

**SANTA FE COUNTY  
BOARD OF COUNTY COMMISSIONERS**

**RESOLUTION NO. 2024 - 082**

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**A RESOLUTION COMMITTING  
SANTA FE COUNTY FISCAL YEAR 2024 FUND BALANCE**

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**WHEREAS**, on June 9, 2015, the Board of County Commissioners (Board) of Santa Fe County (County) passed Resolution No. 2015-84, which adopted the Santa Fe County Fund Balance, Reserve, and Budget Contingencies Policy; and

**WHEREAS**, on January 8, 2019, the Board adopted Resolution 2019-7, A Resolution Repealing and Replacing the Santa Fe County Fund Balance, Reserve, and Budget Contingencies Policy, which adopted the Santa Fe County Fund Balance, Reserve, and Budget Contingencies Policy attached as an Exhibit to Resolution 2019-7 (hereinafter "Policy"); and

**WHEREAS**, all capitalized terms used herein have the meaning given them in the Policy; and

**WHEREAS**, the Policy established minimum Reserve requirements for various funds and purposes; and

**WHEREAS**, Section IV(F) of the Policy gives the Board the authority to set aside funds as a Committed Fund Balance by passage of a resolution; and

**WHEREAS**, Section IV(F) of the Policy states that the Board must pass all Committed Fund Balance resolutions by June 30<sup>th</sup> of the applicable fiscal year; and

**WHEREAS**, County Finance Division staff has calculated the amount of funds that must be committed as Reserves for each fund and purpose to comply with the Policy, which amounts are set forth in Exhibit A by fund and/or purpose; and

**WHEREAS**, the Board desires to implement the Policy and set aside funds as a Committed Fund Balance for the 2024 Fiscal Year.

**NOW, THEREFORE, BE IT RESOLVED** by the Santa Fe County Board of County Commissioners hereby commits the amounts set forth in Exhibit A for the specific purposes identified in Exhibit A.

**PASSED, APPROVED, AND ADOPTED ON THIS 25<sup>th</sup> DAY OF JUNE 2024.**

**SANTA FE COUNTY  
BOARD OF COUNTY COMMISSIONERS**

By:   
Hank Hughes, Chair

SFC CLERK RECORDED 06/28/2024

ATTEST:

Katharine E. Clark

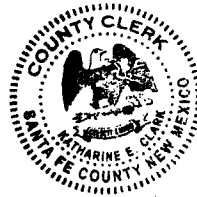
Katharine E, Clark  
Santa Fe County Clerk

Date: 06/28/2024

Approved as to form:

Jeff Young

Jeff Young  
Santa Fe County Attorney



SFC CLERK RECORDED 06/28/2024

COUNTY OF SANTA FE )  
STATE OF NEW MEXICO ) ss

BCC RESOLUTIONS  
PAGES: 11

I Hereby Certify That This Instrument Was Filed for  
Record On The 28TH Day Of June, 2024 at 07:33:19 PM  
And Was Duly Recorded as Instrument # **2036667**  
Of The Records Of Santa Fe County

Witness My Hand And Seal Of Office  
Katharine E. Clark

Deputy Lilwa Jean

County Clerk, Santa Fe, NM

SANTA FE COUNTY  
 COMMITTED FUND BALANCE RESOLUTION  
 SCHEDULE OF FUND BALANCE COMMITMENTS  
 June 30, 2024

Exhibit B

<b>FUND BALANCE TO COMMIT - GENERAL FUND</b>		<b>BASIS PER RESOLUTION 2019-7</b>	<b>CALCULATION CRITERIA</b>	<b>AMOUNT TO COMMIT</b>
Contingency Reserve		10% FY 24 Operating Budget	\$ 117,525,332	\$ 11,752,533
Disaster Recovery		15% of FY 23 Unrestricted Fund Balance	95,804,142	14,370,621
Uninsured Losses		10% of FY 23 Unrestricted Fund Balance	95,804,142	9,580,414
Major Infrastructure Repair/Replacement		15% of FY 23 Unrestricted Fund Balance	95,804,142	14,370,621
<b>TOTAL FUND BALANCE TO COMMIT - GENERAL FUND</b>				<b>\$ 50,074,189</b>

