



**ADMINISTRATIVE POLICIES**

<b>SECTION:</b>	<b>Financial Management</b>	<b>POLICY #:</b>	<b>490</b>
<b>TITLE:</b>	<b>General Reserves</b>	<b>PROCEDURE #:</b>	<b>490-A</b>
		<b>ORDER #:</b>	<b>11-59</b>
<b>DEPT:</b>	<b>Finance</b>	<b>DIVISION:</b>	
<b>ADOPTED:</b>	<b>4/08</b>	<b>REVIEWED:</b>	<b>6/11</b>
		<b>REVISED:</b>	<b>6/09, 7/11</b>

**PURPOSE:** To establish policy regarding the development and maintenance of a prudent level of resources to ensure the future financial stability of the county.

**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 and 203.111.

**APPLICABILITY:** Board of commissioners, budget committee, budget officer and chief financial officer.

**GENERAL POLICY:** It is the policy of the Marion County Board of Commissioners that procedures will be developed to determine the appropriate amount to be budgeted for general fund contingency, unappropriated ending fund balance and rainy day fund unappropriated reserves in accordance with the following guidelines.

**POLICY GUIDELINES:**

1. Marion County will maintain a prudent level of financial resources to mitigate current and future risks due to cyclical variations in revenues, economic downturns, and one-time unpredicted expenditures due to natural and manmade disasters, labor disputes, employee benefits cost increases, and other financial emergencies, and to maintain an adequate level of working capital. These resources are a critical and core element of the county’s financial planning and fiscal stability, but also serve other purposes. They contribute to preserving the county’s overall bond rating and can minimize the need to rely on local operating levies for the long-term sustainability of programs and services.
2. Marion County shall adopt a general fund budget that includes a contingency amount of no less than 1% of adjusted general fund resources (see procedure 490-A) in the adopted budget. Contingency appropriations shall be used only for expenditures that cannot be foreseen and planned in the budget because of the occurrence of some unusual or extraordinary event (see OAR 150-294.352(8)). Such events may include operational changes during the year, legislative impacts, or other economic events, which could not have been reasonably anticipated. Appropriation transfers from contingency must be authorized by the board of commissioners. If

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the transfer is greater than 15% of the total appropriations authorized in the fund, a supplemental budget process must be followed.

3. Marion County shall adopt a general fund budget that includes an unappropriated ending fund balance of no less than 5% of adjusted general fund resources. This amount is intended to provide the necessary working capital to finance activities for the period between July 1 of the ensuing fiscal year and the time when sufficient new revenues become available to meet the cash flow needs of the fund. It becomes a budget resource for the following year's budget. Expenditures cannot be made from the unappropriated ending fund balance in the current year except for specific occurrences as defined in ORS 294.455 (civil disturbances, other calamity or natural disaster). In such instances, a supplemental budget process must be followed.
4. Marion County's rainy day fund unappropriated reserves are available (under certain conditions) to meet the purposes of this policy.
5. Interest earned on the unappropriated ending fund balance of the general fund and the unappropriated reserve balance of the rainy day fund shall be credited to the associated fund.
6. All funds of the county that are not specifically identified in this policy shall not be subject to this policy.
7. Exceptions to this policy may only be granted by the Marion County Board of Commissioners.
8. The chief administrative officer has the authority to implement this policy and assure compliance throughout the budget process.
9. Periodic Review:
  - 9.1 The chief financial officer shall review this budget policy at least every three years. This review may occur more often if needed and updated as necessary. The chief financial officer shall make recommendations regarding this policy to the budget officer.
  - 9.2 The Marion County Board of Commissioners shall review all recommendations from the budget officer. Any recommendations from the budget officer that are accepted by the board of commissioners must be adopted according to county policy 101.

Adopted: 4/08

Revised: 6/09

Revised: 7/11