



Date: **Tuesday, May 12, 2026**

Honorable Mayor and Council Members:

Author and title: Nicole Casey, Administrative Services Director

Title: **Adopt Resolution 2026-21 and Introduce Ordinance 2026-08 regarding the Town's Financial Policies.**

Jen Callaway, Town Manager

Recommended Action: That Council conduct a public hearing and: (1) adopt Resolution 2026-21 approving the Town's Financial Policies; (2) introduce Ordinance 2026-08 Amending Truckee Municipal Code, Title 3, Revenue and Finances in support of the Financial Policies; and (3) direct staff to apply these policies prospectively with no retroactive impacts.

Executive Summary: The proposed update to the Town's Financial Policies represents a comprehensive effort to align existing practices with GFOA best practices, recommendations from the Organizational Assessment, and a review of sample policies from other agencies. The update formalizes key policies including financial planning, internal controls (adopting the COSO framework), revenue management, budgeting, debt, purchasing, and asset management, while also introducing new or expanded policies such as grant compliance, purchasing cards, and unclaimed checks. Most recommendations reflect current practices, with targeted updates to improve clarity, consistency, and alignment with best practices, and include associated Municipal Code amendments where required.

Background: The Town Council adopted its first iteration of formal fiscal policies with resolution 2006-46. The Town's original financial policy formalized practices that the Town had been operating under since inception and modeled policy on common practices from other public agencies where prior practices did not exist.

Since that time, the Town has reviewed, updated, and approved an investment policy annually to comply with California Government Code Section 53646. Periodically and unofficially, Council has made changes to the Town's Reserves and Designation as part of the annual budget process.

During 2017, a multi-divisional group of staff and one Council member had multiple meetings to complete a comprehensive update to the Town's Purchasing Ordinance and underlying Purchasing Rules. The updated Ordinance had its first reading on Tuesday, May 23, 2017, and was formally adopted on Tuesday, June 13, 2017.

On Tuesday, February 13, 2024, the Council adopted resolution 2024-11 adopting a formal Reserve and Designation Policy, including establishing new designations and changing the target of the General Fund Contingency from 40% to 35%.

At the May 13, 2025, Council Meeting, Council accepted the Town of Truckee Operational and Service Delivery Review Report. Recommendation 10 of this report directed the Town formally adopt an internal control policy framework as a basis for designing, implementing, operating, and evaluating internal controls. Recommendation 60 directed the Town to ensure that the Town's Financial Policies are complete and consistent with best practice. Based on these recommendations staff have been working on a comprehensive update and review of the Town's Financial Policies.



In preparation for these updates, staff reviewed the policies of several other public agencies, the Government Finance Officers Association (GFOA) best practices, and training from the Institute on Local Government (ILG). Sample policies were collected from more than 20 fellow California agencies. Additionally, staff attended a five-day virtual conference on GFOA's best practices. Where there was no clear direction or ambiguity as to the policy that staff should recommend, staff solicited input on the California Society of Municipal Finance Officer's (CSMFO) List Serv to gather input on how other California public agencies were addressing the issue. Additionally, staff solicited input from other Town departments and divisions to ensure that recommended practices meet organizational efficiency and other operational priorities and goals.

On October 14, 2025, staff discussed initial questions with Council regarding an update to the Town's fiscal policy. Questions were focused on items where there was a wide variation in practice across sampled organizations or where staff felt that Council may want to provide input as part of a public process. See Attachment 1 and 2 for the staff report and the meeting minutes, respectively.

Discussion:

Below staff discuss each financial policy recommended for adoption. For each policy staff discuss the purpose of the policy, significant changes from existing policies and the basis for those recommendations. Also included is any follow-up or applicable information from the October 14, 2025 council meeting.

Some changes will require a corresponding update to the Town's Municipal Code. The applicable Municipal Code updates are discussed with the corresponding policy section.

