

RESOLUTION NO. 2159

**A RESOLUTION OF THE GOLDEN CITY COUNCIL
ADOPTING REVISED LONG RANGE BUDGETARY POLICIES**

WHEREAS, the Citizens Budget Advisory Committee (CBAC) developed budget policies in 1995 that were adopted by the City Council by Resolution No. 617; and

WHEREAS, the City Council adopted revised policies in 2005 by Resolution 1606 as recommended by CBAC; and

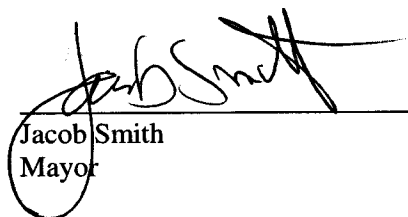
WHEREAS, CBAC, at the suggestion of the City Finance Director has further reviewed and revised these policies to reflect the changes recommended by the Government Finance Officers Association Budget Awards Programs and the Governmental Accounting Standards Board Statement 54,

THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF GOLDEN, COLORADO:


The attached, revised Long Range Budgetary Policies are hereby approved.

Adopted the 3rd day of November, 2011.






Jacob Smith
Mayor



Susan M. Brooks, MMC
City Clerk


Approved as to form:



David S. Williamson
City Attorney

I, Susan M. Brooks, City Clerk of the City of Golden, Colorado, do hereby certify that the foregoing is a true copy of a certain Resolution adopted by the City Council of the City of Golden, Colorado at a rescheduled regular business meeting thereof held on the 3rd day of November, A.D., 2011.



ATTEST: 

Susan M. Brooks, City Clerk of the City of
Golden, Colorado

City of Golden
Long Range Budgetary Policies
Revised November 2011

I. Revenue Policy

Objective

The City of Golden desires its revenue base to be sufficient to pay all costs of providing services, including routine capital replacements, and adequate maintenance.

Background

The City has various revenues for which the city must be accountable. These include, but are not limited to, sales taxes, use taxes, property taxes, fines, fees, grants and revenues received from Jefferson County and the State of Colorado. The City is not required to refund any revenues that exceed TABOR limits based on voter approval on November 7, 1995.

Policy

- A revenue manual shall be prepared as part of the Budget Document that identifies a minimum of 75% of the City's total projected revenue, including all sources of revenues that exceed \$100,000 in any fund, except for carryover cash balances and transfers between funds. The manual shall state the basis for the revenue collection, a five-year trend, a current year forecast and the next year's budget forecast. The basis for forecasts shall be clearly explained. Revenue forecasts shall be as close to expected actual as possible.
- A diversified and stable revenue system should be maintained to protect the city from short-run fluctuations in any one revenue source.
- The City shall continue its economic development efforts to: 1) maintain the strength of existing businesses; and 2) enlarge and diversify its commercial base. That effort may be supported by incentives and redevelopment financing.
- The City (or City Staff) shall review the fee levels of user fee supported activities as part of the annual budget. The mix of fees and subsidies shall fall within policies established by the City Council and/or City Manager. Recommended changes to fee levels shall be presented to City Council by the City Manager as part of the annual budget process.
- The City will not engage in an activity or construction project just because a grant is available. A need must be demonstrated to the city manager prior to the submission of the grant request. The City manager will require assurance that the grant will solve a problem and/or that funding will exist to carry the program into the future once the grant expires.

- No revenues shall be restricted except those which are legally restricted by grantor, state statutes or prior electorate or City Council action. Restricted revenues reduce the flexibility of the city to respond to varied circumstances.

II. Strategic Budgeting Policy

Objective

To enable the City of Golden to base budget allocations on community goals arrived at in an ongoing, visionary strategic planning process.

Background

A strategic budget focuses on the goals of the community and devises a way to allocate resources among departments and capital programs to ensure that the goals are met.

Key components of a strategic budgeting process are to:

- Review the City's latest Comprehensive Plan.
- Formulate objectives and strategy.
- Link the objectives and strategy to resources provided.
- Project out in the future to ensure a balanced financial plan can be sustained.

Policy

- City Council should establish the Strategic Budget Plan for the City Manager and staff to develop a detailed plan for implementation. This plan should include not only initiatives, but also funding sources.
- The Citizens' Budget Advisory Committee shall monitor whether the adopted budget supports the strategic plan and ensures that all objectives within the plan have been provided sufficient financial resources.

