

**Resolution 2014-34**  
**Kootenai County Fund Balance Policy Amendment**  
**(Supersedes Resolution 2012-129)**

**WHEREAS**, the amendment of this fund balance policy is to provide an adjustment to the wording of the description that is consistent with the definition included in GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* within the Special Revenue Fund general definitions; and

**WHEREAS**, the Board on the recommendation of the outside auditing company, CliftonLarsonAllen, LLP, has determined it best to supersede Resolution 2012-129 to eliminate the previous definition of *"Fund Balance for Special Revenue Funds maintain an accumulated fund balance as Assigned Fund Balance unless otherwise classified in another fund balance category."*; and

**WHEREAS**, the intent of this fund balance policy is to provide direction and guidance to maintain a prudent level of financial resources to protect against reducing service levels or raising taxes and fees because of temporary revenue shortfalls or emergencies or for nonrecurring unanticipated expenditures and minimal increases in service delivery costs; and

**WHEREAS**, this policy is to mitigate current and future risks, to ensure stable property tax rates, to address long-term financial planning and to preserve the integrity of the bond rating of the County and to protect against reducing service levels or raising taxes and fees because of temporary revenue shortfalls or unexpected one-time expenditures. This policy pertains to the governmental funds of Kootenai County and includes net assets of Solid Waste, Trust Funds and Agency Funds; and

**WHEREAS**, this policy is to adopt a fiscally sound policy relating to a fund balance while maintaining an appropriate balance which is not overly excessive or operating as a means to hold and invest funds. To provide our citizens with fiscally prudent fund balances which are not excessive but if so, the requirement to reduce the funds when the maximum is exceeded; and

**WHEREAS**, this policy is in accordance with generally accepted governmental accounting principles and compliance with the Idaho Constitution and Idaho law, and

**WHEREAS**, the Idaho Constitution, in Article 7, Section 15, instructs the legislature to provide by law, such a system of county finance, and shall cause the business of the several counties to be conducted on a cash basis. Correspondingly, Idaho Code 31-1605A provides authorization for counties to operate on a cash basis. Counties may accumulate fund balances at the end of a fiscal year and carry over such fund balances into the ensuing fiscal year sufficient to achieve or maintain county operations on a cash basis. A fund balance is the excess of the assets of a fund over its liabilities and reserves. Upon resolution by the board of county commissioners, such funds may be carried over for the use of specific county departments as an additional appropriation in the next fiscal year; and

**WHEREAS**, after evaluating the County's operating characteristics, diversity of tax base, reliability of non-property tax revenue sources, working capital needs, impact on bond rating, State and local economic outlooks, emergency and disaster risk, and other contingent issues, the Board of Kootenai County Commissioners establishes the following policy regarding Fund Balances in Kootenai County; and

**WHEREAS**, the Government Finance Officers Association (GFOA) recommends that governments establish a formal policy regarding the appropriate level and spending priority of fund balance that should be maintained in the County's Governmental Funds. Kootenai County recognizes the financial importance of maintaining a stable, appropriate level of unassigned fund balances in the General Fund; and

**WHEREAS**, the Fund Balance Policy addendum, 2013-66, will remain in effect and now is the addendum to amendment 2014-34; and

**NOW THEREFORE, BE IT HEREBY RESOLVED** by the Board of County Commissioners of Kootenai County, that a Fund Balance Policy amendment be adopted.

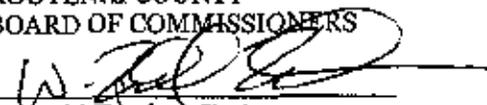
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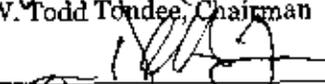
Upon a motion to adopt the text of the foregoing Resolution made by Commissioner Green, seconded by Commissioner Nelson, the following vote was recorded:

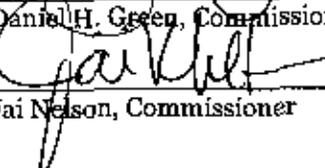
Commissioner Nelson:	Aye
Commissioner Green:	Aye
Chairman Tondee:	Aye

Upon said roll call, the text of the foregoing was duly enacted as a Resolution of the Board of Commissioners of Kootenai County, Idaho on the 29 day of April 2014.

KOOTENAI COUNTY  
BOARD OF COMMISSIONERS

  
\_\_\_\_\_  
W. Todd Tondee, Chairman

  
\_\_\_\_\_  
Daniel H. Green, Commissioner

  
\_\_\_\_\_  
Jai Nelson, Commissioner

ATTEST:  
JIM BRANNON, CLERK

By: \_\_\_\_\_

### **Fund Balance Policy: General Definitions**

**Fund Balance:** Fund balance represents the difference between fund assets and fund liabilities. Fund balance is intended to serve as a measure of the financial resources available in a governmental fund.

**Fund Balance Range:** A fund balance range is the range amount this policy has set within which the County means to maintain a specific fund balance. The ranges set for each fund are based on the predictability of revenues, volatility of expenditures, and liquidity requirements of each fund and shall be reviewed periodically. Adequate fund balance ranges are necessary for purposes of unanticipated expenditures, and to meet desired reserves.

**Surplus:** Surplus is the amount by which a fund balance exceeds the upper limit of the fund balance range.