies are allocated and expended. The Board of Health reviews and approves annual budgets and fund balance allocations. The Board of Health also reviews and approves monthly financial statements at a minimum of six times per year. The Board of Health exercises its governance by virtue of instituting this policy which provides guidance on how fund balances are managed.

### **Authority to Commit Funds**

The Board of Health has the authority to set aside funds to be designated for specific purposes. Any funds set aside as Committed Fund Balance within the current fiscal year requires the passage of a resolution prior to the end of the fiscal year. Amendments or modifications of the committed fund balances must also be approved by formal action of the Board of Health.

### **Authority to Assign Funds**

The Board of Health delegates authority to the Executive Director, or his designee, to designate funds and amounts to be used for specific purposes to the Assigned Fund Balance and to designate funds and amounts not in the other classifications to the Unassigned Fund Balance. The designee would only be in effect in times the Executive Director is not available for an extended period, and would be assigned in writing for a specific period of time.

### **Usage Priority of Fund Balance Amounts**

In circumstances where expenditures are to be made for a purpose for which amounts are available in multiple fund balance classifications, the order in which resources will be expended, using the Restricted Fund Balance first, is as follows:

1. Restricted Fund Balance
2. Committed Fund Balance
3. Assigned Fund Balance
4. Unassigned Fund Balance

It is TCHD's intent to limit use of Unassigned Fund Balances to address unanticipated, non-recurring needs or known and planned future obligations. Fund balances shall not normally be applied to recurring annual operating expenditures. Unassigned balances may, however, be used

to allow time for the agency to restructure its operations in a deliberate manner, but such use will only take place in the context of long-term financial planning.

### **Fiscal Stabilization Arrangement**

The TCHD Emergency Operating Fund portion of the Committed Fund Balance will be maintained to provide TCHD with sufficient working capital and a margin of safety to address significant and sudden revenue shortfalls or local and regional emergencies or other critical circumstances as deemed by the Board of Health.

### **Emergency Operating Fund Balance Requirements**

The TCHD Emergency Operating Fund shall equal an average three (3) months of TCHD's normal operating expenses. The three (3) month operating reserve will be computed on a yearly basis after the annual audit has been completed. In normal circumstances, the Emergency Operating Fund may only be appropriated or adjusted by resolution of the Board of Health.

### **Use of Emergency Operating Fund Balance as Fiscal Stabilization**

The TCHD Emergency Operating Fund shall be used only after all other efforts have been exhausted to fund unanticipated needs and/or emergencies, such as would occur in the event of a declared regional health emergency, catastrophic loss of property, or sudden loss of 10% or more of the current fiscal year's General Fund revenue. The definition for General Fund revenue as related to its use in this policy refers to county per capita, state per capita, Vital Records, and interest income sources.

Once the Executive Director, or their designee, has determined that it is necessary to draw down the TCHD Emergency Operating Fund, written communication shall be provided by the Executive Director to the Board of Health explaining the nature of the unanticipated need and/or emergency. Fiscal stabilization usage of the TCHD Emergency Operating Fund requires a two-thirds approval vote by the Board of Health.

A maximum of 50% of the shortfall, or 50% of the prior fiscal year ending balance in the TCHD Emergency Operating Fund, may be drawn, whichever is less. At no time may the balance be less than 10% of the total current fiscal year adopted annual appropriations or half of the prior fiscal year ending balance, whichever is greater. The Emergency Operating Fund may not be used for more than two consecutive years.

### **Replenishment and Update of Emergency Operating Fund**

The amount of the TCHD Emergency Operating Fund will be validated and determined on a yearly basis after the annual audit has been completed. In normal circumstances, the TCHD Emergency Operating Fund may only be appropriated or adjusted by resolution of the Tri-County Board of Health.

If the TCHD Emergency Operating Fund Balance falls below 10% of the total current fiscal year adopted annual appropriations, or 50% of the prior fiscal year ending balance, then a budgetary plan shall be implemented to return the reserve to a minimum 10% level in no more than a 3 year period. TCHD will replenish shortages/deficiencies using the budget strategies below:

- Reduce recurring expenditures to eliminate any structural deficit or,
- Evaluate and re-designate other Assigned and Unassigned Fund Balance amounts to replenish the reserve or,
- Pursue other funding sources and revenue.

**Financial Statement Disclosures**

TCHD is required to disclose the following items on the financial statements as footnotes to the financial statements. The information can be displayed on the face of the balance sheet, or only aggregate amounts can be reported with the constraints disclosed in the notes to financial statements.

For the Non-spendable Fund Balance, the amount not in spendable form and the amount that must be maintained intact must be disclosed separately. For the Restricted Fund Balance, major restricted purposes should be disclosed. Major specific purposes should also be disclosed on Committed and Assigned Fund Balances.


**Note Disclosures:**


1. Description of authority and actions that lead to committed and assigned fund balance.
2. TCHD’s policy regarding order of spending with respect to Restricted and Unrestricted Fund Balance and the order of spending for Committed, Assigned and Unassigned Fund Balances.
3. For any stabilization arrangements, the authority for establishing, requirements for additions, and the conditions under which amounts can be used. If not reported on the face of the financial statements, the stabilization balance must be included in the note disclosures.
4. Description of any formally adopted minimum fund balance policies.
5. Encumbrances, if significant, are reported in conjunction with other disclosures of significant commitments.

**Implementation and Review**

The Board of Health Hereby authorizes the Executive Director to establish any standards and procedures which may be necessary for the implementation of this GASB 54 Fund Balance Policy. The Executive Director and Director of Administration and Finance shall review this GASB 54 Fund Balance Policy on a yearly basis and make any appropriate recommendations for revisions to the Board of Health.

**ADOPTED This 12<sup>th</sup> day of December, 2017.**

  
 \_\_\_\_\_  
 Kaia Gallagher, PhD, President  
 Tri-County Board of Health

  
 \_\_\_\_\_  
 Paulette Joswick,, Secretary  
 Tri-County Board of Health