

The background image shows a modern, multi-story government building with a prominent circular section on the left. Three tall flagpoles stand in front of the building, flying the Florida state flag, the United States flag, and a local flag. The foreground is filled with lush green and yellowish plants. The sky is clear and blue.

FINANCIAL POLICIES

As of October 1, 2024

Department of Budget and Sustainability

Department of Financial Services

Section 1	
ACCOUNTING, AUDITING & FINANCIAL REPORTING	
ACCOUNTING PRACTICES AND PRINCIPLES	4
FINANCIAL AND MANAGEMENT REPORTS	4
REPORTING AND ANALYSIS	5
ANNUAL AUDIT	6
FINANCIAL ADVISORY COMMITTEE	6
CONTINUING DISCLOSURE	6
Section 2	
FINANCIAL CONSULTANTS	
INDEPENDENT AUDITORS	7
ARBITRAGE CONSULTANTS	7
BOND COUNSEL	7
DISCLOSURE COUNSEL	8
MUNICIPAL ADVISOR (FINANCIAL ADVISOR)	8
Section 3	
BUDGET AND LONG RANGE FINANCIAL PLANNING	
BALANCED BUDGET	9
PROPERTY TAXES	10
REVENUE ESTIMATING FOR BUDGETING	10
EMPLOYEE COMPENSATION	11
BUDGET MANAGEMENT	11
Section 4	
REVENUES AND OTHER RESOURCES	
ADMINISTRATIVE SERVICES CHARGES	12
REVENUE COLLECTIONS	12
USER FEES	13
Section 5	
EXPENDITURES AND SERVICES	
PURCHASING AND VENDOR SELECTION	14
DEPARTMENTAL BUSINESS PLANS	15
MAINTENANCE OF CAPITAL ASSETS	15
PERIODIC PROGRAM/SERVICES REVIEWS	15
OUTSOURCING OF CITY SERVICES	15
Section 6	
FUND BALANCE WORKING CAPITAL CAPITAL RESERVES	
GOVERNMENTAL FUND BALANCE	16
WORKING CAPITAL	18
CAPITAL RESERVES	19
USE OF FUND BALANCE/WORKING CAPITAL	21
USE OF SURPLUS	21
DEBT SERVICE FUNDS	22

Section 7	
CAPITAL EXPENDITURES AND IMPROVEMENTS	
CAPITALIZATION THRESHOLD FOR TANGIBLE CAPITAL ASSETS	22
FIVE YEAR CAPITAL IMPROVEMENT PLAN (CIP)	23
REPLACEMENT OF CAPITAL ASSETS ON A REGULAR SCHEDULE	24
CAPITAL PROJECT MANAGEMENT	24
PHYSICAL INVENTORY	25
Section 8	
DEBT	
USE OF DEBT FINANCING	25
BOND RATINGS	26
AFFORDABILITY	26
DEBT SERVICE COVERAGE	26
GENERAL OBLIGATION BONDS	26
DEBT STRUCTURES	27
DEBT REFUNDING	27
INTEREST EARNINGS AND REMAINING BOND PROCEEDS	27
SALE PROCESS	27
UNDERWRITING SYNDICATES	28
RATING AGENCY PRESENTATIONS	28
BOND RATINGS	28
LEASE/PURCHASE AGREEMENTS	28
Section 9	
CASH MANAGEMENT AND INVESTMENTS	
INVESTMENT POLICY	28
INVESTMENT STRATEGY	29
INTEREST INCOME	29
ARBITRAGE INVESTMENTS AND REPORTING	29
DEPOSITORY BANK	29
COLLATERALIZATION OF DEPOSITS	29
Section 10	
GRANTS	
AUTHORITY TO APPLY FOR GRANT FUNDING	30
COORDINATION OF GRANT POLICY AND GRANT OPERATIONS	30
ACCEPTANCE OF GRANTS	30
INTERNAL AUDIT OF APPROVED GRANTS	30
Section 11	
PERFORMANCE MANAGEMENT	
ESTABLISHING PERFORMANCE REQUIREMENTS	31
ESTABLISHING DATA TRACKING AND REPORTING REQUIREMENTS	31
REPORTING PERFORMANCE	32
DECISION MAKING AND ANALYSIS	32

Introduction

The Financial Management Policy Statements, adopted by the City Commission, are an overview of the City's financial policies and provide guidelines to City staff in managing and planning the City's finances. Some policy statements are driven by requirements of state law or City Charter, while others are formally documented through policies and procedures. Statements that are driven by legal requirements will be noted as such. In some case, exceptions to the policy statements may be appropriate and/or necessary. Exceptions to stated policies will be specifically identified and the need for the exception will be documented and explained to City Commission and/or the City Manager.

