

RESOLUTION NO. 58-17
AMENDING RESOLUTION 77-09

IN THE MATTER OF ESTABLISHING A GENERAL FUND RESERVE AND CONTINGENCY
POLICY FOR MASON COUNTY, WASHINGTON

WHEREAS, the Mason County Board of County Commissioners, as the county legislative authority and the Mason County Finance Committee deem it to be fiscally responsible to maintain cash flow reserves in the County General Fund and to provide sufficient reserve funds as required by law to cover bond covenants, the smooth running of the County and pay current obligations;

NOW THEREFORE BE IT RESOLVED by the Mason County Board of County Commissioners that the General Fund Reserve and Contingency Policy be adopted as part of the Current Expense Budget process to achieve the goals outlined. It is the intent of the Mason County Board of County Commissioners that they shall establish these goals over a five year period beginning in 2018 for all reserves except the Contingency Reserve which shall be established over the successive next five years beginning in 2019.

BE IT FURTHER RESOLVED by the Mason County Board of County Commissioners that the General Fund Reserve and Contingency Policies be established as defined herein and within a county wide Financial Management Policy to be adopted separately by year end 2017.

A. General Policy

The County shall maintain reserves required by law, ordinance and/or bond covenants. All expenditures drawn from reserve accounts shall require prior Board approval unless previously authorized by the Board for expenditure within the County's annual budget.

The County Finance Committee will review annually the required reserve levels that is necessary to meet the reserves established herein. If it is determined that the reserves should be adjusted, the County Finance Committee shall propose an amendment to these policies.

If reserves and/or fund balances fall below required levels as set by this policy, the County shall include within its annual budget a plan to restore reserves and/or fund balance to the required levels.

The County's annual general fund budget will be adopted in the positive with expenditures not exceeding revenues, excluding beginning and ending fund balances unless the Mason County Board of County Commissioners develop a plan to restore the shortfall to the reserve balances within one calendar year.

The County will allocate any funds from unanticipated excess revenues and/or unexpended budget authority in the year following the actual recognition of these funds first to funding reserves as set out in this policy then to other unanticipated expenditures.

All reserves will be presented in the County's annual budget.

B. General Fund Operating Reserves

The County will maintain a General Fund Operating Reserve to provide for adequate cash flow, budget contingencies, and insurance reserves. Under this policy General Operating Reserves will be budgeted in the range of 12% - 15% of the prior year's actual expenditures, excluding beginning and ending fund balances.

C. Contingency Reserve

The County will maintain a Contingency Fund and shall maintain a reserve equal to \$1,000,000 to provide a financial cushion to cover revenue shortfalls resulting from unexpected economic changes or recessionary periods or to provide funds in the event of major unplanned expenditures the County could face.

D. Technology Replacement Reserves

The County will maintain a Technology Replacement Reserve for replacement of costs entity wide to cover computer hardware, software, or telephone equipment identified in the County's Technology Replacement listing. The required level of reserve will equal each year's scheduled costs. For example, if the 2017 equipment costs are budgeted at \$100,000 the fund reserve balance must equal or exceed \$100,000. Contributions will be made through assessments to the using funds and departments and maintained on a per asset basis.

E. General Fund Equipment and Vehicle Replacement Reserves


The County will maintain a General Fund reserve for the replacement of vehicles and equipment identified on the County's equipment replacement listing. The required level of reserve will equal each year's scheduled replacement costs. For example, if the 2017 equipment replacement costs are budgeted at \$100,000, the fund reserve balance must equal or exceed \$100,000. Contributions will be made through assessments to the using funds and departments and maintained on a per asset basis.

F. Accrued Leave Reserve

The County will maintain an Accrued Leave Reserve to cover the cost of the liability in its Accrued Leave Account. The reserve will be at least sufficient to cover one years estimated accrued leave payout as well as any accrued leave payouts known and required to be paid out in future years.

Approved this 24th day of October, 2017.

Mason County Board of Commissioners



Kevin Shetty, Chair



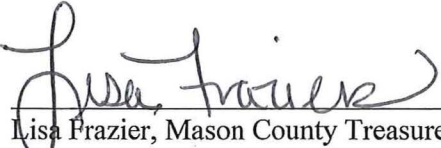
Randy Neatherlin, Commissioner



Terri Drexler, Commissioner

Approved this 24th day of October, 2017.

Mason County Finance Committee



Lisa Frazier, Mason County Treasurer, Chair




Karen Herr, Mason County Auditor, Secretary



Kevin Shetty, Mason County Commissioner

Attest:



Melissa Drewry
Clerk of the Board

Approved as to form:



Tim Whitehead
Chief Deputy Prosecuting Attorney