Fund 10010
Revenue Stabilization

Focus

The Board of Supervisors, during deliberations on the *FY 1999 Carryover Review*, approved the establishment of Fund 10010, Revenue Stabilization Fund (formerly Fund 002). 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 (RSF) 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;
- Withdrawals 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.

The target balance of 3.0 percent of General Fund disbursements was to 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 and the Fund would retain the interest earnings on the balance, and the retention of interest would continue until the Reserve was fully funded. As a result of Board of Supervisors' approved General Fund transfers, along with projected interest earnings, the fund achieved fully funded status in FY 2006 by reaching its target level of 3.0 percent of General Fund disbursements. Based on the projected earnings on the balance in the fund and depending on the average yield for the portfolio, it is anticipated that the fund will remain fully funded by retaining its interest earnings. However, if adjustments to disbursements result in a target level which exceeds the amount of interest projected to be earned by the fund, a General Fund Transfer to this fund would be required to maintain the 3.0 percent of disbursements fully funded target level. Conversely, if the amount of interest projected to be earned by the fund exceeds the amount required to maintain fully funded status, the General Fund will retain the additional interest earnings.

Changes to FY 2013 Adopted Budget Plan

The following funding adjustments reflect all approved changes in the FY 2013 Revised Budget Plan since passage of the FY 2013 Adopted Budget Plan. Included are all adjustments made as part of the FY 2012 Carryover Review, FY 2013 Third Quarter Review, and all other approved changes through April 23, 2013.

- **Carryover Adjustments**
  The Board of Supervisors approved a General Fund transfer to this fund in the amount of $1,680,445 in order to maintain the reserve at the required level of 3.0 percent of General Fund disbursements.

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FUND STATEMENT

Fund 10010, Revenue Stabilization

	FY 2012 Actual	FY 2013 Adopted Budget Plan	FY 2013 Revised Budget Plan	FY 2014 Advertised Budget Plan	FY 2014 Adopted Budget Plan
Beginning Balance	$104,642,854	$104,642,854	$105,295,261	$107,973,309	$107,973,309
Revenue:					
Interest Earnings[1]	$652,407	$997,603	$997,603	$0	$0
Total Revenue	$652,407	$997,603	$997,603	$0	$0
Transfer In:					
General Fund (10001)	$0	$0	$1,680,445	$0	$0
Total Transfer In	$0	$0	$1,680,445	$0	$0
Total Available	$105,295,261	$105,640,457	$107,973,309	$107,973,309	$107,973,309
Transfer Out:					
General Fund (10001)	$0	$0	$0	$0	$0
Total Transfer Out	$0	$0	$0	$0	$0
Total Disbursements	$0	$0	$0	$0	$0
Ending Balance	$105,295,261	$105,640,457	$107,973,309	$107,973,309	$107,973,309

[1] Based on the anticipated balance in the fund and budgeted County Disbursements in FY 2014, it is anticipated that this fund will need to retain interest earnings in FY 2013 to remain fully funded.