<b>FUND BALANCE TO COMMIT - SPECIAL REVENUE FUNDS</b>		<b>BASIS PER RESOLUTION 2019-7</b>	<b>CALCULATION CRITERIA</b>	<b>AMOUNT TO COMMIT</b>
Corrections Fees		10% FY 24 Operating Budget	\$ 100,000	\$ 10,000
Property Valuation Fund		10% FY 24 Operating Budget	2,488,901	248,890
Road Maintenance Fund		10% FY 24 Operating Budget	9,860,969	986,097
Environmental GRT		10% FY 24 Operating Budget	1,036,605	103,661
Lodger's Tax Facility Fund		10% FY 24 Operating Budget	565,002	56,500
Lodger's Tax Advertising Fund		10% FY 24 Operating Budget	1,053,207	105,321
Clerk's Filing Fees		10% FY 24 Operating Budget	456,579	45,658
Correctional GRT		10% FY 24 Operating Budget	7,213,630	721,363
Indigent Hospital Fund		10% FY 24 Operating Budget	1,713,630	171,363
Fire Excise Tax		10% FY 24 Operating Budget	3,348,733	334,873
Health Care Assistance Program		10% FY 24 Operating Budget	5,369,831	536,983
Economic Development Fund		10% FY 24 Operating Budget	1,257,360	125,736
Emergency Medical Services Health Care		10% FY 24 Operating Budget	1,695,303	169,530
Alcohol Programs Fund		10% FY 24 Operating Budget	2,067,201	206,720
Fire Operations Fund		25% FY 24 Operating Budget	24,304,888	6,076,222
RECC Operations Fund		25% FY 24 Operating Budget	5,431,490	1,357,873
Law Enforcement Operating Fund		10% FY 24 Operating Budget	23,203,276	2,320,328
Corrections Operating Fund		25% FY 24 Operating Budget	27,541,155	6,885,289
<b>TOTAL FUND BALANCE TO COMMIT - SPECIAL REVENUE FUNDS</b>				<b>\$ 20,462,407</b>

<b>FUND BALANCE TO COMMIT - ENTERPRISE FUNDS</b>		<b>BASIS PER RESOLUTION 2019-7</b>	<b>CALCULATION CRITERIA</b>	<b>AMOUNT TO COMMIT</b>
Water Enterprise Fund		50% FY 24 Operating Budget	\$ 13,441,600	\$ 6,720,800
Housing Enterprise Fund		10% FY 24 Operating Budget	1,424,702	142,470
<b>TOTAL FUND BALANCE TO COMMIT - ENTERPRISE FUNDS</b>				<b>\$ 6,863,270</b>

<b>FUND BALANCE TO COMMIT - INTERNAL SERVICE FUND</b>		<b>BASIS PER RESOLUTION 2019-7</b>	<b>CALCULATION CRITERIA</b>	<b>AMOUNT TO COMMIT</b>
Self Insurance Fund		20% FY 24 Operating Budget	\$ 8,871,797	\$ 1,774,359
<b>TOTAL FUND BALANCE TO COMMIT - INTERNAL SERVICE FUND</b>				<b>\$ 1,774,359</b>

**SANTA FE COUNTY  
COMMITTED FUND BALANCE RESOLUTION  
SCHEDULE OF FUND BALANCE COMMITMENTS  
FISCAL YEAR 2023 & FISCAL YEAR 2024 COMPARISON  
June 30, 2024**

