

**ROCKDALE COUNTY, GEORGIA
FINANCIAL MANAGEMENT PROGRAM**

*FUND BALANCE POLICY IN ACCORDANCE WITH
GASB 54*

Developed under the authority of the
Board of Commissioners by the
Department of Finance,

SECTION I.

FUND BALANCE POLICY IN ACCORDANCE WITH GASB 54

Purpose: The following policy has been adopted by Board of Commissioners in order to address the implications of the Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Definitions*. Rockdale County Board of Commissioners recognizes that the maintenance of a fund balance is essential to the preservation of the financial integrity of Rockdale County and is fiscally advantageous for both Rockdale County and its taxpayers. This policy establishes goals and provides guidance concerning the desired level of fund balance maintained by Rockdale County to mitigate financial risk that can occur from unforeseen revenue fluctuations, unanticipated expenditures, and similar circumstances. Rockdale County also seeks to maintain the highest possible credit ratings which are dependent, in part, on Rockdale County's maintenance of an adequate fund balance.

Fund balance is a measurement of available financial resources and is the difference between total assets and total liabilities in each fund.

SECTION I.

Fund Type Definitions: The following definitions will be used in reporting activity in governmental funds across Rockdale County. Rockdale County may or may not report all fund types in any given reporting period, based on actual circumstances and activity.

The **general fund** is used to account for and report all financial resources not accounted for and reported in another fund.

Special revenue funds are used to account and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specific purposes other than debt services or capital projects.

Capital projects funds are used to account for and report financial resources that are restricted, committed or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities or other capital assets.

Debt service funds are used to account for all financial resources that are restricted, committed or assigned to expenditure for principal and interest.

Permanent funds should be used to account for and report resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support Rockdale County's programs – that is, for the benefit of Rockdale County, or its citizenry.

SECTION II.

Fund balance reporting for governmental funds – shall be reported in classifications as defined by GASB Statement No. 54:

Non-spendable fund balance – Includes amounts that cannot be spent because they are either (a) not in spendable form or (b) they are legally or contractually required to be maintained intact. Non-spendable amounts will be determined before all other classifications and consist of the following items (as applicable in any given fiscal year):

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- Rockdale County will maintain a fund balance equal to the amount of any long-term outstanding balances due from others (including other funds of Rockdale County).
- Rockdale County will maintain a fund balance equal to the value of inventory balances and prepaid items (to the extent that such balances are not offset with liabilities and actually result in fund balance).
- Rockdale County will maintain a fund balance equal to the corpus (principal) of any permanent funds that are legally or contractually required to be maintained intact.
- Rockdale County will maintain a fund balance equal to the balance of any land or other non-financial assets held for sale.

Restricted fund balance – Includes amounts that can be spent only for the specific purposes stipulated by the constitution or enabling legislation, externally imposed by creditors (as through debt covenants), grantors, contributors, laws, or regulations of other governments. Enabling legislation authorizes Rockdale County to assess, levy, charge, or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used for the specific purposes stipulated in the legislation.

Committed fund balance – Includes amounts that can only be used only for specific purposes determined by formal action of the Board of Commissioners. Committed fund balance will incorporate contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements. A majority vote is required to approve or remove a commitment.

Assigned fund balance – Includes amounts *intended* to be used by Rockdale County for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. Rockdale County Board of Commissioners delegates to the Finance Director the authority to assign amounts to be used for specific purposes. Such assignments cannot exceed the available (spendable, unrestricted, uncommitted) fund balance in any particular fund.

Unassigned fund balance – Includes the residual classification for Rockdale County's general fund and includes all spendable amounts not contained in the other classifications. In other funds, the unassigned classification should be used only to report a deficit balance from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

SECTION III.

Operational guidelines – The following guidelines address the classification and use of fund balance in governmental funds:

Classifying fund balance amounts – Fund balance classifications depict the nature of the net resources that are reported in a governmental fund. An individual governmental fund may include non-spendable resources and amounts that are restricted, committed, or assigned, or any combination of those classifications. The general fund may also include an unassigned amount.

Encumbrance reporting – Encumbering amounts for specific purposes for which resources have already been restricted, committed or assigned should not result in separate display of encumbered amounts. Encumbered amounts for specific purposes for which amounts have not been previously restricted, committed or assigned, will be classified as committed or assigned, as appropriate, based on the definitions and criteria set forth in GASB Statement No. 54.

Prioritization of fund balance use – When an expenditure is incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) amounts are available, it shall be the policy of Rockdale County to consider restricted amounts to have been reduced first.

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When an expenditure is incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used, it shall be the policy of Rockdale County that the committed amounts would be reduced first, followed by assigned amounts and then unassigned amounts.

Minimum unassigned fund balance – Rockdale County will at a future date consider amending this policy to include a minimum unassigned fund balance in its General Fund in the amount 35% of the subsequent year's budgeted expenditures and outgoing transfers. This minimum fund balance is to protect against cash flow shortfalls related to timing of projected revenue receipts and to maintain a budget stabilization commitment.

Replenishing deficiencies – Rockdale County will at a future date consider amending this policy to address when unassigned fund balance falls below the minimum \$13,400,000. Rockdale County will replenish shortages/deficiencies using the budget strategies described below.

- Rockdale County will reduce recurring expenditures to eliminate any structural deficit or,
- Rockdale County will increase revenues or pursue other fund sources, or,
- A combination of the two options above.

Minimum unassigned fund balance deficiencies – Rockdale County will at a future date consider amending this policy to address unassigned fund balance less than 20% of the subsequent year's budgeted expenditures and outgoing transfers. A plan shall be developed to restore the reserves in an acceptable manner under the circumstances.


Surplus unassigned fund balance – Fund balance will be considered a surplus if over 45% of the subsequent year's budgeted expenditures and outgoing transfers. Should unassigned fund balance of the General Fund ever exceed \$25,000,000. Rockdale County will consider such fund balance surpluses for one-time expenditures that are nonrecurring in nature and which will not require additional future expense outlays for maintenance, additional staffing or other recurring expenditures.

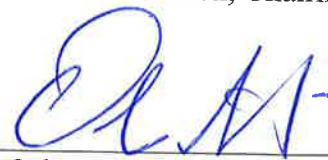
SECTION IV.

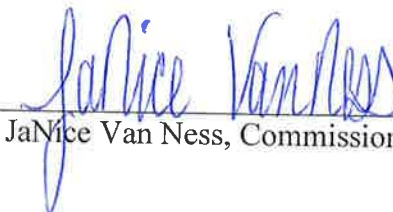
Implementation and review – Upon adoption of this policy Rockdale County Board of Commissioners authorizes the Finance Department to establish any standards and procedures which may be necessary for its implementation. The Finance Department shall review this policy at least annually and make any recommendations for changes to Rockdale County Board of Commissioners.

Approved this 26th day of March 2013.

ROCKDALE COUNTY, GEORGIA
BOARD OF COMMISSIONERS

By: 
Richard A. Oden, Chairman and CEO

By: 
Osborn Nesbitt, Sr., Commissioner

By: 
JaNice Van Ness, Commissioner

Attest:

By: 
Jennifer O. Rutledge, County Clerk