

City of Culver City, California
City Council Agenda Item Report

Meeting Date: 07/16/2007		Item Number: A-4	
AGENDA ITEM: Presentation and Adoption of a Resolution Adopting Revised City Council Policies: Policy # 5001 Mission Driven Budgeting and Policy # 5002 Financial Policy.			
Contact Person/Dept.: Marlee Chang, City Controller		Phone Number: (310) 253-6011	
Fiscal Impact: Yes ☐ No ☒		General Fund: Yes ☐ No ☐	
Public Hearing: ☐		Action Item: ☒	Attachments: ☒
Public Notification: Master Notification (07/11/07)			
Department Approval: Marlee Chang (7/02/07)		City Attorney Approval: Carol Schwab (by H. Iker) (07/02/07)	
City Controller Approval: Marlee Chang (07/10/07)		City Manager Approval: Jerry B. Fulwood (07/11/07)	
<u>RECOMMENDATION:</u> Staff recommends the City Council adopt the resolution adopting the following revised City Council Policies related to Budget and Finance: Policy # 5001 Mission Driven Budgeting and Policy # 5002 Financial Policy. <u>BACKGROUND/DISCUSSION:</u> On June 25, 2007 staff presented the financial policies to the City Council for discussion and adoption of the resolution. During the meeting, City Council directed staff to make some clarifications and modifications to the policies. Tonight, staff brings back the revised policies for further discussion and adoption of the proposed resolution. In conjunction with the preparation of the City's two-year budget, staff also updated the existing financial policies. The Mission Driven Budgeting policy was established to streamline the City's Budget process, promote prudent management of City funds, and encourage innovation and cost effective solutions to city service needs. It also provides flexibility of budget management to the operating departments. The updated financial policy is intended to establish a comprehensive set of guidelines for use by the City Council and City staff on decision-making that has a fiscal impact. The updated Mission Driven Budgeting policy reflects minor language changes, and the substance of the policy remains the same. The Financial Policy, however, was updated to include various financial related issues which were not in the current policy and that will provide more comprehensive guidelines. Staff developed the policy			

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based on surveying other cities' policies and also reviewing financial policy models recommended in the publication from the Government Finance Officers Association (GFOA). The intent was to set up a framework for the City's financial related policy for the new fiscal year. It is anticipated that the City's new Chief Financial Officer will further review these policies and may recommend additional modifications to the City Council for consideration during the budget process in the coming year.

The following are highlights of the changes in the Financial Policy:

- The current policy of calculating the General Fund Reserve Policy was based on the projected General Fund **revenues**. The revised policy is recommended to be based on the projected General Fund **expenditures** excluding debt service, fund transfers, carryovers and encumbered funds. The guiding purpose of this proposed revision is to clearly describe how the General Fund Reserve Percentage is calculated.
- The revised policy includes additional sections:
 - Financial Reporting Policies
 - Operational Management Policies
 - User Fees and Charges and Development Impact Fees
 - Grant Management
 - Revenue Collection Policy
- Financial Management Policies
 - Cash Management Investment
- Capital Improvement Project Policies
- Debt Management Policies
 - Issuance of Debt
 - Credit Rating
- Internal Service Funds
 - Self Insurance Fund
 - Equipment Replacement Fund
- Enterprise Funds
 - Refuse Fund
 - Sewer Fund
 - Transportation Fund

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FISCAL IMPACT:

The action to adopt the proposed revised policies does not have a direct fiscal impact. However, it is expected that implementation of the revised policies, which are considered best management practices, will have positive fiscal impact to the City's overall financial condition. .

ATTACHMENTS:

1. Resolution 2007- R
 - a. Revised Council Policy 5001 – Mission Driven Budgeting
 - b. Revised Council Policy 5002 – Financial Policy
2. Existing Council Policy 5001 – Mission Driven Budgeting
3. Existing Council Policy – Financial Policy
4. Council Policy 5002 – Financial Policy as included in Budget Document Volume I

MOTION:

That the City Council:

Adopt the resolution adopting City Council Policy #5001 - Mission Driven Budgeting, and Policy #5002 - Financial Policies.