

Gila County Policy Fund Balance	Policy Number: BOS-FIN-009	Page
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	Revised: 00-00-0000	

I. PURPOSE:

The purpose of this policy is to establish a key element of financial stability within Gila County by setting guidelines for fund balances as required by Governmental Accounting Standards Board (GASB) No. 54. Unassigned fund balances are an important measure of economic stability. It is essential that Gila County maintain adequate levels of unassigned fund balances to mitigate financial risk that can occur from unforeseen revenue fluctuations, unanticipated expenditures, and similar circumstances. Fund balances also provide cash flow liquidity for Gila County's general operations.

II. POLICY:

Fund balance refers to the difference between assets and liabilities in the governmental funds balance sheet. This information is one of the most widely used elements of state and local government financial statements for analysis.

One central importance of the credit reviews performed by municipal bond analysts; fund balance information also is used by oversight bodies, federal, state, county and local legislators to assess the financial health of an organization. Additionally, financial statement users examine fund balance information to identify the available liquid resources that can be used to repay long-term debt, reduce property taxes, add new educational programs, expand existing ones, or enhance the financial position of government entities.

GASB has found that its usefulness and the value of fund balance information provided is significantly reduced by misunderstandings regarding the message that it conveys, and the inconsistent treatment and financial reporting practices of governments.

The creation and maintenance of the 5 specific fund balance categories, non-spendable, restricted, committed, assigned, and unassigned as defined in GASB No. 54 is required. The amount of funds especially in the unassigned category is important to effectively manage the ability to tax the citizens of Gila County and to efficiently manage both the short and long term financial goals for the County.

SIGNATURES:


CHAIRMAN, BOARD OF SUPERVISORS

8/20/12
DATE

See attached Fund Balance Procedures