

# KITTITAS COUNTY PUBLIC HEALTH DEPARTMENT

## DEPARTMENT POLICY & PROCEDURES

### *Fund Balance Policy*

#### **I. Purpose**

It is the purpose of this policy to establish guidelines and a process for maintaining the four main pieces of the department's fund balance: Operating Expenses (OPEX) Reserve, Tuberculosis, Capital Assets, and Unassigned, which ensures accountability and the ability to cover current and future department needs.

#### **II. Policy**

##### **A. OPEX Reserve**

1. The department will make every effort to keep the value, at a minimum, of two month's operating costs to cover the department's delayed payable expenses. This reserve also meets the county's requirement in the fund balance policy and is considered to be a best practice.

##### **B. Tuberculosis**

1. The health department is required by law to assure proper care of people infected with tuberculosis. The county is required to make a contribution to the tuberculosis program every year, which can be used for current and/or future expenses. This restricted money can only be used for related tuberculosis expenditures, and cannot be used to cover general department costs. The maximum amount to be accrued in this fund is \$80,000.00.

##### **C. Capital Assets**

1. The department is required to have a restricted Equipment Replacement Revolving (ERR) portion of the fund balance. This money is restricted for the use of replacing any capital equipment the department has such as vehicles, vaccine refrigerator, GPS units, etc. This restricted money can only be used for capital asset replacement, and cannot be used to cover general department costs. The vaccine refrigerator has a ten year expected life. Seven years or 100,000 miles will be used as a replacement factor for all vehicles, in determining the amount needed in the fund.

##### **D. Unassigned**

1. The value of the department's unassigned fund balance is the total fund balance less OPEX reserve, tuberculosis, and capital asset balances. This unassigned fund balance can be used to cover general department costs such as unanticipated costs or to reduce the dependency on the county general fund contribution during budget preparation.

#### **III. Procedures**

##### **A. The procedures for the fund balance policy are as follows:**

###### **1. OPEX Reserve**

- a. The Fiscal Analyst will calculate the amount of two month's operating expenses needed to be held in reserve. This is done by using 1/6 of the

department's annual budgeted expenditures, less indirect expenses. The amount can be rounded up for simplicity.

- b. The value of the OPEX reserve will be updated at least once every two years by the Fiscal Analyst to accommodate for inflation, costs increases, and staffing changes.
- c. The Fiscal Analyst will record the OPEX reserve value in the Fund Balance tracking spreadsheet.

## 2. Tuberculosis

- a. The Fiscal Analyst will transfer the surplus of tuberculosis revenues and tuberculosis county contribution after program expenditures are covered into the tuberculosis restricted account during the year end closing process. This is done by a journal entry in Quickbooks.
- b. The Fiscal Analyst will work with the county's Budget and Finance Manager to transfer the balance in Cayenta to ensure proper reconciliation between systems.
- c. The Fiscal Analyst will record the transfer amount in the Fund Balance tracking spreadsheet in order to track the balances on a yearly basis.

## 3. Capital Assets

- a. The Fiscal Analyst will track the purchase price, estimated useful life, and estimated replacement value per asset in the Capital Asset tracking spreadsheet. The spreadsheet should be updated when new capital assets are purchased or surplus.
- b. The Fiscal Analyst will determine how much needs to be transferred from the unassigned fund balance annually in order to ensure funds are available for when an asset needs to be replaced. The capital assets spreadsheet has the current calculation for annual transfer value. The Fiscal Analyst will need to update the formula if new assets are purchased or surplus. Every effort should be made to transfer the appropriate annual amount; however there may be times when the value of the unassigned fund balance may not be sufficient for the transfer.
- c. The Fiscal Analyst will track the transfers in the Fund Balance tracking spreadsheet.
- d. The Fiscal Analyst will work with the Budget and Finance Manager to transfer the balance in Cayenta.

## 4. Unassigned Fund Balance

- a. The value of the unassigned fund balance will be available to the Fiscal Analyst in the Fund Balance tracking spreadsheet. The value of the unassigned fund balance will need to be monitored on an annual basis.
- b. The department can elect or be directed by the Board of County Commissioners to use some of the unassigned fund balance if needed during the annual budget process or for unanticipated or unbudgeted expenditures, but caution should be used so the balance isn't utilized completely.

#### **IV. Applicability**

- A. This policy applies to the Fiscal Analyst, Public Health Administrator, and Board of County Commissioners (BOCC).
- B. This policy is effective on the date of approval by the BOCC.
- C. This policy is subject to review at least every five (5) years.

Date of BOCC approval: \_\_\_\_\_

\_\_\_\_\_  
Public Health Administrator Date

\_\_\_\_\_  
Health Officer Date

\_\_\_\_\_  
Chair of the Board of County Commissioners Date