

# Contingency Reserves

***Mission:*** To assure accurate financial reporting and informed planning and decision making through continuous employment of best practices to ensure effective and proper stewardship of public resources.

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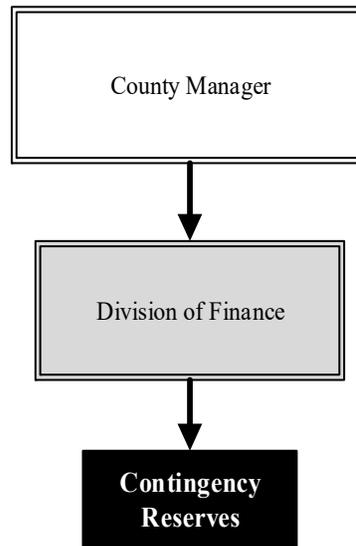
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## Overview

Contingency Reserves are used to set aside funds for unexpected events or events not anticipated at the time of budget adoption. These events include unforeseen increases in expenditures or reductions in revenues, public emergencies, mandates, and disasters.

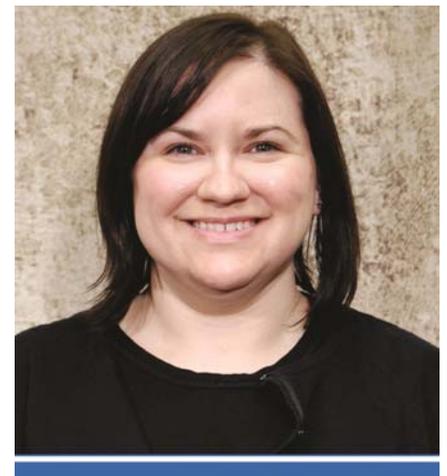
The Contingency Reserves are comprised of allocated funding assigned to six contingencies based generally on the organizational unit it is intended to support:

- Operating Reserve
- Board of County Commissioners (BOCC) Contingency
- Public Safety Contingency
- Rainy Day Reserve
- Technology Contingency
- Compensation Contingency



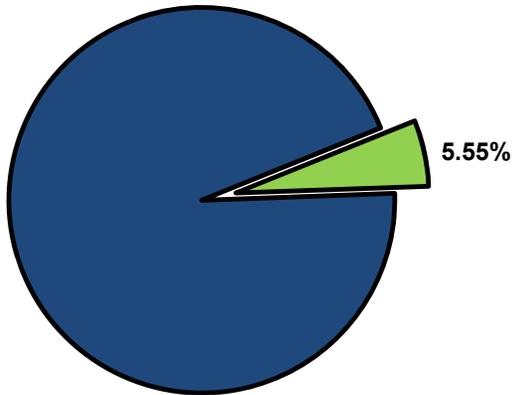
## Significant Budget Adjustments

Significant adjustments to the Contingency Reserves' 2022 Recommended Budget include an increase in the Rainy Day Reserve (\$10,000,000), and an increase in the Operating Fund Reserve (\$5,199,000) to restore them to historic levels. The 2022 Recommended Budget also includes the restoration of various compensation contingencies (\$3,104,385) for specific funds in the event that economic conditions permit earlier implementation of market-based compensation adjustments than expected at the time of budget adoption, and an increase in the Public Safety Contingency (\$435,028) to restore all to historic levels, as well as an increase in the BOCC Contingency (\$10,000) to restore to historical levels.

