

ORDINANCE NO. _____(N.S.)

AN ORDINANCE AMENDING ARTICLE VII OF THE SAN DIEGO COUNTY ADMINISTRATIVE CODE, RELATING TO BUDGET AND FINANCIAL PROCEDURES AND APPROPRIATION, REVENUE AND STAFFING LIMITATIONS

The Board of Supervisors of the County of San Diego ordains as follows:

Section 1. Section 113.1 of the San Diego County Administrative Code is hereby amended to read as follows:

SEC. 113.1. GENERAL FUND BALANCES AND RESERVES.

The purpose of this code is to establish guidelines in accordance with industry best practices, specifically the Government Finance Officers Association (GFOA) and the National Advisory Council on State and Local Budgeting, regarding the maintenance and use of General Fund Unrestricted Fund balance and the use of one-time revenues to help protect the fiscal health and stability of the County. ~~Available Unrestricted General Fund balance shall be determined by excluding Unrestricted Fund balances that have been Committed or Assigned thereby focusing solely on Unassigned Fund balance.~~

~~A portion of Unassigned General Fund Unrestricted Fund balance~~ Balance shall be maintained as a reserve (General Fund Reserve) at a minimum of two months of audited regular General Fund expenses operating expenditures (which is the equivalent of 16.7% of ~~audited regular operating General Fund operating expenses expenditures~~). The General Fund Reserve will protect the County against expenditure and revenue volatility, natural disasters and other unforeseen emergencies, economic downturns, unfunded pension liabilities, and aging infrastructure.

Appropriation of the General Fund Reserve minimum balance requires at least one of the following criteria to be met:

- A. An unanticipated revenue shortfall or expenditure increase where total expenditures exceeds total revenues.
- B. A legally declared emergency as defined in Government Code Section 29127.
- C. To absorb unforeseen changes in pension liability, including changes in the assumed rate of return, market losses, to maintain or reduce the unfunded pension liability, or other related changes as recommended by the Chief Administrative Officer (CAO).
- D. To help mitigate risk due to maintaining aging infrastructure including capital improvements, new construction, or other recommendations made by the CAO.

E. To the extent reserves are available, a recommendation made by the CAO to promote the long-term fiscal health and stability of the County.

Furthermore, all appropriation of the General Fund Reserve minimum balance and/or transfers from the General Fund Reserve appropriation, shall require a 4/5th vote of the Board of Supervisors.

To the extent that available ~~Unassigned~~ General Fund Unrestricted Fund balance is available in excess of General Fund Reserve minimum balance, the CAO may recommend the appropriation or ~~commitment~~ specific designation of the available balance for one-time uses that advance the County's strategic plan (Strategic Plan). These recommendations may appear in the CAO Recommended Operational Plan or as an agenda item for a regularly scheduled meeting of the Board of Supervisors. County General Fund Unrestricted Fund balance in excess of the General Fund Reserve minimum balance shall be utilized to advance the strategic initiatives noted in the County's Strategic Plan.

Section 2. This ordinance shall take effect and be in force thirty days after its passage, and before the expiration of fifteen days after its passage, a summary hereof shall be published once with the names of the members of this Board voting for and against it in a newspaper of general circulation published in the County of San Diego.