Section 1 Accounting, Auditing & Financial Reporting

Objective: The City will maintain accounting practices that conform to generally accepted accounting principles and comply with prevailing federal, state, and local statutes and regulations. The City shall prepare and present reports that analyze and evaluate the City's financial performance and economic condition.

1.1 Accounting Practices and Principles

The City will maintain accounting practices that conform to generally accepted accounting principles (GAAP) as set forth by the Governmental Accounting Standards Board (GASB), the authoritative standard setting body for units of local government. All city financial documents, except monthly interim financial reports, including official statements accompanying debt issues, Annual Comprehensive Reports and continuing disclosure statements will meet GASB standards. Monthly interim financial reports are on a cash basis and will be reported as budgeted.

1.2 Financial and Management Reports

Interim Financial Reports will be provided monthly to management and City Commission that explain key economic and fiscal developments and note significant deviations from the budget. These reports will be reviewed monthly with the City Manager and provided to City Commission by the end of each month for the prior month. Quarterly reports on the status of the City's Strategic Projects will be provided through the City Manager's office and made available to the City Commission. The reports will include project scope and work plan as well as comments on noteworthy activities. Quarterly, departments will report on service level measures and/or indicators as compared to target and prior years through the Department of Budget and Sustainability. The City will annually prepare a Five-Year Forecast.

1.3 Reporting and Analysis

To ensure compliance with revenue, reserve, and budget policies, the City shall prepare reports and analyses annually to monitor, project, and estimate revenues and expenditures, specifically:

Five-year forecast of revenues and expenditures shall be prepared in conjunction with the annual budget process for the following funds:

- General Fund
- Debt Service Fund
- Enterprise Funds
- Fire Fund
- Internal Services Funds

The forecast assesses long-term financial implications of current and proposed policies, programs, and assumptions that develop appropriate strategies to achieve the City's goals. The forecast will provide an understanding of available funding; evaluate financial risk; assess the likelihood that services can be sustained; assess the level at which capital investment can be made; identify future commitments and resource demands; and identify the key variables that may cause change in the level of revenue. The forecast will be used to identify anticipated financial issues so that a plan can be developed to address anticipated issues before they become reality. The assumptions used to prepare the five-year forecast shall be consistent with those used to prepare the annual operating budget, unless specifically directed by the City Commission.

1. Environmental Scan. A review of the local economy, land development trends, population trends, and customer expectations by the Department of Budget and Sustainability as part of the Business Plan.
2. Situational Analysis. Every two years, as part of the strategic planning process, an analysis of the demographic, legislative, and customer requirements is made. Part of the process includes a SWOC (Strengths—Weaknesses—Opportunities—Challenges) analysis.
3. Composite Indicators. A set of ten indicators used to determine annual improvements published by the Department of Budget and Sustainability in the Business Plan.
4. Revenue Manual. A guide to the major revenue sources that indicates the source, calculation, legal requirements, and accounting guidelines. Updated periodically by the Department of Budget and Sustainability.
5. Reserve Analysis. Annually review the reserve levels and produce a report that indicates up-to-date reserve levels as compared to policy goals.
6. Investment Portfolio Reports. An annual report, in accordance with the investment policy, is designed to track and analyze the performance of our investment portfolio.

1.4 Annual Audit

Pursuant to section 218.39 of the Florida Statutes, the City shall have its accounts and records audited annually by an independent certified public accounting (CPA) firm, and it shall be completed within 9 months after the end of its fiscal year. It is the City's goal to submit the audit at the first City Commission meeting in March for approval. The audit firm shall provide a management letter to the City. The audit firm shall also provide a Single Audit of Federal and State grants, when necessary.

The objective of the audit of the financial statements by the independent auditor is the expression of an opinion on the fairness with which they present, in all material respects, financial position, results of operations, and its cash flows in conformity with generally accepted accounting principles. The auditor has a responsibility to plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The financial statements are management's responsibility. The auditor's responsibility is to express an opinion on the financial statements.

An official Annual Comprehensive Report (ACR) shall be issued no later than six (6) months following the end of the fiscal year. The ACR shall be prepared to meet the requirements of the Certificate of Achievement for Excellence in Financial Reporting program through GFOA. This program establishes criteria that go beyond the minimum requirements for Generally Accepted Accounting Principles to prepare ACRs that evidence the spirit of transparency and full disclosure. The Department of Financial Services shall be responsible for establishing a process to ensure timely resolution of audit recommendations. The Community Redevelopment Agency (CRA), the Police Officers' Retirement Plan and the Firefighters' Retirement Plan shall have an annual audit performed by an independent CPA firm at the direction of their respective boards.

