

<b>COUNTY OF SHASTA</b>		Number
<b>ADMINISTRATIVE MANUAL</b>		2-103
SECTION:	Finance and Budget	Budgetary Reserves
INITIAL ISSUE DATE:	December 4, 2007	
LATEST REVISION DATE:	August 20, 2019	
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**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 or unpredicted one-time expenditures.

**POLICY**

The County shall maintain a budget unit 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 fund has been established in the County General Fund.
2. In accordance with the Government Finance Officer's Association (GFOA) recommendation for low to moderate level of risk, the General Reserve shall have a target balance of 17-25% of projected General Fund expenditures.
3. In years where the General Reserve is less than the target balance, the County Executive Officer may recommend increases to the Reserve from unanticipated one-time resources.
4. Once the target balance is achieved, the General Reserve shall be maintained at a minimum balance of \$10 million at all times for cash-flow purposes and can be spent down over three years, with no more than 40% of the reserve being utilized in any one year.
5. In the event that the General Reserve is spent down, it will be replenished over the same number of years, beginning in the next fiscal period after it was last used.
6. Except in cases of a legally declared emergency, as defined in Government Code section 29127, the General Reserve may only be established, canceled, or decreased at the time of adopting the budget as provided in Government Code section 29088. The General Reserve may be increased any time during the fiscal year by a four-fifths vote of the Board of Supervisors.
7. The General Reserve fund shall be the last resort in balancing the County budget.

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8. The General Reserve may be used as a resource for "dry-period" financing for special districts under the Board of Supervisors, as well as select districts and/or agencies in the county at any time upon written request.
9. Requests for loans for "dry-period financing" for special districts under the Board of Supervisors as well as select districts and agencies in the county shall be reviewed by the County Executive Officer; approval requires a four-fifths vote of the Board of Supervisors.

**RESPONSIBLE DEPARTMENTS**

County Administrative Office  
Auditor-Controller  
Treasurer-Tax Collector

**REFERENCES**

BOS Policy Resolution No. 2019-02--08/20/19  
Administrative Update--07/13/2012  
BOS Policy Resolution No. 2011-07--09/13/11  
BOS Policy Resolution No. 2007-09--12/4/07  
Government Code sections 23010, 29085, 29086, 29088, 29127  
Education Code section 42620