FP 5: Revenue Classification

The County will annually evaluate all revenues, determine those that are considered to be unpredictable, and determine the best use of those revenues.

A financial plan for governments should take into account the unpredictable nature of key revenues. This ensures that a government understands the potential impact on its ability to cover service costs and develops contingency plans in advance to address unpredictable revenue fluctuations. Specific allocation and contingency plans do not have to be developed for all unpredictable revenues, but become increasingly necessary as the size or unpredictability of revenue source increases.

The County will annually identify major revenue sources it considers unpredictable and define how these revenues may be used. Unpredictable revenue sources cannot be relied on as to the level of revenue they will generate. Particularly with major revenue sources, it is important to consider how significant variation in revenue receipts will affect the government's financial outlook and ability to operate programs in the current and future budget periods.

For each major unpredictable revenue source, the County will identify those aspects of the revenue source that make the revenue unpredictable. Most importantly, the County will identify the expected or normal degree of volatility of the revenue source. For example, revenues from a particular source may fluctuate, but rarely, if ever, fall below some predictable minimum base. The County will decide, in advance, on a set of tentative actions to be taken if these revenue sources generate revenues substantially higher or lower than projected. The plans should be publicly discussed and used in budget decision making.