



Consideration of Lea County Resolution No. 22-MAY-131R Approving the Creation of Reserves for Operating Transfers in Excess of Local Government Division Required Reserves

Approving the creation of Operating Transfers Reserves in Excess of Local Government Division (LGD) Required Reserves.

Lea County depends largely upon revenue generated from activity in the oil and gas industry. That revenue may fluctuate greatly due to sudden unforeseen changes in oil and gas industry economics. Therefore, Lea County has determined that additional reserves in excess of LGD required reserves are necessary to ensure long-term financial stability.

Lea County recommends that additional reserves equal to 12 months of Operating Transfers in excess of LGD requirements be established and funded.



**LEA COUNTY BOARD OF COUNTY COMMISSIONERS
AGENDA ITEM SUMMARY FORM**

LCBCC Meeting Date: Thursday, May 26, 2022

Submit this summary form & all attachments to the Finance Director clow@leacounty.net & cc the Community Engagement Manager sstout@leacounty.net; Public Information Officer mrusell@leacounty.net and County Manager mgallagher@leacounty.net by: **Tuesday, May 17, 2022**

County Manager Approval required for all time sensitive issues that do not meet the above deadline.

DATE SUBMITTED mm-dd-yyyy: 05/20/2022	SUBMITTED BY Name, Title, Dept: Chip Low - Finance Director
SUBJECT: Establish one year Operating Transfers Reserve	ATTACHMENT(S): 1. Resolution
NO. OF ORIGINALS FOR SIGNATURE:	ACTION REQUESTED: Action Item
BUDGET LINE ITEM NUMBER: 401 - General Fund Cash	FISCAL BUDGET YEAR: FY 2022/2023

STRATEGIC PLAN Implementation of 5 Year Strategic Plan:
The information in the financial report meets the goals in Section 3.1 accountability which is "Lea County responsible for the public tax dollars in a fiscally conservative and transparent manner." Performance measures met include 3.1.4

SUMMARY:
This agenda item creates a Operating Transfers Reserve equals to 12 months of the Operating Transfers budget. This reserve is in excess of the required LGD General Fund Budget Reserve of (25%) 3 months.

Requested Items Needed for Presentation Easels/Laptop/Projector/Etc.: Easel <input type="checkbox"/> Laptop <input checked="" type="checkbox"/> Projector <input checked="" type="checkbox"/> Other: _____ <small>If checked, how many:</small>	See Additional Summary Attached <input type="checkbox"/>
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SUBMITTER'S RECOMMENDATION(S): Recommend approval	Submitter's Signature Department Director, Etc. Henry C Low Jr <small>Digitally signed by Henry C Low Jr Date: 2022.05.20 13:14:07 -06'00'</small>
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FINANCE REVIEW Fiscal Impact/Cost: The financial impact to Lea County will be the establishment of local reserves in excess of LGD requirements in order to provide the County with long-term financial stability.	Reviewed by Finance Director Henry C Low Jr <small>Digitally signed by Henry C Low Jr Date: 2022.05.20 13:14:30 -06'00'</small>
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LEGAL REVIEW: (Note: Travel does not need legal review)	Reviewed by County Attorney
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COUNTY MANAGER REVIEW:	Approved by County Manager to be Placed on Agenda
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RECORDING SECRETARY'S USE ONLY ~ COMMISSION ACTION TAKEN			
Item No. <u>0213</u>	Approved: _____	Denied: _____	Other: _____
	Resolution No. <u>22-MAY-131R</u>	Policy No. _____	Ordinance No. _____
	Continued To: _____	Referred To: _____	Comments: _____

STATE OF NEW MEXICO
COUNTY OF LEA
RESOLUTION NO. 22-MAY-131R

A RESOLUTION APPROVING THE CREATION OF RESERVES FOR OPERATING TRANSFERS IN EXCESS OF LOCAL GOVERNMENT DIVISION REQUIRED RESERVES

WHEREAS, Lea County depends largely upon revenue generated from activity in the oil and gas industry; *and*

WHEREAS, that revenue may fluctuate greatly due to sudden unforeseen changes in oil & gas industry economics; *and*

WHEREAS, Lea County has determined that additional reserves in excess of Local Government Division (LGD) required reserves are necessary to ensure the long-term financial stability of the County due to revenue fluctuations; *and*

WHEREAS, Lea County recommends that the following additional reserves in excess of LGD requirements be established and funded as follows:

1. Operating Transfers Reserve:
 - a. An amount equal to 12 months of Operating Transfers.

NOW, THEREFORE, BE IT HEREBY RESOLVED by the Board of County Commissioners of Lea County, that Lea County establish and fund additional reserves in excess of LGD requirements is hereby approved.

BE IT FURTHER RESOLVED that the Commission Chair and/or County Manager may finalize and sign any agreements consistent with the terms of this resolution.

PASSED, APPROVED AND ADOPTED on this 26th day of May, 2022, by the Lea County Board of County Commissioners in an open meeting in Lovington, New Mexico.

LEA COUNTY BOARD OF COUNTY COMMISSIONERS

Dean Jackson (District 1), Chair
Voted: Yes No Abstain

Gary G. Eidson (District 3), Vice Chair
Voted: Yes No Abstain

Rebecca Long (District 2), Member
Voted: Yes No Abstain

Jonathan Sena (District 4), Member
Voted: Yes No Abstain

Pat Sims (District 5), Member
Voted: Yes No Abstain

ATTEST: Keith Manes
Lea County Clerk

**APPROVED AS TO FORM AND LEGAL
SUFFICIENCY:**

By: _____
Teri Davis, Deputy Clerk

John W. Caldwell, County Attorney