



ADMINISTRATIVE POLICIES

SECTION: Financial Management		POLICY #: 417
TITLE: Use of One-Time and Unpredictable Revenue		PROCEDURE #: none
		ORDER #: 14-121
DEPT: Finance		DIVISION:
ADOPTED: 12/17/2014	REVIEWED:	REVISED:

PURPOSE: This establishes policy for restrictions on budget allocation and expenditure of unusual or singular occurrence revenue, or that is highly unpredictable, for operating funds.

AUTHORITY: The Marion County Board of Commissioners may establish rules and regulations in reference to managing the interest and business of the county under ORS 203.010, 203.035, 203.111, and 203.230.

APPLICABILITY: Department heads, management, elected officials, all employees who manage county budgets.

GENERAL POLICY: There shall be restrictions on the use of one-time or unpredictable revenue for ongoing expenditures, and the proposed use, if any, shall be clearly identified in the budget.

POLICY GUIDELINES:

1. Qualifying Revenue:

1.1 One-time revenue shall include amounts exceeding \$100,000 that may be derived from, but not limited to: insurance settlements, non-recurring grants, bond proceeds, loan proceeds, sales of capital assets and surplus property, property tax settlements, and unrestricted donations. These revenues may be available for more than one year but are expected to be non-recurring thereafter.

1.2 Many revenues are unpredictable to some degree. Key revenues that have a cycle of substantial volatility should be budgeted at some predictable minimum base. A department should decide, in advance, on a set of tentative actions to be taken if one or more unpredictable sources generate revenue substantially higher or lower than projected.

2. Applicable Funds:

2.1 The one-time revenue restriction is limited to operating funds specifically. Operating funds are those that have personnel services and/or ongoing materials and services expenditures that support direct services.

2.2 Non-departmental funds and capital funds are not generally restricted in use of one-time revenue, and in fact are the likely areas to budget and expend such revenue. However, non-departmental funds may not be allocated one-time revenue for appropriations that will incur commitments to provide goods or services beyond the budget year in either the holding fund or by transfer to an operating fund.

2.3 The restriction on unpredictable revenue is applicable to any type of fund, including capital funds or capital outlays within operating funds, as some funds utilize specific revenue to fund capital outlays on a continuing basis.

3. Responsibilities:

3.1 All department heads, elected officials and other employees who have authority to budget and expend appropriated funds are responsible for compliance with this policy. They must clearly identify and justify one-time revenue in their department's initial annual budget submission or subsequent supplemental budget request. The one-time revenue must be allocated to specific expenditures.

3.2 Departments are also responsible to ensure that expenditures that are associated with such one-time revenues are removed from department requested budgets in the year following the lapse of the one-time revenues.

3.3 Departments are responsible to avoid budgeting or over-budgeting unpredictable revenue, and for not committing to unsustainable operations when using high revenue year unpredictable revenue. Departments should plan to save in high years as a means to cover shortfalls in other years. Any revenue without a predictable minimum base should not be budgeted.

4. Exceptions:

4.1 A Board of Commissioners declared state of emergency under Marion County Code 2.35.040, or a financial emergency stated by board resolution, may allow for up to full use of one-time revenue for any purpose identified in the board order.

4.2 One-time revenue may be allocated to provide a "glide path" for programs or services that are planned to be phased out if other recurrent resources are not anticipated in the near future.

4.3 The Board of Commissioners may grant exceptions under subsections 4.1 and 4.2 or for any other appropriation purpose in the budget adopted by the board provided there is sufficient recognition that the revenue is one-time and there is explicit justification for the revenue's use.

5. Implementation:

The Budget Officer is authorized to implement this policy and ensure that the limits on use of one-time and unpredictable revenues as brought forth in this policy are followed.

6. Periodic Review:

The Chief Administrative Officer and the Chief Financial Officer shall jointly review this policy every three years.