

# Fiscal Year 2022-2023 Budget Development Update



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# Discussion Topics

- Financial Management Policy Updates
- Budget Calendar



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# Financial Management Policy Updates

- Working Capital Definition
  - Clarified working capital to match the standard definition - Current assets minus current liabilities
    - Eliminates having three separate working capital numbers
      - 1) Budgetary Basis
      - 2) Finance basis – Audited working capital less cash capital improvements program funds
      - 3) Audited working capital



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# Financial Management Policy Updates

- Purchasing
  - Added emphasis that efforts would be made to include minority and/or women owned businesses in bid process
- General Fund Assigned Fund Balance
  - Allows the City Manager and the Chief Financial Officer/Director of Finance or their designees to assign fund balance in the General Fund
    - For Financial Reporting purposes only for the audit process and completion of the Annual Comprehensive Financial Report (ACFR)

# Financial Management Policy Updates

- Utility Working Capital
  - Updated Working Capital for utilities to include two (2%) percent of tangible capital assets in most recent audited financial statements
  - Clarified that the amount for the Wastewater Fund includes WMARSS
  - Overall fund balance would be 30% of annual revenues plus 2% of tangible capital assets

# Financial Management Policy Updates

- Net Position of Internal Service Funds
  - Adds the Information Technology Fund
    - Goals of the new fund:
      - Separately account for Information Technology as it provides services across the organization
      - Provide resources for the regular replacement of Information Technology Equipment
  - Adds Proprietary Fund Vehicle and Equipment Replacement Fund
    - Goal of the new fund:
      - Plan for the future replacement of vehicles and equipment for proprietary funds



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# Financial Management Policy Updates

- Capital Expenditure Financing
  - Clarified the use of debt
- Five Year Forecast
  - Removed language related to an additional 15-year forecast
    - Industry standard is 5 years



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# Next Steps

- Resolution with the changes will be brought forward in August to approve the policy



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# Budget Calendar

- July 12 – Budget and Audit Committee – Fee Schedule and Draft Financials for smaller funds
- July 15 – Planned completion of Budget – operational, capital, and fee schedule
- July 25 – Certified Tax Roll Due from MCAD
- July 29 – Budget Due
- **August 2 – Presentation of Filed Budget and Certified Tax Roll including the CIP**
- **August 2 – Resolution Setting Date for Public Hearing and Vote on Budget**

# Budget Calendar

- August 9 – Budget and Audit Committee – Tentative Meeting
- **August 16 – 1st Reading of Ordinance setting Departments**
- **August 16 – Resolution Setting Date for Public Hearing and Vote on Tax Rate**
- **August 30 – Public Hearing on Proposed Budget**
- **August 30 – Adoption of the Budget**
- **August 30 – 2nd Reading of Ordinance setting Departments**
- **September 6 - Public Hearing and First and Final Reading of Tax Rate Ordinance**

QUESTIONS?

