



Effective: May 16, 2018

**A RESOLUTION FORMALLY ADOPTING THE CITY OF NEW CARROLLTON
ASSIGNED FUND BALANCE POLICY AND CREATING THE HEALTH &
WELLNESS FUND**

WHEREAS, over the course of many fiscal years, the Mayor and City Council of New Carrollton have established various assigned fund balances and have included those fund balances and the purposes for which the fund balances are designated in the budget books; and

WHEREAS, assigned fund balances are amounts that are constrained by the City's *intent* that they be used for specific purposes, yet are not restricted¹ or committed²; and

WHEREAS, the City of New Carrollton recently received a check from the Maryland Local Government Insurance Trust due to its membership in the Maryland Local Government Health Insurance Cooperative ("MLGHC"), which represents claim fund surpluses; and

WHEREAS, the Mayor and City Council desire to create another assigned fund balance designated to help cover or offset potential health insurance rate increases in the future and to increase employee wellness programs and activities, which fund will be called the Health & Wellness Fund; and

WHEREAS, the Mayor and City Council desire to account for the activities covered by the aforementioned funds separately to show accountability and to enact a policy restating the purpose for which all of the assigned fund balances that appear in the budget book may be used and to create the Health & Wellness Fund.

NOW, THEREFORE, BE IT RESOLVED by the City Council of New Carrollton that the following assigned fund balances are hereby recognized to have been included in the City's annual budget book for many fiscal years and that these fund balances are hereby formally recognized to have been created for their stated purposes as follows:

¹ A restricted fund balance is an amount that are restricted to specific purposes when the constraints are externally imposed by creditors, grantors, contributors or laws or regulations of other governments; or imposed by the City Charter, City Code or enabling legislation.

² A committed fund balance is an amount that can only be used for specific purposes pursuant to constraints imposed by formal action of the City Council, the decision-making authority.

Assigned Fund Balances:

1. Designated for Street Work- Funded by Highway User Revenue and amounts budgeted for permitted uses of the Fund. Permitted uses of the Fund include, but are not limited to, street loans, traffic supplies and street repair and maintenance, including potholes.
2. Designated for Sidewalk Work - Funded by amounts budgeted for permitted uses of the Fund. Permitted uses of the Fund include, but are not limited to, the installation, repair and maintenance of sidewalks and acquisition of easements and/or property for new sidewalks.
3. Designated for Bridge Work- Funded by amounts budgeted for permitted uses of the Fund. Permitted uses of the Fund include, but are not limited to, the installation, repair and maintenance of bridges, including those used by pedestrians, cyclists and motorists.
4. Designated for Capital Projects- Funded by amounts budgeted for permitted purposes. Permitted uses of the Fund are capital outlays.
5. Designated for Compensated Absence- This Fund consists of the dollar value of vacation balances at each fiscal year end. The Permitted Use of the Fund is to pay for those vacation related absences accrued prior to the end of one fiscal year but taken in another fiscal year.
6. Designated for Vehicle Replacement- Funded by amounts budgeted for permitted uses of the Fund. The Permitted Use of the Fund is for the purchase of vehicles.
7. Designated for Global Signal Proceeds- The City sold an easement over property located at 7500 Good Luck Road to Global Signal and decided to designate the proceeds at the time to be used for future expenditures.
8. Designated Contingency Reserve Carryover: These Funds are reserved for expenditures in the fiscal year due to urgent situations.
9. Designated for NARD Incentive Fund - Funded by an original appropriation of \$1,000,000.00 (One Million Dollars) for the creation of the Fund. The Permitted Uses of the Fund include, but are not limited to, incentives to attract and retain businesses to the City as well as the annexation of properties, especially business properties, located along highways in the City.³

³ The budget books have also reflected the following as an assigned fund: Designated for Operating Reserve- City Code, §6-5 requires that each annual budget include, as part of the total expenditure appropriations, an operating reserve which shall be in the amount of not less than one hundred fifty thousand dollars (\$150,000). No funds may be transferred or appropriated for any purpose whatsoever from the operating reserve during the first nine months of the fiscal year. During the last three months of the fiscal year, any portion or all of the operating reserve may be appropriated by at least a two-thirds vote of the total Council for any use deemed by the Council to require the

BE IT FURTHER RESOLVED by the City Council of New Carrollton that the Assigned Fund Balance Designated for Health & Wellness (the "Health & Wellness Fund") is hereby created. The Health & Wellness Fund will be funded with those monies received by the City from the Local Government Insurance Trust as a result of claim fund surpluses being paid out to members of the Maryland Local Government Health Insurance Cooperative ("MLGHC"). The purpose of the Health & Wellness Fund is to help cover potential health insurance rate increases in the future and to increase City employee wellness programs and activities.


BE IT FURTHER RESOLVED by the City Council of New Carrollton that the money in each Assigned Fund Balance shall not be used for any purpose other than that for which the Fund Balance is designated.

EFFECTIVE DATE: This policy shall be effective immediately (Wednesday, May 16, 2018).

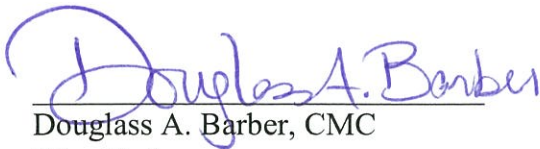
ADOPTED AND ENACTED BY THE CITY COUNCIL OF THE CITY OF NEW CARROLLTON, MARYLAND THIS 16TH DAY OF MAY, 2018.

THE CITY COUNCIL OF NEW CARROLLTON

[SEAL]


Lincoln Lashley, Chairman

ATTEST:


Douglass A. Barber, CMC
City Clerk

APPROVED:


Andrew C. Hanko
Mayor

Date: May 16, 2018

expenditure of said reserve funds. Since the "Designated for Operating Reserves" is created and required by the City Code, it is actually a committed fund balance. This change will be made in the FY20 budget book.

Likewise with: Designated for Operating Reserve - Real Property - Created in FY 09 with a City-wide real property tax rate increase of \$.05 per \$100 of assessed valuation. This created emergency funding source that can only be spent if approved as a Budget Amendment by the Council. Original amount of \$300,000 was amended to \$468,500 in FY 12. This too should be considered a committed fund balance, not an assigned fund balance, since it was created by formal action of the City Council. This change will be made in the FY20 budget book.