

Priority: Accountability
Program Offer Type: Revenue/Fund
Related Programs:

Lead Agency: Overall County
Program Contact: Mark Campbell

Program Characteristics:

Executive Summary

This program offer budgets the General Fund contingency and reserve. It also budgets for the separate General Reserve Fund. The contingency account is established to provide for unforeseen costs that may arise during the year. Reserves are established in accordance with Financial & Budget policies.

Program Description

The General Fund supports County programs across all priority areas. It is often necessary to provide additional resources to programs during the year. The contingency account is not an expenditure, per se, but it is a source of funding that the Board of County Commissioners may approve for transfer to department budgets. Generally, contingency transfers are limited to situations outlined in the County's Financial & Budget Policies. An appropriate level of reserves helps the County maintain a favorable bond rating. Two general reserve accounts have been established and are dictated by the County's Financial & Budget Policies. The reserves budgeted here represent full funding of the two 5% reserves described in those policies.

Program Justification

Reserves and contingency accounts reflect prudent financial management of county resources. The reserve has been established at 10% - a level that Moody's Investor Services uses as a benchmark. The goal in developing the reserve policy was to shield the County from fluctuations in revenues available to fund ongoing programs. The policy reflects the Accountability priority because it clearly articulates the conditions under which reserves will be used and outlines a process for replenishing them should they fall below the goal.

As noted above the contingency cannot be accessed unless the BCC takes affirmative action to transfer it. Conditions under which the contingency can be used are limited, in most cases, to one-time-only expenditures. In this sense the contingency account serves to bolster the accountability factor related to financial management because departments must justify the reason for requesting the transfer.

Performance Measures

Measure Type	Primary Measure	Previous Year Actual (FY05-06)	Current Year Purchased (FY06-07)	Current Year Estimate (FY06-07)	Next Year Offer (FY07-08)
Output	% of Reserve Goal Met	100.0%	100.0%	98.5%	100.0%
Outcome	Moody's Bond Rating	0	0	0	0
Output	Transfers from Contingency	5	2	9	5

Performance Measure - Description

The level of reserves is one indicator of the County's financial position. Transfers from the General Fund contingency should be limited to events that could not be foreseen when the annual budget was prepared. With few exceptions, all transfers from the contingency should follow the Board's adopted Financial & Budget policies.

Change in bond rating - (0) = no change, (1) = upgraded rating, (-1) downgraded rating

Legal/Contractual Obligation

Reserves are established by the County's Financial & Budget Policies. They are not mandated although the target funding level is outlined in the policy. The contingency account is not mandated. Contingencies are authorized by ORS 294.352 but the level of funding is completely discretionary.

Revenue/Expense Detail

	Proposed General Fund	Proposed Other Funds	Proposed General Fund	Proposed Other Funds
	2007	2007	2008	2008
Program Expenses				
Internal Services	\$0	\$0	\$1,404,000	\$0
Cash Transfer	\$1,204,000	\$0	\$0	\$350,000
Unappropriated & Contingency	\$21,125,260	\$13,540,000	\$21,861,414	\$14,750,000
Subtotal: Direct Exps:	\$22,329,260	\$13,540,000	\$23,265,414	\$15,100,000
Administration	\$0	\$0	\$0	\$0
Program Support	\$0	\$0	\$0	\$0
Subtotal: Other Exps:	\$0	\$0	\$0	\$0
Total GF/non-GF:	\$22,329,260	\$13,540,000	\$23,265,414	\$15,100,000
Program Total:	\$35,869,260		\$38,365,414	
Program FTE	0.00	0.00	0.00	0.00
Program Revenues				
Other / Miscellaneous	\$0	\$13,500,000	\$400,000	\$14,750,000
Program Revenue for Admin	\$0	\$0	\$0	\$0
Total Revenue:	\$0	\$13,500,000	\$400,000	\$14,750,000

Explanation of Revenues

Significant Program Changes

Last year this program was: #95000A, Contingency & Reserves

The General Fund contingency is established at \$3.05 million and there is an additional \$850,000 earmarked for Local 88 classification and compensation studies. This program offer also includes the BIT Stabilization Reserve, at \$5 million, that was established last year to guard against fluctuations in the County's most volatile revenue source.

This offer also budgets a transfer to the Capital Lease Retirement Fund to support debt that was issued for Deferred Facilities Maintenance. This cost cannot be directly allocated to specific buildings and, therefore, it is not billed back to departments as part of their facility charges.