

Staff Report

Subject: Resolution to rescind previous 'rainy day fund' resolutions
Author: Mark W. Barnes, Finance Director
Department: Finance Department
Meeting Date: 3/7/23
Item Description: Consideration to resolve to rescind previous 'rainy day fund' resolutions and instead designate such funds via Board-approved financial policies

Summary Recommendation:

Staff recommends approving the resolution to rescind previous 'rainy day fund' resolutions and instead designate such funds via Board-approved financial policies.

Executive Summary

In the 5/3/22 public meeting, staff discussed how the current 'rainy day fund' resolutions cause \$6,000,000 worth of general fund balance to appear on the balance sheet as 'committed' funds, since these reserves were created by a formal Board resolution. Even though these funds are at the Board's disposal, the 'committed' designation may make other parties believe that these funds are restricted in ways that they actually are not. In order to have these funds be reflected in the 'unassigned' section of fund balance, which is a more appropriate classification, operating reserves must be designated via financial policy rather than formal resolution.

Therefore, staff is requesting this resolution be adopted and if it is adopted, staff will also request an amendment to the financial policies that creates a reserve in the general fund equal to 25% of its annual expenses per the Board-adopted budget.

Background:

1. The rainy day fund resolution was increased to \$4,200,000 in 2007.
2. The rainy day fund resolution was increased to \$6,000,000 in 2019.

Alternatives for Commission to Consider:

1. Approve the proposed resolution.
2. Do not approve the proposed resolution.
3. Provide staff with direction

Recommended Alternative:

1. Staff recommends Alternative number 1 – Approve the proposed resolution.

Other Alternatives:

N/A

Department Review: *(list departments)*

Finance, County Manager

Funding Source:

No funding required

Attachments:

Resolution to rescind previous 'rainy day fund' resolutions