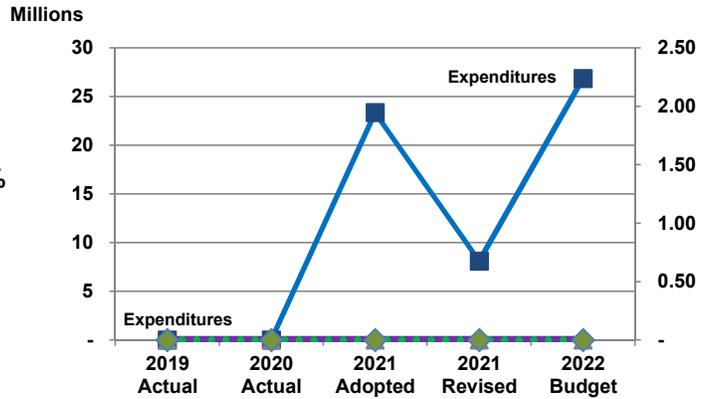


**Departmental Graphical Summary**

**Contingency Reserves**  
Percent of Total County Operating Budget



**Expenditures, Program Revenue & FTEs**  
All Operating Funds



**Budget Summary by Category**

	2019 Actual	2020 Actual	2021 Adopted	2021 Revised	2022 Budget	Amount Chg '21 Rev.-'22	% Chg '21 Rev.-'22
<b>Expenditures</b>							
Personnel	-	-	-	-	3,104,385	3,104,385	
Contractual Services	-	-	22,350,000	7,105,972	22,750,000	15,644,028	220.15%
Debt Service	-	-	-	-	-	-	
Commodities	-	-	800,000	800,000	800,000	-	0.00%
Capital Improvements	-	-	-	-	-	-	
Capital Equipment	-	-	200,000	200,000	200,000	-	0.00%
Interfund Transfers	-	-	-	-	-	-	
<b>Total Expenditures</b>	-	-	<b>23,350,000</b>	<b>8,105,972</b>	<b>26,854,385</b>	<b>18,748,413</b>	<b>231.29%</b>
<b>Revenues</b>							
Tax Revenues	-	-	-	-	-	-	
Licenses and Permits	-	-	-	-	-	-	
Intergovernmental	-	-	-	-	-	-	
Charges for Services	-	-	-	-	-	-	
All Other Revenue	-	-	-	-	-	-	
<b>Total Revenues</b>	-	-	-	-	-	-	
<b>Full-Time Equivalents (FTEs)</b>							
Property Tax Funded	-	-	-	-	-	-	
Non-Property Tax Funded	-	-	-	-	-	-	
<b>Total FTEs</b>	-	-	-	-	-	-	

**Budget Summary by Fund**

Fund	2019 Actual	2020 Actual	2021 Adopted	2021 Revised	2022 Budget	Amount Chg '21 Rev.-'22	% Chg '21 Rev.-'22
General Fund	-	-	23,350,000	8,105,972	26,230,921	18,124,949	223.60%
EMS Fund	-	-	-	-	-	-	
Corrections Grants	-	-	-	-	-	-	
Health Dept. Grants	-	-	-	-	85,749	85,749	
Multi. Funds	-	-	-	-	537,715	537,715	
<b>Total Expenditures</b>	-	-	<b>23,350,000</b>	<b>8,105,972</b>	<b>26,854,385</b>	<b>18,748,413</b>	<b>231.29%</b>

**Significant Budget Adjustments from Prior Year Revised Budget**

	Expenditures	Revenues	FTEs
Increase in Rainy Day Reserve to restore to historic levels	10,000,000		
Increase in Operating Fund Reserve to restore to historic levels	5,199,000		
Reinstatement of Compensation Contingency	3,104,385		
Increase in Public Safety Contingency to restore to historic levels	435,028		
Increase in BOCC Contingency to restore to historic levels	10,000		
<b>Total</b>	<b>18,748,413</b>	<b>-</b>	<b>-</b>

**Budget Summary by Program**

Program	Fund	2019 Actual	2020 Actual	2021 Adopted	2021 Revised	2022 Budget	% Chg '21 Rev.-'22	21-'22' FTEs
Operating Reserve	110	-	-	10,000,000	4,801,000	10,000,000	108.29%	-
BOCC Contingency	110	-	-	350,000	340,000	350,000	2.94%	-
Public Safety Contingency	110	-	-	2,000,000	1,964,972	2,400,000	22.14%	-
Rainy Day Reserve	110	-	-	10,000,000	-	10,000,000	0.00%	-
Technology Contingency	110	-	-	1,000,000	1,000,000	1,000,000	0.00%	-
Employee Compensation	Multi.	-	-	-	-	3,104,385	0.00%	-
<b>Total</b>		<b>-</b>	<b>-</b>	<b>23,350,000</b>	<b>8,105,972</b>	<b>26,854,385</b>	<b>231.29%</b>	<b>-</b>

**• Operating Reserve**

The Operating Reserve sets aside funding to address potential changes in service delivery or emergency situations and establishes a funding source for services whose scope or full cost is undefined at the time the budget is adopted. It is allocated as a general contingency reserve to support County operations.

Traditionally, when budget authority allocated to the Operating Reserve is needed, funding is transferred to the appropriate department and then expended.

