

Priority: Accountability
Program Offer Type: Existing Operating
Related Programs:

Lead Agency: Non-Departmental - All
Program Contact: Dave Boyer

Program Characteristics:

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

Measure Type	Primary Measure	Previous Year Actual (FY04-05)	Current Year Purchased (FY05-06)	Current Year Estimate (FY05-06)	Next Year Offer (FY06-07)
Output	MIG 1 Moody's rating	0	0	0	0
Outcome		0	0	0	0

Performance Measure - Description

Performance measure is an investment grade rating on Short Term Notes. Maintaining an investment grade bond rating saves the County millions of dollars annually; - 1 - indicates Moody's MIG 1 rating, 0 - represents rating lower than MIG 1. The County currently receives the highest rating from Moody's Investors Service (MIG 1) on TRANS and expects this rating on the FY07 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 FY06 TRAN issue was \$20,000,000. The TRAN interest rate was 4% with an effective yield of 2.66%. The FY06 TRAN was rated MIG1 by Moody's. The County expects to receive a MIG 1 rating and sell the FY07 TRAN at a 4.5% 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 FY06 TRAN has met all Internal Revenue Service requirements.

Legal/Contractual Obligation

Once issued the TRAN becomes a contractual commitment.

Revenue/Expense Detail

	Proposed General Fund	Proposed Other Funds	Proposed General Fund	Proposed Other Funds
Program Expenses	2006	2006	2007	2007
Contracts	\$30,000	\$0	\$30,000	\$0
Debt Service	\$600,000	\$0	\$950,000	\$0
Subtotal: Direct Exps:	\$630,000	\$0	\$980,000	\$0
Administration	\$0	\$0	\$0	\$0
Program Support	\$0	\$0	\$0	\$0
Subtotal: Other Exps:	\$0	\$0	\$0	\$0
Total GF/non-GF:	\$630,000	\$0	\$980,000	\$0
Program Total:	\$630,000		\$980,000	
Program FTE	0.00	0.00	0.00	0.00
Program Revenues				
Other / Miscellaneous	\$100,000	\$0	\$100,000	\$0
Program Revenue for Admin	\$0	\$0	\$0	\$0
Total Revenue:	\$100,000	\$0	\$100,000	\$0

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

Last year this program was: #10040, Tax Anticipation Notes
No changes