III. Competition - Service Delivery

Objective

To design budget procedures which encourage efficiency; not only in defining costs of providing services, but in analyzing customer satisfaction.

The fundamental task is to define and build an entrepreneurial government where the majority is served and the costs are shared.

Policy

- Continue to review regulations and paperwork to ensure that the process of service delivery is aided and not hindered. Service delivery must be analyzed so as to remove barriers between desired services and the customer.
- Managers at all levels should regularly solicit the employees that are providing services for their ideas on improving delivery.
- Budgets should be a team project; employees in the various departments need to have input in the budgeting process. Budgets should be a management tool and continually analyzed during the fiscal year to assist in job evaluation and quality of service delivery.

IV. Infrastructure and Equipment

Objective

The City of Golden recognizes that one of its primary responsibilities is to maintain and improve its infrastructure, which includes:

- Public streets
- Curb, gutter, and sidewalks
- Drainage ways and structures
- Water plant and associated structures
- Wastewater collection structures
- Treated and raw water storage facilities
- Public buildings, furniture, and fixtures
- Vehicles and other equipment
- Trails and parks
- Traffic signals

Background

Because the above infrastructure items have a limited life expectancy, the City recognizes that deferring maintenance and scheduled replacement of any of the above is not balancing the budget, but rather a passing on of costs to future generations.

Policy

In periods when revenues exceed planned expenditures or the City receives unexpected "one-time" funds, council will look at accelerating the replacement schedule for any of the above items to consider replacing them earlier. During brief periods of economic slowdown, replacement of the above may be deferred for a period not to exceed 18 months. Routine maintenance to prolong the life of the asset will never be deferred. Council will generally not appropriate money during these lean times for new construction if the money is not available to maintain existing structures and equipment. If the economic downturn is

expected to exceed 18 months, then Council will look at other drastic action to re-institute normal replacement schedules.

Each class of infrastructure will have a funded replacement schedule based on its expected useful life.

If debt is issued to pay for any infrastructure, bond terms will not exceed the expected useful life of the infrastructure.

V. Management of Enterprise Funds

Objective

To successfully manage funds that are mandated to be Enterprise Funds by the State TABOR amendment and funds that are have been selected by City Council to be managed as Enterprise Funds.

Background

Enterprise funds are those funds that the government decides to run similar to private business, where fees are established to cover the cost of services provided. The City of Golden has two types of enterprise funds:

TABOR Qualified Enterprise Funds

The Taxpayer Bill of Rights Amendment to the State Constitution establishes criteria to qualify as an enterprise fund. The City Manager recommends rates for these funds annually and Council sets rates in these funds and sets policy for them as if they were independent business entities.

Managerial Enterprise Funds

The City may have other funds that function primarily in a business type manner, but also may receive general fund subsidies greater than 10% of total revenues. The City Manager periodically formulates a policy of rate setting guidelines for each managerial enterprise fund and uses those guidelines to recommend annual rates each year for each fund to City Council. City Council approves the rates for the funds for each budget year based on the City Manager's recommendations, policy reviews, strategic budget plans and public input.

Policy

Fees for TABOR Enterprise or Management Enterprise Funds should be sufficient to at least cover costs of operations and capital expenditures without general government subsidy, unless otherwise directed by City Council. Although TABOR defines by law, TABOR Enterprise Funds, the City Council determines Managerial Enterprise funds and can add or eliminate any of them during the annual budget cycle. Fees for Managerial Enterprise funds should be in accordance with the Strategic Budgeting Policy in Section 2.

VI. New Programs

Objective

To ensure the City's long-range ability to provide all services basic to its mission by ensuring that all new program ideas are subjected to careful analysis.

Policy

Before instituting any new programs the council should require a report from City Staff, which provides the following information:

- Whether the program is expected to be a one-time program or an ongoing one.
- Whether the program is being instituted with the expectation of permanent status or is on a trial basis.
- A five-year projection of revenues and expenditures.
- A detailed listing of performance measures.
- A needs analysis or market study.
- Payback periods.
- Cost/benefit analysis
- Establish the criteria to determine if the program is a success

VII. New or Revised Tax Laws

Objective

Golden citizens shall have the right to approve any new or increased taxes

Background

The TABOR amendment to the Colorado State Constitution was approved in 1992 and requires that the City have all new or increased taxes approved by the electorate. In addition, although TABOR requires that excess revenues (using a formula of inflation and growth) be returned to the taxpayers, Golden, with the approval of the voters, exempted itself from the excess revenue requirement in November of 1995. This is commonly referred to as de-Bruceing.