**Fund(s): County General Fund 110**

Expenditures	2019 Actual	2020 Actual	2021 Adopted	2021 Revised	2022 Budget	Amnt. Chg. '21 - '22	% Chg. '21 - '22
Personnel	-	-	-	-	-	-	0.0%
Contractual Services	-	-	10,000,000	4,801,000	10,000,000	5,199,000	108.3%
Debt Service	-	-	-	-	-	-	0.0%
Commodities	-	-	-	-	-	-	0.0%
Capital Improvements	-	-	-	-	-	-	0.0%
Capital Equipment	-	-	-	-	-	-	0.0%
Interfund Transfers	-	-	-	-	-	-	0.0%
<b>Total Expenditures</b>	-	-	<b>10,000,000</b>	<b>4,801,000</b>	<b>10,000,000</b>	<b>5,199,000</b>	<b>108.3%</b>
<b>Revenues</b>							
Taxes	-	-	-	-	-	-	0.0%
Intergovernmental	-	-	-	-	-	-	0.0%
Charges For Service	-	-	-	-	-	-	0.0%
All Other Revenue	-	-	-	-	-	-	0.0%
<b>Total Revenues</b>	-	-	-	-	-	-	<b>0.0%</b>
<b>Full-Time Equivalents (FTEs)</b>	-	-	-	-	-	-	<b>0.0%</b>

**• BOCC Contingency**

The Board of County Commissioners (BOCC) Contingency represents funding reserved to address unanticipated costs due to public emergency, service expansion, or State mandates.

Traditionally, when budget authority allocated to the BOCC Contingency is needed, funding is transferred to the appropriate department and then expended.

**Fund(s): County General Fund 110**

Expenditures	2019 Actual	2020 Actual	2021 Adopted	2021 Revised	2022 Budget	Amnt. Chg. '21 - '22	% Chg. '21 - '22
Personnel	-	-	-	-	-	-	0.0%
Contractual Services	-	-	350,000	340,000	350,000	10,000	2.9%
Debt Service	-	-	-	-	-	-	0.0%
Commodities	-	-	-	-	-	-	0.0%
Capital Improvements	-	-	-	-	-	-	0.0%
Capital Equipment	-	-	-	-	-	-	0.0%
Interfund Transfers	-	-	-	-	-	-	0.0%
<b>Total Expenditures</b>	-	-	<b>350,000</b>	<b>340,000</b>	<b>350,000</b>	<b>10,000</b>	<b>2.9%</b>
<b>Revenues</b>							
Taxes	-	-	-	-	-	-	0.0%
Intergovernmental	-	-	-	-	-	-	0.0%
Charges For Service	-	-	-	-	-	-	0.0%
All Other Revenue	-	-	-	-	-	-	0.0%
<b>Total Revenues</b>	-	-	-	-	-	-	<b>0.0%</b>
<b>Full-Time Equivalents (FTEs)</b>	-	-	-	-	-	-	<b>0.0%</b>

**Public Safety Contingency**

The Public Safety Contingency reserves funding for both unanticipated operating costs resulting from a public emergency or State mandates and funding for Public Safety services whose full cost cannot be precisely estimated due to uncontrollable variables or changes in service composition.

Traditionally, when budget authority allocated to the Public Safety Contingency is needed, funding is transferred to the appropriate department and then expended.

**Fund(s): County General Fund 110**

Expenditures	2019 Actual	2020 Actual	2021 Adopted	2021 Revised	2022 Budget	Amnt. Chg. '21 - '22	% Chg. '21 - '22
Personnel	-	-	-	-	-	-	0.0%
Contractual Services	-	-	2,000,000	1,964,972	2,400,000	435,028	22.1%
Debt Service	-	-	-	-	-	-	0.0%
Commodities	-	-	-	-	-	-	0.0%
Capital Improvements	-	-	-	-	-	-	0.0%
Capital Equipment	-	-	-	-	-	-	0.0%
Interfund Transfers	-	-	-	-	-	-	0.0%
<b>Total Expenditures</b>	-	-	<b>2,000,000</b>	<b>1,964,972</b>	<b>2,400,000</b>	<b>435,028</b>	<b>22.1%</b>
<b>Revenues</b>							
Taxes	-	-	-	-	-	-	0.0%
Intergovernmental	-	-	-	-	-	-	0.0%
Charges For Service	-	-	-	-	-	-	0.0%
All Other Revenue	-	-	-	-	-	-	0.0%
<b>Total Revenues</b>	-	-	-	-	-	-	<b>0.0%</b>
<b>Full-Time Equivalents (FTEs)</b>	-	-	-	-	-	-	<b>0.0%</b>

**Rainy Day Reserve**

Sedgwick County has a minimum fund balance requirement set by County policy. The minimum unrestricted fund balance in the General Fund is set at 20.0 percent of budgeted expenditures. Unrestricted fund balance above the minimum requirement is considered the County's Rainy Day Reserve. County policy allows this excess to be budgeted, but only for the following specific purposes: cash-funded capital projects or equipment replacement originally intended to be funded with debt; expected claims associated with risk management or workers' compensation; one-time expenditures that reduce future operating costs; and start-up expenditures for new programs approved by the BOCC. The amount included in this budget is not related to any specific purpose. These funds will only be expended if consensus on a purpose is reached by the BOCC.

