



# **City of Riverside REVENUE DIVERSIFICATION AND USE OF ONE-TIME REVENUES FISCAL POLICY**

Approved by the City Council May 8, 2018

## **PURPOSE:**

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.

## **POLICY:**

### **Revenue Diversification**

- A. 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.
- B. The City will seek to develop and maintain sources of revenue that are under its own control such as fees and charges.
- C. The City will seek new sources of revenue to diversify its revenue base.

### **Use of One-Time Revenues**

- A. 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.
- B. 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.
- C. 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.
- D. The use of one-time revenues will be clearly identified in the biennial balanced budget.