Exhibit C

FUND BALANCE TO COMMIT - GENERAL FUND	BASIS PER RESOLUTION 2019-7	PRESENTED TO		DIFFERENCE	% CHANGE
		BCC 7/11/2023	TO COMMIT		
		AMOUNT	AMOUNT	2023 & FY	FY 2023 &
		TO COMMIT	TO COMMIT	2024	FY 2024
Contingency Reserve	10% FY 24 Operating Budget	\$ 11,752,533	\$ 9,914,415	1,838,118	18.5%
Disaster Recovery	15% of FY 23 Unrestricted Fund Balance	14,370,621	12,100,212	2,270,409	18.8%
Uninsured Losses	10% of FY 23 Unrestricted Fund Balance	9,580,414	8,066,808	1,513,606	18.8%
Major Infrastructure Repair/Replacement	15% of FY 23 Unrestricted Fund Balance	14,370,621	12,100,212	2,270,409	18.8%
<b>TOTAL FUND BALANCE TO COMMIT - GENERAL FUND</b>		<b>\$ 50,074,189</b>	<b>\$ 42,181,647</b>		
		<b>AMOUNT</b>	<b>AMOUNT</b>		
<b>FUND BALANCE TO COMMIT - SPECIAL REVENUE FUNDS</b>	<b>BASIS PER RESOLUTION 2019-7</b>	<b>TO COMMIT</b>	<b>TO COMMIT</b>		
Corrections Fees	10% FY 24 Operating Budget	\$ 10,000	\$ 10,000	-	0.0%
Property Valuation Fund	10% FY 24 Operating Budget	248,890	206,929	41,961	20.3%
Road Maintenance Fund	10% FY 24 Operating Budget	986,097	737,277	248,820	33.7%
Environmental GRT	10% FY 24 Operating Budget	103,661	103,694	(33)	0.0%
Lodger's Tax Facility Fund	10% FY 24 Operating Budget	56,500	40,985	15,515	37.9%
Lodger's Tax Advertising Fund	10% FY 24 Operating Budget	105,321	68,309	37,012	54.2%
Clerk's Filing Fees	10% FY 24 Operating Budget	45,658	27,909	17,749	63.6%
Correctional GRT	10% FY 24 Operating Budget	721,363	695,335	26,028	3.7%
Indigent Hospital Fund	10% FY 24 Operating Budget	171,363	150,000	21,363	14.2%
Fire Excise Tax	10% FY 24 Operating Budget	334,873	299,106	35,767	12.0%
Health Care Assistance Program	10% FY 24 Operating Budget	536,983	443,805	93,178	21.0%
Economic Development Fund	10% FY 24 Operating Budget	125,736	115,953	9,783	8.4%
Emergency Medical Services Health Care	10% FY 24 Operating Budget	169,530	133,010	36,520	27.5%
Alcohol Programs Fund	10% FY 24 Operating Budget	206,720	198,175	8,545	4.9%
Fire Operations Fund	25% FY 24 Operating Budget	6,076,222	5,380,305	695,917	12.9%
RECC Operations Fund	25% FY 24 Operating Budget	1,357,873	1,440,169	(82,296)	-5.7%
Law Enforcement Operating Fund	10% FY 24 Operating Budget	2,320,328	1,823,880	496,448	27.2%
Corrections Operating Fund	25% FY 24 Operating Budget	6,885,289	6,985,716	(100,427)	-1.4%
<b>TOTAL FUND BALANCE TO COMMIT - SPECIAL REVENUE FUNDS</b>		<b>\$ 20,462,407</b>	<b>\$ 18,860,557</b>		
		<b>AMOUNT</b>	<b>AMOUNT</b>		
<b>FUND BALANCE TO COMMIT - ENTERPRISE FUNDS</b>	<b>BASIS PER RESOLUTION 2019-7</b>	<b>TO COMMIT</b>	<b>TO COMMIT</b>		
Water Enterprise Fund	50% FY 24 Operating Budget	\$ 6,720,800	\$ 6,106,084	614,716	10.1%
Housing Enterprise Fund	10% FY 24 Operating Budget	142,470	129,723	12,747	9.8%
<b>TOTAL FUND BALANCE TO COMMIT - ENTERPRISE FUNDS</b>		<b>\$ 6,863,270</b>	<b>\$ 6,235,807</b>		
<b>FUND BALANCE TO COMMIT - INTERNAL SERVICE FUND</b>					
Self Insurance Fund	20% FY 24 Operating Budget	\$ 1,774,359	\$ 2,121,820	(347,461)	-16.4%
<b>TOTAL FUND BALANCE TO COMMIT - INTERNAL SERVICE FUND</b>		<b>\$ 1,774,359</b>	<b>\$ 2,121,820</b>		

