



**SAN BERNARDINO COUNTY  
POLICY MANUAL**

**No. 05-03**

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**EFFECTIVE June 11, 2024**

**POLICY: CONTINGENCY POLICY**

**APPROVED**

**DAWN ROWE**  
Chair, Board of Supervisors

**POLICY AMPLIFICATION**

The objective of the Contingency Policy is to help protect San Bernardino County from unforeseen increases in expenditures or reductions in revenues, or from extraordinary events that might otherwise substantially harm the fiscal health of the County. In so doing, it is also intended to help avoid undue service level fluctuations during periods of economic instability. This policy will serve as a guide for the County Administrative Office (CAO) when preparing budget plans and budget reports for Board of Supervisors (Board) approval.

**General Fund – Mandatory Contingencies**

The County will maintain an appropriated contingency in the general fund to accommodate unanticipated operational changes, legislative impacts, or other economic events affecting the County’s operations that could not have been reasonably anticipated at the time the budget was prepared. Funding shall be targeted at no less than 5% of locally funded appropriation. Locally funded appropriation are those funded by countywide discretionary revenue, such as unrestricted property tax, sales tax, interest income, and other revenues not linked to specific programs, and by ongoing operating transfers in.

**General Fund – Ongoing Set-Aside Contingencies**

Ongoing set-aside contingencies represent ongoing sources of funding that have been targeted for future debt obligations or planned for future ongoing program/operational needs. Set-asides are appropriated as contingencies and approved during the formal adoption of the budget. Any balance of such contingency set-asides remaining at the end of the fiscal year shall be transferred into a corresponding general fund reserve account as of June 30.

**General Fund – Uncertainties Contingencies**

Any unallocated funding available from current year sources (both ongoing and one-time) that has not been set-aside and any unassigned fund balance carried over from the prior year, will be budgeted as Uncertainties Contingencies.

The use of these contingencies requires prior approval by the CAO before obtaining approval by the Board. The CAO will only recommend uses as a last resort, and only if the requesting department:

- 1) Has no other unanticipated sources of funding to appropriate, and
- 2) Has no other appropriation within its own budget to cover the budget overrun, and
- 3) Has no appropriation available in another fund that it controls that can be legally applied to cover the budget overrun.

**Proposition 172 ½ Cent Public Safety Sales Tax**

Restricted Proposition 172 sales tax revenues are used solely for public safety programs. The County has allocated using the funds solely for the financing of the Sheriff/Coroner/Public Administrator, District Attorney, and Probation departmental programs.

The County will maintain an appropriated contingency to accommodate unanticipated operational changes, legislative impacts, or other economic events affecting this restricted financing stream that could not have been reasonably anticipated at the time the budget was prepared.

The appropriation for contingency for the Prop 172 fund shall be targeted at no less than 20% of the current year’s budgeted Prop 172 revenue. Said contingencies shall be budgeted at the 20% level separately for each department receiving Prop 172 revenues.

1991 and 2011 Realignment – Contingencies

Restricted Realignment funds from dedicated sales tax and vehicle license fee revenue are used in the financing of mental health, social services and health programs within the County.

The County will maintain an appropriated contingency within these funds to accommodate unanticipated operational changes, legislative impacts, or other economic events affecting these restricted financing funds which could not have been reasonably anticipated at the time the budget was prepared.

The appropriation for contingency for Realignment funds shall be targeted at no less than 20% of the current year's budgeted Realignment revenues, where allowed by state law. Said contingencies shall be budgeted at the 20% level separately for each program receiving Realignment revenues.

Master Settlement Agreement Fund – Contingencies

Master Settlement Agreement funds from the tobacco settlement lawsuit are used to finance health related expenditures. The County will maintain an appropriated contingency within the Master Settlement Agreement fund to accommodate unanticipated operational changes, legislative impacts, or other economic events affecting this fund that could not have been reasonably anticipated at the time the budget was prepared. The appropriation for contingency within this Master Settlement Agreement Fund shall be targeted at no less than 10% of the current year's budgeted Master Settlement Agreement revenues.

**LEAD DEPARTMENT**

County Administrative Office – Finance and Administration

**APPROVAL HISTORY**

**Adopted** January 6, 1998 (Item No. 56)

**Amended** June 28, 2011 (Item No. 142); June 11, 2024 (Item No. XX)

**REVIEW DATES**

June 11, 2029