

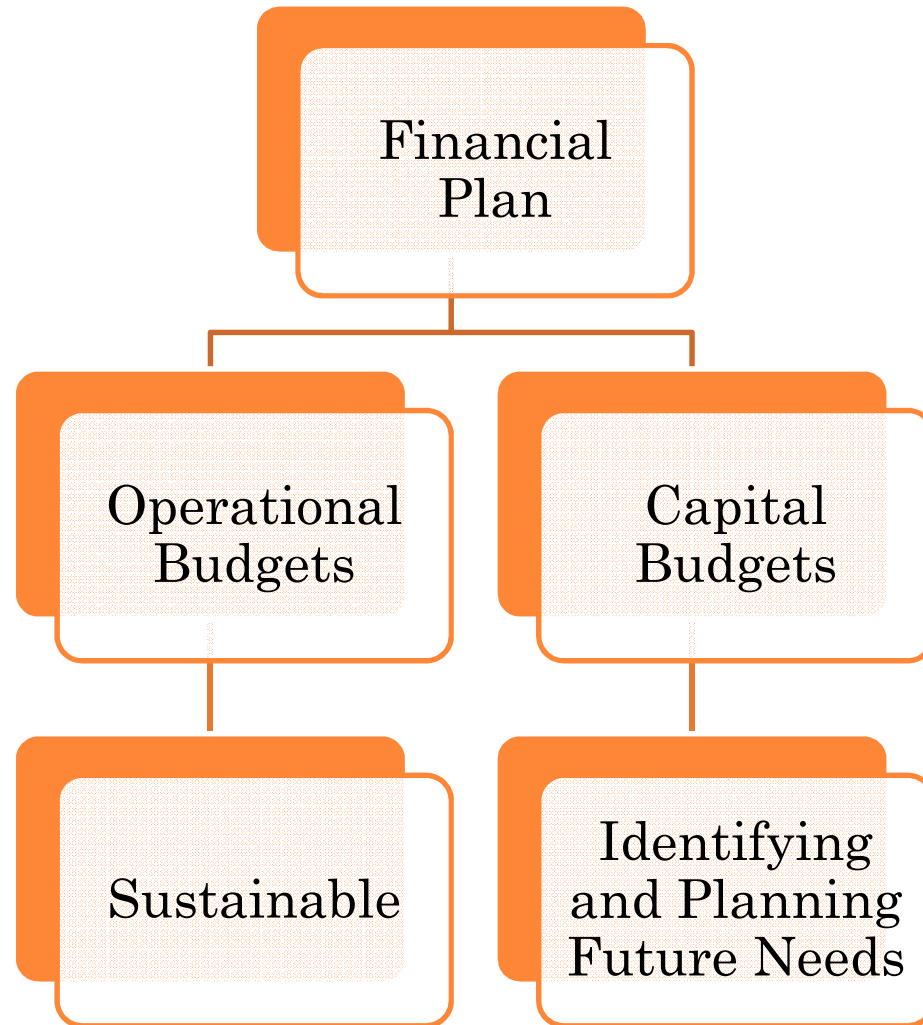


April  
2013

**PLANNING FOR SUCCESS**  
**Roane County Government's Financial  
Management**

Executive Summary #31

# ROANE COUNTY'S FINANCIAL PLANS



# PRIMARY PRINCIPLES AND PRACTICES OF FINANCIAL MANAGEMENT AND BUDGETING

- Fund Balance- Resolution #04-11-32
- Debt Management- Resolution #04-11-23
- Capital Planning- Resolution #03-11-22
- Tax Policies
- Trust

# SECONDARY PRINCIPLES OF FINANCIAL MANAGEMENT AND BUDGETING

- Budget cuts or the fear of budget cuts encourage departments to spend all or most of their respective appropriations- we encourage departments not to spend and we will strive to protect their respective budgets
- Budget Fall Out- the calculated amount of the aggregate budget that will not be spent- we calculate an annual amount based on historical data

# FUND BALANCE POLICY AND USE- RES #04-11-32

1. **Cash flow** for operations while revenue is being earned but not received
2. One time capital investment use where excess fund balance exists
3. Finance **operational change** which has been analyzed and could enhance programs or reduce cost
4. **Emergency Fund** for **unexpected** expenses or **unexpected** short fall in revenue

## DEBT MANAGEMENT- RES #03-11-23

1. Prohibits borrowing for recurring costs
2. Capital/Small ticket items compared to the operational fund are not eligible for debt
3. Insures that debt payments do not exceed life expectancy of the assets
4. Insures that debt repayments are not back loaded (interest is paid for a number of the first years and no/low principal payments are made)
5. Debt approval being issued under the right conditions for the right projects
6. 30 years budgets and annual debt report required

## CAPITAL PLAN- RES #03-11-22

- Identifies potential future needs to support operations
- Provides an asset replacement schedule for up to 15 years
- Requires completion of the required TCA 4-10-109 Infrastructure Needs Survey

# TAX POLICY

- Taxes should be constant with little fluctuation from period to period
- Understand that tax changes should be well understood for supported projects



