

Allocation of Future Over-Budget Revenue To Long-Term Liabilities and BofC Priorities

Proposal from County-wide Elected Officials and Constitutional Officers to the Honorable Board of Commissioners:

The Board of Commissioners has the ultimate authority and duty to allocate County funds and to adopt Budgets. We believe the responsible course for the Board of Commissioners would be to adopt a policy directing the County Administrator and Finance Director to allocate additional tax and other revenue above budgeted amounts in a pre-determined manner in their quarterly budget reports rather than netting additional revenue against unbudgeted increased costs.

The County's 4-year budget adopted conservative revenue estimates during a period of "structural" expense slashing. There is no provision in the budget adopted by the Board for increases in tax revenues – each year is projected at 1%. Fortunately, the County achieved 2% growth in General Fund revenues over the past year.

We recommend that any revenue increases or tax increases above 1% in a year be allocated as follows:

- xx % toward unfunded liabilities in the WCERS pension fund (now less than 60% funded, a level defined as below acceptable norms)

- xx % toward unfunded liabilities in the VEBA health care fund

- xx% toward Delinquent Tax Fund reserves specifically for internal advances for County projects to save on bonding costs

- xx% toward restoring the Housing Fund

- xx% to increase the already budgeted amount for the Capital Reserve Fund and/or Unearmarked Reserve Fund

The balance to be presented to the Board of Commissioners for allocation for restoration of services to County residents in line with Board of Commissioner priorities.

It is anticipated that there could be additional revenue in various Funds (delinquent tax revolving fund, revenue from the restricted foreclosure fund, departmental savings at year-end, recording fees, etc) and fewer expenditures in various Funds than have been budgeted. It is anticipated that there may be increases in General Fund tax monies above the 1% budgeted amount. Past practice has been, during tough budgetary times, that administration simply netted increases against over-budget spending and presented the result to the Board quarterly. This proposal would allow the Board to designate the allocation of increased revenue in a thoughtful, planned way through a publicly adopted policy and to participate in the allocation process quarterly throughout the 4-year budget according to their budget priorities. It is recommended that any increases over budget be allocated to non-structural activities.