SANTA FE COUNTY  
 COMMITTED FUND BALANCE RESOLUTION  
 SCHEDULE OF ESTIMATED UND BALANCE COMPONENTS  
 June 30, 2024

Exhibit C

FUND	2023 FUND BALANCE	ESTIMATED 2024 REVENUE	ESTIMATED 2024 EXPENDITURES	ESTIMATED 2024 NET INCOME	ESTIMATED 2024 FUND BALANCE	ESTIMATED 2024 FUND BALANCE RESERVE REQUIREMENTS AS OF 5/31/2024	CLASSIFICATION
						119,464,780	NONSPENDABLE
						2,272,571	RESTRICTED - STUDIOS
						19,270,078	RESTRICTED DFA LGD
						2,272,570	RESTRICTED DFA DEB SERVICE
						11,725,253	COMMITTED - CONTINGENCY RESERVE
						14,570,571	COMMITTED - DISASTER RECOVERY
						9,312,422	COMMITTED - UNINSURED LOSSES
						14,570,571	COMMITTED - MAJOR INFRASTRUCTURE R&E
						21,637,478	ASSIGNED - BUDGETED CASH
						20,953,116	UNASSIGNED
	112,998,823	91,319,243	84,853,285	6,465,957	119,464,780	119,464,780	TOTAL

SPECIAL REVENUE FUNDS

Corrections Fees	155,534	97,342	100,000	(2,658)	152,876	142,876 10,000	RESTRICTED COMMITTED
Property Valuation Fund	3,228,419	1,709,453	1,986,601	(277,148)	2,951,271	2,702,381 248,890	RESTRICTED COMMITTED
Road Maintenance Fund	5,689,254	6,367,732	5,758,761	608,972	6,298,226	75,127 4,304,634 932,368 986,097	NONSPENDABLE RESTRICTED RESTRICTED DFA LGD COMMITTED
Environmental GRT	1,920,796	1,414,713	1,042,248	372,465	2,293,261	2,189,600 103,661	RESTRICTED COMMITTED
Lodger's Tax Facility Fund	1,569,665	889,426	422,376	467,050	2,036,715	1,980,215 56,500	RESTRICTED COMMITTED
Lodger's Tax Advertising Fund	1,662,094	1,486,738	976,354	510,384	2,172,478	2,067,157 105,321	RESTRICTED COMMITTED
Clerk's Filing Fees	741,385	146,744	161,390	(14,647)	726,738	681,080 45,658	RESTRICTED COMMITTED
						726,738	TOTAL

RECORDED 06/28/2024

COMMITTED FUND BALANCE RESOLUTION  
 SCHEDULE OF ESTIMATED UND BALANCE COMPONENTS  
 June 30, 2024

Exhibit C

FUND	2023 FUND BALANCE	ESTIMATED 2024 REVENUE	ESTIMATED 2024 EXPENDITURES	ESTIMATED 2024 NET INCOME	ESTIMATED 2024 FUND BALANCE	ESTIMATED 2024 FUND BALANCE RESERVE REQUIREMENTS AS OF 5/31/2024	CLASSIFICATION
<b>SPECIAL REVENUE FUNDS (Continued)</b>							
Continental Gas	7,819,677	8,819,416	7,743,657	1,075,759	9,194,129	8,472,766 RESTRICTED 721,963 COMMITTED 9,194,129 TOTAL	
Fire Excise Tax	7,094,079	2,965,916	2,737,159	228,757	7,322,836	4,109 NONSPENDABLE 6,983,854 RESTRICTED 334,873 COMMITTED 7,322,836 TOTAL	
Health Care Assistance Program	3,906,652	4,313,180	3,329,892	983,288	4,889,940	4,352,957 RESTRICTED 536,983 COMMITTED 4,889,940 TOTAL	
Economic Development Fund	5,651,533	350,000	409,279	(59,279)	5,592,254	5,466,518 RESTRICTED 125,736 COMMITTED 5,592,254 TOTAL	
Emergency Medical Services Health Care	1,616,943	1,000,000	1,167,344	(167,344)	1,449,599	1,280,069 RESTRICTED 169,530 COMMITTED 1,449,599 TOTAL	
Alcohol Programs Fund	402,869	1,205,928	1,506,175	(300,247)	102,622	1,465 NONSPENDABLE (105,563) RESTRICTED 206,720 COMMITTED 102,622 TOTAL	
Fire Operations Fund	22,931,392	21,171,350	23,502,061	(2,330,711)	20,600,681	88,824 NONSPENDABLE 14,435,635 RESTRICTED 6,076,222 COMMITTED 20,600,681 TOTAL	
RECC Operations Fund	6,774,090	5,397,975	5,681,758	(283,783)	6,490,307	6,172 NONSPENDABLE 5,126,262 RESTRICTED 1,357,873 COMMITTED 6,490,307 TOTAL	
Law Enforcement Operating Fund	10,707,672	17,324,563	20,447,190	(3,122,627)	7,585,045	228,323 NONSPENDABLE 5,036,394 RESTRICTED 2,320,328 COMMITTED 7,585,045 TOTAL	

