

RESOLUTION #21-__:

A RESOLUTION TO AMEND THE FISCAL YEAR FUND BALANCE POLICY FOR THE GENERAL FUND.

THAT WHEREAS, the North Carolina Local Government Commission has recommended that General Fund fund balance available for appropriation should be no less than 8% of the prior year's expenditures to maintain fiscal responsibility under the Municipal Fiscal Control Act; and

WHEREAS, the Village Council desires for the Village to maintain adequate working capital and to maintain a good credit rating in order to obtain favorable financing rates on debt issuances; and

WHEREAS, the Council adopted a Fund Balance Policy for the General Fund on March 11, 2003 by Resolution #03-4, and amended that policy on May 10, 2005 by Resolution #05-11 and May 25, 2010 by Resolution #10-19; **and November 13, 2012 by Resolution #12-62**; and

WHEREAS, the Village has *elected* to amend the formal Fiscal Year Fund Balance policy;

NOW, THEREFORE, BE IT RESOLVED by the Village Council of the Village of Pinehurst, North Carolina, in work session assembled this 9th day of February 2021, as follows:

SECTION 1. When preparing the annual General Fund budget, the amount of appropriated fund balance should result in an anticipated ending total fund balance **at a minimum of 30%** of budgeted expenditures.

SECTION 2. Management is further directed to maintain unassigned General Fund fund balance as reported in Village's Comprehensive Annual Financial Report (CAFR) of greater than 15% of actual General Fund expenditures as reported in the CAFR for the year audited.

SECTION 3. When total fund balance as reported in the Village's Comprehensive Annual Financial Report (CAFR) is in excess of 40% of actual General Fund expenditures as reported in the CAFR for the year audited, the excess fund balance amount each year shall be committed for future capital needs. However, in no instance shall the amount of fund balance committed for future capital needs cause the unassigned General Fund fund balance to fall below the 15% of actual General Fund expenditures as stated in Section 2.

SECTION 4. Management is expected to manage the budget so that revenue shortfalls and expenditure increases do not impact the Village's targeted fund balance levels outlined above. If a catastrophic economic event occurs that requires a 5% or more deviation from total budgeted revenues or expenditures, then the targeted fund balance levels established herein can be reduced by action of the Village Council; the Council will also adopt a plan of action to return fund balances to the required levels.

SECTION 5. This policy shall supersede all previously adopted fund balance policies of the Village of Pinehurst.

THIS RESOLUTION passed and adopted this 9th day of February, 2021.

VILLAGE OF PINEHURST
VILLAGE COUNCIL

(Municipal Seal)

By: _____
John C. Strickland, Mayor

Attest:

Approved as to Form:

Beth Dunn, Village Clerk

Michael J. Newman, Village Attorney

DRAFT