

Fund 002

Revenue Stabilization

Board of Supervisors' Adjustments

The following funding adjustments reflect all changes to the FY 2006 Advertised Budget Plan, as approved by the Board of Supervisors on April 25, 2005:

- ◆ The Board of Supervisors made no adjustments to this fund.

Focus

The Board of Supervisors, during deliberations on the *FY 1999 Carryover Review*, approved the establishment of Fund 002, Revenue Stabilization Fund. The purpose of this fund is to provide a mechanism for maintaining a balanced budget without resorting to tax increases and expenditure reductions that aggravate the stresses imposed by the cyclical nature of the economy.

The Board of Supervisors established the Reserve under the directive that the Revenue Stabilization Fund will not be used as a method of addressing the demand for new or expanded services; it is solely to be used as a financial tool in the event of a significant economic downturn. Therefore, the Board of Supervisors established a policy for utilizing the Revenue Stabilization Fund that identified three specific criteria that must be met in order to make a withdrawal from the Fund:

Projected revenues reflect a decrease greater than 1.5 percent from the current year estimate; any withdrawal from the Fund shall not exceed one-half of the fund balance in any fiscal year; and withdrawals from the Reserve shall be used in combination with spending cuts or other measures.

The Revenue Stabilization Fund has a target balance of 3.0 percent of General Fund disbursements. The Fund shall be separate and distinct from the County's 2.0 percent Managed Reserve, which was initially established in FY 1983. However, the aggregate balance of both reserves shall not exceed 5.0 percent of General Fund disbursements.

It is anticipated that the target balance of 3.0 percent of General Fund disbursements will be accomplished by transferring funds from the General Fund over a multi-year period. The Board of Supervisors determined that a minimum of 40 percent of non-recurring balances identified at quarterly reviews would be transferred to the Revenue Stabilization Fund. Additionally, the Fund will retain the interest earnings on this balance, and the retention of interest will continue until the Reserve is fully funded.

Changes to FY 2005 Adopted Budget Plan

The following funding adjustments reflect all approved changes in the FY 2005 Revised Budget Plan since passage of the FY 2005 Adopted Budget Plan. Included are all adjustments made as part of the FY 2004 Carryover Review and all other approved changes through December 31, 2004:

- ◆ **Carryover Adjustments** **\$7,807,250**
The Board of Supervisors approved a General Fund Transfer In to this fund in the amount of \$7,807,250 or 40 percent of the non-recurring balances identified at the *FY 2004 Carryover Review*.

The following funding adjustments reflect all approved changes to the FY 2005 Revised Budget Plan from January 1, 2005 through April 18, 2005. Included are all adjustments made as part of the FY 2005 Third Quarter Review:

- ◆ **Third Quarter Adjustments** **\$3,808,894**
The Board of Supervisors approved a General Fund Transfer In to this fund in the amount of \$3,808,894 or 60 percent of the non-recurring balances identified in the County Executive's recommended *FY 2005 Third Quarter Review* with the commitment to continue to fund the reserve as balances materialize.

Fund 002 Revenue Stabilization

FUND STATEMENT

Fund Type G00, General Fund

Fund 002, Revenue Stabilization

	FY 2004 Actual	FY 2005 Adopted Budget Plan	FY 2005 Revised Budget Plan	FY 2006 Advertised Budget Plan	FY 2006 Adopted Budget Plan
Beginning Balance	\$29,253,998	\$35,066,367	\$34,751,566	\$42,964,327	\$46,773,221
Revenue:					
Interest Earnings	\$248,944	\$405,511	\$405,511	\$1,075,550	\$1,075,550
Total Revenue	\$248,944	\$405,511	\$405,511	\$1,075,550	\$1,075,550
Transfer In:					
General Fund (001)	\$5,248,624	\$0	\$11,616,144	\$0	\$0
Total Transfer In	\$5,248,624	\$0	\$11,616,144	\$0	\$0
Total Available	\$34,751,566	\$35,471,878	\$46,773,221	\$44,039,877	\$47,848,771
Transfer Out:	\$0	\$0	\$0	\$0	\$0
Total Disbursements	\$0	\$0	\$0	\$0	\$0
Ending Balance¹	\$34,751,566	\$35,471,878	\$46,773,221	\$44,039,877	\$47,848,771

¹ Fluctuations in the ending balance reflect the Board of Supervisors policy that a minimum of 40 percent of non-recurring balances identified at quarterly reviews would be transferred to the Revenue Stabilization Fund and the policy that the fund will retain the interest earnings on this balance.