

AGENDA ITEM SUMMARY

City Council



STAFF

Randy Bailey, Controller

SUBJECT

Resolution 2025-012 Adopting Amendments to the City's Financial Management Policies.

EXECUTIVE SUMMARY

The purpose of this item is to update six of the internal Financial Management Policies:

- Financial Management Policy 1 – Budget
- Financial Management Policy 2 – Revenue
- Financial Management Policy 3 – General
- Financial Management Policy 5 – Fund Balance
- Financial Management Policy 7 – Debt
- Financial Management Policy 8 – Investments

Once a year a portion of Financial Policies are reviewed and updated as needed. Policies were reviewed in Council Finance Committee and accepted with minor edits as notated as redlines in attached policies and summarized in attached presentation. Staff is committed to reviewing each policy no less than every 3 years.

STAFF RECOMMENDATION

Staff recommends adoption of the Resolution.

BACKGROUND / DISCUSSION

Financial policies of certain significance are approved by Council. Others are approved by the City Manager and Chief Financial Officer. Staff and the Council Finance Committee have agreed to review and update Council-approved policies every three years. At the end of 2024, six policies were reviewed by staff and the Council Finance Committee: Budget, Revenue, General, Fund Balance Minimums, Debt, and Investments.

Recommended changes for each policy are summarized as follows:

Financial Management Policy 1 – Budget: This policy has several recommended minor terminology changes for clarity and simplification.

Financial Management Policy 2 – Revenue: This policy has three recommended changes:

- *Section 2.B.5.C Maintain Health Reserves*
 - Update General Fund liquidity rule to reflect decisions made during 2025/2026 budget cycle reducing the 60 day liquidity rule to 45 days.
- *Section 4 Sales and Use Tax Distribution*
 - Update Sales and Use Tax tables to reflect effective dates and changes since last policy update.
 - Note sunset of Keep Fort Collins Great at end of 2020
 - Added 2020 General City Uses Tax of \$0.60
 - Added 2020 General Fund Renewable Tax of \$0.25
 - Added 2024 2050 Tax of \$0.50
- *Section 5 Philanthropic Contributions*
 - Removes from Policy 2 – Revenue. These provisions are addressed in other administrative policies: City Give and Philanthropic Governance

Financial Management Policy 3 – General: This policy has three recommended changes

- *Section 3.B (Retirement Programs): 401(a) and 457 Money Purchase Plans*
 - Update “Direct Reports of City Council” to “Council Appointed Positions”
 - Update “Service Area Directors” to “Executive and Senior Leaders”
 - Update Employer contribution percentage for Police & Dispatch from 10.5% to 11%.
- *Section 3 Fund Organization*
 - Adds fund 256 – 2050 Tax to the Governmental fund list.
- *Section 4.D Cost Recovery and Fee Setting*
 - Removes reference to “Keep Fort Collins Great” tax and referenced “...voter approved tax revenue”

Financial Management Policy 5 – Fund Balance Minimums: This policy has one recommended change.

- *Section 3.A Minimum Balances*
 - Update General Fund liquidity rule to reflect decisions made during 2025/2026 budget cycle reducing the 60-day liquidity rule to 45-days.

Financial Management Policy 7 – Debt: This policy was reviewed and no changes are recommended at this time.

Financial Management Policy 8 – Investments: This policy has one recommended change.

- *Section 2 Scope*
 - Updates the phrase “Trust and Agency Funds” to “Fiduciary Funds” to be inclusive of pension, trust and agency funds.

CITY FINANCIAL IMPACTS

While these policies help the City and staff to administer the City finances, there are no direct financial impacts to the City.

BOARD / COMMISSION / COMMITTEE RECOMMENDATION

At its meeting on December 5, 2024, the Council Finance Committee recommended the proposed changes to the Financial Management Policies.

PUBLIC OUTREACH

None

ATTACHMENTS

1. Resolution for Consideration
2. Policy 1 – Budget (redlined)
3. Policy 2 – Revenue (redlined)
4. Policy 3 – General (redlined)
5. Policy 5 – Fund Balance Minimums (redlined)
6. Policy 7 – Debt (redlined)
7. Policy 8 – Investment (redlined)
8. Presentation to Council Finance Committee