

**TOWN OF KEYSTONE  
Summit County, Colorado**

**RESOLUTION 2025-27**

**A RESOLUTION OF TOWN COUNCIL OF THE TOWN OF KEYSTONE, COLORADO,  
ADOPTING A RESERVE FUND BALANCE POLICY**

WHEREAS, the Town of Keystone (“Town”) is a home rule municipality governed by the Keystone Home Rule Charter; and

WHEREAS, responsible financial management includes maintaining adequate fund balances in operating and capital funds to protect against revenue volatility, unforeseen expenditures, and emergency needs; and

WHEREAS, the Government Finance Officers Association (GFOA) recommends that municipalities adopt formal reserve policies as part of a sound financial framework; and

WHEREAS, the Town’s reliance on seasonal, tourism-driven revenues and limited historical data requires prudent financial safeguards; and

WHEREAS, the Town Manager and Finance Director recommend adoption of a Reserve Fund Balance Policy to guide the maintenance and use of fund balances in the General Fund;

**Now, Therefore, be it Resolved by the Town Council of the Town of Keystone, Colorado, that:**

Section 1. The Reserve Fund Balance Policy, attached as “Exhibit A” is hereby adopted as the official policy of the Town of Keystone for the maintenance, use, and monitoring of fund balances in the General Fund, Capital Reserve Fund, and other applicable funds.

Section 2. The Finance Director is authorized to implement and monitor compliance with the Reserve Fund Balance Policy and shall provide periodic reports to the Town Council.

Section 3. Effective Date. This Resolution shall take effect upon its approval by the Town Council.

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**ADOPTED by a vote of 7 in favor and 0 against, this 22nd day of July 2025.**

Signed by:  
By: Kenneth D. Riley  
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Kenneth D. Riley, Mayor

ATTEST:

Approved as to Form:

DocuSigned by:  
By: Madeleine Sielewski  
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TOWN CLERK

Signed by:  
By: Jennifer Madsen  
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Town Attorney

# Town of Keystone Reserve Policy

## I. PURPOSE OF POLICY:

To establish a consistent and transparent framework for maintaining adequate fund balances in the Town's key operating and capital funds. This policy promotes financial stability, improves long-term planning, and ensures that adequate resources are available in the event of emergencies or revenue shortfalls.

## II. SCOPE:

This Policy applies to the General Fund and Capital Reserve Fund.

## III. DEFINITIONS:

For the purpose of this Policy:

*Fund Balance:* The net position of a governmental fund, representing the difference between assets and liabilities.

*General Fund:* The primary operating fund of the Town, used to account for all financial resources not restricted to another fund.

*Capital Reserve Fund:* A fund set aside to finance future capital projects or large one-time expenditures.

*GFOA:* Government Finance Officers Association, a national association that recommends best practices in public finance.

*GASB*: Governmental Accounting Standards Board, which establishes accounting and financial reporting standards for U.S. state and local governments.

*Unassigned Fund Balance*: Fund balance available for any purpose, typically in the General Fund.

*Restricted Fund Balance*: Resources restricted for specific purposes by external parties or legislation.

*Assigned Fund Balance*: Resources intended for specific purposes but not restricted or committed.

*Committed Fund Balance*: Resources set aside by formal Council action for specific purposes.

*Nonspendable Fund Balance*: Items not in a spendable form, such as inventories or prepaid items.

## **IV. POLICY:**

### **A. Introduction**

#### Fund Balance Classifications

In accordance with GASB Statement No. 54, fund balances are classified as:

1. Nonspendable
2. Restricted
3. Committed
4. Assigned
5. Unassigned

### **B. Fund Balance Targets**

#### 1. **General Fund**

The General Fund Reserve shall be at least 35% of the annual general fund operating expenditures (excluding capital fund contributions).

#### 2. **Other Special Revenue Funds**

Each Special Revenue Fund shall maintain a reserve balance sufficient to cover revenue and expenditure timing differences and ensure continued program operations. Reserve targets will be evaluated annually during the budget process.

### **C. Use of Reserves**

Use of reserves requires Town Council approval and may only occur in the following cases:

1. Unanticipated revenue shortfalls or budget deficits
2. Emergency response and recovery
3. One-time, non-recurring expenditures
4. Temporary cash flow management
5. Use of reserves for ongoing operations is discouraged unless part of an approved multi-year strategy.

#### **D. Replenishment of Reserves**

If reserves fall below the stated minimums, the Town shall develop and adopt a plan to replenish balances within three fiscal years, prioritizing replenishment in annual budget development.

#### **E. Monitoring and Reporting**

The Finance Department will monitor and report fund balances:

1. In quarterly financial updates to Council.
2. During the annual budget process.
3. As part of year-end financial reporting and the audit

#### **F. Policy Review**

This policy shall be reviewed every three years or sooner as needed based on fiscal conditions, changes to accounting standards, or adoption of long-term capital planning tools.

### **V. Approval**

This Policy was approved by Town Council through Resolution No. 2025-27.