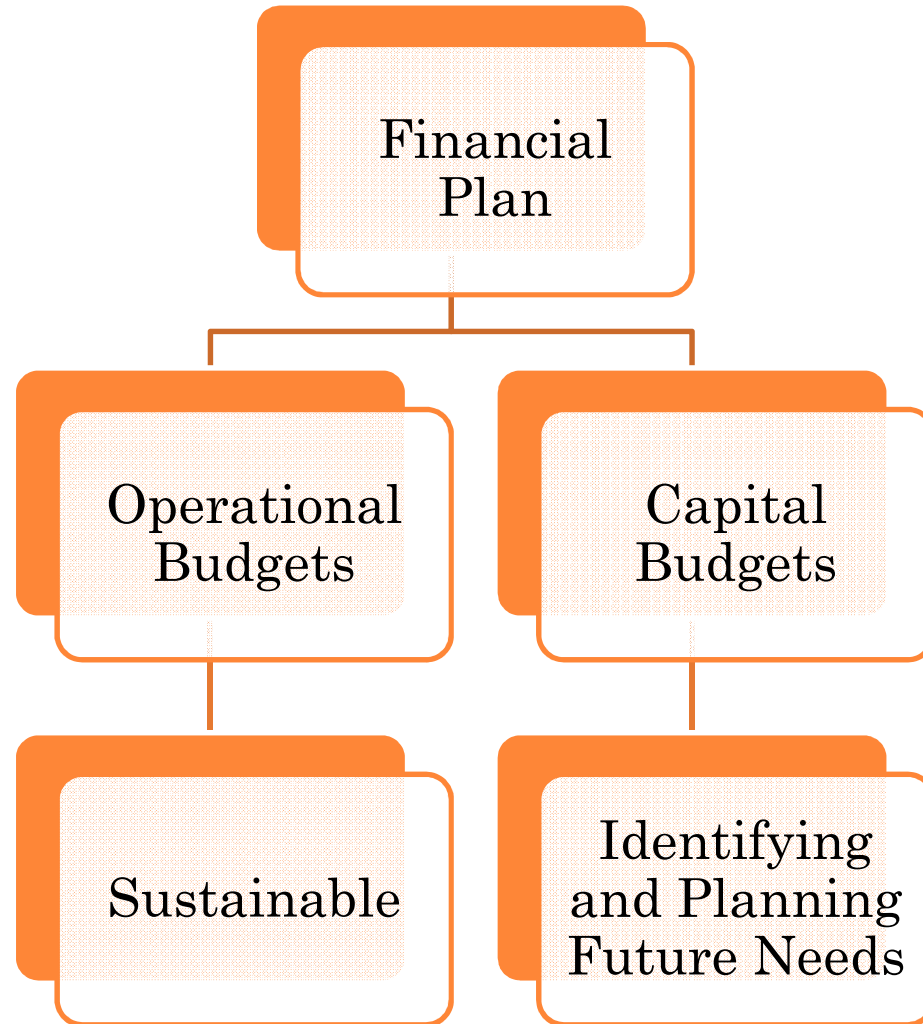
# TRUST

- To insure support of policies and credibility of operations, trust is of utmost importance
- Policies are disclosed on the county website
- County has a formal budget process
- Budgets are discussed and recommended in committees and committee minutes reflect discussions and recommendations
- Transparency is practiced at all levels of the decision making process

## WHERE DO YOU STAND ON THESE POLICIES/PRACTICES?

- Are these sound principles?
- Do you agree and support these principles?
- Do you think these financial principles help Roane County solve our financial problems?
- Are we on the right path?

# ROANE COUNTY'S FINANCIAL PLANS



## OPERATIONAL BUDGETS-SUSTAINABILITY

- Do we have an adequate fund balance?
- If one does not have adequate fund balances what avenues are being used to reach the optimal fund balance?
- Are our programs sustainable?
- Do we have sufficient revenues to meet our operational expenditures?
- If not, what steps are being taken to address the issue(s)?

## CAPITAL BUDGETS AND PLANS

- Capital plans and budgets are reviewed at least annually, generally more often
- County General capital plans and budgets are developed and approved at a sub fund level
- County Government and Highway are in compliance with TCA 4-10-109 Infrastructure Needs Survey
- Annual Capital Reports are published and available on the county website

## MAKING PROGRESS

- Our practices are to look to the future so we can manage to our goals
- Adding all these principles and practices into the discussion; the most important fact is still to address the question:

**“At the end of the day are we making progress?”**

# ROANE COUNTY IMPLEMENTATION SUCCESS

- Recent budget meeting with Highway
  - Fund Balance out of policy
  - No Capital Asset Replacement Budget

“Would not be recommended to the County  
Commission”

- All Funds outside of Education have been implementing these Policies and Practices

# COMMISSION'S ACTIONS RELATED TO EDUCATION

- Three simple laws summarized as follows:
  - Setting the Property Tax Rate
  - Setting the total aggregate appropriation
  - Insure compliance with Maintenance of Effort (is local revenue at least at the prior year's level in total or at the per pupil level)



## ISSUE THAT HAS CONCERNED COMMISSIONERS

- *Projected operational losses due to increasing operating cost while experiencing state revenue funding reduction*