1.5 Financial Advisory Committee

The City Commission may designate a Financial Advisory Committee. The role of the committee is to review and guide financial issues as needed and determined by the City Manager or City Commission.

1.6 Continuing Disclosure

The Director of Financial Services will ensure that the Municipal Securities Rulemaking Board's EMMA® website is current and all disclosures are filed timely with assistance from the City's municipal advisor and bond counsel. EMMA® is the official repository for information on virtually all municipal securities. Continuing disclosure includes annual disclosure required within 180 days of fiscal year end, as well as material event disclosure required under the Securities and Exchange Commission (SEC) Rule 15c2-12 within 10 days of the occurrence of the event.

Section 2 Financial Consultants

Objective: The City will employ qualified financial advisors and consultants as needed in the administration and management of the City's financial functions. These areas include but are not limited to audit services, debt administration, and financial modeling. The City shall implement evaluation criteria for each financial consultant to ensure the City receives the highest quality services available. The factors in the selection of these consultants should include but may not be limited to: experience, expertise, ability to perform, the services offered, references, and methodology. In no case should price be allowed to serve as the sole criterion for the selection.

2.1 Independent Auditors

In all matters relating to the assignment, an independence in mental attitude is to be maintained by the auditor or auditors. When contracting for audit services, the City shall request proposals from qualified firms, including the current auditors if their past performance has been satisfactory. The selection committee shall choose an independent firm of certified public accountants to perform an annual audit of the accounts and records, and render an opinion on the financial statements of the City. The firm is approved by the City Commission. Each year, the independent auditor will provide a letter of engagement to the City for annual audit services. Contracts are evaluated every five years. Audit staff rotation is discussed with the firm annually.

2.2 Arbitrage Consultants

While the City is responsible to ensure that the records are in order, the calculations made, reporting completed, and filings made, the actual arbitrage calculation and reporting shall be contracted out to a qualified firm when needed. The arbitrage consultant shall complete a risk assessment of positive arbitrage on each bond issue annually as needed to determine the necessity for a calculation of positive/negative arbitrage in the current year. All bond issues in accordance with arbitrage regulation shall have each 5th year and final arbitrage calculations completed.

2.3 Bond Counsel

Bond Counsel to the City has the role of an independent expert who provides an objective legal opinion concerning the issuance and sale of bonds and other debt instruments. As bond counsel are specialized attorneys who have developed necessary expertise in a broad range of practice areas, the City will always use a consultant for these services. Generally, bonds are not marketable without an opinion of nationally recognized bond counsel stating that the bonds are valid and binding obligations, stating the sources of payment and security for the bonds and that the bonds are exempt from State and Federal income taxes (if applicable).

Bond Counsel is responsible for the following tasks in a transaction:

- Prepares and oversees bond proceedings;
- Ensures that the City meets all the legal requirements and authorizations of the bond offering;
- Discloses and analyzes all relevant legal and financial documents that may have a bearing on the validity of the offering;
- Interprets relevant regulations and laws and assists in structuring the issue;
- Writes key financing documents.

2.4 Disclosure Counsel

Disclosure counsel is an independent firm, separate from bond counsel, which may be retained by the City to provide a legal opinion concerning accuracy of the information presented in disclosure and bond documents.

2.5 Municipal Advisor (Financial Advisor)

The Government Finance Officers Association (GFOA) recommends that issuers hire a municipal advisor, also referred to as a financial advisor, prior to the undertaking of a debt financing. The City issues various types of securities to finance its capital improvement program. Debt structuring and issuance requires a comprehensive list of services associated with municipal transactions, including but not limited to: method of sale; analysis of market conditions; size and structure of the issue; preparation of disclosure documents; coordinating rating agency relations; evaluation of and advice on the pricing of securities; assisting with closing and debt management; calculating debt service schedules; and providing recommendations on management of the City's finances, including evaluation of debt structures and refinancing opportunities.

- The municipal advisor must be registered with the Securities & Exchange Commission and Municipal Securities Rulemaking Board as a municipal advisor.
- In order to ensure that the City is receiving services at fair market value, upon completion of contract, staff will select a municipal advisor through a competitive procurement process.
- While a municipal advisor plays a key role on the financing team, it is important to note that the City remains in control of the decision making process necessary for the issuance and sale of the bonds or implementing the financing.
- The selected municipal advisor shall not be permitted to serve as underwriter on any bond transactions while serving in the municipal advisor role. Upon termination of the municipal advisor contract, a period of one year should pass before the firm may be engaged as an underwriter on any bond transaction for the City.

