

ALGER COUNTY BOARD OF COMMISSIONERS

Mary Ann Froberg, Clerk
101 COURT STREET, MUNISING, MI 49862

RESOLUTION #2011-15

RESOLUTION ESTABLISHING FUND BALANCE POLICIES AS REQUIRED BY GASB 54 Alger County, State of Michigan

A regular meeting of the Board of Commissioners of Alger County was held on the 21st day of November 2011, at 4:00 p.m.

The meeting was called to order by: Commissioner Doucette, Chairman of the Board

Present: Commissioners Mattson, Pullen, Rondeau, VanLandschoot, and Doucette

Absent: None

The following preamble and resolution were offered by Member VanLandschoot and supported by Member Rondeau.

WHEREAS, the Governmental Accounting Standards Board ("GASB") has adopted Statement 54 ("GASB54"), a new standard for governmental fund balance reporting and governmental fund type definitions that became effective in governmental fiscal years starting after December 31, 2011; and

WHEREAS, Alger County wishes to comply with GASB 54 as required beginning with the current January 1, 2012 – December 31, 2012 fiscal year.

THEREFORE BE IT RESOLVED, that Alger County hereby adopts the following policy:

FUND BALANCE POLICIES

Fund balance measures the net financial resources available to finance expenditures of future periods. Fund balance is the difference between assets and liabilities reported in a governmental fund. The County's **Unassigned General Fund Balance** will be maintained to provide the County with sufficient working capital and a margin of safety to address local and regional emergencies without unnecessary borrowing. The Unassigned General Fund Balance may only be appropriated by resolution of the Board of Commissioners. It is recognized that it will not always be possible to avoid borrowing to provide cash flow.

Fund Balance of the county may be committed for a specific source by formal action of the Board of Commissioners. Amendments or modification to the **Committed Fund Balance** must also be approved by formal action of the Board. **Committed Fund Balance** does not lapse at year end.

Fund Balance of the County may be assigned for a specific purpose by the Finance Committee, Fiscal Officer or Treasurer. **Assigned Fund Balance** does not lapse at year end.

Restricted Fund Balances are those amounts that can only be spent for the specific purposes stipulated by external resource providers.

Nonspendable Fund Balance includes amounts that are not in a spendable form. Examples include inventory.

For purposes of fund balance classification, expenditures are to be spent from Restricted Fund Balance first (when appropriate), followed in order by Assigned Fund Balance, Committed Fund Balance and lastly, Unassigned Fund Balance.

The Board recognizes that good fiscal management comprises the foundational support of the entire County. It is generally recommended that governments, regardless of size, maintain an unassigned fund balance equal to two months of either general fund operating revenues or expenditures. As those two amounts can be significantly different, it is the County's policy to measure fund balance on the basis of operating expenditures.

To make the foundational support of the County as effective as possible, the Board desires to maintain, in stable economic times, a fund balance of at least 10% of the County general fund annual operating expenditures.


It is the Board's intent to continue to make every effort to reduce structural inadequacies between operating revenues and expenditures as both operationally and programmatically practical to allow future fund balance growth. The Board shall review this provision annually and when budgeted operating expenditures exceed budgeted operating revenues.

An annual reporting of fund balances as classified in accordance with GASB 54 shall be as reported in the annual Audited Financial Statements of Alger County.

Ayes: Commissioners Mattson, Pullen, Rondeau, VanLandschoot, and Doucette

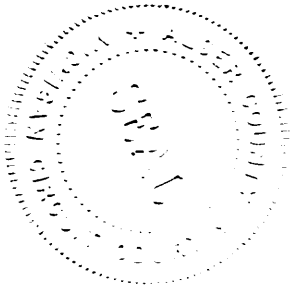
Nays: None

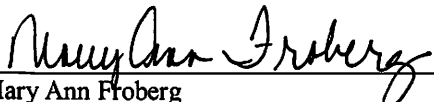
Motion declared: Passed



Jerry Doucette, Chairman
Board of Commissioners

The undersigned duly qualified and Clerk of the Board of Commissioner of Alger County, State of Michigan, hereby certifies that the foregoing is true and complete copy of a resolution adopted by the Board at a regular meeting held on November 21, 2011 the original of which resolution is a part of the Board's minutes.





Mary Ann Froberg
Alger County Clerk