RESOLUTION NO. 18-
City Council

RESOLUTION APPROVING THE GENERAL FUND RESERVE POLICY

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF HIAWATHA, IOWA, approving the General Fund Reserve Policy that sets a minimum of 25%-30% unrestricted general fund reserve ending balance. (See Exhibit "A")

AYES:
NAYS:
ABSENT:

PASSED AND APPROVED this 5th day of December, 2018.

Bill Bennett, Mayor

ATTEST:

Kari Graber, Deputy City Clerk

Exhibit "A"

GENERAL FUND RESERVE POLICY

PURPOSE

The purpose of a General Fund Reserve Policy is to maintain adequate cash reserves and to provide the City with flexibility and security and also is an important factor when being considered by rating agencies and the underwriting community when reviewing City debt issuance.

POLICY

This policy establishes the appropriate level of reserves which the City will strive to maintain in its General Fund balance. For purposes of this policy, the definition of "reserves" is limited to the portion of fund balance that is *unrestricted.* Unrestricted is to mean not set aside for existing obligations of the City.

It is the City's goal to have an unrestricted minimum balance in the General Fund to be in a range between 25% and 30% of the City's annual operating expenditures of the General Fund. This amount is expressed as a goal range to recognize that fund balance levels can fluctuate from year to year due to the normal course of City government operations.

Along with maintaining the City's credit worthiness, such as cash reserves provide the means to handle economic uncertainties, local disasters and other unanticipated financial hardships, as well as meeting debt cash flow requirements. In addition, fund balance levels will be sufficient to meet funding requirements for projects approved in prior years that are carried forward into the new year.