Section 3

Budget and Long Range Financial Planning

Objective: The City will establish guidelines for budgeting to ensure a financially sound City and to establish a long-range financial planning process that assesses the long-term financial implications of current and proposed operating and capital budgets.

3.1 Balanced Budget

The City is required to prepare a balanced budget in which current revenues will be sufficient to support current expenditures. The budget process and format shall be performance based and focused on goals, objectives, and key performance indicators. The budget will provide adequate funding for maintenance and replacement of capital.

In addition, it is expected that the annual operating budget will be structurally balanced. A structurally balanced budget is further defined as recurring revenues funding recurring expenditures and adherence to fund balance policies. Deferrals, short-term loans, or one-time sources will be avoided as budget balancing techniques. If economic conditions dictate that the City Manager file a structurally imbalanced budget, it shall be accompanied by a plan to return the budget to structural balance and the resulting five-year financial forecast that reflects steps to be taken to return the budget to structural balance.

3.1.1 Use of Recurring Revenues

Recurring expenses will be funded exclusively with recurring revenue sources to facilitate operations on a current funding basis. Expenditures shall be budgeted and controlled so as not to exceed current revenues.

3.1.2 Use of Non-Recurring Revenues

Non-recurring revenue sources, such as a one-time revenue remittance or fund balance in excess of policy can only be budgeted / used to fund non-recurring expenditures, such as capital purchases or capital improvement projects. This will ensure that recurring expenditures are not funded by non-recurring sources.

The following expenditures are considered non-recurring for budgetary purposes:

- Transfers to Replacement Funds (Fleet and Computer Replacement Plan-CRP)
- Capital Expenditures
- Contingency Funds

The following revenues are considered non-recurring in the definition of a structurally balanced budget:

- Grant Revenues
- Reimbursements for One Time Items
- Short Term/Inter-Fund Loans

Allowable uses of one-time revenues received during the year (over the budgeted amounts):

- To replenish a draw down in the fund balance below policy requirements (including Self-Insurance Reserve in the Employee Benefits Fund)
- Provide a one-time boost to infrastructure rehabilitation funding
- To fund capital projects without an identified funding source
- To fund one-time expenditures in the following fiscal year's budget

3.2 Property Taxes

The City must levy a tax rate sufficient to generate revenues that will meet outstanding operations and debt obligations, net of outside funding sources (transfers from other funds). The City Manager will recommend a tax rate that the City finances require in order to operate efficiently, yet effectively, and meets the City Commission's expectation of services provided and service levels.

If the current millage rate does not generate a minimum of 3% over the previous year's projected total General Fund revenue, and the Commission wants to keep the same level of service, the City Commission will adopt a millage rate increase to maintain the current level of service.

3.3 Revenue Estimating for Budgeting

In order to protect the City from revenue shortfalls and to maintain a stable level of services, the City shall use a conservative, objective, and analytical approach when preparing revenue estimates. The process shall include analysis of probable economic changes and their impacts on revenues, historical collection rates, and trends. This approach should reduce the likelihood of actual revenues falling short of budget estimates and should avoid mid-year service changes.

3.3.1 Water Revenues

Adjustments to water & sewer rates shall be made based on revenue requirements in accordance with the 10 year master plan for the Water & Sewer fund.

3.4 Employee Compensation

The City's annual compensation plan shall be established by the City Manager within the budget adopted by the City Commission.

In accordance with City Administrative Policy #06.06.02 - Merit Pay Program, the City Manager (or designee) has the authority to establish the annual merit increase budget, implement adjustments to salary structures in order to remain competitive in the region, authorize salary equity adjustments to address internal pay compression, determine appropriate hiring salary strategy, and set the maximum pay allowed for each respective position. With the support of the Human Resources Department, the City Manager also ensures all recruitment/selection, promotion and reclassification processes are executed fairly and equitably. Additionally, the City Manager has the authority to establish rewards, recognition and employee benefit programs to attract/retain top talent to successfully run the City.

3.5 Budget Management

3.5.1 Approving the Budget

During the summer months, recommended operating and capital improvement program budget documents are prepared and presented to the City Manager and forwarded to the City Commission for review during public budget workshops. In accordance with State law, public hearings and final adoption of the budget occurs in September.

