

<b>Priority:</b>	Accountability	<b>Lead Agency:</b>	Non-Departmental - All
<b>Program Offer Type:</b>	Existing Operating	<b>Program Contact:</b>	Dave Boyer
<b>Related Programs:</b>			
<b>Frameworks:</b>			

### **Executive Summary**

Issuance costs and interest payment on Short-Term Promissory Notes, (Tax And Revenue Anticipation Notes, TRAN).

### **Program Description**

Oregon Revised Statutes Section 288.165 permits the the County to issue tax and revenue anticipation notes, "TRAN". The TRAN is issued in anticipation of taxes or other revenues and can not be issued in an amount that is greater than eighty percent (80%) of the amount of budgeted General Fund revenue to be received in the adopted budget. The Board of County Commissioners will authorize the issuance of the TRAN by Resolution. The County's Chief Financial Officer or the Treasury Manager determines the principal amount, interest rate, denominations and determines the underwriter for the purchase. The selection of the underwriter is through a competitive bid process. The Notes are issued on July 1, and will mature no later than June 30, of the next calendar year.

### **Program Justification**

Prior to the receipt of monies from property tax collections in November the County will have a cash flow deficit of approximately \$20,000,000. Because of this cash flow deficit there is a need for the County to issue TRANs not to exceed the estimated maximum cumulative cash flow deficit. The cash flow deficit is defined by regulations of the United States Treasury. The County has used this program since 1982.

### **Performance Measures**

Performance measure is an investment grade rating on Short Term Notes. The County currently receives the highest rating from Moody's Investors Service (MIG 1) on TRANs and expects this rating on the FY06 issue. The higher the rating the lower the interest costs. Linked to sound financial management in the Accountability Priority. TRAN meets all Internal Revenue Service requirements.

### **Summary of last year's program results and this year's expected results**

The FY05 TRAN issue was \$20,000,000. The TRAN interest rate was 3% with an effective yield of 1.55%. The FY05 TRAN was rated MIG1 by Moody's. The County expects to receive a MIG 1 rating and sell the FY06 TRAN at a 3% interest rate. Interest rates have been rising since last fiscal year because the Feds have raised the discount rate several times since June 2004. The FY05 TRAN has met all Internal Revenue Service requirements.

**Program Mandate: 1 Mandated Program & Funding Level**

Once issued the TRAN becomes a contractual commitment.

**Revenue/Expense Detail**

	Proposed General Fund	Proposed Other Funds	Proposed General Fund	Proposed Other Funds
	2005	2005	2006	2006
<b>Program Expenses</b>				
Contracts	\$30,000	\$0	\$30,000	\$0
Debt Service	\$857,593	\$0	\$600,000	\$0
Subtotal: Direct Exps:	<b>\$887,593</b>	<b>\$0</b>	<b>\$630,000</b>	<b>\$0</b>
Administration	\$0	\$0	\$0	\$0
Program Support	\$0	\$0	\$0	\$0
Subtotal: Other Exps:	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
Total GF/non-GF:	<b>\$887,593</b>	<b>\$0</b>	<b>\$630,000</b>	<b>\$0</b>
Program Total:	<b>\$887,593</b>		<b>\$630,000</b>	
Program FTE	0.00	0.00	0.00	0.00
<b>Program Revenues</b>				
Other / Miscellaneous	\$0	\$0	\$100,000	\$0
Program Revenue for Admin	\$0	\$0	\$0	\$0
<b>Total Revenue:</b>	<b>\$0</b>	<b>\$0</b>	<b>\$100,000</b>	<b>\$0</b>

**Explanation of Revenues**

Once the cash flow deficit is replenished in December, the TRAN proceeds earn about \$100,000 in General Fund interest revenue.

**Significant Program Changes**

None