COMMITTED FUND BALANCE RESOLUTION  
 SCHEDULE OF ESTIMATED UND BALANCE COMPONENTS  
 June 30, 2024

Exhibit C

FUND	2023 FUND BALANCE	ESTIMATED 2024 REVENUE	ESTIMATED 2024 EXPENDITURES	ESTIMATED 2024 NET INCOME	ESTIMATED 2024 FUND BALANCE	ESTIMATED 2024 FUND BALANCE RESERVE REQUIREMENTS AS OF 5/31/2024	CLASSIFICATION
<b>SPECIAL REVENUE FUNDS (Continued)</b>							
						167,479,780	RESTRICTED
						6,720,800	COMMITTED
						174,200,580	TOTAL
<b>ENTERPRISE FUNDS</b>							
Water Enterprise Fund	171,026,744	8,070,886	4,897,050	3,173,836	174,200,580	174,200,580	TOTAL
<b>INTERNAL SERVICE FUND</b>							
Self insurance Fund	3,761,134	9,224,062	8,832,848	391,214	4,152,348	4,152,348	TOTAL

DEPT OF PUBLIC WORKS  
 202406/28/2024

**THE BOARD OF COUNTY COMMISSIONERS  
OF SANTA FE COUNTY**

**Resolution No. 2019 - 7**

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**A RESOLUTION  
REPEALING AND REPLACING THE SANTA FE COUNTY  
FUND BALANCE, RESERVE, AND BUDGET  
CONTINGENCIES POLICY**

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**WHEREAS**, on June 9, 2015, the Santa Fe County Board of County Commissioners approved Resolution 2015-84 adopting the Santa Fe County Fund Balance, Reserve, and Budget Contingencies Policy; and

**WHEREAS**, the Government Finance Officers Association's best practices recommend that governments establish a formal policy on the level of unrestricted fund balance that should be maintained; and

**WHEREAS**, governments are subject to risks associated with economic downturn, natural disasters, and other unanticipated events; and

**WHEREAS**, it is essential that governments maintain adequate levels of fund balance to mitigate current and future risks; and

**WHEREAS**, credit agencies monitor levels of fund balance and unrestricted fund balance to evaluate a government's continued creditworthiness; and

**WHEREAS**, Santa Fe County's Self Insurance Fund did not exist at the time that Resolution 2015-84 was adopted, and it is in Santa Fe County's interest to formalize a reserve policy for the Self Insurance Fund.

**NOW, THEREFORE, BE IT RESOLVED**, that the Board of County Commissioners of Santa Fe County hereby repeals and replaces the Santa Fe County Fund Balance, Reserve, and Budget Contingencies Policy as attached hereto as Exhibit 1.

SFC CLERK RECORDED 01/09/2019

SFC CLERK RECORDED 06/28/2024




PASSED, APPROVED, AND ADOPTED this 8<sup>th</sup> day of January, 2019.

BOARD OF COUNTY COMMISSIONERS  
OF THE COUNTY OF SANTA FE

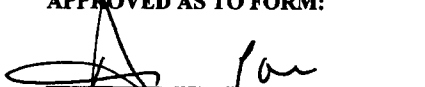
  
Anna Hansen, Chairperson



ATTEST:

  
Geraldine Salazar, County Clerk

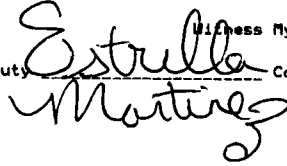
APPROVED AS TO FORM:

  
R. Bruce Frederick, County Attorney

COUNTY OF SANTA FE ) BCC RESOLUTIONS  
STATE OF NEW MEXICO ) ss PAGES: 10

I Hereby Certify That This Instrument Was Filed for  
Record On The 9TH Day Of January, 2019 at 11:01:25 AM  
And Was Duly Recorded as Instrument # 1876437  
Of The Records Of Santa Fe County



Witness My Hand And Seal Of Office  
Geraldine Salazar  
Deputy  County Clerk, Santa Fe, NM

