



## Commission on Aging Dedicated Millage Fund Balance Policy

### PURPOSE

Grand Traverse County's Commission on Aging (COA) dedicated millage unreserved fund balance is a measure of its financial resources. The accumulation of unreserved fund balance during favorable economic times is a resource to sustain the COA in times of economic duress. Establishing this policy will assist the County in adhering to a prudent financial management tool which is widely recognized as appropriate for maintaining the County's overall financial position. This policy establishes an acceptable level for unreserved dedicated millage fund balance, a mechanism for using excess unreserved fund balance, the mechanism for utilizing fund balance below the target range, and a mechanism for replenishing fund balance below the target range.

### POLICY AND PROCEDURE

The Grand Traverse County Board of Commissioners sets the following policies on unreserved COA dedicated millage fund balance levels.

**Target Range.** The Board of Commissioners will strive to maintain an unreserved fund balance at each fiscal year end, equal to 25% of expenditures. This level will be known as the "Target Range" for the COA dedicated millage unreserved fund balance.

**Use of Funds in Excess of the Target Range.** Funds more than the target range may be designated in the budget for any of the following based on the following ranked priorities from highest priority to lowest priority:

- First, or high priority, to address increased demand for services
- Second, or medium priority, to be used to fund capital items or projects in the current budget.
- Third, or low priority, to be used to fund future capital projects or large capital items not identified in the current budget.

**Use of Funds Below the Target Range.** Utilizing the unreserved fund balance below the target range will only be budgeted with 2/3 approval of the County Board of Commissioners and is intended for emergency situations or in times of economic duress. Changes to this policy must be approved by the Grand Traverse County Board of Commissioners.

**Replenishing the Target Range Shortfall.** If the COA dedicated millage unreserved fund balance at the end of a fiscal year is less than target range, the Board of Commissioners will strive to increase the unreserved fund balance with adjustments to the current budget or in a subsequent year until the unreserved fund balance is back within the target range.

**Reporting and Monitoring.** At least on an annual basis the County Finance Department Director with input from the COA Director, will review the status of the unreserved fund balance.

## **REVIEW**

The Board of Commissioners shall review this Policy at least every three years.

Approved October 20, 2021