



Live Well. Health Matters.

POLICY TITLE: FUND ACCOUNTING
POLICY NUMBER: 6150

COMMITTEE APPROVAL DATE: 11/15/2023 **WRITTEN/REVISED BY:** M.SUUA
BOARD APPROVAL DATE: 11/12/2023 **SUPERSEDES:** 03/23/2016

POLICY:

6150.1 It is the policy of the Beach Cities Health District (“District”) to use the fund balance and fund accounting of the Beach Cities Health District (referred to throughout as “the District”) in order to maintain Board-level oversight.

6150.2 The objective is to maintain Board-level oversight of the fund accounting activity of the District, adhering to Generally Accepted Accounting Principles (GAAP) and Governmental Accounting Standards Board (GASB) Statement No. 54 requirements.

6150.2.1 GASB requires the “highest level of decision-making authority,” the Board of Directors, to direct and take responsibility for financial reporting.

6150.2.2 GASB requires fund-based financial statements in addition to general financial reporting in order to assess fiscal accountability.

6150.2.3 GASB requires the establishment of separate funds for business-type and governmental-type activities.

Scope:

6150.3 It is intended that this policy cover all fund accounting activities of the District.

Guidelines:

6150.4 General Fund. The activities of the District will be accounted for in the General Fund unless specifically accounted for in another fund as directed by the Board of Directors.

6150.5 Special Revenue Fund. All activities of Prospect One, the District’s not-for-profit subsidiary, will be accounted for in the Special Revenue Fund.

6150.6 Supplanting of Funds. Funds pertaining to an award, grant or any restricted purpose to the District from programs administered (i.e., by a federal, state, county or city agency) shall be accounted for using accounts segregating the funding and expenditures from all other programs within the General Fund.

6150.6.1 The dual purpose of segregated accounts shall be to avoid commingling



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unallowable costs with expenditures expressly intended and to provide accountability for expenditures of funding as intended or contracted.

6150.6.2 It is the policy of the District to use such funds for supplemental purposes only as intended by the grantor (donor or giver) organization.

6150.6.3 Funds received from the federal government or its agents shall not be used to replace or supplant funds that are available from other sources sufficient to meet the District's needs for supporting activities for which such federal funds have been received.

6150.7 The Chief Financial Officer will evaluate proposed new programs and bring recommendations to the Finance Committee to determine the appropriateness of segregation in a separate fund.

Definitions:

Fund. A fiscal and accounting entity with a self-balancing set of accounts, segregated for the purpose of carrying on specific activities or attaining specific objectives.

Fund Types. Eleven fund types can be grouped into three broad classifications:

- **Governmental funds:**

- **General Fund.** The general fund is the primary operating fund, used to account for all financial resources except those required to be accounted for in another fund. Fixed assets are to be expended in the current year, not depreciated.
- **Special Revenue Funds.** Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.
 - Beach Cities Health District established Prospect One Corporation (POC), a 501(c)4 non-profit public benefit (Social Welfare organization) corporation to construct and operate medical office buildings on district-owned property. POC shares the same Board of Directors as the District. The use of a special revenue fund is permitted, not required, however it is required to account for a legally separate entity that is blended with the government, such as POC.
- **Debt service funds.** Resources set aside to meet current and future debt obligations on long-term debt. The use of a debt service fund is permitted, not required.
- **Capital projects funds.** All or some major capital acquisition and construction projects may be segregated from ongoing operating activities.
- **Permanent funds.** To report resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting government's programs, for the benefit of the government or its citizens.

- **Proprietary funds:**

- **Enterprise Funds.** Enterprise Fund activity is specifically used to report activity for which a fee is charged to external users for goods or services and comprise a material portion of District activity. The purpose in segregating from General Fund is to ascertain activity fees and charges to recover all or part of the cost of providing services. Fixed assets are not to be expended in the current year as in General Fund, but depreciated over the useful life of each asset, matching depreciation expense to associated revenues.
- **Internal service funds.** Used to centralize certain services and then allocate the cost of those services within the government.

- **Fiduciary funds:**

- **Pension and other employee benefit trust funds.** Used to report resources that are *required to be held in trust* for the members and beneficiaries of defined benefit plans, defined contribution plans, other postemployment benefit plans, or other employee benefit plans.
- **Investment trust funds.** Used for an investment portfolio pooled, or commingled, by legally separate governments or for specific investments held on behalf of units outside the government.
- **Private-purpose trust funds.** Used to report any trust arrangement not properly reported in a pension trust fund or an investment trust fund under which principal and income benefit individuals, private organizations or other governments.
- **Agency funds.** Used to account for situations where the government's role is purely custodial, such as the receipt, temporary investment and remittance of fiduciary resources, most commonly used for taxes collected by one government on behalf of other governments.

Fund Balance. The difference between assets and liabilities reported in a Government Fund.