

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. 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;
- 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 is separate and distinct from the County's 2.0 percent Managed Reserve, which was initially established in FY 1983. The aggregate balance of both reserves shall not exceed 5.0 percent of General Fund disbursements.

The fund achieved fully funded status in FY 2006 by reaching its target level of 3.0 percent of General Fund disbursements. The fund balance is maintained at the target level, in part, by retaining interest earnings. However, if adjustments to disbursements result in a required increase to the fund balance that exceeds the amount of interest projected to be earned by the fund, a General Fund transfer to this fund is required to maintain the fund balance at its target level. Conversely, if the amount of interest projected to be earned by the fund exceeds the amount required to remain fully funded, the General Fund retains the additional interest earnings.

FY 2016 Funding Adjustments

The following funding adjustments from the FY 2015 Adopted Budget Plan are necessary to support the FY 2016 program.

◆ General Fund Transfer

A General Fund transfer to this fund in the amount of \$354,755 is required to maintain the reserve at the target level of 3.0 percent of General Fund disbursements.

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Changes to FY 2015 Adopted Budget Plan

The following funding adjustments reflect all approved changes in the FY 2015 Revised Budget Plan since passage of the FY 2015 Adopted Budget Plan. Included are all adjustments made as part of the FY 2014 Carryover Review, and all other approved changes through December 31, 2014.

◆ **Carryover Adjustments**

As part of the *FY 2014 Carryover Review*, the Board of Supervisors approved an increase of \$1,143,243 in the General Fund transfer to this fund in order to maintain the reserve at the target level of 3.0 percent of General Fund disbursements.

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FUND STATEMENT

Fund 10010, Revenue Stabilization

| | FY 2014 Actual | FY 2015 Adopted Budget Plan | FY 2015 Revised Budget Plan | FY 2016 Advertised Budget Plan |
|--------------------------------|-------------------|-----------------------------------|-----------------------------------|--------------------------------------|
| Beginning Balance | \$107,549,693 | \$110,968,870 | \$110,575,008 | \$113,399,599 |
| Revenue: | | | | |
| Interest Earnings ¹ | \$256,138 | \$650,000 | \$650,000 | \$650,000 |
| Total Revenue | \$256,138 | \$650,000 | \$650,000 | \$650,000 |
| Transfers In: | | | | |
| General Fund (10001) | \$2,769,177 | \$1,031,348 | \$2,174,591 | \$354,755 |
| Total Transfers In | \$2,769,177 | \$1,031,348 | \$2,174,591 | \$354,755 |
| Total Available | \$110,575,008 | \$112,650,218 | \$113,399,599 | \$114,404,354 |
| Transfers Out: | | | | |
| General Fund (10001) | \$0 | \$0 | \$0 | \$0 |
| Total Transfers Out | \$0 | \$0 | \$0 | \$0 |
| Total Disbursements | \$0 | \$0 | \$0 | \$0 |
| Ending Balance | \$110,575,008 | \$112,650,218 | \$113,399,599 | \$114,404,354 |

¹ Based on the projected balance in the fund and budgeted General Fund disbursements in FY 2015 and FY 2016, it is anticipated that this fund will need to retain interest earnings in FY 2015 and FY 2016 to remain fully funded.