3.5.2 Monitoring the Budget

The Budget staff is authorized to transfer funds within individual departments. Revisions that alter the total expenditures of any department within a fund must be approved by the Director of Budget and Sustainability. Actual expenditures and operating transfers out may not exceed budget appropriations at the individual fund level. Appropriations which are neither expended, encumbered, nor specifically designated to be carried over, lapse at the end of the fiscal year.

3.5.3 Amending the Budget

If it becomes evident that a particular fund has circumstances requiring a budget to increase, a budget amendment may be done. The Director of Budget and Sustainability submits a request to amend the budget to the City Commission. The request contains a written explanation for the request. City Commission approval is required for budget amendments which alter the total adopted budget amount of any fund. Budget amendment must be posted on the City's website within 5 days after adoption in accordance with Florida Statute 166.241.

3.5.4 Mid-Year Operating Deficits

During the fiscal year, the City may find revenues falling short and expenditures exceeding anticipated levels. If so, the City shall take immediate corrective actions if at any time during the fiscal year new expenditure and revenue estimates are such that an operating deficit is projected at year end. Corrective actions are to be implemented by the City Manager with a report to advise the City Commission of the actions taken. Corrective actions may include:

- Manage Vacant Positions
- Deferral of capital purchases
- Expenditure reductions
- Freeze merit increases
- Use of fund balance, including Replacement Fund balances
- Increase fees
- Lay-off employees

Short-term loans shall be avoided to balance the budget.

The use of fund balance, which is a one-time revenue source, may be used to fund an annual operating deficit, only with a plan prepared as part of the annual budget to replenish the fund balance if it is brought below policy level.

Section 4 Revenues and Other Resources

Objective: The City shall strive to maintain a balanced and diversified revenue system to protect the City from fluctuations in any one source due to changes in local economic conditions, which may adversely impact that source. The Department of Budget and Sustainability shall maintain a revenue manual documenting the various revenue sources of the City and how those revenues are derived and estimated.

4.1 Administrative Services Charges

The City shall determine annually the administrative services charges due to the General Fund from other funds for overhead and staff support using a cost allocation model.

4.2 Revenue Collections

The City may maintain high collection rates for all revenues by monitoring monthly receivables. The City may follow an aggressive, consistent, yet reasonable approach to collecting revenues to the fullest extent allowed by law for those overdue in payments to the City.

1. The City may contract for billing and collection services when it makes financial sense to do so. For example, Emergency Medical Transport billing requires a high level of knowledge relating to medical billing.
2. The City may contract for collection of delinquent receivables when it makes economic sense for the City to do so. For example, the City currently contracts directly for Emergency Medical Services delinquent receivables.
3. Write-off of Uncollectible Receivables:
Receivables shall be considered for write-off and approved by the Director of Financial Services as follows:
 - State Statute authorizing the release or extinguishment, in whole or in part, of any indebtedness, liability, or obligation, if applicable
 - The write-off of uncollected accounts is a bookkeeping entry only and does not release the debtor from any debt owed to the City
 - The City shall estimate uncollectible accounts through an allowance for doubtful accounts

4.3 User Fees

- The City shall recalculate the full cost of selected activities currently supported by user fees and charges to identify the impact of inflation and other cost increases periodically.
- The City shall set fees and user charges for each enterprise fund, such as Water and Sewer, at a level that fully supports the total direct and indirect costs of operation, including the cost of depreciation and recapitalization.
- The City shall review the costs of services it provides for the potential implementation of user fees and charges on an annual basis.

4.3.1 General Fund

- Where services provide a general public benefit, the City may finance those services through property taxes.
- For services that benefit specific users the City may establish and collect fees to recover the costs of those services.
- For services that provide both specific benefits and a general public benefit, it may be appropriate to subsidize from property tax revenues.
- Costs of Services are defined as full-cost; direct, indirect, and overhead.
- Factors in setting of fees shall include but not be limited to: market and competitive pricing, effect on demand for services, and impact on users, which may result in recovering something less than full cost.

4.3.2 Enterprise Funds

- Utility rates and other fund user fees shall be set at levels sufficient to cover operating expenditures (direct and indirect), meet debt obligations and debt service coverage, provide pay-as-you-go funding for capital improvements, and provide adequate levels of working capital.
- The City shall seek to eliminate all forms of subsidization between the General Fund and Enterprise Funds.
- The Five-Year Financial Plan or Fund Master Plan shall serve as the basis for rate change considerations.
- If rate increases are necessary, the Five-Year Financial Plan shall be built around smaller rate increases annually versus higher rate increases periodically.

