

2018-15125 RESOLUTION
06/11/2018 04:39:26 PM Pages: 5 Fees: \$0.00
Requested By: YUMA CO BD OF SUPERVISORS
Recorded By: mlopez
Robyn Stallworth Piquette County Recorder, YUMA County AZ



Please return original document
to the Yuma County Board of Supervisors Office,
ATTENTION: Teresa R. Diaz / 373-1079

TYPE OF DOCUMENT:

Resolution No. 2018-22

Rescinding the current Cash Balance Policy
and adopting the new Fund Balance Policy.

DOCUMENT APPROVAL:

Approved by Yuma County Board of Supervisors:
June 04, 2018, Consent Item No. 8



YUMA COUNTY BOARD OF SUPERVISORS

RESOLUTION NO. 2018-22

RESCINDING THE CASH BALANCE POLICY
ADOPTED ON NOVEMBER 1, 1999,
AND ADOPTING THE NEW FUND BALANCE POLICY
FOR THE GENERAL FUND, FLOOD CONTROL DISTRICT,
OPERATIONS FUND, HEALTH DISTRICT OPERATIONS
FUND, JAIL DISTRICT OPERATIONS FUND,
LIBRARY DISTRICT OPERATIONS FUND, OTHER
GOVERNMENTAL FUNDS.

WHEREAS: The existing Cash Balance Policy was adopted on November 1, 1999 and has not been updated since it was adopted; and

WHEREAS: The proposed Fund Balance Policy sets a minimum unassigned actual fund balance target for the General Fund plus the Operations Funds for the Flood Control, Health, Jail and Library Districts; and

WHEREAS: An element of the long term financial planning process is the setting of minimum unassigned fund balance targets

Fund Balance Policy

I. This Fund Balance Policy applies to:

- A. General Fund
- B. Flood Control District Operations Fund
- C. Health District Operations Fund
- D. Jail District Operations Fund
- E. Library District Operations Fund

II. Definitions:

- A. Fund Balance: The difference between fund assets and fund liabilities. For purposes of this policy, fund balance and cash balance are considered to be the same.
- B. Total Uses: Fund Expenditures plus Transfers Out

III. Fund Balance Requirements: All Governmental Funds

- A. Yuma County shall achieve and maintain a fund balance in all Governmental Funds that is sufficient to avoid borrowing for cash flow purposes during the fiscal year.
- B. Fund Balance level considerations include:
 - 1) Cash cycles / Cash flow – to maintain adequate cash balances to meet daily cash flow needs.
 - 2) Contingencies – to provide funds for emergencies, unknown expenditures and opportunities that may arise during a fiscal year.
 - 3) 5-Year Capital Plan – to address infrastructure and capital needs as projected in the 5 year plan.
 - 4) Asset use allowance / depreciation – to provide for asset

- replacement and major maintenance needs.
- 5) Mitigation of economic downturns, revenue shortfalls or legislative changes – to manage impacts of economic downturns.
- C. If available fund balances are determined to be in excess of required guidelines, the emphasis should be on one-time uses.
 - D. Use of available fund balances requires approval by the Board of Supervisors.
 - E. In accordance with State law, all available fund balances shall be appropriated in the annual budget.
 - F. Any fund balances maintained for “contingencies” or “emergencies”, as established pursuant to A.R.S. 42-17102A.4 shall be expended only upon approval of the Board of Supervisors.
 - G. In the event the fund balance falls below the minimum level as stated above, the County will replenish shortages/deficiencies to the minimum level using the budget strategies listed below:
 - 1) The County will consider expenditures and/or program reductions to eliminate structural deficits;
 - 2) The County will consider revenue increases or pursue other funding sources to fund structural deficits;
 - 3) Any combination of expenditure reductions and revenue increases resulting in the elimination of a structural deficit.
 - H. An annual review of cash flow requirements and appropriate fund balances shall be undertaken to determine whether modifications are appropriate for the fund balance/contingency policies. The review shall be conducted by the County Administrator and Chief Financial Officer.

