

## PURPOSE

To provide a stable financial environment for the City of Chatfield's operations that allows the City to provide quality services to its residents in a fiscally responsible manner designed to keep services and taxes as consistent as possible over time. This annual budget policy is meant to serve as the framework upon which consistent operations may be built and sustained.

The primary goals in preparing the City's Operating and Capital Budgets are.

1. Maintain a steady, predictable, local tax rate.
2. To maintain the City's debt per capita at \$3,500 or lower.
3. Maintain positive reserves in the City's enterprise funds (sewer, water, and garbage).
4. Develop a budget based on specified needs and goals.
5. Develop work plans based on specific outcomes to develop result-based budgets.
6. Maintain public safety and public works programming that reasonably assures the public of their personal safety, convenience, and maintenance of property value.
7. Develop and maintain technology, communication, and administrative services that allow all interested parties to be well informed, while protecting the City's critical data and operating systems.

## OPERATING BUDGET POLICIES

**Scope** - It is the City's policy to budget for all governmental and proprietary / enterprise funds (business-type activities – water, sewer and garbage).

. The operating budget to consist of the funds relating to governmental activities (general government, public safety, public works, parks and recreation, library and community development);

- General | Fund 100
- Ambulance | Fund 230,
- Center for the Arts | Fund 250,
- CCTV | Fund 614.
- EDA | Fund 240,
- Fire | Fund 220, and
- Library | Fund 212

The City is required to report levy and expenditure amounts for our Debt Service Fund for Truth-in-Taxation (TNT) purposes, but these levies and expenditures are usually related to capital spending decisions and are therefore excluded from the operating budget policy.

**Accounting** – The City uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

These funds use the modified accrual basis of accounting for budgeting and reporting purposes. Revenues are recognized when they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the city considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as

expenditures related to compensated absences and claims and judgements, are recorded only when payment is due.

**Stakeholder Input.** The annual budget process is intended to weigh all competing requests for City resources within expected fiscal constraints. Requests for new programs made outside the annual budget process are discouraged. The City will provide ample time and opportunity for public input into its budget process every year, including the use of the required TNT (truth in taxation) hearing.

**Balanced Budget Adoption** – The underlying practice is for a balanced budget. Meaning the City will not use internal or external short-term borrowing, asset sales, or one-time accounting changes to balance the operating budgets. The balanced budget will include a reasonable annual appropriation for contingencies and adjustments to achieve fund balances within established guidelines of the fund balance policy (under separate cover).

**Budgetary Controls** – The level of budgetary control is at the department level even though budgetary data is presented at lower levels (e.g. Operating Supplies, Small Tools & Minor Equipment, Other Professional Services, and Capital Outlay). Expenditures should not exceed budget appropriations for the department unless offset by increases in revenues or unless the purchase was made in accordance with the City's Equipment Replacement / Capital Improvement Plan. All unencumbered appropriations lapse at year-end.

The City Administrator may approve budgetary transfers. The City Council may approve supplemental purchases.

**Monitoring** - Department heads are responsible for administration of their respective department budgets. Such responsibility includes reviewing monthly financial reports to detect errors and assess progress, staying within budget authorization, and submitting requests for budget adjustments, when required.

## REVENUE POLICIES

**Policies** - The City will endeavor to maintain a diversified and stable revenue system to shelter programs and services from short-term fluctuations in any single revenue source.

**Property Taxes** - It is beneficial for residents and for the City to keep tax rates competitive and consistent from year to year. The City will strive to proactively avoid large increases in the tax rate.

**Fees and Charges** - The City will consider policy objectives and market rates when setting fees.

**Investment Income** - The City will reasonably budget for investment revenue in the operating budgets based on the conservative investment strategy outlined in our investment policy (under separate cover).

*Adopted by City Council Sep 08, 2008 | Revisions Adopted City Council Aug 23, 2021 | Adopted Annual Review: Jan 9, 2023 | Adopted Annual Review Jan 8, 2024 | Revisions Adopted Dec 9, 2024 – Annual Meeting Distribution Jan 13, 2025.*