



FINANCIAL GOVERNANCE POLICIES

DS-20-008

January 21, 2020

Proposed Policy Changes

2

Policy Change Location	Why Change is Requested	Policy Change
Section III. Annual Budget B. Budget Process Pages 6	Change to remove requirement that City Council pass a resolution to provide budget priorities	Deleted “by resolution” requirement

Proposed Policy Changes

3

Policy Change Location	Why Change is Requested	Policy Change
Section III. Annual Budget C. Budget Timeline & G. Budget Adoption Pages 7&9	Change in the tax rate terminology due to Senate Bill 2	Changed the term effective to no-new-revenue and the term rollback to voter approval

Proposed Policy Changes

4

Policy Change Location	Why Change is Requested	Policy Change
Section III. Annual Budget I. Property Taxes 1. Tax Rate Types Page 10	Senate Bill 2 requires an automatic election if voter-approval (rollback) rate is exceeded	Eliminated the sentence stating the amount for capital improvement projects will be any portion of the tax levy in excess of the rollback rate

Proposed Policy Changes

5

Policy Change Location	Why Change is Requested	Policy Change
Section III. Annual Budget 1. Property Taxes 2. Setting Tax Rate Page 11	Change in the tax rate terminology due to Senate Bill 2	Changed the term effective to no-new-revenue and the term rollback to voter approval

Proposed Policy Changes

6

Policy Change Location	Why Change is Requested	Policy Change
Section VII. Auditing and Financial Reporting A. Monthly Financial Reporting Page 18	The five day deadline does not allow enough time to include necessary information in the preliminary report	Changed the deadline from within five (5) days to twenty (20) days

Proposed Policy Changes

7

Policy Change Location	Why Change is Requested	Policy Change
Section VIII. Revenues B. User Fees and Rates 1. User Fees and Rates Approved by City Council Page 21	A process is needed regarding the approval of fees and rates that are not included in the March report and promotional fees	-Added language that require fees and rates not included in the March schedule to be approved by City Manager and give the City Manager authority to authorize promotional fees -Fees and rates impacted by federal and/or state law will be revised to stay in compliance

Proposed Policy Changes

8

Policy Change Location	Why Change is Requested	Policy Change
Section VIII. Revenues B. User Fees and Rates 2. Governmental Funds Page 21	The established process for fees and rates delegated to the City Manager should be no higher than the average peer review city	Deleted section establishing fees and rates at full cost recovery

Proposed Policy Changes

9

Policy Change Location	Why Change is Requested	Policy Change
Section VIII. Revenues B. User Fees and Rates 3. Enterprise Funds Page 21	Establish frequency of utility rate analyses	Added requirement that utility rate analyses will be performed every three years

Proposed Policy Changes

10

Policy Change Location	Why Change is Requested	Policy Change
Section VIII. Revenues C. Water and Sewer Rate 1. Water Rate 2. Sewer Rate Page 21-22	-Identify the components of the water and sewer rate	-Broke out the different components of water and sewer rates

Proposed Policy Changes

11

Policy Change Location	Why Change is Requested	Policy Change
Section IX. Operating Expenditures B. Purchasing Page 26-27	A cumulative ceiling on contract change orders approved by the City Manager was established in the Governing Standards and Expectations	Set the cumulative contract change order amount to \$500,000, and all future change orders must go before City Council for approval

Proposed Policy Changes

12

Policy Change Location	Why Change is Requested	Policy Change
Section IX. Operating Expenditures E. Annual Appropriations Page 27	Circumstances outside of the City's control may dictate a change to budget allocations from year to year	Deleted all statements related to budget allocation of funds and Core Functions

Proposed Policy Changes

13

Policy Change Location	Why Change is Requested	Policy Change
Section X. Fund Balance A. Governmental Fund Balance 1. Debt Service Fund Page 31	A required debt service reserve is identified in bond covenants	Changed debt service reserve requirement from a percent to the amount that ensures compliance with bond covenants

Proposed Policy Changes

14

Policy Change Location	Why Change is Requested	Policy Change
Section X. Fund Balance A. Governmental Fund Balance 2. Capital Project Funds Page 31	Capital Project Funds should not have a fund balance requirement	Deleted section

Proposed Policy Changes

15

Policy Change Location	Why Change is Requested	Policy Change
Section X. Fund Balance A. Governmental Fund Balance 3. Special Revenue Funds Page 31-32	Not all special revenue funds require a fund balance	Added the Street Maintenance Fund and deleted the Court Security Fee and Juvenile Case Manager Funds

Proposed Policy Changes

16

Policy Change Location	Why Change is Requested	Policy Change
Section X. Fund Balance D. Non-Governmental Fund Balances 2. Enterprise Funds – Debt Service Reserve Page 33	There was not a section for enterprise fund debt service reserve	Added a enterprise fund debt service reserve section

Proposed Policy Changes

17

Policy Change Location	Why Change is Requested	Policy Change
Section XII. Inter-Fund Transfers A. Operating Funds Page 39	The Support Services Internal Service Fund now accounts for the majority of administrative costs	Deleted General Fund

Proposed Policy Changes

18

Policy Change Location	Why Change is Requested	Policy Change
Section XII. Inter-Fund Transfers A. Operating Funds Page 50	To state the City will meet with Bond Counsel and its Financial Advisor to meet SEC disclosure requirements	Added language that the City will consult with its advisors

Proposed Policy Changes

19

Policy Change Location	Why Change is Requested	Policy Change
Section XII. Waiving Liens for Demolition of Dangerous Building or Health and Safety Abatements A. Procedure for Waiving Liens Page 66	The liens process is handled in Planning and Development and no longer in Community Development	Removed reference to Community Development

Proposed Policy Changes

20

Policy Change Location	Why Change is Requested	Policy Change
Section XII. Waiving Liens for Demolition of Dangerous Building or Health and Safety Abatements H. Responsibility and Authority Page 67	The policy on liens is now part of the Financial Governance Policy that has an annual review requirement	Removed the section requiring a review every three years

Next Steps

21

- ❑ Receive City Council feedback
- ❑ Review Financial Governance Policy, proposed changes, and other topics of discussion:
 - ▣ February 4th, and February 18th if necessary
- ❑ Vote on the proposed changes at the February 25th City Council meeting