
Butte County Mosquito and Vector Control District

POLICY MANUAL

POLICY TITLE: Fund Balance
POLICY NUMBER: 3027

3027.1 It is the Butte County Mosquito and Vector Control District’s (“District”) policy to maintain an adequate fund balance for public health emergency, contingencies, operating cash flow, future liabilities, replacement of equipment, and for future construction. It is essential that governments maintain adequate levels of fund balance to mitigate current and future risks.

The District believes that sound financial management principles require sufficient funds to be retained by the District, to provide a stable financial base at all time. To retain this stable financial base, the District needs to maintain an unrestricted fund balance sufficient to fund cash flows of the District and to provide financial reserves for unanticipated expenditures and/or revenue shortfalls of an emergency nature. The purpose of the District’s fund balance policy is to maintain a prudent level of financial resources to protect against reducing service levels or raising taxes and fees because of temporary revenue shortfalls or unpredicted one-time expenditures.

The Board of Trustees establishes, modifies, or rescinds fund balance commitments and assignments by passage of an ordinance or resolution. This is done through adoption of the budget and subsequent budget amendments that occur throughout the year. When both restricted and unrestricted resources are available for use, it is the District’s policy to use restricted resources first, followed by the unrestricted, committed, assigned, and unassigned resources as they are needed.

The Fund Balance Policy follows the guidelines set in the Governmental Accounting Standards Board (“GASB”) Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions.

3027.2 GASB 54 establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. GASB 54 provides for classification as restricted, committed, assigned, and unassigned based on the relative strength of the constraints that control how specific amounts can be spent.

3027.2.1 Restricted Fund Balance: The restricted fund balance category includes amounts that can only be spent for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation.

3027.2.2 Committed Fund Balance: The committed fund balance classification includes amounts that can only be used for the specific purposes determined by a formal action of the government’s highest level of decision-making authority

3027.2.3 Assigned Fund Balance: The amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed.

3027.2.4 Unassigned Fund Balance: The unassigned fund balance is the residual classification for the government's general fund and includes all spendable amounts not contained in the other classifications.

3027.3 In accordance with GASB 54 Governmental Fund Type definitions, the District Fund Structure is as follows.

3027.3.1 The General Fund is the primary operating fund of the District, known as Fund 2270. It accounts for all activities of the District, except those required to be accounted for in another fund.

3027.3.2 A Special Revenue Fund is used for proceeds of specific revenue sources, legally restricted, and specified purposes. The Hamilton City Fund, known as Fund 2272, accounts for all revenue sources and activities performed at Hamilton City.

3027.3.3 A Trust Fund accounts for resources legally held in trust by the District in a trustee capacity to meet the qualifications of GASB Statement No. 34. The Districts Trust Fund, known as Fund 2279, was established by the District in accordance with 40 CFR 280.107, to account for the underground storage tank facility. The Trust Fund was to be funded and be kept at that specified minimum amount necessary to satisfy the requirements of 40 CFR 280.93. Any interest earned shall be transferred to the General Fund.