

FUND AND FUND BALANCE REPORTING POLICIES

Fund equity at the governmental fund financial reporting level is classified as “fund balance.” Fund equity for all other reporting is classified as “net assets.”

Fund Balance Components will be determined and reported in compliance with GASB54:

The guiding principle for classifying the various components of fund balances are the important limitations on the purpose for which all or a portion of the resources of a governmental fund can be used. The force of these limitations can vary significantly, depending upon their source. The various components of fund balance are designed to indicate “the extent to which the government is bound to honor constraints on the specific purposes for which amounts in the fund can be spent” (from the pamphlet “What everyone needs to know about The New Fund Balance” – pg 11). The Components of Fund Balances, defined by GASB54 are:

- **Non-spendable Fund Balance:** inherently non-spendable because of their form or because they must be maintained intact.
- **Restricted Fund Balance:** externally enforceable limitations on use imposed by: 1) creditors, grantors, contributors, or laws and regulation of other governments, or 2) by law through constitutional provisions or enabling legislation.
- **Committed Fund Balance:** self-imposed limitations set in place prior to the end of the period, at the highest level of decision making that requires formal action at the same level to remove.
- **Assigned Fund Balance:** limitation resulting from intended use, established by: 1) the highest level of decision-making; 2) a body designated for that purpose; or 3) an official designated for that purpose.
- **Unassigned Fund Balance:** residual net resources: 1) in the general fund, total fund balance in excess of the above four components, and 2) excess of non-spendable, restricted and committed fund balance over the total fund balance (ie: deficit), in any governmental fund.

The County Board of County Commissioners will commit fund balance by resolution. (does this have to be done every year, or can they say “non-restricted residual balances in the County’s Special Revenue Funds each year will be reported as committed”: Road and Bridge, Social Services, etc...). The same action is necessary to reverse this designation.

By resolution #9/ /2011(##) the BOCC designated the County Administrator and the County Director of Finance to be the body for the purpose of determining Assigned fund balance for reporting purposes. This will be accomplished by signing off on the final draft of the fund statements and Note that lists the assigneds (such items as funds held for slash/mulch sites, parks, Sheriff’s auxiliaries, etc).

By resolution #9/ /2011(##) the BOCC determined that in the in the case where there are various components of fund balance available to be spent for a specific purpose, Teller County’s policy is to spend the most restricted funds first.

The appropriation of year-end fund balance for balancing the budget of the following year is considered assigned fund balance.

By reporting particular amounts that are not restricted or committed in a special revenue, capital projects or debt service fund, the county has assigned those amounts to the purposes of the respective funds (see para 81 of the statement booklet).

Governmental Funds:

- **General Fund:** is used to account for and report all financial resources not accounted for and reported in another fund.

- **Special Revenue Funds:** to account for and report the proceeds of specific revenue sources other than debt service or capital projects. One or more specific restricted or committed revenues should be the foundation for a special revenue fund. Should not be used to account for resources held in trust. The restricted or committed proceeds of specific revenue sources should be expected to continue to comprise a substantial portion of the inflows reported in the fund. Disclose in the Notes to FS, the purpose of each SRF and which revenues and resources are reported in each SRF. As of 2011 Teller County's Special Revenue Funds are:
 - **Road & Bridge Fund:** is required by Colorado State Statute #43-2-203. Major Restricted revenue is HUTF, plus Sales tax (restricted by the ballot issue, to Law enforcement, Roads and Capital projects), Nat'l Forest payments and Grants. Fund also receives Property tax, permit & fee revenue and other non-restricted revenues.

 - **Social Services Fund:** is required by CCR 5.411. Major Restricted revenues are Fed and State DSS program revenues, and Grants. Also receives some Property tax, some gaming tax (not necessarily every year) and some fees, for reimbursement of DSS expenses.

 - **Contingency Fund:** Is authorized by CRS 30-25-107, to "fix rates of levy annually for such fund", constitutes a legal restriction on the funds contained there, since they were levied in the mid-1900's, specifically for the Contingency fund. Although the revenue stream does not currently continue into this fund, it could at a later point, if it is determined that the County should levy additional taxes into the fund. \$400,000 (3% of TABOR revenues) is now (as of 12/31/2010) further restricted as the County's TABOR Emergency Reserve. Any amount of the TABOR Reserve used is then required to be replaced in subsequent year, constituting more of a "loan" for other uses, than a final use of the funds. If non-TABOR reserve is used out of this fund, it would be a use, and may be returned at the discretion of the Board.

 - **Conservation Trust Fund:** is required by CRS 29-21-101, if the County is to be an "eligible entity" to receive Conservation Trust funds from the State. Funds are expected to continue annually.

The following funds are removed from the county's books as of 2011, as it has been determined that there is not a restricted source of funding, and therefore cannot be reported as Special Revenue Funds. These revenues and expenditures will subsequently be tracked and recorded through the county's general fund:

- Sheriff's Forfeitures Fund: was established (in the late 80's?), for the accounting of County Sheriff's seizures and forfeitures (seized cash or cash from sales of seized assets). Prior to that, the Sheriff had deposited the money with the County Treasurer, however the revenues and expenditures were not budgeted or run through the County books at all. The Board and the Sheriff at that time, additionally decided that this fund would be used for donations made directly to the County Sheriff, that were not specified to reimburse normal operating expenditures through the General Fund. Now, seizures and forfeitures are most often accounted for through the 4th Judicial District Special Investigations Fund. If Teller County benefits from these funds, equipment is usually purchased by the SIF and given to Teller County. From time to time, the County may directly receive funds that the SIF was not involved in (not very often). Substantial donations specifically for the Sheriff's Office are received regularly by the County.

Forfeitures are governed under CRS 16-13-302, -303, -307, -311, -701 (Public Nuisance) and CRS 16-13-501, -601, -701 and subject to audit per 29-1-6-CRS (Contraband). Various reforms have been attempted since we established our fund, but I'm not sure exactly what has passed, when. In the current Statutes, I cannot locate any requirement that the funds be kept in a separate fund. There are specific requirements in 16-13-311(3)(a) regarding the order in which seizures and forfeitures are to be distributed, which state (IV) reimbursement to the law enforcement agency for reasonable fees and costs (which would have come out of the General Fund, and (VII) the balance remaining after (I) through (VI): will be delivered upon order of the Court, (A) Fifty percent to the general fund of the governmental body.....for public safety purposes or, if a multijurisdictional task force, to them. So, as far as I can tell, any County receipts from these activities would be required to run through the General Fund anyway, with further requirements on the use (ie: "for public safety purposes").

The Board of County Commissioners could pass a resolution requiring the Sheriff's Forfeiture Fund be maintained for the purpose of the Sheriff's department, but it is my opinion that (1) that would be pushing the use of a special revenue fund, and (2) it would be just as easy to maintain an excel spreadsheet between the Sheriff's and the Finance Department, agreed to by both at year-end, tracking the receipts and usage of donations for that department, and used to record an "assigned" amount of the General Fund's fund balance. The majority of the donations are given in good faith to be used specifically for K9, SWAT and/or for the good of the Sheriff's department.

- Parks Fund: Holds money that has been set aside in the past, at the decision of the Commissioners and through the budget process, to be used only for Parks and Open Space. Money has been transferred from the General Fund, and has also been deposited directly through land developers (required by CDS), parks usage fees, interest earnings, and GOCO and other grants for the purpose of parks and open space are run through this fund, to be used in conjunction with Conservation Trust moneys. These "other" funds are not allowed to be comingled through the CTFund per CRS. No transfers from the General Fund have been made since 2007.

