

Approved: February 25, 2021
Resolution No. 21-16

- A. Purpose. A reserve provides protection from risk. Ogemaw County faces risks like revenue shortfalls during recessions and losses from extreme events, like severe weather events and public health emergencies. Reserves help make sure that Ogemaw County can respond quickly and decisively to extreme events. Reserves also support vital public services during revenue declines. A reserve policy describes how much we will try to retain in our reserves. It also describes acceptable uses of reserves.
- B. Size of Reserves. Ogemaw County will try to hold the following amounts in reserves. The amount of money held in reserve is stated as a percent of revenues and/or expenses. This is so that Ogemaw County reserves stay consistent with the size of the budget over time.
1. It is the goal of the County to establish a Budget Stabilization Fund be funded at the legal maximum of 15% of the average of the last five years' budget, or 15% of the current year's budget, whichever is less; and that such balance be maintained at no less than 13%.
 2. It is the goal of the County that the unreserved undesignated balance in the General Fund not be less than 15% of the total General Fund expenses of the preceding year.
 3. It is the goal of the County to establish and maintain sufficient reserves in the Capital Improvement Fund to address annual needs for maintaining County facilities in an appropriate state of repair. The desired level of funding in this fund is determined to be 1/10 mill of the property tax levy.
- C. Long-Range Forecasting. The County Administrator will conduct long-range forecasting to determine if Ogemaw County is likely to stay within its range of reserves.
1. If the minimum reserve is not kept during the forecast period, the County Administrator will develop a plan to bring the reserve to the desired amount. This plan will be offered to Board of Commissioners for consideration.
 2. If the maximum reserve is exceeded during the forecast period, the County may spend the excess reserves. Reserves should be treated as a one-time revenue.
- D. Acceptable Uses of Reserves. Reserves are meant to address unexpected, nonrecurring costs. Reserves should not be used for recurring annual operating costs. An exception is poor economic

conditions or events that disrupt County revenues. In such cases, reserves may be used to provide short-term relief so that the County can restructure its operations in an orderly manner.

- E. Replenishment of Reserves. If the County uses its reserves and those reserves are below the allowed maximum, then the County Administrator will propose a plan for the replacement of the reserves. This plan will be offered to Board of Commissioners for consideration. The County will try to replace the reserves within the minimum amount of time that is practical.