

BEFORE THE BOARD OF STEVENS COUNTY COMMISSIONERS

IN THE MATTER OF ADOPTING A) RESOLUTION NO. 33-2012
GENERAL FUND RESERVE LEVEL)
FOR STEVENS COUNTY) ADOPTING A GENERAL FUND RESERVE
) LEVEL

WHEREAS, the Board of Stevens County Commissioners believe it to be in the best interest of Stevens County to adopt a specific level relating to the General Fund reserves, also called fund balance; and

WHEREAS, the Board of Stevens County Commissioners believes the General Fund reserve level of eight and one half percent (8.5%) of the current year's annual budget or one month's operating expenditures, is the necessary, essential and fiscally prudent level to maintain services in the General Fund.

NOW, THEREFORE, IT IS HEREBY RESOLVED AND ORDERED:

- The County will strive to maintain a General Fund reserve level of eight and one half percent (8.5%) of the current year's annual budget and that said level be adopted by the Board of Stevens County Commissioners and is effective immediately; and
- The General Fund Reserve Policy as attached also be adopted, effective immediately.

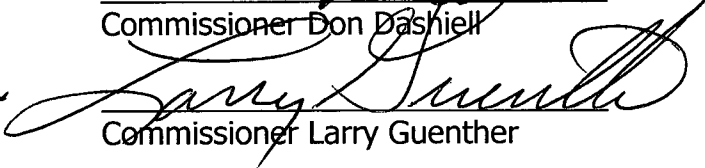
Passed by the Board of County Commissioners meeting in regular session at Colville, Washington, by the following vote, then signed by its membership and attested to by its Clerk in authorization of such passage the 26th day of June, 2012.

3 YEA; 0 NAY; 0 ABSTAIN; and 0 ABSENT

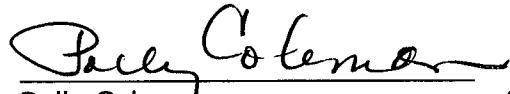
BOARD OF COUNTY COMMISSIONERS
OF STEVENS COUNTY, WASHINGTON


Chairman Malcolm Friedman


Commissioner Don Dashiell


Commissioner Larry Guenther

ATTEST:


Polly Coleman
Clerk of the Board

GENERAL FUND RESERVE POLICY

Reserve Objectives:

Adequate reserve levels are a necessary component of the County's overall financial management strategy and a key factor in external agencies' measurement of the County's financial strength. The Board of County Commissioners will determine the level of reserves it deems necessary, essential and fiscally prudent as well as the level of reserves that may be required by law and/or bond covenants to ensure service levels, sufficient cash flow, financial stability, and protection against economic downturns and emergencies. Prudent use of reserve funds enables the County to address future hidden or unanticipated costs, take advantage of matching grant funds and the ability to exercise flexible financial planning for future projects.

The Board of County Commissioners has determined it is fiscally necessary, essential and prudent to have three types of reserves within the total reserves of the General Fund: Available, Designated and Restricted.

Total Reserves:

In order for the County to be in a fiscally responsible position, the Board of County Commissioners will annually establish and maintain a General Fund total reserve level which the Board believes is fiscally necessary, essential and prudent. This budgetary total reserve level is essential to protect cash flow and other stated reserve objectives in offsetting significant financial revenue fluctuations.

In the event the annual total reserve level as determined by the Board of County Commissioners is exceeded, these additional funds will be deemed as surplus reserves and may be designated for any County General Fund one-time expense use as deemed appropriate by the Board of County Commissioners.

Replenishing of Total Reserves:

A current total reserve level has been set by resolution by the Board of County Commissioners. However, depending on the Board of County Commissioners' assessment of the County's fiscal situation, the Board may choose to adjust the levels up or down by future resolution action. The Board of County Commissioners shall determine the necessary budgetary actions through prudent management of revenue, expenditures, and/or contributions from the annual General Fund budget to keep the total level of reserves at the appropriate level. If, at any time, the level of total reserves is projected to drop below the adopted reserve levels, the Board of County Commissioners will institute budgetary actions necessary to bring these total reserves up to the established level of reserves in subsequent annual budget cycles.

Such Board of County Commissioners budgetary actions may include, but are not limited to, the following: preventing the future use of available reserves; prohibiting formation of new designated reserves; mid-year budget reduction; program reductions; freezing new hiring; freezing of all salaries and benefits; implementing furloughs and/or implementing layoffs.

Restricted Reserves:

Restricted Reserves are either required to be set aside in accordance with general accepted accounting principles (GAAP) or by state or federal requirement. Restricted reserves are, therefore, set by actions outside Board of County Commissioner determination and are deemed to be a primary requirement and part of the total reserve levels necessary.

Designated Reserves:

Designated reserves cannot be used for annually re-occurring funding expenditures (e.g. wages and benefit increases). Designated reserves are for specific projects or dedicated funding streams as determined by the Board of County Commissioners. Appropriation of these funds must not disrupt the cash flow requirements of the General Fund.

Available Reserves:

Available reserves must be used to achieve the total reserve levels as determined by the Board of County Commissioners. These remaining available reserves may only be used as determined by the Board of County Commissioners for one-time funding needs and cannot be used for annually re-occurring funding expenses (e.g. wage and benefit increases)