IV. General Fund:

- A. The minimum unassigned fund balance target will be 20% of Total Uses to be allocated as follows:
 - 1) Emergency fund balance – The minimum target will be a 15% emergency fund balance to be calculated on Total Uses. The purpose of this fund balance shall be to allow the County to address unanticipated emergency situations affecting any County operation, while offering some assurance that sufficient funds will be on hand for normal cash flow purposes.
 - 2) Stabilization fund balance – The minimum target will be a stabilization fund balance of 5% of Total Uses. These funds should only be utilized to cover short-term drops in County revenues to maintain service levels in difficult economic times.
- B. Purpose: The General Fund is the County’s main operating fund and accounts for services such as public safety, the courts, elections, assessor, treasurer and other general services and certain State costs. Adequate cash balances are needed for expenditures, while awaiting major revenue receipts including property tax revenues, which are billed twice each fiscal year. In addition, the County needs to appropriate contingency and reserve funds for emergencies or opportunities that may arise during the year. The Government Finance Officers Association recommends that the General Fund maintain an unrestricted budgetary fund balance of no less than two months

(approximately 17%) of regular General Fund operating revenues or operating expenditures. This level should then be further adjusted to reflect individual circumstances.

- C. In the event the stabilization fund balance must be used to provide for temporary funding, plans shall be developed to restore the fund balance to 5% within three (3) years as revenues increase. This fund balance includes the Board of Supervisor Contingency to provide for unanticipated expenditures or unanticipated increases in service demands.

V. Flood Control District Fund:

- A. The minimum unassigned fund balance target will be 15% to be calculated on Total Uses. The purpose of this fund balance shall be to allow the District to address unanticipated emergency situations affecting the District, while offering some assurance that sufficient funds will be on hand for normal cash flow purposes.
- B. Purpose: To minimize the impacts and protect life and property from flooding. Adequate cash balances are needed for expenditures, while awaiting major revenue receipts. The District's funding is primarily from property taxes (billed twice per year) and agency reimbursements. Resources are primarily budgeted for capital projects.

VI. Health District Operations Fund:

- A. The minimum unassigned fund balance target will be 15% to be calculated on Total Uses. The purpose of this fund balance shall be to allow the District to address unanticipated emergency situations affecting the District, while offering some assurance that sufficient funds will be on hand for normal cash flow purposes.
- B. Purpose: To provide services that prevent epidemics and the spread of disease, protect against environmental hazards, promote and encourage healthy behaviors and assure accessibility of health services. The District's funding primarily consists of County Transaction Privilege Taxes and grants. The fund balance in the Operations Fund must also support the grant fund. Resources are primarily budgeted for operational costs.

VII. Jail District Operations Fund:

- A. The minimum unassigned fund balance target will be 5% to be calculated on Total Uses. The purpose of this fund balance shall be to allow the District to address unanticipated emergency situations affecting the District, while offering some assurance that sufficient funds will be on hand for normal cash flow purposes.
- B. Purpose: To provide for the safety and security of people who are arrested, awaiting trial and people sentenced to the custody of the Sheriff. The District's funding primarily consists of County Transaction Privilege Taxes. Resources are primarily budgeted for operational costs and debt service.

VIII. Library District Operations Fund:

- A. The minimum unassigned fund balance target will be 25% to be calculated on Total Uses. The purpose of this fund balance shall be to allow the District

to address unanticipated emergency situations affecting the District, while offering some assurance that sufficient funds will be on hand for normal cash flow purposes.

- B. Purpose: The Yuma County Library District is a center for information, community enrichment, recreational reading, and lifelong learning. Adequate cash balances are needed for expenditures, while awaiting major revenue receipts. The District's funding is primarily from property taxes, which are billed twice per year. Resources are primarily budgeted for operational costs and debt service.

IX. Fund Balance Requirements: Other Governmental Funds

Fund balances for other County special revenue funds to be reviewed annually by the County Administrator and Chief Financial Officer.

NOW, THEREFORE, BE IT RESOLVED, that Resolution No. 2018-22 hereby rescinds the Cash Balance Policy adopted on November 1, 1999, and the new Fund Balance Policy is hereby adopted.

Adopted this 4th day of June, 2018.



MARCO A. "TONY" REYES, Chairman

ATTEST:



SUSAN K. THORPE,
County Administrator/Clerk of Board

APPROVED AS TO FORM AND DETERMINED TO BE WITHIN THE SCOPE OF PERFORMANCE OF DUTY OF THE YUMA COUNTY BOARD OF SUPERVISORS:



JON R. SMITH, County Attorney