



BUSINESS OF THE CITY COUNCIL CITY OF SNOQUALMIE

AB24-074
June 10, 2024
Committee Report

AGENDA BILL INFORMATION

TITLE:	AB24-074: Financial Management Policy Update	<input type="checkbox"/> Discussion Only
PROPOSED ACTION:	Approve Resolution No. XXXX amending the Financial Management Policy	<input type="checkbox"/> Action Needed: <input type="checkbox"/> Motion <input type="checkbox"/> Ordinance <input checked="" type="checkbox"/> Resolution

REVIEW:	Department Director	Drew Bouta	Click or tap to enter a date.
	Finance	Janna Walker	Click or tap to enter a date.
	Legal	David Linehan	Click or tap to enter a date.
	City Administrator	Mike Chambless	Click or tap to enter a date.

DEPARTMENT:	Finance		
	STAFF: Drew Bouta, Finance Director		
	COMMITTEE: Finance & Administration		COMMITTEE DATE: June 4, 2024
	EXHIBITS: 1. Resolution Establishing Financial Management Policy 2. Financial Management Policy – Clean Version 3. Financial Management Policy – Redlined Version		

AMOUNT OF EXPENDITURE	\$ n/a
AMOUNT BUDGETED	\$ n/a
APPROPRIATION REQUESTED	\$ n/a

SUMMARY

INTRODUCTION

The Financial Management Policy provides the financial guidance necessary to support and sustain citywide levels-of-service, achieve fiscal stability, reduce financial risks, establish and effective system of internal controls, and ensure financial transparency. The purpose of this agenda bill is to amend the Financial Management Policy to provide the direction needed to support financially sound administrative and legislative decision-making and provide the cleanup and clarity needed to support the development of the 2025-2026 Biennial Budget.

LEGISLATIVE HISTORY

The Financial Management Policy was last amended on November 14, 2022. At the time, it was developed concurrently with the 2023-2024 Biennial Budget and it had been at least a decade since

the last update. The Financial Management Policy and the proposed changes from the Administration have been reviewed in the Finance and Administration Committee on May 7, 2024, and May 21, 2024.

ANALYSIS

The Administration is proposing several changes to the Finance Management Policy, including the following:

2.0 Reserves and Fund Balance

- Adding fund type definitions as established by the Budgeting, Accounting, and Reporting System (BARS) Manual of the Washington State Auditor's Office.
- Establishing or revising reserve level targets for each of the fund types if necessary.
- Clarifying the use of excess fund balances above the reserve level target.

3.0 Revenues

- Clarifying the City's objective when utility rates from one customer class subsidize the utility rates from another customer class.

4.0 Expenditures and Procurement

- Ensuring that only one location contains the "Purchasing and Contract Commitment Thresholds" matrix. The matrix does not need to exist in both the Financial Management Policy and the Snoqualmie Municipal Code (Chapter 2.90), but one can reference the other.

5.0 Budget

- Clarifying the level at which the Council may appropriate funds.
- Adding a section that allows the Administration to make personnel adjustments within the limits of appropriation authority when they do not increase the City's ongoing expenditures relative to ongoing revenue or change service levels.

6.0 Capital Budget

- Revising the definitions of "Capital Outlay", "Capital Program", and "Capital Project".
- Establishing the appropriation level for the capital budget at the program or project level which will allow the City to establish a continuing appropriations budget for capital programs and projects.

7.0 Debt Management

- Clarifying that revenue sources independent of the General Fund can support councilmanic limited tax general obligation (LTGO) bonds.

9.0 Long-Term Financial Planning

- Noting the City maintains multiple long-term financial models, not just one.

More detail regarding the proposed changes can be found in the redlined version of the Financial Management Policy.

BUDGET IMPACTS

While there are no budgetary impacts for amending the Financial Management Policy, effective policy is essential to the overall financial health of the City and assists Council and the Administration in making sound financial decisions.

NEXT STEPS

Scheduled for approval on June 10, 2024.

PROPOSED ACTION

Motion to approve Resolution No. XXXX amending the Financial Management Policy