



MEMORANDUM

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10/13/2025

20 October 2025

From: County Executive & Finance Director
To: Giles County Commission

Subj: Annual Fund Balance & Fund 171 Report

Ref: (a) Giles County Fund Balance Policy dtd 9 Feb 2024

1. This update is provided per reference (a):
 - a. The FY 24-25 original budget was \$20.5M. Under policy, 45% of that amount is \$9.23M, which is the threshold figure that drives whether there are Residual Funds available to “plus-up” Fund 171 (Capital Projects).
 - b. We currently hold \$7.75M—nearly \$1.5M less than the threshold—representing 37.8% of the operating budget. Consequently, there are no Residual Funds for the second consecutive year. Further, note that we have fallen below the Target Fund Balance of 40%.
 - c. The FY 24-25 budget was a 7.2% increase over the previous year. Because of our Fund Balance Policy, the Fund Balance thresholds rose as the policy automatically indexes for inflation.
2. There were several variables impacting Fund Balance over the last year. Significant expenditures included: \$88K for a grant-match on the EDC’s site development grant; \$105K for jail HVAC replacement; and \$170K for increased jail positions. In total, unanticipated Fund Balance expenditures totaled over \$543K; over \$200K are for recurring expenses. However necessary these expenditures, they reduced our capacity to reinforce Fund 171. Exacerbating last fiscal year’s expenditures was the decision to fund non-profit FY 25–26 appropriations—also recurring expenses—of over \$322K from Fund Balance. These are not anomalies but trends—the Fund Balance is being increasingly strained by demands that outpace our capacity to sustain.
3. As noted in last year’s report, county government is responsible for a large portfolio of buildings and associated mechanical systems. Without a maintenance staff or a preventive maintenance plan, trying to predict ‘what will break next’ is not only impossible but a thoroughly inefficient approach to maintenance. The county needs a Capital Maintenance Plan. Such a plan would allow the County to identify emerging facility needs, budget strategically, and sustain public assets over the long term.

G. S. Stowe
County Executive

B. Moore-Summers
Finance Director