

RESOLUTION NO. 50-18

A RESOLUTION ESTABLISHING THE GENERAL FUND MINIMUM RESERVE POLICY

RECITALS.

The General Fund is the largest operating fund of the City of Grand Junction and supports all major government functions such as public safety, parks, recreation and public works. The General Fund is supported primarily by sales taxes.

The City Charter provides that that investment policies and policies for accounts and deposits shall be established by Resolution of the City Council. For many reasons it is important to establish a minimum reserve fund balance in the General Fund: a reserve policy ensures the continued delivery of City services by providing stability during economic cycles, it helps to maintain good standing with rating agencies and guarantees some cash will be available to invest in one-time capital, economic development or other necessary spending.

NOW THEREFORE BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF GRAND JUNCTION THAT:

1. The General Fund is the largest operating fund of the City of Grand Junction and supports all major government functions such as public safety, parks, recreation and public works. The General Fund is supported primarily by sales taxes.
2. It is important to establish a minimum reserve fund balance in the General Fund to ensure the continued delivery of City services, to provide stability during economic cycles, to maintain good standing with rating agencies, and to have cash available to invest in one-time capital, economic development or other necessary spending.
3. The purpose of this Resolution is to establish City Council policy setting the General Fund Minimum Reserve ("Minimum Reserve") at 25% of the current year's adopted budget; however,
 - a) the Minimum Reserve may be reduced to no less than 20% if
 - b) the funds are used for strategic investment in the community through one-time capital, economic development or other necessary spending as determined by City Council; and,
 - c) the General Fund balance of the current year's Adopted Expense Budget and the Minimum Reserve is replenished by the following year's Adopted Budget.
4. The Minimum Reserve shall not be used for any purpose other than as allowed by this Resolution or as required by Article X, Section 20, §5 of the Colorado Constitution (also known as the TABOR reserve.) The TABOR reserve is not in

addition to but instead shall be included in the calculation of the Minimum Reserve.

5. The General Fund Minimum Reserve Fund Balance Policy is attached and incorporated by this reference as if fully set forth and shall be applied until subsequent resolution of the City Council.

Adopted this 1st day of August 2018.



Barbara Traylor Smith
Barbara Traylor Smith
President of the Council

ATTEST:



Wanda Winkelmann
Wanda Winkelmann
City Clerk





General Fund Minimum Reserve Fund Balance Policy

Purpose

To establish a minimum reserve fund balance in the General Fund to ensure the continued delivery of City services, to provide stability during economic cycles, to maintain good standing with rating agencies, and to have cash available to invest in one-time capital and economic development spending.

Minimum Reserve

The General Fund Minimum Reserve shall not fall below 25% of the current year's Adopted Expense Budget except as authorized in the following section. This percentage is equivalent to 3 months of operating expenses. A portion of the General Fund Minimum Reserve includes the reserve required by Article X, Section 20 of the State Constitution. This is also known as the TABOR emergency reserve.

Authorized Use

Upon City Council authorization, a portion of the minimum reserve may be used for the following provided the General Fund balance does not fall below 20% of the current year's Adopted Expense Budget and is replenished by the following year's Adopted Budget:

- To continue the delivery of services during a short-term economic downturn
- To use for strategic investment in the community through one-time capital, economic development or other necessary spending as authorized by City Council.

Policy Adoption

In accordance with the City Charter this policy is adopted by resolution of City Council and can be changed by resolution as deemed appropriate.