



Board of Chosen Freeholders

Approved as to Form and Legality

*Kau M. W. ...*  
Salem County Counsel

Date Adopted

May 15, 2019

Committee

Administrative

### RESOLUTION AUTHORIZING SURPLUS UTILIZATION POLICY FOR THE COUNTY OF SALEM

**WHEREAS**, the Chief Financial Officer has recommended that the Board of Chosen Freeholders formally recognize, adopt and implement the attached surplus utilization policy currently in effect for the County of Salem.

**NOW THEREFORE, BE IT RESOLVED** by the Board of Chosen Freeholders of the County of Salem, does hereby approve and authorize the implementation of the attached surplus utilization policy; and

**BE IT FURTHER RESOLVED** that the attached surplus utilization policy shall remain in effect until further amended, revised or modified by the Board of Chosen Freeholders.

BENJAMIN H. LAURY, Freeholder Director  
Board of Chosen Freeholders

I hereby certify the foregoing to be a true resolution adopted by the Board of Chosen Freeholders of the County of Salem on May 15, 2019.

  
STACY L PENNINGTON  
Clerk of the Board

RECORD OF VOTE

FREEHOLDER	AYE	NAY	ABSTAIN	ABSENT	RESOLUTION MOVED	RESOLUTION SECONDED
G. Ostrum, Jr.	✓					✓
C. Hassler	✓					
L. Ware				✓		
R.S. Griscom	✓				✓	
B. Laury	✓					

✓ Indicates Vote

Department Initials

## **COUNTY OF SALEM USE OF SURPLUS POLICY**

The County of Salem recognizes the need to memorialize its use of surplus policy and provides the following based on best practices:

The County acknowledges it is subject to the oversight of the Department of Community Affairs, the Local Finance Board, and various New Jersey Statutes with regard to the budget process and usage of surplus.

### **Purpose:**

The County's goal with each annual budget is to achieve the necessary services for its residents and taxpayers, while minimizing the fiscal impact on them. The Board of Chosen Freeholders of the County of Salem, Chief Financial Officer (CFO), Finance Committee, and appointed professionals focus on fiscally austere budgets and go through an extensive budget preparation process. During this budget process, the CFO, Finance Committee, and appointed professionals review budget options with the Freeholder Board, including the use of surplus to balance budget operations. The CFO, with assistance from the County's Registered Municipal Accountant, provide the working group with year- end unaudited surplus amounts in order to determine the amount of surplus that could be reasonable utilized to balance the following year's budget.

### **Reasonable Limits:**

While the State of New Jersey does not provide a minimum or maximum level of fund balance (surplus) to be maintained, the County establishes certain reasonable limits as noted:

Use of Surplus Goal #1: Less than 80% of current surplus

Use of Surplus Goal #2: Unencumbered balance equal to 2-10% of current budget

The County believes these goals will provide reserve amounts for any contingencies and/or unexpected emergency expenditures. In addition, these policy goals should also buffer the County in the event of a revenue shortfall and allow for sufficient cash flow.

### **Professional Services:**

The County recognizes the need to enlist its professional service providers to ensure a level of fiscal understanding that will guide the County's decisions. The County shall solicit the guidance from its Registered Municipal Accountant/Auditor, Bond Counsel, and Financial Advisor when applicable. Consultations with these appointed professionals shall be sought, when necessary, to ensure compliance with New Jersey Statutes and any other matters relating to the annual budget process.

### **Conclusion:**

The County will adhere to all applicable New Jersey Statutes; adhere, when possible, to the reasonable limits and goals set forth herein; and consult with its professional appointees to ensure the residents and taxpayers of the County receive maximum benefit from the usage of fund balance/surplus in the annual budget.