

Board of County Commissioners

Treasurer Report

Meeting Date: July 20, 2021

Presenter: Katie Smits, Teton County Treasurer

Submitting Office: Treasurer

Subject: Adopt New Capital Reserve for Future Use Fund Policy

Statement / Purpose:

The Board of County Commissioners are responsible for policy formulation which determines financial policies that establish and direct the operation of Teton County.

Consideration of approval of the Capital Reserve for Future Use Fund Policy.

Background / Description (Pros & Cons):

At a recent Board of County Commissioners meeting, Commissioner Mark Newcomb mentioned a reserve policy for future use capital projects/assets. Sublette County has such a reserve, and it was requested that Teton County look into whether it is prudent to have one.

It is essential for governments to maintain adequate levels of Reserves to help ease future budgets with regards to capital asset costs. Currently, Teton County has a Capital Improvement Plan (CIP). The CIP is used to forecast and prioritize the capital needs of the County over the next five years. Fiscal Year 2022-2026's CIP has over \$208 million of projects listed. With growing County capital projects and assets, a reserve for future use is a measurable start to enabling the County to put aside money in order to keep up with growing capital needs.

Stakeholder Analysis & Involvement:

Reserves provide a government with options for responding to growing capital and asset needs. A formal reserve policy is an accepted governmental accounting practice.

Fiscal Impact:

N/A

Staff Impact:

N/A

Legal Review:

Keith Gingery, Chief Deputy County Attorney, reviewed and approved the policy.

Attachments:

Capital Reserve for Future Use Fund Policy – Committed

Recommendation:

The Board of County Commissioners to approve the Capital Reserve for Future Use Fund Policy.

Suggested Motion:

I move to approve the Capital Reserve for Future Use Fund Policy.



Teton County, WY Government

Capital Reserve for Future Use Fund Policy

I. **Authority**

The Teton County Board of Commissioners approve the financial policies of Teton County. This policy shall be administered on behalf of the County Commission by the Teton County Clerk, County Treasurer, and the County Commissioner's Administrator.

II. **Purpose**

Prudent financial management dictates that some portion of the County's funds be reserved for future use. Reserve funds will not be spent for any function other than the specific purpose of the Reserve account from which they are drawn without specific direction in the annual budget, or by a separate County Commission action.

This policy establishes the amounts the County will strive to maintain in the committed Capital Reserve for Future Use Fund, how the Reserve will be funded, and the conditions under which the Reserve may be used.

III. **Applicability and Scope**

This policy shall apply to the Teton County Capital Reserve for Future Use Fund.

IV. **Policy**

- A. **Reserve Levels** – The County will maintain a minimum of \$2.5 million (Two Million Five Hundred Thousand dollars) for the committed Capital Reserve for Future Use Fund.
- B. **Appropriation** – The County will appropriate and maintain a Capital Reserve for Future Use Fund in the Capital Projects Fund 37. Monies will be designated by the County Board of Commissioners during the annual budget process or at any time it is deemed that monies should be appropriated.
- C. **Funding the Reserve** – Funding of the Capital Reserve for Future Use Fund will generally come from excess revenue over expenses or one-time revenues in the General Fund.
Funding for the Capital Projects for Future Use Fund will be allocated and appropriated from the General Fund as a budgeted inter-fund transfer determined by the Board of County Commissioners during the annual budget process or at any time it is deemed that monies should be appropriated. If it determined that funds will be transferred outside of the budget process, such transfer will be included in the next budget amendment of the current fiscal year.
- D. **Conditions for Use of Reserves/Fund Balance** – It is the intent of the County to use the Capital Projects for Future Use Fund when deemed necessary to purchase an asset or for capital asset construction. The Capital Projects for Future Use Fund shall not be applied to recurring annual operating expenses. The Capital Projects for Future Use Fund, may, however, be used to allow time for the County to restructure its capital assets after an extreme event in a deliberate manner, but such use will only take place in the context of an adopted plan.
- E. **Authority over Reserves** – The Board of Commissioners may authorize the use of the Capital Projects for Future Use Fund at any time.
- F. **Replenishment of Reserves** – In the event that the Reserves are used resulting in a balance below the minimum \$2.5 million (Two Million Five Hundred Thousand dollar) threshold, a replenishment plan will be developed during the annual budget process.
- G. **Periodic Review of the Target Level** – The County will maintain a minimum \$2.5 million (Two Million Five Hundred Thousand dollars) for the Capital Projects for Future Use Fund. Annually, during the budget process, the County Commission shall review the Capital Projects for Future Use Fund to ensure they are appropriate given the current and future economic and financial risk factors to the County.