4.3.3 User Fee Creation and Revision

Working with the department or office, the Department of Budget and Sustainability will determine the cost for each service and determine a full-cost price. Once a fee has been proposed for a particular service, the fee will be compared to market, evaluated for potential effects on users such as low-income households, market demands of service, etc. A fee will then be recommended to the City Manager and City Commission based on all information gathered through the fee evaluation.

Section 5 Expenditures and Services

Objective: The City will identify services, establish appropriate service levels and administer the expenditure of available resources to assure fiscal stability and the effective and efficient delivery of those services.

5.1 Purchasing and Vendor Selection

The City shall maintain policies and procedures to ensure compliance with state laws relating to procurement of goods and services.

It is the policy of the City that, when lowest qualified bid is not the sole determining factor for a contract award, the contract shall be awarded to the highest ranked vendor based on merit as determined by a thorough evaluation by a selection committee. Merit factors that can be taken into consideration include: qualifications, past experience, quality of team, equipment, scheduling, and proven performance. In accordance with City code, City Commission approval is required on purchases above the Purchasing Administrator's purchasing limit. After purchasing staff verification that all applicable state laws, purchasing policies, and procedures have been followed, a recommendation for award is made to City Commission by staff.

5.2 Departmental Business Plans

Departments shall prepare a business plan to define their operating objectives.

1. The business plan should provide a link between the budget and the services provided; there should be no gaps or holes in accountability, either in accounting for resources provided or in defining services delivered.
2. The business plan shall include an organizational chart, service description and service levels, and measures that indicate how well the service is being delivered.
3. The Business Plan shall include an annual program of services for each department.

5.3 Maintenance of Capital Assets

Within the resources available each fiscal year, the City shall maintain capital assets and infrastructure at a sufficient level to protect the City's investment, to minimize future replacement and maintenance costs, and to maintain service levels.

5.4 Periodic Program/Service Reviews

The City Manager and staff shall undertake periodic reviews of City programs and services for both efficiency and effectiveness. Outsourcing and contracting with other governmental agencies and/or the private sector will be evaluated as alternative approaches to service delivery. Programs or services determined to be inefficient and/or ineffective may be recommended through the annual budget process to be reduced in scope or eliminated.

5.5 Outsourcing of City Services

The City provides many municipal services to its citizens covering a wide variety of disciplines. Attempting to perform all of these services in-house could dilute the City's efficiency and not be cost effective. Two of the management tools utilized by the City to maximize efficiency and cost effectiveness are outsourcing and managed competition processes. The economic benefits of competition include lower costs and improved quality of performance irrespective of whether a given service is ultimately performed in-house or outsourced.

Section 6

Fund Balances | Working Capital | Capital Reserves

Objective: The City will maintain the fund balance and working capital of the various operating funds at levels sufficient to protect the City's creditworthiness as well as its financial position during emergencies or economic fluctuations. Should the budgeted fund balance drop below the minimum identified by the policy below, the City will establish a plan to replenish the balances to the minimum level in subsequent years.

6.1 Governmental Fund Balances

There are five categories of Fund Balance in all governmental funds, not all will always be present. The categories are defined below:

1. Non-spendable- cannot be spent due to being non-spendable in form or the City being legally or contractually required to maintain this amount intact. For example, inventories and prepaid amounts are considered non-spendable.
2. Restricted- balances are subject to external restrictions from creditors, grantors, contributors, or laws of other governments.
3. Committed- use of funds is only for specific purposes as determined by City Commission.
4. Assigned- intended use of balances for specific purposes is established by the City Commission or delegated to the City Manager that is neither restricted or committed and includes the remaining positive balance of all governmental funds.
5. Unassigned- excess funds that have not been classified in the previous four categories for the general fund. This category represents the portion of fund balance which is not obligated or specifically designated and is available for general purposes. Unassigned fund balance would also include deficit residual balances for any governmental funds after reporting amounts as restricted, committed, or assigned fund balances. Deficit amounts cannot be reported for restricted, committed, or assigned fund balances in any fund.

When both restricted and unrestricted funds are available for expenditure, restricted funds will be used first. When committed, assigned and unassigned funds are available for expenditure, committed funds should be spent first, assigned funds second, and unassigned funds last.

6.1.1 Authority to Constrain Amounts

This section describes the criteria or level of authority required for each classification.

Nonspendable funds are fund that cannot be spent because they are either not in spendable form (e.g. inventories and prepaids) or are legally or contractually required to be maintained intact.

Restricted funds are funds that have constraints placed on their use either externally by creditors, grantors, contributors, laws or regulations or other government or by law through constitutional provisions or enabling legislation.

