

Response to Questions on the FY 2015 Budget

Request By: Supervisor McKay

Question: Please provide an update on the County's reserves, including the sequestration reserve.

Response: Reserve balances funded utilizing General Fund resources are outlined below. Balances are shown as included in the FY 2015 Advertised Budget Plan, unless otherwise noted.

Sequestration Reserve: This reserve in the General Fund, which was initially created as part of the *FY 2012 Carryover Review*, has a balance of \$7.70 million. Of this amount, \$1.00 million has been earmarked for the Housing Blueprint/Bridging Affordability Program.

Managed Reserve and Revenue Stabilization Reserve: These reserves are maintained at 2 percent and 3 percent, respectively, of General Fund disbursements in accordance with Board policy. The Managed Reserve balance is \$74.09 million and the Revenue Stabilization balance is \$111.13 million. The Managed Reserve is held in the General Fund, while the Revenue Stabilization Reserve is held in a separate fund - Fund 10010.

Litigation Reserve: This reserve was initially established in the General Fund at a level of \$5.0 million at the *FY 2012 Carryover Review* to address the impact of a number of potential refunds resulting from pending tax appeals. The reserve was increased by \$25.0 million based on revised revenue estimates as of the fall of 2013 and revised projections of the timing of the litigation requirements. The \$30.0 million reserve is proposed to be moved to Fund 60000, County Insurance, as part of the *FY 2014 Third Quarter Review*.

Vehicle Replacement Reserve: The FY 2015 projected balance in this reserve, held in Fund 60010, Department of Vehicle Services, is \$2.01 million. This balance fluctuates based on vehicle replacement requirements in a given year; however, it should be noted this balance level is the lowest in recent history.

Fuel Price Stabilization Reserve: The FY 2015 projected balance in this reserve, held in Fund 60010, Department of Vehicle Services, is \$4.00 million. This reserve was established by Board action as part of the *FY 2009 Third Quarter Review* to be used in the event of an unanticipated increase in fuel prices.

PC Replacement Reserve: The FY 2015 projected balance in this reserve, held in Fund 60030, Technology Infrastructure Services, is \$1.49 million. The FY 2015 Advertised Budget Plan included significant adjustments to the PC Replacement Program. It should be noted that a potential reduction of \$708,500 in the PC Replacement program was included in the County Executive's memo dated March 18, 2014 and if that reduction is taken, these reserve funds will be used to offset.