

## **ORDINANCE NO. 2010-4**

**AN ORDINANCE OF THE TOWN OF EATONVILLE, FLORIDA, CREATING FINANCIAL INTEGRITY PRINCIPLES AND POLICIES, PROVIDING FOR CONFLICTS, SEVERABILITY, AN EFFECTIVE DATE, AND CODIFICATION IN THE CODE.**

**WHEREAS**, the Town of Eatonville desires and is in need of financial integrity principles and policies.

**WHEREAS**, upon the establishment of the Town's Financial Integrity Principles and Policies the Town's external auditor will monitor the process and provide semi-annual reports to the mayor and Town Council.

**WHEREAS**, the Town desires that the use of financial best practices to assure maximum protection of public funds.

**WHEREAS**, the Town believes that its utilization of the use of financial best practices will facilitate improvements in its financial position and prevent future financial crisis.

**NOW THEREFORE BE IT ENACTED BY THE TOWN COUNCIL OF THE TOWN OF EATONVILLE, FLORIDA, THE FOLLOWING:**

**Section One.** Financial Integrity Principles: The following Financial Integrity Principles are hereby established to aid the Town in assuring and maintaining the financial integrity of the Town of Eatonville.

**Section Two:** Structurally Balanced Budget: The Town shall maintain a structurally balanced budget. Recurring revenues will fund recurring expenditures. Non-recurring revenues and budget surpluses shall replenish reserve levels, support outstanding liabilities and pay for non –recurring expenditures, in the order set forth herein.

**Section Three.** Professional Estimating Process: The Town shall adopt budgets and develop its long and short-term financial and capital improvement plans containing estimates developed utilizing a professional estimating process. Estimates shall be prepared based on historical trends and shall be well substantiated.

**Section Four.** Interfund Borrowing: The Town shall not borrow or use internal fund transfers to obtain cash from one fund type or reserve to fund activities of another fund type or reserve unless such use is deemed lawful and unless the Finance Director has determined that (a) the funds to be borrowed will not be needed during the lending period, and (b) the funds for repayment will be available within a two-year period. Any actions taken to borrow funds under these conditions must be separately presented to and approved by the Town Council and the term of such borrowing shall not extend beyond the last day of the subsequent fiscal year. Recognizing that some programs are funded by grants or other entities on a reimbursement basis, the Town shall apply for such reimbursements on a timely basis to minimize the period that Town funds are used as float. In the event the loan/float for these reimbursements extend beyond the end of

a fiscal year, such reimbursements shall be reflected as receivables and noted as part of the annual budget process.

**Section Five.** Reserve Policies: The Town shall retain an annual end-of-year General Fund reserve of approximately \$200,000.00. Further, upon resolving the deficits in the Water and Sewer and Solid Waste Funds, the Town shall retain at least a 2-5% reserve in these funds.

- (a) Current Fiscal Year General Fund Contingency: A "contingency" reserve level of \$300,000.00 shall be budgeted annually. \$100,000.00 of such contingency reserve shall be available for use, with Town Council approval, during the fiscal year, to fund unanticipated budget issues, emergencies/natural disasters which may arise or potential expenditure overruns which cannot be offset through other sources or actions. This reserve level shall be replenished at the beginning of each fiscal year so it is available on an on-going basis \$200,000.00 shall remain unspent to provide for the year end reserve.
- (b) Reserve for uncompensated absences and other employee benefit liabilities – the Town shall budget \$40,000.00 annually in the General Fund, \$20,000.00 in the Water and Sewer Fund to build the reserves sufficient to cover these liabilities for each fund.

**Section Six.** Multi-Year financial and Capital Improvement Plan (CIP): The Town Council shall annually adopt a Financial Plan by September 30 of each year, in concert with the annual budget, which contains five years of financial forecast. Such plan will include cost estimates of all current city operations and proposed capital outlay expenditures, anticipated increases in operations, debt service payment, reserves to maintain the Town's officially adopted levels and estimated recurring and non-recurring revenues. The Plan will be prepared by fund with a "Financial Summary Table" to reflect forecasted surpluses or deficits and potential budget balancing initiatives, where appropriate. The capital improvement component of the Plan shall cover cost estimates for all necessary infrastructure improvements needed to support Town services, including information technology with an adequate repair and replacement (R&R) component. To the extent feasible, department heads shall be required to submit independent needs assessments for their departments for use in preparing the CIP. The plan will be detailed by fund, include recommended project prioritization rankings, identified revenue sources, planned financing options and unfunded projects. The CIP shall include a component reflecting all on-going approved capital projects of the Town, the date funded, amount budgeted, amount spent since the start date, remaining budget, fiscal impact of known changes to financial assumptions underlying the project and estimated completion date. Approved projects, with circumstances that arise which change the funding requirements of the project, shall be addressed in the CIP annually.

