FUND RESERVE POLICY

February 2018

INTRODUCTION

The County of Riley (County) strives to manage municipal finances wisely, retain adequate fund reserves for unforeseen events and to maintain a balanced budget while protecting against future budget shortfalls.

The County recognizes the importance of following guidelines of the Government Finance Officers Association (GFOA) and national credit rating agencies pertaining to fund reserves to maintain the County's strong economic standing and high credit rating.

This policy is open for review by any interested employee or citizen.

Each person involved in this process is required to follow the procedures in this policy and expected to ask questions when necessary.

The responsibility to adopt or amend this policy lies with the Board of County Commissioners (BOCC). This policy approved and adopted by the BOCC, shall be the responsibility of the Budget & Finance Officer to oversee.

OBJECTIVE

The objective is to establish responsible reserve limits of County funds to maintain the strong financial standing of the County. The intent is to ensure adequate reserves exist to fund operations by providing sufficient working capital. The policy allows the County to: maintain financial flexibility in the event unforeseen shortfalls from municipal revenue sources; protect against uncollected taxes; and reduce the effects of cutbacks in distributions from the state and federal government.

GENERAL FUND

The General Fund is the primary operating fund of the County that accounts for the majority of County operating revenues and expenditures. The County should budget for current year general fund revenues to be sufficient to finance current year expenditures. The County has budgeted a reserve of $1,750,000 for 2018. The County's goal will be a total reserve of $3,500,000 with reserves being increased by $250,000 annually until meeting the County's goal.

The County Budget & Finance Officer shall complete an annual cash flow analysis of monthly revenues and expenditures to determine the adequacy of the minimum fund balance target and provide a report to the BOCC. The annual cash flow analysis shall include a review of historic volatility of revenues and expenditures throughout economic cycles and an assessment of whether revenues or expenditures are expected to deviate from their long-term trends during the next two years. The Budget & Finance Officer shall analyze cash reserves annually to determine if the cash reserve goal is met or has exceeded the above goal. The Budget & Finance Officer shall notify the Commissioners if not in compliance with policy.

If the general fund reserve becomes non-compliant with the adopted parameters, budgeted revenues will be greater than budgeted expenditures in subsequent years to bring the general fund reserve into compliance with this policy.

BOND AND INTEREST FUND

The County shall annually budget a total reserve of $130,000.

OTHER FUNDS

The CIP Fund is not subject to state budget law, and carryover amounts should be based on future needs. However, the County shall annually budget a total reserve of $500,000.

ADOPTED BY THE GOVERNING BODY of the County of Riley, Kansas, this 8th day of February, 2018.

Chairman

Vice Chairman

Member

ATTEST:

County Clerk