



## REVENUE DIVERSIFICATION AND USE OF ONE-TIME REVENUES FISCAL POLICY

Office of Organizational Performance & Accountability

Finance Committee

April 11, 2018

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### BACKGROUND

1. Fiscal policies establish the framework for managing the City's financial resources and safeguarding the City's assets in compliance with relevant regulatory mandates, industry standards and best practices.
2. October 11, 2017 - the Finance Committee received an update on the status of the City's fiscal policies that were in development at that time.
3. One fiscal policy discussed in October has been finalized and is being presented today.



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## DISCUSSION

### REVENUE DIVERSIFICATION AND USE OF ONE-TIME REVENUES FISCAL POLICY

The Government Finance Officers Association (GFOA) recommends that governments adopt a financial policy that encourages a diversity of revenue sources in order to improve the ability to handle fluctuations in individual revenue sources and discourage the use of one-time revenues for ongoing expenditures.



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## DISCUSSION

### REVENUE DIVERSIFICATION

1. To the best of its abilities within the existing legal and legislative constraints, the City will seek to maintain a diversified and stable revenue base to reduce the effect of short-term fluctuations in any one revenue source.
2. The City will seek to develop and maintain sources of revenue that are under its own control such as fees and charges.
3. The City will seek new sources of revenue to diversify its revenue base.



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## DISCUSSION USE OF ONE-TIME REVENUES

1. One-time revenues will be used only for one-time expenditures and not for ongoing expenditures. By definition, one-time revenues cannot be relied on in future budget years.
2. Appropriate uses of one-time revenues may include early debt retirement, capital expenditures that will reduce operating costs and special projects that will not incur on-going operating costs.



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## DISCUSSION USE OF ONE-TIME REVENUES

1. Once the General Fund Budget is brought into structural balance, one-time revenue such as proceeds from asset sales, debt refinancing, one-time grants, revenue spikes, budget savings and similar non-recurring revenue will not be used for current or new ongoing operating expenses.
2. The use of one-time revenues will be clearly identified in the biennial balanced budget.



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## RECOMMENDATIONS

That the Finance Committee review, provide input on and forward to the City Council approval of the proposed Revenue Diversification and Use of One-Time Revenues Fiscal Policy.