SFC CLERK RECORDED 01/09/2019

**Santa Fe County Fund Balance, Reserve, and Budget  
Contingencies Policy  
Adopted January 8, 2019**

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SFC CLERK RECORDED 01/09/2019

SFC CLERK RECORDED 05/28/2024

## I. Overview

Fund Balance is the accumulated difference between assets and liabilities within governmental funds. A sufficient Fund Balance allows the County to meet its contractual obligations, provide funds for new and existing programs established by the Board, mitigate negative revenue implications of federal or state budget actions and economic downturns, fund disaster or emergency costs, provide funds for cash flow timing discrepancies, and fund non-recurring expenses identified as necessary by the Board. Establishing Reserve requirements will help the County manage the financial impact of major, nonrecurring or unforeseen expenditures on the County's annual operating budget. Additionally, this policy will establish requirements for replenishing Reserves if their depletion is authorized.

Governmental Accounting Standards Board ("GASB") Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, recommends that local governments establish a formal policy relating to the accounting and financial reporting of governmental Fund Balances. This policy defines the level of unrestricted Fund Balance that Santa Fe County shall strive to maintain for all government funds that support operations. This policy is intended to maintain the County's credit rating and a prudent level of unrestricted Fund Balance as Reserves to ensure the continued delivery of County services.

## II. Applicability and Administration

This policy shall apply to all funds that support recurring operational expenditures, including the General Fund, some Special Revenue Funds, Internal Service Funds and Enterprise Funds. The Reserve and other requirements established in this policy are in addition to any Fund Balance requirements or constraints imposed by law, contract, or other sources outside this policy. This policy does apply to Debt Service Funds, the reserve requirements of which are set forth in State law and bond documents.

This policy shall be administered on behalf of the Board by the County Manager, the Finance Director, and the Budget Administrator. By this policy, the Board delegates the authority to assign Fund Balance to the Finance Director with oversight and approval by the County Manager.

## III. Definitions

**A. Board:** The Board of County Commissioners of Santa Fe County.

**B. Governmental Funds:** Governmental funds are often referred to as "source and use" funds. These are the funds through which most governmental functions typically are financed. The fund types included in this category are general, special revenue, capital projects, debt service, and special assessment funds.

**C. General Fund:** Fund used to account for the operations of Elected Offices and County Departments that deliver ongoing services to County residents.



**D. Special Revenue Funds:** Funds used to account for revenue derived from specific taxes or other revenue sources that are restricted by law or administrative action to expenditure for specified purposes.

**E. Capital Improvement Funds:** Funds used to account for state appropriations, capital outlay gross receipt taxes and bond proceeds for road, fire, water and waste water, open space, facilities, and other capital projects.

**F. Debt Service Funds:** Funds used to account for all principal and interest payments on the County's debt.

**G. Designee(s):** Person authorized by the Board of County Commissioners to perform the responsibilities as outlined under this policy.

**H. Enterprise Funds:** Funds used to account for the financing, operation and maintenance of activities expected to be self-supporting within County government and that are exempt from GASB Statement No. 54.

**I. Internal Service Funds:** Funds used to account for activities that provide goods or services to other funds, departments, or agencies of the primary government and its component units, or to other governments, on a cost-reimbursement basis.

**J. Fund Balance:** The difference between the assets and liabilities of a fund. It is used as a measure of the amount available to budget or spend in the future.

**K. Fund Balance Classifications:**

1. **Nonspendable Fund Balance:** Amounts that are not in a spendable form, cannot be spent, or are required by legal or other contractual reasons to be maintained intact.
2. **Restricted Fund Balance:** Amounts that are constrained by external providers, creditors, grantors and other governments, constitutionally, or through legislation.
3. **Unrestricted Fund Balance:** The total of Committed, Assigned, and Unassigned Fund Balance.
4. **Committed Fund Balance:** Fund Balance that has been designated as spendable and non-restricted by resolution or ordinance adopted by the Board. Committed amounts remain committed unless removed by resolution or ordinance adopted by the Board.
5. **Assigned Fund Balance:** Fund Balance that is the portion of the Committed Fund Balance that reflects the County's intended use of resources, as determined by the Finance Director.