Committed funds are funds that have constraints placed on their use by the City Commission.

Assigned funds are funds that have constraints placed on their use by the City Commission or City Manager.

6.1.2 Procedures to Constrain

The process through which amounts are committed or assigned is as follows:

Committed – The City Commission has the authority to set aside funds for a specific purpose. Any funds set aside as Committed Fund Balance requires the passage of a resolution by a simple majority vote. The passage of a resolution must take place prior to September 30th of the applicable fiscal year but the amount can be determined at a later date. A resolution would also be required to modify or rescind the specific use or amount.

Assigned – The City Commission or the City Manager has the authority to set aside funds for the intended use of a specific purpose. This act would be in the form of a resolution, written request or as part of the annual budget process. Assigned funds may be determined as part of the annual budget process. Upon passage of a budget ordinance where fund balance is used as a source to balance the budget, that amount shall be recorded as Assigned Fund Balance. Any modification or rescission would be in a written notification to the Director of Financial Services.

6.1.3 General Fund Committed Fund Balance - Stabilization Fund

Maintaining a Financial Stabilization Account is a necessity for sound financial management and fiscal accountability. In accordance with the Governmental Accounting Standards Board Statement 54, the City Commission established a Financial Stabilization Account that is designated as Committed Fund Balance. The stabilization account provides the City with a “rainy day” fund for use in unforeseen, unbudgeted emergency situations, such as sustained declines in real estate values of more than 10% and/or property tax collections that decline by more than 5%; 1.5% decline in revenues or 1.5% increase in spending requirements imposed by the state or federal government or vital to maintaining day to day operations of the City (e.g. gas, electricity); non reimbursable natural disaster expenditures or emergency infrastructure failures costing greater than \$1,500,000; or unforeseen litigation in excess of \$1,000,000.

The target level for the Financial Stabilization Account is 17-25% of General Fund budgeted expenditures less capital and less all Center for the Arts expenses. The need to utilize the stabilization account must be established by the City Commission or the City Manager. If established by the City Manager, the specific need must be reported to the City Commission at its next meeting. A budget amendment must be approved by the City Commission. When such a need is recognized as part of the budget process, the need and amount will be documented as part of that process and adopted as part of the budget. When it becomes necessary for the City to draw funds from the stabilization account, wherein the balance drops below the target level of 17-25% of General Fund budgeted expenditures less capital and less all Center for the Arts expenses, the City will develop a plan to replenish the account to the minimum level from net revenue surpluses in subsequent fiscal year(s) until the balance is restored to the minimum level.

Compliance with the provisions of the stabilization fund policy shall be reviewed as part of the annual budget adoption process, and the amounts to be assigned from available fund balance may be determined during this process.

6.2 Working Capital

The City shall maintain working capital sufficient to provide for reserves for emergencies and revenue shortfalls. Working capital reserves will be established and maintained as follows:

6.2.1 General Fund

The City shall include in the General Fund operating budget annually, a contingency account equal to 0.5% of the General Fund budgeted expenditures, less chargebacks, debt service, interfund transfers, all Center for the Arts expenses, and capital expenditures. This contingency will expire at the end of each fiscal year and balances will not be brought forward.

6.2.2 Fire Fund

The City shall maintain a working capital reserve in the Fire Fund to ensure the continued operations in the event of a natural disaster or other emergency. The reserve will be greater than or equal to 17% of the Fire Fund operating budgeted expenditures less Training Division, non-departmental, chargebacks, debt service, interfund transfers, and capital. In addition, a contingency of at least \$25,000 in the non-departmental operating budget will be budgeted annually and will expire at the end of each fiscal year.

6.2.3 Water and Sewer Fund

The reserve will be equal to a minimum of 17% of the Water and Sewer budgeted operating expenditures less chargebacks, debt service, interfund transfers, and capital costs.

6.2.4 Stormwater Fund

The City shall maintain a reserve equal to a minimum of 17% of the Stormwater budgeted operating expenditures less chargebacks, debt service, interfund transfers and capital costs.

6.2.5 Health Fund

The City shall maintain an unreserved retained earnings balance in the Health Fund of an amount equal to or greater than 25% of total budgeted health claims.

