

**CITY OF RIFLE, COLORADO
RESOLUTION NO. 5
SERIES OF 2020**

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF RIFLE,
COLORADO, REGARDING FUND BALANCE AND MINIMUM
OPERATIONAL RESERVES POLICY.

WHEREAS, the City of Rifle has various funds with operational expenditures to provide services to its residents; and

WHEREAS, the City Council deems it a priority that these funds maintain a fund balance and minimum operational reserves sufficient to provide the necessary financial resources in the event of an emergency or loss of a major revenue source; and

WHEREAS, City staff drafted a policy regarding fund balance and minimum operation reserves and the City Council desires to adopt such policy as set forth herein.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF RIFLE THAT:

1. The above recitals are hereby incorporated as findings by the City of Rifle.
2. The City Council hereby adopts the following policy regarding fund balance and minimum operation reserves:

**CITY OF RIFLE, COLORADO
FUND BALANCE AND MINIMUM OPERATIONAL RESERVES POLICY**

This policy establishes the minimum operational reserves (MOR) in each fund that has operational expenditures, the conditions under which the minimum MOR can be used and procedure to return to targeted MOR if an authorized use occurs. The City will maintain a target MOR that is sufficient to provide financial resources in the event of an emergency or loss of a major revenue source.

The City sets this MOR target at an amount equal to the percentage of budgeted annual operating costs in that fund as set forth below. Any amount that is listed as a contingency amount, yet to be determined for a particular expenditure, shall not be included in the annual budgeted operating expenditures number in calculating the three months reserve.

Currently the City recognizes the following funds as those with operational expenditures to which the stated MOR applies as a percentage of that funds budgeted annual operating costs:

- General Fund: 40%
- Parks and Recreation Fund: 25%
- Water and Wastewater Funds operations and maintenance Reserves: 25%

Funds may have other reserve restrictions that are not intended for the purpose of emergency operational reserves. Those restrictions will be considered additional reserve /restrictions separate from and above the target MOR of this policy. For example, long term debt may have reserves to be used strictly to pay for a future bond payment in situations of emergency. This cannot be used for operational expenditures and therefore is in addition to the MOR.

The City will only utilize resources that would drop fund balance below the target minimum reserve level when approved by the City Council. Qualifying events for Council approval may be:

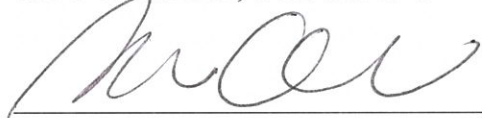
1. Economic recession.
2. Drastic revenue shortfall.
3. Early retirement of debt.
4. Emergencies, natural disasters and/or litigations
5. Capital asset acquisitions, construction and/or improvement projects.

If fund balances fall below the established MOR, the City Manager will present a plan to the City Council at the next annual budget development meeting for the following year or sooner depending on economic practicality.

THIS RESOLUTION was read, passed, and adopted by the Rifle City Council at a regular meeting held this 18th day of March 2020.

CITY OF RIFLE, COLORADO

By



Mayor

ATTEST:



City Clerk

