



## **Fund Transfer Policy**

### **Overview**

This policy outlines the Town's policy on the transfer of assets between funds. Assets referred to in this policy are liquid and capital assets. Liquid assets include all cash and cash equivalent assets, whereas capital assets include any real or personal property whose acquisition meets or exceeds the capitalization thresholds for the Town. These procedures are written in accordance with all relevant North Carolina General Statutes. In the event of a conflict, the state statutes take precedence.

### **Purpose**

This policy is intended for use as a guide to the Town of Landis' methods and ideology regarding fund transfers. The Town requires strict adherence to NCGS 159-8, which requires all funds to have a balanced, board adopted budget whereby estimated revenues plus appropriated fund balance equal appropriations (total expenditures). Generally, all operating funds are expected to function as independent operations that cover all associated debt and recurring expenses without assistance from other funds with few exceptions. An operating fund is a fund created to facilitate the collection of revenues to be put toward expenses required for the provision of a permanent service to town residents. The Town currently has 4 operating funds: General (10), Water & Sewer (20), Stormwater (23) and Electric (30). Non-operating funds consist of any funds who do not meet the definition of operating funds. The Town currently has 3 non-operating funds: Capital Project (60), ARP (61), and Passive Park (62). The following provisions in this policy outline the Town's procedure's for facilitating fund transfers and associated exceptions.

### **Scope**

1. The Town may consider the transfer of cash and equivalents between funds only after operating expenses, capital outlay and debt service obligations of the fund facilitating the transfer have been met. All such transfers must be board approved.
2. Payments for service or cost-reimbursements between funds as described in NCGS-143C are not considered fund transfers and are therefore allowable.
3. Fund transfers between non-operating funds and operating funds are allowable with board approval.
4. The transfer of capital assets before the end of an assets useful life as described in the Town capitalization thresholds must be board approved.
5. Transfers of capital assets between funds are allowable at the Town Manager's discretion upon the end of each asset's useful life in accordance with the board approved capitalization thresholds.