

Administrative Policy -Budgetary Reserve Policy

PURPOSE

To outline the policies and procedures adopted by the Board of Supervisors regarding provisions for budgetary reserves.

BACKGROUND

Governments should maintain a prudent level of financial resources to protect against reducing service levels or incurring debt because of temporary revenue shortfalls and unpredicted one-time expenditures.

POLICY

The County shall maintain a separate cash account for the purpose of designating funds to be held in reserve for cash flow purposes, revenue shortfalls, or unpredicted one-time expenditures.

1. A General Reserve cash account has been established in the County General Fund.
2. The General Fund General Reserve shall have a target balance of 8 percent of the previous years' revenue receipts (less transfers in) of the departments in all funds designated as General Fund as defined by GASB 34.
3. In years where the General Reserve is less than the target balance, the County Budget Officer may recommend increases to the Reserve.
4. Once the target balance is achieved, the General Reserve shall be maintained at a minimum of
5. \$2,000,000.00.
6. Changes to the General Reserve, except in cases of legally declared emergency, shall only be made at the time of adopting the budget and require a four-fifths vote by the Board of Supervisors,
7. Use of the General Reserve shall be the last resort in balancing the County budget.
8. The General Funds' General Reserve may be used as a resource for operating cash-flow in the General Funds.
9. The General Reserve may be used as a resource for "dry-period" financing for districts and/or agencies whose funds are held in the County Treasury; loan requests shall be reviewed by the County Administrative Officer, Budget Officer, Treasurer, and Auditor/Controller and shall require a four-fifths vote of the Board of Supervisors.
10. General Reserves in Special Revenue funds shall be kept at a level recommended by the program. If a Special Revenue fund is primarily reimbursable and/or it relies on volatile State/Federal funding, the General Reserves shall be kept at an adequate level to support cash-flow.