

A RESOLUTION CREATING THE CAPITAL RESERVE FUND, APPROVING THE CAPITAL RESERVE FUND POLICY, AUTHORIZING THE TRANSFER OF CASH RESERVES OUT OF THE DELINQUENT TAX REVOLVING FUNDS/RESERVE INTO THE CAPITAL RESERVE FUND, AUTHORIZING OTHER FUNDS TRANSFERS INTO AND OUT OF THE CAPITAL RESERVE FUND AND AUTHORIZING AND DIRECTING THE COUNTY ADMINISTRATOR TO COMPLETE ANY OTHER NECESSARY ADJUSTMENTS SO THAT ALL DEBT SERVICE AND CAPITAL NEEDS ARE FUNDED FROM THE CAPITAL RESERVE FUND

WASHTENAW COUNTY BOARD OF COMMISSIONERS

May 5, 1999

WHEREAS, the Board of Commissioners priorities include Washtenaw County Financial and Fiscal Integrity: and

WHEREAS, the 1998-99 Budget Resolution directs that funds be transferred from the Delinquent Tax Revolving Fund into the revenues of the General Fund according to a set formula; and appropriates a similar amount for capital needs and debt services: and

WHEREAS, the current policy creates an actual or perceived dependency on outside funding for General Fund operating expenses and as such has been looked upon negatively by the credit rating agencies; and

WHEREAS, the creation of the Capital Reserve Fund and recommended funding would provide a comprehensive manner for the payment of capital expenditures and debt services: and

WHEREAS, this matter has been discussed with the rating agencies, Bond Counsel, External Auditor, County Treasurer and the Board of Commissioners considered this matter at a Working Session; and

WHEREAS, this matter has been reviewed by the Finance Department, the Corporation Counsel, the County Administrator and the Ways and Means Committee

NOW THEREFORE BE IT RESOLVED THAT the Board of Commissioners hereby authorizes the creation of a Capital Reserve Fund, under the jurisdiction of the Board of Commissioners, effective January 1st 1999.

BE IT FURTHER RESOLVED THAT the Board of Commissioners adopts the attached Capital Reserve Fund policy.

BE IT FURTHER RESOLVED THAT the Board of Commissioners authorizes the following transfers of funds into the Capital Reserve Fund:

1. All of the accumulated reserves in excess of \$4,000,000 in the Delinquent Tax Revolving Funds/Reserve as of December 31st 1998; and
2. As of the end of each year, all reserves in excess of \$4,000,000 accumulated in the Delinquent Tax Revolving Funds/Reserve; and
3. All proceeds from the investments of the funds in the Capital Reserve Fund; and
4. Transfer \$465,509 each year for 1999 through 2003 from the Capital Replacement Fund to the Capital Reserve Fund. In addition, transfer \$350,375 annually for 2003 through 2006 from similar accounts.

BE IT FURTHER RESOLVED THAT the Board of Commissioners authorizes the following transfers of funds out of the Capital Reserve Fund:

1. Payment of debt service for the Washtenaw County Capital Improvement Plan, Phase 1; and
2. Payment of debt service for the Washtenaw County Capital Improvement Plan, Phase 2; and
3. Payment of debt service for the Eastern County Government Center and 110 N. Fourth.

BE IT FURTHER RESOLVED THAT the Board of Commissioners authorizes and directs the County

Administrator to establish the internal controls and checks and balances, as s/he deem prudent and diligent, for the Capital Reserve Fund.

BE IT FURTHER RESOLVED THAT the Board of Commissioners amend the 1998-99 Budget Resolution related items and that this resolution supersedes any other previously adopted actions that may be inconsistent or contradictory with this resolution.

BE IT FURTHER RESOLVED THAT the Board of Commissioners authorizes and directs the County Administrator to complete necessary adjustments so that all capital needs and debt service are funded from the Capital Reserve Fund.

Washtenaw County
Board of Commissioners

Capital Reserve Fund Policy

I. AUTHORITY:

The Board of Commissioners created the Capital Reserve Fund and established this policy using the authority granted by the State of Michigan laws.

II. INTENT OF POLICY:

The Board of Commissioners creates the Capital Reserve Fund with the following intended purposes:

- To transfer into the Capital Reserve Fund all the Washtenaw County cash reserves available for long term uses

- To maintain the reserves available for long term use under the jurisdiction of the Board of Commissioners, through the County Administrator
- To maintain a baseline level of reserves in the Capital Reserve Fund of \$12,000,000
- To designate the proceeds from the investments, the annual transfers in from the Delinquent Tax Revolving Funds/Reserve, and any other funds over \$12,000,000 for capital and debt services expenditures
- To provide prudent and diligent internal controls and checks and balances over the cash reserves available for long term

III. FUNDING FOR THE CAPITAL RESERVE FUND:

- Transferring the accumulated reserves over \$4,000,000 from the Delinquent Tax Revolving Funds/Reserve into the Capital Reserve Fund. This transfer will be for the amounts as of December 31st 1998 effective May 5th 1999
- Transferring at the end of each year any reserves over \$4,000,000 from the Delinquent Tax Revolving Funds/Reserve to the Capital Reserve Fund
- All the proceeds from the investments of the Capital Reserve Fund assets
- Any additional funds appropriated by the Board of Commissioners

IV. USES FOR THE CAPITAL RESERVE FUND

- For the payment of Capital Expenditures as authorized by the Board of Commissioners
- For the payment of the debt services for major Capital Expenditures as authorized by the Board of Commissioners
- For no other purpose unless specifically authorized by the Board of Commissioners.

V. INTERNAL CONTROLS

The County Administrator will establish prudent and diligent checks and balances, and internal controls, for the Capital Reserve Fund. The County Administrator shall report to the Board of Commissioners any deviation from this policy.

VII. EFFECTIVE DATE

This policy is effective immediately and until such time as it is amended or rescinded by resolution of the Board of Commissioners.

[Return to the Board of Commissioners May 5, 1999 Agenda Page](#)