



AGENDA ITEM SUMMARY

City Council

STAFF

Blaine Dunn, Accounting Director
John Duval, Legal

SUBJECT

Resolution 2023-017 Adopting Amendments to the City's Financial Management Policies.

EXECUTIVE SUMMARY

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

- Policy 5 – Fund Balance
- Policy 7 – Debt
- Policy 8 – Investment

The policies are reviewed on a three-year rolling schedule. The recommended changes have been presented to the Council Finance Committee which supported the changes recommended.

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. This year three policies were reviewed by staff and the Council Finance Committee: Fund Balance Minimums, Debt, and Investments.

Recommended changes for each policy are summarized as follows:

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

- Section 5.3 *Minimum Balances*
 - Change Benefits Fund minimum balance from 30% to 25%

Financial Management Policy 7 – Debt: This policy has four sections with recommended changes:

- Section 7.3 *Types of Debt and Financing Agreements*
 - Clarify when equipment leases can be used
 - Clarify parameters for conduit debt

- Section 7.4 *Debt Structure and Terms*
 - Remove language of capitalizing interest per new accounting standards
- Section 7.8 *Inter-agency Loan Program*
 - Section is being moved from Policy 8 – Investment (Section 8.8), with no additional changes
- Section 7.9 *Other*
 - Clarify additional items to be included in future Debt Administration Policy

Financial Management Policy 8 – Investment: Throughout the Policy the Poudre River Library District is added for whom this policy also applies. This policy has four sections with recommended changes:

- Section 8.1 *Policy*
 - Clean up language
- Section 8.6 *Suitable and Authorized Investments*
 - Clarify there are no split ratings allowed on purchased investments
- Section 8.7 *Diversification and Liquidity*
 - Renaming section to remove duplication with Section 8.6 heading
 - Increase amount allowed in Local Government investment pools to be changed from 20% to 60%
- Section 8.8 *Inter-agency Loan Program*
 - Removed from this Policy section and added to Policy 7 – Debt

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

The Council Finance Committee recommended adoption by Council at its December 2022 meeting.

PUBLIC OUTREACH

None.

ATTACHMENTS

1. Resolution for Consideration
2. Resolution Exhibit A
3. Resolution Exhibit B
4. Resolution Exhibit C
5. Policy 5 – Fund Balance Minimums DRAFT (redline)
6. Policy 7 – Debt DRAFT (redline)
7. Policy 8 – Investments DRAFT (redline)