**Fund(s): County General Fund 110**

Expenditures	2019 Actual	2020 Actual	2021 Adopted	2021 Revised	2022 Budget	Amnt. Chg. '21 - '22	% Chg. '21 - '22
Personnel	-	-	-	-	-	-	0.0%
Contractual Services	-	-	10,000,000	-	10,000,000	10,000,000	0.0%
Debt Service	-	-	-	-	-	-	0.0%
Commodities	-	-	-	-	-	-	0.0%
Capital Improvements	-	-	-	-	-	-	0.0%
Capital Equipment	-	-	-	-	-	-	0.0%
Interfund Transfers	-	-	-	-	-	-	0.0%
<b>Total Expenditures</b>	-	-	<b>10,000,000</b>	-	<b>10,000,000</b>	<b>10,000,000</b>	<b>0.0%</b>
<b>Revenues</b>							
Taxes	-	-	-	-	-	-	0.0%
Intergovernmental	-	-	-	-	-	-	0.0%
Charges For Service	-	-	-	-	-	-	0.0%
All Other Revenue	-	-	-	-	-	-	0.0%
<b>Total Revenues</b>	-	-	-	-	-	-	<b>0.0%</b>
<b>Full-Time Equivalents (FTEs)</b>	-	-	-	-	-	-	<b>0.0%</b>

**• Technology Contingency**

The Technology Contingency is intended to provide a funding source for unanticipated technology costs. This may include costs to purchase replacements of failing hardware, software licensing to replace or upgrade necessary County systems, or to respond to other critical needs that cannot be delayed until a future budget cycle.

As with other contingencies, funding will be transferred from the Technology Contingency to the appropriate department and then expended.

**Fund(s): County General Fund 110**

Expenditures	2019 Actual	2020 Actual	2021 Adopted	2021 Revised	2022 Budget	Amnt. Chg. '21 - '22	% Chg. '21 - '22
Personnel	-	-	-	-	-	-	0.0%
Contractual Services	-	-	-	-	-	-	0.0%
Debt Service	-	-	-	-	-	-	0.0%
Commodities	-	-	800,000	800,000	800,000	-	0.0%
Capital Improvements	-	-	-	-	-	-	0.0%
Capital Equipment	-	-	200,000	200,000	200,000	-	0.0%
Interfund Transfers	-	-	-	-	-	-	0.0%
<b>Total Expenditures</b>	-	-	<b>1,000,000</b>	<b>1,000,000</b>	<b>1,000,000</b>	-	<b>0.0%</b>
<b>Revenues</b>							
Taxes	-	-	-	-	-	-	0.0%
Intergovernmental	-	-	-	-	-	-	0.0%
Charges For Service	-	-	-	-	-	-	0.0%
All Other Revenue	-	-	-	-	-	-	0.0%
<b>Total Revenues</b>	-	-	-	-	-	-	<b>0.0%</b>
<b>Full-Time Equivalents (FTEs)</b>	-	-	-	-	-	-	<b>0.0%</b>

**• Compensation Contingency**

New for the 2022 budget, The Compensation Contingency was created to reserve funding for potential targeted or general compensation adjustments, should economic conditions support the additional cost beyond what was included in departmental operating budgets. Budget authority is allocated to various County funds based on the budgeted earnings in those funds. Use of these funds may only be authorized by action of the Board of County Commissioners; upon approval, appropriate budget authority would be transferred to the appropriate department budget for actual use

**Fund(s): Multi.**

Expenditures	2019 Actual	2020 Actual	2021 Adopted	2021 Revised	2022 Budget	Amnt. Chg. '21 - '22	% Chg. '21 - '22
Personnel	-	-	-	-	3,104,385	3,104,385	0.0%
Contractual Services	-	-	-	-	-	-	0.0%
Debt Service	-	-	-	-	-	-	0.0%
Commodities	-	-	-	-	-	-	0.0%
Capital Improvements	-	-	-	-	-	-	0.0%
Capital Equipment	-	-	-	-	-	-	0.0%
Interfund Transfers	-	-	-	-	-	-	0.0%
<b>Total Expenditures</b>	-	-	-	-	<b>3,104,385</b>	<b>3,104,385</b>	<b>0.0%</b>
<b>Revenues</b>							
Taxes	-	-	-	-	-	-	0.0%
Intergovernmental	-	-	-	-	-	-	0.0%
Charges For Service	-	-	-	-	-	-	0.0%
All Other Revenue	-	-	-	-	-	-	0.0%
<b>Total Revenues</b>	-	-	-	-	-	-	<b>0.0%</b>
<b>Full-Time Equivalents (FTEs)</b>	-	-	-	-	-	-	<b>0.0%</b>