



# ***CITY COUNCIL STUDY SESSION REPORT***

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MEETING DATE: February 10, 2015

ITEM NUMBER: 1

SUBJECT: FINANCIAL & BUDGET POLICIES

DATE: January 29, 2015

FROM: FINANCE DEPARTMENT

PRESENTATION BY: STEPHEN DUNIVENT, INTERIM FINANCE DIRECTOR

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## **RECOMMENDED ACTIONS:**

Provide staff direction regarding the attached financial & budget policies.

## **BACKGROUND:**

The City of Costa Mesa's largest financial responsibility to its residents is the care of public funds. Financial and budget policies are developed by the Finance Department and CEO in order to establish the framework for the overall budget planning and financial management of the City of Costa Mesa. These policies will help City officials plan fiscal strategy using a consistent approach contributing to the City's fiscal stability and will provide adequate funding of the services desired by the public.

## **ANALYSIS:**

The complete Financial & Budget Policies document is attached. It contains sections on:

- General Revenue Management
- Operating and Capital Budgets including goals for the following:
  - 5% of the General Fund budget allocated to capital projects
  - An additional 1.5% of the General Fund budget allocated to capital facilities
- General Expenditure Management including two options for policies relating to fiscal year-end surplus:

Any end of fiscal year net operating surplus will be allocated using the following priorities:

1. Increase reserves if reserves are below target
2. Assess prepayment and accelerated payoff of debt
3. Increase funds for capital facilities

- Fund Balance/Reserves/Cash Requirements
- Debt Management

These policies were reviewed by the Finance Advisory Committee on October 28, 2014, November 18, 2014 and January 20, 2015. Staff requests Council consideration of and direction on these policies.

**CONCLUSION:**

These policies will help City officials plan budgets and fiscal strategy using a consistent approach contributing to the City's overall fiscal stability. They will provide a framework for adequate funding of the services desired by the public.



Stephen Dunivent  
Interim Finance Director



Thomas R. Hatch  
City CEO

Attachment:

[Financial & Budget Policies](#)