1. **Purpose**

The purpose of this policy is to maintain a prudent level of financial resources to guard the County’s stakeholders against service disruption in the event of unexpected temporary revenue shortfalls or unpredicted one-time expenditures. In addition, this policy is intended to document the appropriate reserve level to protect the County's credit worthiness. The reserves are accumulated and maintained to provide stability and flexibility to respond to unexpected adversity and/or opportunities.

This policy applies to the General Fund and all funds with a separate tax rate listed on the applicable year’s property tax notice, including any discrete component unit of the County whose budget is approved by the County Commission.

1. **Definitions**
2. **Capital Improvement Plan (“CIP")** means plan that describes the capital projects and associated funding sources the County intends to undertake in the current year plus five additional future years, including the acquisition or construction of capital facilities and assets and the maintenance thereof.
3. **Fund balance** means, in a governmental fund, the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources.
4. **Non-recurring item** means an expenditure that has not occurred in the previous year and is not expected to occur in the following year.
5. **Operating expenditures** means regular, on-going expenditures of the County, including transfers out, but excluding significant non-recurring items.
6. **Reserve** means the portion of a fund balance that is intended to provide stability and respond to unplanned events or opportunities.
7. **Unassigned fund balance** means the difference between the total fund balance in a governmental fund and its non-spendable, restricted, committed, and assigned components
8. **Policy**
9. The County shall maintain a minimum level of unassigned fund balance equivalent to two months of operating expenditures. The County will measure its compliance with this policy as of December 31 each year or as soon as practical after final year-end account information becomes available.
10. If, based on the Clerk/Auditor Office’s analysis and forecasting, the minimum level of reserves is not being met or is likely to not be met at some point within a five-year time horizon, the County Commission, in consultation with the Clerk/Auditor, shall adopt a plan to replenish the reserve as part of the annual budget process.
11. The County Commission, in consultation with the Clerk/Auditor, may set a recommended reserve level specific to each fund, as long as the recommended level is not less than the minimum level and does not to exceed the limits set forth in state statute.
12. Funding of reserve targets will generally come from excess revenues over expenditures, or one-time revenues.
13. The use of the reserve is generally limited to addressing unanticipated non-recurring items. Reserves shall not be applied to recurring annual operating expenditures, except that Reserves may be used to allow time for the County to restructure its operations in a deliberate manner (as might be required in an economic downturn), but such use will only take place in the context of an adopted long-term plan.
14. The County Commission may authorize the use of reserves. The Clerk/Auditor’s Office shall regularly report both current and projected reserve levels to the County Commission.
15. The Clerk/Auditor’s Office is hereby authorized to assign a fund balance for specific purposes in accordance with the intent and actions of the County Commission and in accordance with the purposes of the funds in which the balances reside.
16. In the event a reserve exceeds the recommended reserve balance at the end of each fiscal year, the excess reserve may be used in the following ways:
    1. to fund accrued liabilities, including but not limited to debt service, pension, and other post-employment benefits, as directed and approved within the long-term financial plan and the annual budget resolution. Priority will be given to those items that relieve budget or financial operating pressure in future periods;
    2. to lower the amount of bonds or contributions needed to fund capital projects in the County's CIP;
    3. For one-time expenditures that do not increase recurring operating costs that cannot be funded through current revenues. Emphasis will be placed on one-time uses that reduce future operating costs; or
    4. for start-up expenditures for new programs, provided that such action is approved by the County Commission and is considered in the context of multi-year projections of revenue and expenditures as prepared by the Clerk/Auditor’s Office.
17. During the budget process, the Clerk/Auditor’s Office shall, at a minimum, review the current and five-year projected reserves to ensure that they are appropriate given the economic and financial risk factors the County is subject to.
18. **Procedures**
19. The Clerk/Auditor, or their designee, shall measure the County’s compliance with this policy as of December 31 each year or as soon as practical after final year-end account information becomes available.
20. The Clerk/Auditor, or their designee, shall prepare and present a five-year fund balance forecast as part of the annual budget cycle. If the minimum level of reserves is not being met or is likely to not be met at some point within a five-year time horizon, as part of the annual budget process, the Clerk/Auditor shall prepare and present to the County Commission a plan to replenish the reserves.

DATED this day of , 2022.

BOARD OF COUNTY COMMISSIONERS OF WEBER COUNTY:

Scott K. Jenkins, Chair

ATTEST:

Ricky Hatch, CPA

Weber County Clerk/Auditor

Approved as to form and legality:

Deputy County Attorney