

# Board of County Commissioners

## Leon County, Florida

### Policy No. 07-2

Title:	Reserves
Date Adopted:	September 16, 2008
Effective Date:	September 16, 2008
Reference:	N/A
Policy Superseded:	Policy No. 07-2, "Reserves", adopted July 10, 2007; Policy No. 99-3, "Use of Contingency Reserves", adopted November 23, 1999; Policy No. 94-11, "Contingency Reserves and Mid-Fiscal Year Funding Requests from Outside Agencies," September 1994

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It shall be the policy of the Board of County Commissioners of Leon County, Florida, that:

Policy No. 07-2, "Reserves", adopted by the Board of County Commissioners on July 10, 2007, is hereby superseded, and a revised policy is hereby adopted in its place, to wit:

#### 1. Emergency Reserves

- a. The general revenue emergency reserves will be maintained at an amount not to be less than 3% and to not exceed 8% of projected general fund and fine and forfeitures fund operating expenditures for the ensuing fiscal year.
- b. A Catastrophe Reserve will be maintained at 2% of the general fund and fine and forfeiture fund operating expenditures for the ensuing fiscal year. The Catastrophe Reserve will provide immediate cash flow for staff overtime, equipment, contractual support and materials/supplies in the event of a natural disaster.

In the event of a declared local state of emergency, the County Administrator is authorized to utilize the Catastrophe Reserve to pay Leon County solid waste and Leon County building/growth fees for eligible residents for the purpose of debris removal and home restoration/reconstruction. To be eligible, residents must demonstrate that all other means (including, but not limited to: FEMA Individual Assistance, property insurance) have been exhausted prior to seeking County assistance.

- c. The reserve for contingency is separate from the reserve for cash balances.
- d. Annually the Board will determine an appropriate amount of reserve for contingency to be appropriated as part of the annual budget. Any funds not included in the budget under this category will be included as part of the unreserved fund balance.

## **2. Reserve for Cash Balances**

- a. The County will maintain an annual unappropriated reserve for cash balance at a level sufficient to maintain adequate cash flow and to eliminate the need for short-term borrowing.
- b. The unappropriated fund balance shall be no less than 10% and no greater than 20% of projected general fund and fine and forfeiture fund operating expenditures.
- c. The reserve for cash balance shall be separate from the emergency reserves.
- d. All major funds will retain sufficient cash balances to eliminate the need for short-term borrowing.

## **3. Utilization of Fund Balance**

- a. As part of the annual budget process, a determination will be made of the minimum and maximum amounts of fund balance available based on the requirements set forth in Sections 1 and 2.
- b. Funds in excess of the minimums established can be utilized to support one time capital project funding and /or other one-time expenditures to address unforeseen revenue shortfalls.

## **4. Budgeted Contingency Reserve**

Budgeted Reserve for Contingency reserves, are established to provide the following:

- a. Funding for authorized mid-year increases to adopted levels of service.
- b. Funding for unexpected increases in the cost of providing existing levels of service.
- c. Temporary and nonrecurring funding for unexpected projects.
- d. Funding of a local match for public or private grants.
- e. Funding to offset losses in revenue caused by actions of other governmental bodies.
- f. Funding to accommodate unexpected program mandates from other governmental bodies.

## **5. Procedures**

- a. The County Administrator is authorized to develop forms and procedures to be used by outside agencies or individuals or County agencies in submitting their requests for use of contingency reserves.
- b. County agencies, including County departments and Constitutional Officers, requesting additional funding from the Board shall first submit their requests in writing to the County Administrator for full review and evaluation.
- c. After evaluation, all requests will be brought to the Board for consideration at a regularly scheduled meeting.
- d. Requests for use of reserves for contingency may be approved only by the Board of County Commissioners.

- e. The County's budget will be amended at such time the County Commission, by majority vote, authorizes reserves for contingency. All requests to the County Commission for the use of any reserves for contingency shall be accompanied by a "contingency statement" prepared by OMB showing the year-to-date activity on the reserves account as well as the current account balance and the net effect on the account of approving the use of reserves.

## 6. Evaluation Criteria

- a. The Board will use the procedures and evaluation criteria set forth in this policy. The evaluation of funding requests shall include, but not be limited to the following:
  - ▶ consistency with other Board policy;
  - ▶ the urgency of the request;
  - ▶ the scope of services to be provided;
  - ▶ the short-term and long-term fiscal impact of the request;
  - ▶ a review of alternative methods of funding or providing the services,
  - ▶ a review for duplication of services with other agencies;
  - ▶ a review of efforts to secure non-County funding;
  - ▶ a discussion of why funding was not sought during the normal budget cycle; and
  - ▶ a review of the impact of not funding or delaying funding to the next fiscal year.

## 7. Exceptions

- a. This policy is not intended to limit regular mid-year salary adjustment transfers from the salary adjustment contingency account, which is reviewed separately by the Board of County Commissioners on an annual basis.