Statement of Purpose & General Policy –

The Statement of Purpose and General Policy defines the rationale for establishing the financial policies, their intended use, and the overarching principles that guide their application.

The recommended Statement of Purpose and General Policy are similar to those listed in the legacy policies. Changes and updates were developed by reviewing best practices from GFOA and sample policies from other agencies within California.

The one main difference is the addition of a statement indicating that the Town will use the Committee of Sponsoring Organizations (COSO) Internal Control Framework. There is a specific and detailed policy related to internal controls listed below. Adopting a formal internal control framework was a recommendation of the Organization Assessment.

Financial Planning –

A financial planning policy deals with an organization's commitment to taking a long-term approach to its financial health, which is one of the core general policies that staff recommend Council adopt.

Staff aligned the recommended long-term planning period with the Town's current projection period of five years. This is the minimum number of years recommended by GFOA. All other

recommendations align with GFOA best practices. In staff's perspective, the five-year projection period has been sufficient for the Town's financial planning purposes. The Town considers all items of concern mentioned by GFOA including long-term debt capacity, unfunded liabilities, infrastructure conditions, and forecasting major revenues.

There could be advantages to a longer financial planning. If Council wanted to explore a longer projection period, staff recommend that Council adopt the current recommendation and add an initiative to develop a longer planning period, to the bike rack of the work plan for future analysis for prioritization.

Internal Control Policy –

An Internal Controls Policy establishes the framework for safeguarding public assets, ensuring the accuracy and reliability of financial information, promoting operational efficiency, and maintaining compliance with applicable laws and regulations.

Both the Organizational Assessment and GFOA Best Practices recommend that the Town's governing body officially adopt a formal internal control framework. Both the Assessment and GFOA specifically recommend that the COSO framework be adopted.

The remainder of this policy was based on sample policies that the Town reviewed from other California agencies.

Revenue Policies - Overarching Policies –

The Town's overarching revenue policies are grounded in its legacy policies and focus on guiding the types of revenues pursued to support operations, as well as how those revenues are forecasted and budgeted; the recommended updates also incorporate findings from the Organizational Assessment, including the use of external consultants for major revenue projections and auditing.

Revenue Policies – Accounts Receivable Policy –

The Accounts Receivable Policy establishes the Town's guidelines for billing procedures, management of uncollectible accounts, and authorization for write-offs of bad debts.

This policy was developed using best practices from GFOA and relying on examples from other agencies.

Council specifically discussed the authorization limits for writing-off uncollectible accounts at the October 14, 2025 council meeting. Based on past data, staff estimate that there would be 1 or fewer write-offs each year that would require Council approval. The following limits would apply:

- Administrative Services Director may approve write-offs up to \$5,000.
- Town Manager may approve write-offs up to \$10,000.
- Town Council approval is required for write-offs exceeding \$10,000.

The bulk of the Town's uncollectible debts are in the form of parking tickets on vehicles that are registered in a different state and have expired registration. On average, the Town is ultimately unable to collect 100 parking tickets per year. For in state vehicles, the Town is able to "lien" the vehicle's registration, preventing the owner from registering the vehicle until the parking ticket is paid. There is no such reciprocity for out-of-state vehicles at this time.

This policy also adds periodic reporting requirements on delinquent accounts over \$5,000. Staff will present the first period report in June of 2026.

Revenue Policies – Grant Funding & Compliance –

Grant policies establish standards for the pursuit, application, acceptance, and management of grant funding, including approval thresholds, compliance requirements, and guidance for staff involved in securing and administering grants.

The recommended policy is based on GFOA best practices and examples from other agencies.

Based on Council's direction at the October 14, 2025 council meeting, the policy only requires that staff seek Council approval to apply for a grant, when the grant exceeds \$100,000. For grants under \$100,000, Council approval will only be sought if the grant requires it.

Staff will return to Council at a future date to discuss the possibility of a workaround for Council approval should the grant application timeline does not fall within an achievable timeframe to seek Council approval. Council's recommendation from the October 14, 2025 meeting was to allow for Mayor and Vice Mayor approval in those instances.

