

Response to Questions on the FY 2017 Budget

Request By: Supervisor Foust

Question: Please provide an overview of the progress made to-date with regards to implementing the County's revised reserve policies.

Response: The County has made significant progress towards the new reserve goal of 10 percent of General Fund disbursements since the new policy was approved by the Board of Supervisors during the mark-up of the FY 2016 Adopted Budget Plan.

The County's 10 percent reserve target is composed of a 5 percent target for the Revenue Stabilization Fund, a 4 percent target for the Managed Reserve, and a 1 percent target for the new Economic Opportunity Reserve. The Economic Opportunity Reserve will not begin to be funded until the other two reserves are funded in full.

As of the FY 2017 Advertised Budget Plan, updated to include the impact of adjustments included in the advertised *FY 2016 Third Quarter Review*, the reserve balances are as follows:

	Reserve Balance (In \$ millions)	% of General Fund Disbursements
Revenue Stabilization Fund	\$166.31	4.17%
Managed Reserve	\$97.00	2.43%
TOTAL	\$263.31	6.60%

Reserves have been increased by utilizing one-time balances available at quarterly reviews, as well as through the use of one-time refunding savings in the County's Debt Service fund. Additionally, as disbursement increases are approved, 10 percent of the increased amount is set aside in reserve.