



Consideration of Lea County Resolution No. 22-MAY-132R Amending Lea County Resolution No. 21-MAY-111R Approving Capital Reserves in Excess of Local Government Division Required Reserves

Amending Resolution 21-MAY-111R Approving Capital Reserves in Excess of Local Government Division (LGD) Requirements

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 the budgeted cash balance in the General Fund in excess of the required LGD reserve plus the required local reserves for General Fund Operations, Operating Transfers Reserves, and any excess budgeted revenue shall be transferred to the Capital Projects Fund and reserved for future capital expenditures.



**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 mrusnell@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: Amend Resolution 21-MAY-111R Approving Capital Reserves in Excess of LGD Requirements	ATTACHMENT(S): 1. Resolution
NO. OF ORIGINALS FOR SIGNATURE:	ACTION REQUESTED: Action Item
BUDGET LINE ITEM NUMBER: 401 - General Fund Cash 430 - Capital Projects 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's tax dollars in a fiscally conservative and transparent manner." Performance measures met include 3.1.4	
SUMMARY: Lea County recommends that the budgeted cash balance in the General Fund in excess of the required LGD reserve plus the required local reserves for General Fund Operations, Operating Transfers Reserves, and any excess budgeted revenue shall be transferred to the Capital Projects Fund and reserved for future capital expenditures.	
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"/>
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 13:37:14 -06'00'</small>
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 13:37:27 -06'00'</small>
LEGAL REVIEW: (Note: Travel does not need legal review)	Reviewed by County Attorney
COUNTY MANAGER REVIEW:	Approved by County Manager to be Placed on Agenda
Item No. 0214 RECORDING SECRETARY'S USE ONLY ~ COMMISSION ACTION TAKEN	
Approved: _____ Resolution No. <u>22-MAY-132R</u> Continued To: _____	Denied: _____ Policy No. _____ Referred To: _____
Other: _____ Ordinance No. _____ Comments: _____	

STATE OF NEW MEXICO
COUNTY OF LEA
RESOLUTION NO. 22-MAY-132R

**A RESOLUTION AMENDING RESOLUTION 21-MAY-111R APPROVING CAPITAL RESERVES 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 and gas industry economics; *and*

WHEREAS, Lea County created a capital reserve in Resolution 21-MAY-111R of no less than 15% of budgeted capital; *and*

WHEREAS, Lea County recommends that the capital reserve be amended and funded as follows:

1. Capital Reserve:
 - a. The budgeted cash balance in the General Fund in excess of the required Local Government Division (LGD) reserve plus the required local reserves for General Fund Operations, Operating Transfers Reserves, and any excess budgeted revenue shall be transferred to the Capital Projects Fund and reserved for future capital expenditures.

NOW, THEREFORE, BE IT HEREBY RESOLVED by the Board of County Commissioners of Lea County that Lea County amend and fund the Capital Reserve policy effective July 1, 2022 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