Revenue Policies – Cost-of-Services Policy

A cost-of-service policy establishes the level of cost recovery the Town seeks for services provided and the rationale for recovering up to 100% of the cost of delivering special services. The recommended policy is consistent with the Town's existing financial policies, Municipal Code Chapter 3.32.040, and Ordinance 98-04. Staff are not recommending changes at this time, but instead propose a more comprehensive evaluation through the User Fee Study scheduled to begin in spring 2027.

Budget Policies –

Budget policies establish the Town's guiding principles for financial planning and budgeting, including preparation, ongoing management, amendments, authority for budget adjustments, and integration with the Capital Improvement Plan.

The recommended policy was created in conformance with GFOA best practices and based on a review of sample policies. In reviewing best practices and sample policies, staff found that the Town's current practices are in line with best practices and similar to other agencies.

Debt Policy –

The Debt Policy outlines how the Town may use debt financing, the debt term the Town should obligate itself to, the Town's policy as it relates to financial information released in relation to debt, and the debt burden that the Town strives to maintain. The recommended policy conforms to the Town's legacy policy.

Staff made some improvements to the policy language based on GFOA best practices and the sample policies that were reviewed. None of the changes represent a divergence from current practice.

The policy limits the Town to a debt ratio of 10%. The Town's debt ratio for FY2024/25 was 2.2% calculated as General Fund debt service / General Fund revenues (\$946,057 / \$43,129,286)

Expenditures Policies - Purchasing Rules & Regulation –

The Purchasing Rules and Regulations are intended to ensure that the Town acquires goods and services in a consistent, fair, and legally compliant manner that protects the public's interest and promotes efficient, transparent procurement practices. As mentioned in the background section of this report, the Town completed a robust update of the Town's Purchasing Rules and

Regulations in 2017. A **red-lined** version of the Town's Purchasing Rules and Regulations is included in Attachment 5 to show the specific changes recommended.

- Added a code of ethics based on GFOA best practices and samples policies.
- Added a disclaimer regarding the Town's right to deny payment in line with sample policies.
- Updated the purchasing thresholds to align with direction provided to staff at the October 14, 2025 council meeting. Specifically increased the Town Managers' signing authority from \$50,000 to \$75,000 for non-public projects. Also increased the threshold for when purchase orders are required from \$5,000 to \$6,500.
- Added an additional Council Authority exemption for planning projects based on direction provided at the October 14, 2025 council meeting.
- Detailing a policy for Local Vendor Master accounts based on sample policies.
- Listing of the vendor requirements.
- Provided additional detail to the definition of a sole source vendor under competitive bidding exemptions based on sample policies.
- Removed the Purchasing Card policies and moved them to a separate standalone policy
- Added policies related to the purchase of information technology equipment to align with the Town's cyber security posture.

Future discussion regarding this item will involve a regular review of the Town's purchasing thresholds as they relate to CPI adjustments.

In order to adopt these updated thresholds, Council must adopt amendments to Chapter 3.12 of the Town Municipal Code which are outlined in Attachment 3 Ordinance 2026-08.

Expenditures Policies - Fixed Asset & Infrastructure Policy –

The Fixed Asset Policy is intended to establish consistent guidelines for the capitalization, tracking, and management of the Town's assets to ensure accurate financial reporting, accountability, and safeguarding of public resources.

The policy was established using GFOA best practices, guidance from the California Society of Municipal Finance Officers organization, sampling of various public agencies, sample policies, and the Town's legacy financial policies. Staff updated the capitalization thresholds based on direction provided at the October 15, 2025 council meeting.

Here are the specific changes made:

- Increasing the minimum useful life threshold from one year to a useful life in excess of three years.
- Increased the capitalization threshold for equipment from \$5,000 to \$10,000 or more.
- Increased the capitalization threshold for vehicles from \$5,000 to \$25,000 or more.
- Increased the capitalization threshold for buildings and land from \$5,000 to \$50,000 or more.
- Increased the capitalization threshold for infrastructure from \$50,000 to \$100,000 or more.