Policy

Any new or increased taxes proposed by City Council must be subjected to the requirements of TABOR. In addition, while debating any new tax, City Council should consider whether the proposal should include a sunset clause, which specifies the number of years the tax will be in effect or specifies that the tax shall be abolished when the objective of the new tax is met.

VIII. Debt Management

Objective

To insure that the City Council has formal debt management procedures in place to guide it in maintaining its good credit rating and to serve as tools for managing short and long term City debt.

Background

City Council approved a formal Debt Management Policy for the City of Golden via Resolution No. 1597 on September 22, 2005.

Policy

The City of Golden Debt Management Policy approved by City Council in 2005 should be used to guide City Council in the issuance and management of City debt.

IX. Fund Balance

Objective

To establish the proper level for the fund balance in the General Fund and provide a budget target, maintain year-to-year consistency, avoid wide fluctuations in budget strategy, provide resources for maximum service levels, while keeping the city in a strong financial position.

Background

Fund balance is the amount in the General Fund that represents the difference between the fund assets and the fund liabilities, similar to working capital from a business balance sheet. Included in the total fund balance are amounts that are either Nonspendable, Restricted, Committed, Assigned, or Unassigned. These classifications, as defined in GASB Statement 54, comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints for the specific purposes that amounts can be spent.

The Golden City Charter says that anticipated revenues for the coming year shall include "cash surplus," which is defined as "the amount by which cash is expected to exceed current liabilities and encumbrances." For purposes of this policy, fund balance is synonymous with cash surplus or reserve.

Wise fiscal management requires that a city not plan to spend all its cash, but instead maintain a reserve from year to year. Because revenues are estimated every year and dependent on factors largely beyond the control

of the city, a certain reserve is required to compensate for an overly optimistic revenue forecast or to provide the city time to react during temporary downturns.

A healthy fund balance also provides the resources to take advantage of opportunities that are not anticipated during the budget process. Budgets should not become an inflexible constraint, but rather a general guideline and plan, which enable a dynamic and innovative community to take advantage of new opportunities as they arise.

Policy

Before adopting its final budget, the City Council will examine the estimated General Fund balance at the end of the coming fiscal year and, depending on the level of that balance, take the following actions:

- A. A conservative targeted fund balance at the end of each fiscal year is 20% of the total general fund expenditures. This amount includes two months expenditures (17%) plus the 3% emergency reserve required under the TABOR Amendment.
- B. If the ending General Fund balance is greater than 20%, the council should address the following questions before adopting the budget and periodically through the next fiscal year:
 1. Are tax rates or fees set at too high a level, generating too much income?
 2. Should a portion of the fund balance be set aside in order to save enough money for future capital items without bonding?
 3. Are there service demands that are not being addressed or met in the proposed budget for which there would be a reasonable expectation of future revenues to maintain those services?
 4. Are there one-time capital items in the Capital Improvement Plan that should be given a higher priority and started immediately?
 5. Should the City's investment horizon be extended to take full advantage of the City's excellent cash position?
- C. If projected year-end fund balance is between 10% and 20%, the council should:
 1. Thoroughly scrutinize revenue projections to make sure that they are conservatively estimated based on sound principles.
 2. Thoroughly review current revenues and operating expenditures quarterly to make sure that the ending fund balance will not go below 10%
- D. If fund balance is projected to be less than 10%, the council should:
 1. Require close monitoring on a month-to-month basis.
 2. Schedule a mandatory mid-year budget review.
 3. Review the City's investment policy to see if time horizons should be shortened to guard cash flow.
 4. Require monthly cash flow reports from the city manager.
 5. Defer all but the most urgent requests for additional funding until after it receives financial results that project a fund balance greater than 10%.

X. Communications

Objective

Provide for effective communication processes among all the segments of the City of Golden (administration, City Council, citizens and business community).

Background

As the City grows and the demographics change, there is a need for effective communication among the members of the community. Interest groups need to be identified. Ideas need to be solicited from and open communication encouraged with the general public, as well as special interest groups.

Policy

- The budget process shall be transparent and public, with information made available to all the segments of the City of Golden.
- The City will encourage and facilitate public review of budget planning and reporting documents.
- City Council will budget sufficient funds to maintain adequate communications within the city.