



Fund Reserve Overview

Lane Manual 4.010 includes reserve policies with the goal as follows: To maintain adequate reserves to provide a cushion against unforeseen events and economic downturns, thus providing for stability in planning and service delivery and to maintain a reserve level sufficient to maintain a favorable bond rating. A minimum of a 5% Prudent Person Reserve is required in all funds, with a minimum of 10% reserve targeted in the General Fund.

Additionally, operational reserves are needed in operating funds to cover cash flow requirements in the short term and provide adequate cash balance to cover lags between expenditures and associated revenues. OMB A-87 allows an operating reserve of 60 days to be included in allowable charges on Federal grant programs. Financial Services recommends a minimum of 17% (60 days) operational reserve in all operating funds.

General Fund – 100 Series Funds

The General Fund is the primary operating fund of the County, which accounts for all governmental activities which are not required to be accounted for in another fund. This fund is used for all receipts not dedicated for a specific purpose.

Special Revenue Funds – 200 Series Funds

Special Revenue funds are used to account for the proceeds from specific revenue sources that are legally restricted to expenditures for specific purposes. Generally, any reserve or fund balance carry forward is dedicated funding for multi-year or future projects and can only be used for the designated purpose.

Debt Service Funds – 300 Series Funds

Debt Services Funds are used to accumulate resources for the payment of general long-term debt principal, interest and service costs. Any reserves in Debt Services Funds are resources on hand at the end of the year for the payment of the next scheduled debt payment, or are resources specifically dedicated to debt service by law. These are not operating funds, so an additional operating reserve is not allowed.

Capital Projects Funds – 400 Series Funds

Capital Projects Funds are used to account for financial resources used for the acquisition or construction of major capital facilities. Reserves in capital projects funds represent resources that have been accumulated for specific future capital improvements, and are often dedicated by law (in the case of bond proceeds). Typically, no additional operating reserve is required.

Enterprise Funds – 500 Series Funds

Enterprise Funds are used to finance and account for acquiring, operating, and maintaining facilities and services, which are self-supporting from user charges and fees. The County uses enterprise funds to account for its fairground operations, solid waste

disposal utility, land management activities, corrections commissary operations, and regional information systems activities.

Internal Service Funds – 600 Series Funds

Internal Services Funds are used to report activities that provide goods or services to other funds, departments or programs of the County, on a cost-reimbursement basis. Because internal service funds operate on a cost-recovery basis and should not reflect a profit, reserves levels should generally be low. However, as operational funds, an adequate operating reserve is required to cover cash flow needs. Internal Service Funds which serve as equipment or property replacement funds should maintain large reserve levels to cover the full anticipated replacement costs.

Fiduciary Funds – 700 Series Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the County. The County maintains one fiduciary fund, the Retiree Benefit Trust Fund.