

# FORSYTH COUNTY

## BOARD OF COMMISSIONERS

MEETING DATE: APRIL 27, 2015 AGENDA ITEM NUMBER: 5

**SUBJECT: RESOLUTION ADOPTING AN AMENDED POLICY ESTABLISHING MINIMUM OPERATING STANDARDS FOR UNRESERVED FUND BALANCE FOR FORSYTH COUNTY (FINANCE DEPARTMENT)**

**COUNTY MANAGER'S RECOMMENDATION OR COMMENTS:**

**SUMMARY OF INFORMATION:**

See attached

ATTACHMENTS:  YES  NO

SIGNATURE: \_\_\_\_\_ DATE: April 22, 2015  
COUNTY MANAGER

**RESOLUTION ADOPTING AN AMENDED POLICY ESTABLISHING  
MINIMUM OPERATING STANDARDS FOR  
AN UNRESERVED FUND BALANCE FOR FORSYTH COUNTY  
(FINANCE DEPARTMENT)**

**WHEREAS**, the Chief Financial Officer recommends ~~the adoption-an amendment of a to~~ the policy establishing minimum operating standards for unreserved fund balance for Forsyth County; and

**WHEREAS**, the establishment of said policy is essential to provide year-end direction to the Chief Financial Officer and to ensure that the Comprehensive Annual Financial Report (CAFR) appropriately reflects the policy; and

**WHEREAS**, the goal of said policy is to maintain an adequate General Fund balance while directing excess funds to be used to fund capital facilities, thus minimizing the necessity to issue debt, and to fund economic development opportunities; and

**WHEREAS**, it is expected that the County will continue to appropriate an amount of General Fund balance to balance the annual budget with the intent that actual revenues would equal or exceed actual expenditures resulting in no use of fund balance in the General Fund for annual operations; and

**WHEREAS**, the County, by review of its cash flow needs and in consultation with bond rating agencies, the Local Government Commission, and other highly rated counties, has determined that an unreserved funds balance between 14% and 16% of the subsequent succeeding year's budget provides adequate cash flow to fund operations as well as providing funds for potential emergencies ~~for~~ of County Departments and opportunities which may occur; and

**WHEREAS**, the County also maintains a "Contingency Fund" in the non-departmental section of each annual budget for emergencies and unanticipated financial events ~~for~~ of County Departments; and

WHEREAS, the County also maintains debt leveling plans which provide liquidity in the event of any unforeseen fiscal emergency; and

~~**WHEREAS**, the Board of Commissioners of Forsyth County, by separate document, is establishing a County Facility Capital Reserve Fund in accordance with the provisions of N.C.G.S. 159-18 through 159-22, to be used to accumulate monies for the projects named therein and may only be utilized by direct authorization of the Board in accordance with the applicable statutes;~~

**WHEREAS, under the amended policy,** to the extent that the unreserved balance in the General Fund exceeds ~~1614~~% as of June 30<sup>th</sup> of each year, the Chief Financial Officer will be directed to ~~identify~~ such excess in the General Fund and, once the annual audit is complete and the CAFR is issued, ~~will to~~ report such excess amount to the Board of Commissioners for its consideration for transfer to Capital Projects Funds and/or Economic Development Reserves in the General Fund ~~the County Facility Capital Reserve Fund after considering based on~~ projected results on operations in the General Fund for the current year and the effects on unreserved fund balance policy.

**NOW, THEREFORE, BE IT RESOLVED** that the Forsyth County Board of Commissioners hereby adopts ~~the foregoing the amended~~ policy establishing minimum operating standards for ~~an~~ Unreserved Fund Balance for Forsyth County.

**BE IT FURTHER RESOLVED** that the Chief Financial Officer is hereby directed, as of June 30<sup>th</sup> of each year, to identify all unreserved amounts in the General Fund in excess of ~~1614~~% of the ~~subsequent succeeding~~ year's budget and, once the annual audit is complete and the CAFR is issued, to report such amounts to the Board for its consideration for transfer to the Capital Projects Funds and/or Economic Development Reserves in the General Fund. County Facility Capital Reserve Fund.

Adopted this the ~~9<sup>th</sup>~~ 27<sup>th</sup> day of ~~July~~ April ~~2007~~2015.

**RESOLUTION ADOPTING AN AMENDED POLICY ESTABLISHING  
MINIMUM OPERATING STANDARDS FOR  
UNRESERVED FUND BALANCE FOR FORSYTH COUNTY  
(FINANCE DEPARTMENT)**

**WHEREAS**, the Chief Financial Officer recommends an amendment to the policy establishing minimum operating standards for unreserved fund balance for Forsyth County; and

**WHEREAS**, the establishment of said policy is essential to provide year-end direction to the Chief Financial Officer and to ensure that the Comprehensive Annual Financial Report (CAFR) appropriately reflects the policy; and

**WHEREAS**, the goal of said policy is to maintain an adequate General Fund balance while directing excess funds to be used to fund capital facilities, thus minimizing the necessity to issue debt, and to fund economic development opportunities; and

**WHEREAS**, it is expected that the County will continue to appropriate an amount of General Fund balance to balance the annual budget with the intent that actual revenues would equal or exceed actual expenditures resulting in no use of fund balance in the General Fund for annual operations; and

**WHEREAS**, the County, by review of its cash flow needs and in consultation with bond rating agencies, the Local Government Commission, and other highly rated counties, has determined that an unreserved fund balance between 14% and 16% of the succeeding year's budget provides adequate cash flow to fund operations as well as providing funds for potential emergencies of County Departments and opportunities which may occur; and

**WHEREAS**, the County also maintains a "Contingency Fund" in the non-departmental section of each annual budget for emergencies and unanticipated financial events of County Departments; and

**WHEREAS**, the County also maintains debt leveling plans which provide liquidity in the event of any unforeseen fiscal emergency; and

**WHEREAS**, under the amended policy, to the extent that the unreserved balance in the General Fund exceeds 14% as of June 30<sup>th</sup> of each year, the Chief Financial Officer will be directed to identify such excess in the General Fund and, once the annual audit is complete and the CAFR is issued, to report such excess amount to the Board of Commissioners for its consideration for transfer to Capital Projects Funds and/or Economic Development Reserves in the General Fund based on projected results on operations in the General Fund for the current year and the effects on unreserved fund balance policy.

**NOW, THEREFORE, BE IT RESOLVED** that the Forsyth County Board of Commissioners hereby adopts the amended policy establishing minimum operating standards for Unreserved Fund Balance for Forsyth County.

**BE IT FURTHER RESOLVED** that the Chief Financial Officer is hereby directed, as of June 30<sup>th</sup> of each year, to identify all unreserved amounts in the General Fund in excess of 14% of the succeeding year's budget and, once the annual audit is complete and the CAFR is issued, to report such amounts to the Board for its consideration for transfer to the Capital Projects Funds and/or Economic Development Reserves in the General Fund

Adopted this the 27<sup>th</sup> day of April 2015.