

# MENTAL HEALTH & RECOVERY SERVICES BOARD OF LUCAS COUNTY

**Operating Fund Balance Preservation**

**COQ: VII A-6**  
**Effective: 9/1/15**  
**Supersedes: 1/1/14**

## **POLICY**

The Mental Health and Recovery Services Board of Lucas County will maintain a minimum Operating Fund balance determined by the Board of Trustees. This minimum Operating Fund balance, which is a combination of Cash and Accounts Receivables, is intended to provide a minimal amount of financial flexibility to handle unexpected revenue shortages and to provide the capacity to make emergency purchases in response to unanticipated needs. The amount of the current minimum Operating Fund balance will be documented in Board of Trustees meeting minutes. If any proposed expenditure, including the annual Purchasing Plan and the Board Administrative Budget, cannot be approved without intruding on the minimum Operating Fund Balance based on the most current financial projection model, the proposed expenditure may be authorized only upon the affirmative vote of two-thirds of the Trustees.

## **ACCOUNTABILITY**

Associate Executive Director

## **PROCEDURE**

1. The Board will review the most current financial projection model before approving the annual Purchasing Plan and Board Administrative Budget to assure that an adequate Operating Fund balance will be maintained based upon anticipated revenues and proposed purchasing plan allocations.
2. The Planning & Finance Committee will review all updated financial projections and will report to the Board if it appears reasonably certain that the Board's current contractual commitments and budgeted Board administrative expenses will cause the Operating Fund balance to fall below the minimum balance.
3. If the Planning & Finance Committee reports to the Board that it is reasonably probable that the Operating Fund balance will fall below the minimum balance based on the most current financial projections, the Board will consider whether it is necessary or appropriate to (a) invoke Agency contract provisions that allow the Board to reduce agency funding in the event that projected governmental revenue to the Board is not forthcoming, (b) reduce the Board's administrative spending, (c) cancel or re-negotiate Board contracts to the extent permitted by law, or (d) take any other action to maintain the minimum Operating Fund balance required by this Policy.

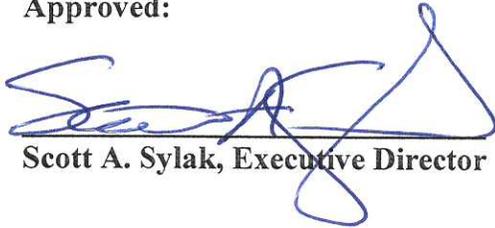
**MENTAL HEALTH & RECOVERY  
SERVICES BOARD OF LUCAS COUNTY**

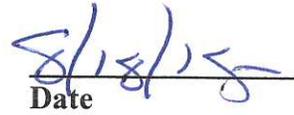
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4. The Board will review the minimum Operating Fund balance amount annually to determine if the amount is reasonable and appropriate.

**Approved:**

  
Scott A. Sylak, Executive Director

  
Date