PARKER
COLORADO

TOWN COUNCIL STUDY SESSION AGENDA
January 8, 2018
5:30 PM

I. **Town Council Items**

II. **Study Session Items**

1. General Fund Working Reserve Policy Discussion - Brown - 15 minutes
2. Municipal Court Public Service Announcements - Sidel - 15 minutes
3. Cultural "White Board" Discussion - Mariner - 30 minutes
4. Police Department Emergency Management Update - Jokerst/Cashman - 20 minutes

MEMORANDUM

TO: Michelle Kivela, Town Administrator

FROM: Mary Lou Brown, Finance Director

DATE: January 2, 2018

SUBJECT: Proposed General Fund Working Reserve Policy

ISSUE:

During the 2018 Budget study sessions, discussion was held regarding the potential implementation of a General Fund working reserve of 25 percent. A proposed policy has been drafted for Town Council consideration.

FISCAL/BUDGET IMPACT:

None for the 2018 budget as the end of year 2018 General Fund cash balance is slightly higher than the proposed 25 percent.

BACKGROUND:

It is essential the Town of Parker maintain an adequate working reserve in order to mitigate current and future risks such as revenue shortfalls and unanticipated expenditures as well as to ensure stable tax rates. An adequate working reserve is a critical consideration to the Town's long-term financial planning.

Proposed Policy

In its General Fund, the Town will maintain a minimum working reserve balance of no less than 25% of the current fiscal year's budgeted and amended budgeted operating expenditures, including transfers.

While targeting to maintain an annual working reserve of no less than 25%, the Town understands there may be circumstances which warrant the Town use these funds temporarily. The Town has established the following instances where it may elect to use these funds:

An economic downturn in which actual revenues received are below the budgeted amount;

- Unexpected and unappropriated price increases to service and maintain current Town operations;
- Early retirement of indebtedness; and
- Unexpected and non-budgeted emergencies, natural disaster costs and/or litigation.

In the event the General Fund working reserve balance drops below 25%, the Town will, concurrently in deciding to utilize its working reserve funds, create a written plan to replenish fund balance reserves during the subsequent budget year to the then required level by controlling operating expenditures, adjusting operations and/or dedicating excess or specific revenue sources. If the instances identified above extend beyond one fiscal year, replenishing the fund balance reserves may extend to one year beyond the termination of the qualifying event.

The Town's Finance Director will be responsible for reviewing the General Fund Working Reserve Policy semiannually in connection with the Town's annual budgeting process and in preparation of year-end financial statements to ensure the Town is maintaining an adequate working reserve level as established by this policy. The monthly financial reports distributed to Town Council and posted on the website will contain a monthly update on the cash reserve balance.

RECOMMENDATION:

Specific input to draft a formal policy for Council adoption

REQUESTED DIRECTION:

Specific input to draft a formal policy for Council adoption

ATTACHMENT:

None