

RESOLUTION RE-AFFIRMING CITY'S FUND BALANCE IMPROVEMENT PLAN IN  
RESPONSE TO LOCAL GOVERNMENT COMMISSION FINANCIAL PERFORMANCE  
INDICATOR

WHEREAS, on December 12, 2022, the City's external auditor, Cherry Bekaert, LLP, notified the City's Audit Committee of an item requiring a formal written response by a majority of the City Council;

WHEREAS, the City's ending FY 2022 fund balance of 18.0% did not meet the minimum threshold of 25% as established by the LGC and was deemed to be a financial Performance Indicator of Concern;

WHEREAS, the City believes its fund balance levels are sound and provide sufficient working capital following an assessment of risk associated with revenue and expenditure volatility and vulnerability to extreme events;

WHEREAS, to provide further flexibility as well as resilience in emergencies, the City Council agrees that working toward a 25% fund balance goal is a prudent financial decision for the City of Greensboro;

WHEREAS, on May 3, 2022 City Council adopted a fund balance improvement plan and City Council desires to re-affirm the provisions of the adopted plan;

WHEREAS, Greensboro City Council commits to the following actions to increase fund balance levels in a multi-year plan:

- 1) Adopted new fund balance goal that matches LGC 25% minimum threshold
- 2) Review reports to measure annual progress over the next five to seven years, the estimated time period to achieve goal
- 3) Utilize a variety of financial strategies to improve the City's General Fund/ Debt Service Fund fund balance performance by approximately \$900,000 to approximately \$2,700,000 annually, including assignment of additional dedicated revenues, permanent reductions in operating expenditures and, if necessary, adjustment to the General Fund property tax rate
- 4) Appropriations of General Fund fund balance may be made "mid-year" for the following purposes:
  - Immediate health and safety measures needed for Greensboro residents
  - Unforeseen emergencies
  - Opportunities for efficiencies or other circumstances as recommended by the Finance Director (i.e. a requirement that the City incur expenditures prior to reimbursement from a state or federal grant)

- 5) Maintained “super” majority vote for appropriation of General Fund fund balance (7 of 9 votes needed)
- 6) Continue to support City-wide strategic priorities that promote economic growth in Greensboro, furthering “natural” fund balance growth over the long term with increased sales taxes and property values;
- 7) Review the status of the fund balance plan annually; and

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF GREENSBORO:

That the City Council adopts a resolution re-affirming a fund balance improvement plan in response to a Local Government Commission financial performance indicator.