

Roane County Fund Balance Policy

Adopted April 11, 2011

Resolution #04-11-32

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- ▶ Attached the Policy
- ▶ Referenced in the Appropriations Resolution
- ▶ Expresses intent to follow the policy
- ▶ Allows for exceptions if so noted in the approving resolution with documented justifications

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▶ Purpose:

- Sufficient funds to cash flow operations
- Emergency funds
- Investment funds
- Program to reflect financial stability and strength

Policy Objectives

1. Educational briefing: Defining fund balance, purpose and recommend balance
2. Allows decisions to be transparent
3. Provides a medium to make fund balance decisions
4. Outlines steps to reach optimal fund balance
5. Summarizes the Fund Balance Policy

1. Education Briefing

- ▶ Fund Balance defined for this policy– all equity balances of restricted, committed, assigned, and unassigned within a fund
- ▶ Purpose of Fund Balance
 - Cash flows
 - Emergency funds
 - Investment funds
 - Reflect financial stability and strength

1. Education Briefing (con't)

- ▶ Fund Balance for various funds
 - 101 General– 35 to 45% of current appropriation
 - 131 Highway– 7 to 15%
 - 141 Schools– 7 to 10%
 - Debt Service Funds in general 50 to 150%
 - 151 General Debt– 50–150% typically around 100%
 - 152 Rural Debt –fund is dead and will have no further new debt– only current debt repayment will be paid– current fund balance sufficient for cash flow need and will approach zero –0– by end of debt term
 - 156 Education Debt– 50–150% typically around 100% but would anticipate growing if capital project is scheduled

1. Education Briefing con't

- ▶ Other Special Revenue Funds– cash flow between 10 –100% monitored by budget committee annually
- ▶ Capital Outlay Funds– cash flow and could be built up for anticipated projects
- ▶ Enterprise Fund– cash flow and scheduled cash set aside for replacement of assets
- ▶ Agencies' Funds– cash flow and outside restriction

2. Transparency of Decisions

- ▶ Budget Committee shall recommend an annual budget including the projective fund balance beginning and ending.
- ▶ Operational Statements shall be filed with the annual budget
- ▶ All meeting are open to the public

3. Medium in which Fund Balance Decision shall be made

- ▶ By review and study of the Operational Statement and comparison of projective ending balances with the policy.

4. Steps to Be Taken If Fund Balance is Not Optimal

- ▶ If fund balance is lower than the stated policy then increasing revenue or decreasing expenditure should be considered for the fund
- ▶ If fund balance is greater than the stated policy then excess should be considered for transfers to a capital project fund

5. Summary of Fund Balances

- ▶ 101 General Fund 35 to 45% of appropriation
- ▶ 131 Highway 7–15%
- ▶ 141 School 7–10%
- ▶ 151 General Debt 50 to 150%
- ▶ 152 Rural Debt declining to zero
- ▶ 156 Education Debt 50–150%
- ▶ All other special revenue funds as noted during budget deliberation
- ▶ Capital Outlay Fund– cash flow and plans for proposed future projects
- ▶ Enterprise Fund– cash flow and capital projects
- ▶ Agencies Fund– cash flow and at request of agency