



## City of Riverside Finance Department Economic Contingency Reserve Policy

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*Last Review Date:* 11/2012  
*Prepared by:* Financial Resources Division

### **PURPOSE:**

To provide additional resources to assist in maintaining stable service levels in times of fluctuating revenues and or unanticipated expenditures.

### **POLICY:**

As part of the budgeting process, the City annually designates an amount equivalent to 15 percent of the General Fund expenditure budget, rounded to the nearest \$1 million dollars, for use as an economic contingency reserve. This reserve is intended to provide a source of additional funds that can be drawn upon to maintain service levels in the face of unanticipated declines in revenues or unexpected increases in expenditures. Maintenance of a balance in excess of 15% is encouraged.

### **PROCEDURE:**

| <b>Responsibility</b>       | <b>Action</b>   |
|-----------------------------|---|
| Finance Department          | <ol style="list-style-type: none"><li>1. The Controller computes the required balance for the economic contingency reserve at 15% of the General Fund Expenditures.</li><li>2. The designated dollar amount is noted in preparation of the City's Financial statements.</li></ol> |
| Finance Accounting Division | <ol style="list-style-type: none"><li>3. The Controller monitors City Council actions for any appropriations from the contingency reserve and adjusts the balances accordingly</li></ol>  |