

Reserves

LOB #350:

MANAGED RESERVE

Purpose

The Managed Reserve provides for temporary financing of critical unforeseen disbursements of a catastrophic emergency nature.

Description

The Managed Reserve was established in FY 1983 and is held in the General Fund. In FY 2016, the target level of this reserve was increased from two to four percent of General Fund disbursements.

Benefits

The Managed Reserve provides a source of funding for the County to absorb large, unexpected expenditures without impacting County services. A withdrawal has never been made from the catastrophic reserve. As a large component of the County's General Fund reserves, the Managed Reserve also contributes to the County's triple-A bond rating from the major rating agencies. The triple-A rating has allowed the County to generate significant savings from bond sales and refundings.

Mandates

This Line of Business is not mandated.

Trends and Challenges

The bond rating agencies have contended that the County's reserve levels are not sufficient, especially when compared to other triple-A rated jurisdictions. In response to these concerns, the County has committed to increasing its reserve levels, with the target level of the Managed Reserve increasing from two to four percent of General Fund disbursements. In order to fund this target and the increased target of the Revenue Stabilization Reserve, any budgeted increase in General Fund disbursements is accompanied by a 10 percent commitment to reserves and, as part of the Carryover Review, an amount equal to 40 percent of General Fund balances not necessary to fund critical requirements is transferred to the reserves.

Reserves

Resources

Category	FY 2014 Actual	FY 2015 Actual	FY 2016 Adopted
LOB #350: Managed Reserve			
FUNDING			
Beginning Balance	\$71,884,864	\$73,979,246	\$75,915,037
General Fund Contribution	2,094,382	1,935,791	787,652
Ending Balance	\$73,979,246	\$75,915,037	\$76,702,689

Metrics

Metric Indicator	FY 2013 Actual	FY 2014 Actual	FY 2015 Actual	FY 2016 Estimate	FY 2017 Estimate
Managed Reserve as a percentage of General Fund disbursements	2.04%	2.03%	2.03%	2.18%	NA

The balance of the Managed Reserve is increasing as progress is made toward funding the reserve at its new target level of four percent of General Fund disbursements. It should be noted that the FY 2016 Estimate is based on the balance of the reserve as of the *FY 2015 Carryover Review*.