SFC CLERK RECORDED 01/09/2019

SFC CLERK RECORDED 06/28/2024



**6. Unassigned Fund Balance:** Fund Balance that does not fall within another Fund Balance classification. Only the General Fund can have a positive unassigned Fund Balance.

**L. Unanticipated Expenditure:** An expenditure for a specific purpose for which there is no or insufficient appropriation or which will cause an appropriation to be insufficient, and that is necessitated by either a change in federal or state laws, rules or regulations, a court order, judgment or decree, a public emergency, an industry-wide price, rate or premium increase, or any other circumstance or event that takes effect or occurs after the final adoption of the annual budget, and that could not have been reasonably anticipated prior to the final adoption of the annual budget.

**M. Unanticipated Revenue Loss:** Estimated revenue which is rendered not receivable because of a change in federal or state laws, rules or regulations, a court order, judgment or decree, a public emergency, an industry-wide price, rate or premium increase, or other circumstance or event that takes effect or occurs after the final adoption of the annual budget, and could not have been reasonably anticipated prior to final adoption of the annual budget.

**N. Non-Recurring Item:** An expenditure that has not occurred in the previous two years and is not expected to occur in the following year.

**O. Reserve:** That portion of the Unrestricted Fund Balance within a fund that is established and recognized in accordance with this policy, so as to provide stability, respond to Unanticipated Expenditures or opportunities, and other purposes.

#### IV. Policy

##### A. Establishing Reserve Levels:

In establishing the Reserve level for each fund, the Board has considered and will, in the future consider, the following factors:

1. The predictability and volatility of revenues and expenditures (e.g. higher Reserve levels may be necessary if significant revenue sources are subject to unpredictable fluctuations or if operating expenditures are highly volatile);
2. Exposure to significant one-time costs (e.g., disasters and immediate capital needs);
3. Possible dependency of other funds upon the General Fund (e.g., deficits in other funds may require that a higher level of Unrestricted Fund Balance be maintained in the General Fund);
4. The need to provide temporary resources to preserve operating expenditures in the event of an economic downturn.
5. Planned/unplanned capital asset purchases;



6. Accumulation of compensated absences;
7. Contingent liabilities (e.g., lawsuits and environmental cleanups);
8. Potential revenue reductions; and
9. Significant growth (in the next three to five years).

**B. Minimum Reserves:** These Reserve requirements are in addition to any Fund Balance requirements or constraints imposed by law, contract, or other sources outside this policy.

1. General Fund - The following Reserves within the General Fund shall be maintained, except as otherwise determined by the Board:
  - a. *Contingency Reserve:* Equal to 10% of the total General Fund operating budget for the succeeding fiscal year, including transfers. The purpose of the Contingency Reserve is to mitigate the impact of an Unanticipated Revenue Loss or to meet the need for an Unexpected Expenditure of such severity that budgeted contingencies are not sufficient.
  - b. *Disaster Recovery Reserve:* Equal to 10% - 15% of Unrestricted Fund Balance in the General Fund as of the most recently released County Comprehensive Annual Financial Report (CAFR). The purpose of the Disaster Recovery Reserve is to respond to natural or human caused disasters and emergencies of such severity that budgeted contingencies are not sufficient.
  - c. *Uninsured Loss Reserve:* Equal to 5% - 10% of Unrestricted Fund Balance in the General Fund as of the most recently released County CAFR. The purpose of the Uninsured Loss Reserve is to cover losses not covered by the County's general liability and other insurance policies.
  - d. *Major Infrastructure Repair and Replacement Reserve:* Equal to 10% - 15% of Unrestricted Fund Balance in the General Fund as of the most recently released County CAFR. The purpose of Major Infrastructure Repair and Replacement Reserve is to provide resources for unanticipated repair or replacement of existing infrastructure, including, but not limited to, furniture, fixtures and equipment.
2. Special Revenue Funds - The County shall maintain a minimum Reserve of 25% in its Corrections Operations Fund, Fire Operations Fund, and Emergency Communications Operations Fund. In any other special revenue fund that supports staff and/or ongoing operations, the County shall maintain a minimum Reserve of 10% of the current fiscal year's operating budget for that fund. This requirement will not apply to grants or other funds supported by non-recurring sources.
2. Enterprise Funds - At the time of adoption of this policy, there are three Enterprise Funds: (i) the Regional Planning Authority Fund; (ii) the Enterprise Water Fund; and (iii) the Enterprise Housing Administration fund. For the Enterprise Water Fund, the County shall maintain a minimum Reserve of 50% of the current fiscal

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year's operating budget. All other enterprise funds shall maintain a minimum Reserve of 10% of the current fiscal year's operating budget for that fund or that amount required to comply with any restriction or requirement mandated by a major funding source, e.g., the United States Department of Housing & Urban Development.

