

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 fund was established with a target level of 3.0 percent of General Fund disbursements, and fully funded status was achieved in FY 2006. As part of the adoption of the FY 2016 Adopted Budget Plan, the Board of Supervisors updated the County's *Ten Principles of Sound Financial Management* to increase the County's reserve targets for both the Revenue Stabilization Reserve and the Managed Reserve. The target level of the Revenue Stabilization Reserve was increased to 5.0 percent of General Fund disbursements. The target level of the Managed Reserve – a separate reserve established in FY 1983 and held in the General Fund – was increased from 2.0 percent to 4.0 percent of General Fund disbursements. In addition, the Board established a new Economic Opportunity Reserve with a target of 1.0 percent of General Fund disbursements, for a total County reserve target of 10.0 percent of General Fund disbursements. More information on the *Ten Principles of Sound Financial Management* can be found in the *Long-Term Financial Policies and Tools* section in the Overview Volume of the FY 2024 Adopted Budget Plan.

The fund achieved fully-funded status in FY 2018 by reaching its new target level of 5.0 percent of General Fund disbursements. In FY 2024, the reserve will be maintained at its target level.

FY 2024 Funding Adjustments

The following funding adjustments from the FY 2023 Adopted Budget Plan are necessary to support the FY 2024 program. Included are all adjustments recommended by the County Executive that were approved by the Board of Supervisors, as well as any additional Board of Supervisors' actions, as approved in the adoption of the Budget on May 9, 2023.

General Fund Transfer

No General Fund transfer is required in FY 2024 to maintain the fund at its target level of 5.0 percent of General Fund disbursements. The retained interest earnings and the anticipated carryforward of balances from FY 2023, will result in full funding of the reserve at 5.0 percent of General Fund disbursements.

Changes to FY 2023 Adopted Budget Plan

The following funding adjustments reflect all approved changes in the FY 2023 Revised Budget Plan since passage of the FY 2023 Adopted Budget Plan. Included are all adjustments made as part of the FY 2022 Carryover Review, FY 2023 Third Quarter Review, and all other approved changes through April 30, 2023.

Carryover Adjustments **\$9,193,598**

As part of the *FY 2022 Carryover Review*, the Board of Supervisors approved an increase of \$9,193,598 in the General Fund transfer to this fund due to a net increase in General Fund Disbursements.

Third Quarter Adjustments **\$5,156,898**

As part of the *FY 2023 Third Quarter Review*, the Board of Supervisors approved an increase of \$5,156,898 in the General Fund transfer to this fund due to a net increase in General Fund Disbursements.

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FUND STATEMENT

Category	FY 2022 Actual	FY 2023 Adopted Budget Plan	FY 2023 Revised Budget Plan	FY 2024 Advertised Budget Plan	FY 2024 Adopted Budget Plan
Beginning Balance	\$228,917,963	\$238,020,731	\$238,157,922	\$250,407,212	\$255,564,110
Revenue:					
Interest Earnings ¹	\$137,191	\$0	\$0	\$2,500,000	\$2,500,000
Total Revenue	\$137,191	\$0	\$0	\$2,500,000	\$2,500,000
Transfers In:					
General Fund (10001)	\$9,102,768	\$3,055,692	\$17,406,188	\$0	\$0
Total Transfers In	\$9,102,768	\$3,055,692	\$17,406,188	\$0	\$0
Total Available	\$238,157,922	\$241,076,423	\$255,564,110	\$252,907,212	\$258,064,110
Transfers Out:					
General Fund (10001)	\$0	\$0	\$0	\$0	\$0
Total Transfers Out	\$0	\$0	\$0	\$0	\$0
Total Disbursements	\$0	\$0	\$0	\$0	\$0
Ending Balance²	\$238,157,922	\$241,076,423	\$255,564,110	\$252,907,212	\$258,064,110

¹ It is anticipated that this fund will retain interest earnings in FY 2024 to maintain the reserve at its target level of 5.0 percent of General Fund disbursements.

² Fluctuations in the Ending Balance are due to the accumulation of balances in this fund to maintain the reserve at its target level of 5.0 percent of General Fund disbursements. The FY 2024 projected balance of \$258,064,110 is 5.0 percent of the FY 2024 Adopted General Fund Disbursement level.