

RESOLUTION NO. 384

AMENDING THE GENERAL FUND BALANCE POLICY FOR ALBANY COUNTY

Introduced: 9/11/23

By Audit and Finance Committee and Peter:

WHEREAS, The Governmental Accounting Standards Board and the New York State Comptroller recommend that municipal corporations establish general fund balance policies in order to provide clear fund balance classifications and establish parameters by which to account for fiscal resources, and

WHEREAS, By Resolution No. 468 for 2020, this Honorable Body adopted a General Fund Balance Policy for Albany County, and

WHEREAS, The Commissioner of the Albany County Department of Management and Budget has reviewed the policy, and in consultation with the Albany County Comptroller, has requested amendments be adopted to more fully reflect the needs of Albany County, now, therefore, be it

RESOLVED, By the Albany County Legislature that the Albany County General Fund Balance Policy, as amended and annexed hereto, is hereby adopted, and, be it further

RESOLVED, That the Clerk of the County Legislature is directed to forward certified copies of the resolution the appropriate County Officials.

ALBANY COUNTY GENERAL FUND BALANCE POLICY

Purpose

Albany County proposes to enact the following policy in an effort to ensure financial stability through the maintenance of a reserve fund that guides the use of resources for financial security.

County reserve funds must be properly established and maintained in order to facilitate an open and transparent use of public funds. The primary objective is to maintain a prudent level of financial resources to provide necessary services while minimizing the need to raise taxes and fees due to unanticipated one-time expenditures or temporary revenue shortfalls. Proper management of a healthy fund balance will also ensure that the County is able to maintain the highest possible credit ratings, further improving the County's fiscal situation in both the near and long term.

Background

Statement No. 54 from the Governmental Accounting Standards Board (GASB), titled "Fund Balance Reporting and Governmental Fund Type Definitions" is intended to provide clear fund balance classifications to enhance the usefulness and accountability of fund balance information.

Minimum Fund Balance for the General Fund

- This policy shall apply to the County's General Fund only.
- The Department of Management and Budget will provide guidance to any changes to fund balance.
- The County shall strive to maintain unexpended surplus funds of not less than 10% and not more than 15% of the adopted appropriations in the general fund as per the most recent Audited Financials compared to the current year's adopted budget, excluding interfund transfers, with a target of 12.5%.
- These funds will generally come from excess revenues over expenditures.
- It is the intent of the County to limit the use of these fund balances to address unanticipated, non-recurring needs, or unanticipated future obligations. Fund balances should not normally be applied to recurring annual operating expenditures.
- There shall not be a drawdown of more than 10% of the fund balance in any given year outside of a declared State of Emergency or a 20% or greater reduction to any major revenue stream.
- In the event that unassigned fund balance exceeds the 12.5% target of adopted budget appropriations, the Department of Management and Budget will present to the Legislature options for utilizing the excess, including capital in lieu of borrowing, the funding of accrued liabilities, covering one-time

expenditures, the payoff of any bonds that have reached their redemption date, or the start-up of expenditures for new programs.

- In the event the unassigned fund balance is below the 10% minimum the Department of Management and Budget will work towards increasing the amount at the earliest appropriate time.

The County will spend the most restricted dollars before less restricted where such spending is appropriate and the legal restriction does not limit the use of such restricted amounts for the purpose in question in the following order:

- Non-spendable (if funds become spendable)
- Restricted
- Committed
- Assigned
- Unassigned

Definitions

- *Non-spendable* – consists of assets that are inherently nonspendable in the current period either because of their form or because they must be maintained intact, including prepaid items, inventories, long-term portions of loans receivable, financial assets held for resale, and principal of endowments.
- *Restricted* – consists of amounts that are subject to externally enforceable legal purpose restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments; or through constitutional provisions or enabling legislation.
- *Committed* – consists of amounts that are subject to a purpose constraint imposed by a formal action of the government's highest level of decision-making authority before the end of the fiscal year, and that require the same level of formal action to remove the constraint.
- *Assigned* – consists of amounts that are subject to a purpose constraint that represents an intended use established by the government's highest level of decision-making authority, or by their designated body or official. The purpose of the assignment must be narrower than the purpose of the general fund, and in funds other than the general fund, assigned fund balance represents the residual amount of fund balance.
- *Unassigned* – represents the residual classification for the government's general fund, and could report a surplus or deficit. In funds other than the general fund, the unassigned classification should be used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.