4. Internal Service Funds – At the time of adoption of this policy, there is one Internal Service Fund, the Self-Insurance Fund. In the Self-Insurance Fund, the County shall maintain the following minimum Reserve as a percentage of each fiscal year's Self-Insurance Fund operating budget (e.g., all costs including claims and administrative costs):

For Fiscal Year 2019 - 2023 : 20% - 35%+;

For Fiscal Years 2024 - 2028: 35% - 45%+;

For Fiscal Years 2029 and beyond: 45%+; and

Should there be a fiscal year when the Self-Insurance Fund reserves are depleted below these established Reserve levels due to an adverse experience and/or high claims, the Reserve shall be replenished over a period of up to three (3) fiscal years.

**C. Order of Resource Use:**

1. When expenditures are to be made for purposes for which both restricted and unrestricted amounts are available, restricted amounts will be reduced to zero first.
2. When expenditures are to be made for purposes for which amounts in any of the spendable fund balance classifications could be used, committed amounts will be reduced to zero first, assigned amounts will be reduced to zero second, and then unassigned amounts shall be expended.

- D. Budget Contingencies:** Each of the budget contingencies described herein shall be established each year in coordination with the County's annual budget process. For example, in June of each year, at the time the County's final budget is adopted, the budget contingencies will be established based on the upcoming fiscal year's operating budget and the preceding fiscal year's Unrestricted Fund Balances contained in the CAFR. If the County Manager authorizes expenditures from the budget contingency between Board meetings, the County Manager shall report the expenditures and the justification for them at the next Board meeting.

1. Operating Contingency. The County shall include a minimum \$750,000 Operating Contingency in each year's operating budget. The Operating Contingency may be used to meet Unexpected Expenditures.
2. Emergency Contingency. The County shall include a minimum \$3.0 million Emergency Contingency in each year's operating budget to be used in the event of emergencies, such as wildfire, drought, flooding, extreme snow events, and severe economic circumstances.

**F. Committing Fund Balance:**

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The Board may set aside funds for a specific purpose. Funds shall be set aside as a Committed Fund Balance by passage of a resolution or ordinance. The Board must pass all Committed Fund Balance resolutions prior to June 30th of the applicable fiscal year. If the actual amount of the commitment is not known by June 30th, the resolution must set forth the process or formula to be used to calculate the actual amount as soon as information is available. The County Manager shall complete the process as outlined in the reserve commitment resolution without further action by the Board.

**G. Assigning Fund Balance:**

Any fund balance may be assigned by the Finance Director with oversight by the County Manager. Such assignments cannot exceed the available Fund Balance (e.g., spendable, non-restricted, and uncommitted) in any particular fund.

**H. Use of Reserves:**

If an event or occurrence takes place that necessitates the use of a Reserve established in this policy, the following process shall be followed:

1. The Board shall take formal action at a regularly scheduled, special, or emergency meeting of the Board to budget and authorize the use of a Reserve.
2. The event or occurrence that necessitates the use of a Reserve and must fall within one of the defined uses of the Reserve.
3. A justification of need and an analysis of existing budget as it pertains to such need to use the Reserve must be presented.
4. A plan with timelines to replenish the full amount withdrawn from the Reserve must be presented.

**V. Implementation and Review**

Upon adoption of this policy, the Board delegates to the County Manager and Finance Director the authority to establish any standards, procedures, and timelines which may be necessary for its implementation. The Finance Division shall review this policy at least annually and make any recommendations for changes to the Board.

**VI. Miscellaneous**

This policy is not intended to, and does not, create any right or benefit, substantive or procedural, enforceable at law or in equity by any party against the County, its officers, employees, or agents, or any other person.

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Nothing in this policy precludes the Board from establishing additional or more stringent Fund Balance, Reserve, or budget contingency requirements in the County's budget or through other appropriate Board action.

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