



## RESERVE POLICIES

*Updated July 1, 2016*

### Economic Uncertainty Fund

The purpose of the Economic Uncertainty fund is to provide the fiscal capacity to absorb one-time problems without disrupting day-to-day operations and services and for more systemic and ongoing problems, to take time needed to fully identify the impacts and develop and implement a thoughtful longer-term strategy.

The City shall maintain a target reserve of 50% of the General Fund annual operating budget. Appropriations are to be reserved for emergency situations and limited to one-time or short-term (one or two fiscal years) use. Examples of such emergencies include, but are not limited to:

- Unplanned, major event such as a catastrophic disaster requiring expenditures over 5% of the General Fund adopted budget
- Economic uncertainties, local disasters and other hardships or downturns in the local economy.
- Budgeted revenue taken by another government entity
- Drop in projected/actual revenue of more than 5% of the General Fund adopted revenue budget

Should the Economic Uncertainty fund be used and its level falls below the target amount of 50%, the goal is to replenish the fund within three fiscal years.

### Undesignated General Fund

This reserve is considered primarily a working capital requirement, bridging the gap between the time expenses are paid and the time revenues are collected. Undesignated reserve balances will fluctuate from time to time and reflect annual operating results. This fund has no minimum threshold although sufficient balances are maintained to provide contingencies for unseen operating or capital needs and cash flow requirements.