Staff recommend that Council adopt these updated thresholds prospectively with no retroactive impacts on existing assets. This means that staff will continue to depreciate any assets that are on the books regardless of whether they conform to the updated capitalization thresholds, removing them from the Town's books when they are sold or otherwise retired. This will limit the administrative burden on staff of reviewing existing assets to see if they meet the new thresholds.

Expenditures Policies – Purchasing Card Policies

The Purchasing Card Policies are intended to provide guidelines for the appropriate use, authorization, and oversight of purchasing cards to ensure transactions are conducted in compliance with the Town’s financial controls and accountability standards. These policies expand on the policies that were developed as part of the 2017 Purchasing Rules and Regulations update. The updates provide more direction to staff on when to use their purchasing card and when an invoice would be preferred.

Expenditures Policies – Unclaimed Check Policy

The Unclaimed Check Policy is intended to establish procedures for properly handling, reporting, and ultimately transferring unclaimed funds in compliance with legal requirements while ensuring accurate accounting and safeguarding of public resources. This policy aligns with state law in regard to unclaimed checks help by government agencies.

Reporting Frequency for Town Investments

Chapter 3.08.050 requires staff to make a monthly report to the Town Council of all investments made. Staff recommend adjusting this to state that staff should make periodic reports to the Town Council at a frequency defined by Town Council resolution. Council approves an Investment Policy by resolution annually and can define the frequency with which they want reporting (currently quarterly) for the following year with the adoption of the investment policy. The recommended adjustment is listed in Attachment 3 Ordinance 2026-08.

Claims Process

At the October 14, 2025, meeting Council directed staff to make updates to the Town’s claim process to improve efficiency. Specifically, Council directed staff to remove the threshold under which an outside/contract claim administrative may be used for investigation and/or recommendations. Additionally, Council directed staff to align the Town Manager’s approval threshold for claim’s settlement to align with the Town’s Manager’s approval for other purchases, raising the Council threshold for claims approval from \$10,000 to \$75,000. Attachment 3 details the recommended changes to Chapter 3.16.010.1 to provide for those changes.

Priority:

<input type="checkbox"/> Enhanced Communication	<input type="checkbox"/> Climate and Greenhouse Gas Reduction	<input type="checkbox"/> Housing
<input type="checkbox"/> Infrastructure Investment	<input type="checkbox"/> Emergency and Wildfire Preparedness	<input checked="" type="checkbox"/> Core Service

Fiscal Impact: GFOA best practices recommend the adoption of formal policies because policies have the ability to outlive their creators, and thus can assist in promoting stability and continuity. Having formal policies helps reduce the staff time that would otherwise be spent re-inventing responses to recurring issues.

Public Communication: Council first discussed these items at the October 14, 2025 Council Meeting.

This public hearing was advertised on Friday, May 1, 2026 and Friday, May 8, 2026.

Attachments:

Link 1: GFOA Best Practices - <https://www.gfoa.org/best-practices>

Attachment 1: Staff Report from October 14, 2025 – Questions on the Town of Truckee Financial Policies - <https://portal.laserfiche.com/Portal/DocView.aspx?id=59887183&repo=r-6a91ddbc>

Attachment 2: Meeting Minutes from October 14, 2025 - <https://portal.laserfiche.com/Portal/DocView.aspx?id=59909891&repo=r-6a91ddbc>

Attachment 3: Ordinance 2026-08 Amendments to Title 3 for Financial Policies

Exhibit A – Amended Title 3 Revenues and Finances

Attachment 4: Resolution 2026-21 Adopting Town of Truckee Financial Policies

Exhibit A - Town of Truckee Financial Policies

Attachment 5: Redline Version of the Town's Purchasing Rules and Regulations