**Section Seven.** Financial Oversight and Reporting: The Town shall provide for the on-going generation and utilization of financial reports on all funds comparing budgeted revenue and expenditure information to actual on a monthly and year-to-date basis. The Finance Department shall be responsible for issuing the monthly reports to departments, the Mayor and Town Council, and provide any information regarding any potentially adverse trends or conditions. These reports should be issued within thirty (30) days after the close of each month. The annual external audit of the Town shall be prepared

and presented to the Mayor and Town Council within 195 days of the close of each fiscal year and within 180 days of the close of each subsequent financial year.

Section Eight. Basic Financial Policies: The Town shall endeavor to maintain formal policies, which reflect “best practices” in the areas of:

- a. Debt: Such policy shall address affordability, capacity, strategies for re-entering the bond market in the future, debt issuance and management.
- b. Cash Management and Investments: Such policy shall require twenty-four (24) month gross and net cash –flow projections by fund and address adequacy, risk, liquidity and asset allocation issues.
- c. Twenty-four (24) month gross and net cash-flow projections by fund and address adequacy, risk, liquidity and asset allocation issues.
- d. Budget Development and Adjustments: Such policy shall establish proper budgetary preparation procedures and guidelines, calendar of events, planning models by fund, budget adjustment procedures, establishment of rates and fees, indirect costs/interest income and the estimating conference process. The proposed budget should be scheduled to allow for sufficient review by the Mayor and Town Council while allowing for sufficient citizen input. The Town budget document reflecting all final actions as adopted by the Town Council on or before September 30, of each year, shall be printed and made available within thirty (30) days of such adoption.
- e. Revenue Collection: Such policy shall provide for maximum collection and enforcement of existing revenues, monitoring procedures and the adequacy level of subsidy for user fees.
- f. Purchasing Policy: Such policy shall establish departmental policies and procedures and provide appropriate checks and balances to ensure the Town departments adhere to the Town’s purchasing policies.

Section Nine. Promoting Operating Efficiencies: The Town shall develop programs and incentives to encourage operating efficiencies through the use of technology, outsourcing, or any other curriculum.

Section Ten. Conflict: All ordinances or parts or parts of ordinances insofar as they are inconsistent or in conflict with the provisions of this Ordinance are hereby repealed.

Section Eleven. Severability: If any section, part of section, paragraph, clause, phrase or word of this Ordinance is declared invalid, the remaining provisions of this Ordinance shall not be affected.

Section Twelve. Effective Date: This Ordinance shall become effective in the manner provided by law.

Section Thirteen. Adoption of Ordinance: This Ordinance upon adoption shall be codified and included in Town of Eatonville Code of Ordinances.


First Reading held this 2<sup>nd</sup> day of February 2010 A.D.

	AYE	NAYE	ABSENT
Mayor Mount:	<u>X</u>	<u>      </u>	<u>      </u>
Vice Mayor Cole:	<u>X</u>	<u>      </u>	<u>      </u>
Councilwoman Sconions:	<u>      </u>	<u>      </u>	<u>X</u>
Councilman Daniels:	<u>X</u>	<u>      </u>	<u>      </u>
Councilman Moore:	<u>X</u>	<u>      </u>	<u>      </u>

Second Reading held this 16<sup>th</sup> day of February 2010 A.D.

	AYE	NAYE	ABSENT
Mayor Mount:	<u>X</u>	<u>      </u>	<u>      </u>
Vice Mayor Cole:	<u>X</u>	<u>      </u>	<u>      </u>
Councilwoman Sconions:	<u>      </u>	<u>      </u>	<u>X</u>
Councilman Daniels:	<u>X</u>	<u>      </u>	<u>      </u>
Councilman Moore:	<u>X</u>	<u>      </u>	<u>      </u>

PASSED AND ADOPTED this 16<sup>th</sup> day of February 2010 A.D.



Bruce Mount, Mayor

ATTEST:



Debbie Franklin, Town Clerk



Edward Cole, Vice Mayor

Approved as to Form and Legality:



Approved as to Form and Legality  
Joseph Morrell, Town Attorney