



**Policy Type:** Board

**Category:** Fiscal and Budget

**Policy Name:** Contingency Reserve Policy - Board Policy 4.3

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**4.3 CONTINGENCY RESERVE POLICY (Adopted 1984; Amended FY 1991; Amended 6-19-98; Amended 5-25-99; Amended 1-11-00; Amended 2-10-04)**

The Board has established the goal of setting the Contingency Reserve at 5 percent of general fund revenues, net of pass-throughs, by July 1, 2007 (FY 2008). In order to achieve this goal, the Board has established targets to set the contingency Reserve at 2.5 percent of general fund revenues in FY 2005, 3 percent in FY 2006 and 4 percent in FY 2007, all net of pass-throughs.

By direction of the Finance and Governmental Operations Committee, the Administration has developed several policy guidelines that will guide the allocation of the Contingency Reserve in future years.

The Contingency Reserve will be used to support costs on a one-time basis for the following purposes:

- When the County is impacted by an unanticipated reduction in State and/or Federal grants and aid.
- When the County faces economic recession/depression and the County must take budget actions before the beginning of any one fiscal year.
- When the County is impacted by a natural disaster.



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- When the County is presented with an unanticipated or unbudgeted lease expense that is necessary for the delivery of local services.
- When the County is affected by unforeseen events that require the allocation of funds.

The Contingency Reserve may be used to support ongoing costs, as a financing mechanism, when presented with critical program initiatives that have a time requirement that cannot be deferred. The program initiatives would become part of the next year's operating budget and be subject to review by the Board at that time.

In each case when a request for contingency reserve funding is made, the Department requesting the funds must provide an analysis demonstrating that funds do not exist within their current modified budget. The County Executive's Office of Budget and Analysis will review and verify that funding cannot be taken from existing appropriations. The County Executive's Office will also verify that the action requested cannot be deferred until the next budget cycle. These statements will appear in each transmittal presented to the Board requesting the allocation of contingency reserve funds along with statements of which allocation criteria are used and why.

The allocation of contingency reserve funding should occur at the mid-year budget review if possible.

### **Related Policies**

None.

### **Related Forms and Information**

None.



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### History

Date	Changes Made
1/23/2014	Policy Uploaded. (Kyle Larson)
2/10/2004	Policy Amended. <a href="#">View legislative file.</a>
1/11/2000	Policy Amended. <a href="#">View legislative file.</a>
5/25/1999	Policy Amended. <a href="#">View legislative file.</a>
6/19/1998	Policy Amended.
1991	Policy Amended.
1984	Policy Adopted.