6.2.6 Property, Casualty, and Workers' Compensation Insurance Fund

The City shall maintain a reserve for the Property, Casualty, and Workers' Compensation Insurance Fund of a minimum of 125% of the current year's projected claims or the amount as determined by the biannual actuarial report. Risk Management and the City Attorney's Office shall review and adjust on a quarterly basis the funding of the reserve. Adjustments to the reserves shall be reflected in the budget as current expense with an offsetting liability account. An independent actuarial report will be performed biennially on reserves to verify their adequacy. In addition, up to 20% of General Fund revenue in excess of expenditures, calculated annually, may be dedicated to support the insurance reserves as needed.

6.2.7 Charter School Fund

The Coral Springs Charter School shall designate an amount equal to two pay periods of salaries and benefits for Charter School employees as an assignment of fund balance on their financial statements. The City reports fund balance in the Charter School Fund as restricted for Charter school operations.

6.2.8 Pension Funds

All defined-benefit retirement plans (General, Police, and Firefighters) will be financed in a manner that systematically funds liabilities of the pension obligation per fund as determined by an annual independent actuarial valuation report.

6.2.9 Solid Waste Fund

The City shall maintain a reserve equal to a minimum of 17% of the Solid Waste budgeted operating expenditures less chargebacks, debt service, interfund transfers and capital costs.

6.3 Capital Reserves

6.3.1 General Fund

6.3.1.1 Computer Replacement Program

The City may transfer up to 20% of the General Fund revenue in excess of expenditures, determined annually from the financial operating statements prepared by the Department of Budget and Sustainability, into the Computer Replacement Program or any other program for the purpose of creating a perpetual funding method for replacing the City's computer related equipment. A ten-year funding projection is prepared annually to estimate future funding requirements.

6.3.1.2 Facilities Reserve Program

The City may transfer up to 20% of the General Fund revenue in excess of expenditures, determined annually from the financial operating statement prepared by the Department of Budget and Sustainability, into the Facilities Reserve Program for the purpose of funding significant repairs and maintenance to City facilities.

6.3.1.3 Parks Replacement Program

The City may transfer up to 20% of the General Fund revenue in excess of expenditures, determined annually from the financial operating statement prepared by the Department of Budget and Sustainability, into the Parks Replacement Program for the purpose of funding replacement of significant park facilities.

6.3.1.4 Capital Projects Fund

The City shall establish a capital reserve balance in the Capital Projects Fund for unanticipated expenses for the maintenance of buildings and replacement of related equipment of 0.5% of the total annual General Fund expenditures, less debt service, interfund transfers, chargebacks, non-departmental expenditures, all Center for the Arts expenses, and capital expenditures. The purpose of this fund is to pay for new Business Plan initiatives of a capital nature that are adopted midterm, high-profile projects that go over budget, or emergency repairs not included in the annual operating budget or Capital Improvement Program. This fund is maintained at this level from year to year for this purpose.

6.3.1.5 Water and Sewer Fund

The City shall maintain a capital reserve balance inclusive of capital reserves required by bond covenants in the Water and Sewer Fund of the lesser of 15% of the budgeted annual operation and maintenance expense or prior year's depreciation expense.

6.3.1.6 Charter School Fund

The Coral Springs Charter School shall designate 50% of the Charter School's operating surplus to fund major facilities repair and maintenance, and an additional 10% of Charter School Fund operating surplus shall be designated for technology replacement.

6.3.1.7 Tree Trust Fund

The City shall maintain a Tree Trust Fund for the purpose of replacing or maintaining the City's tree canopy.

6.4 Use of Fund Balance/Working Capital

Fund Balance/Working Capital shall be used only for emergencies, non-recurring expenditures/expenses, or major capital purchases that cannot be accommodated through current year savings. Should such use reduce balances below the level established as the minimum for that fund, the request/decision to utilize said balances will include a plan to replenish funds to the minimum level in subsequent fiscal year(s).

6.4.1 Interfund Loans

Through the long range financial planning process, the City may identify a short term capital financing need that does not qualify for debt financing, and funds are available in other funds. An interfund loan is a loan from one fund to another that specifies repayment terms, and requires approval by City Commission. Interfund loans may not be used to support operating needs, but are allowable for cash flow needs related to capital projects.

The Interfund loan shall be documented and defined as follows:

- Source of the Funding
- Use of the Funds (project)
- Maximum Amount
- Repayment Schedule
- Interest rate, if applicable

The proposed Interfund loan shall be identified during the annual budget and CIP process as a funding source. Any changes to repayment terms shall be approved by the City Commission via resolution and clearly identified in the budget document.

6.5 Use of Surplus

It is the intent of the City to use all surpluses generated to accomplish four goals: meeting reserve policies, avoidance of future debt, funding one-time capital and reduction of outstanding debt.

6.5.1 General Fund

Any surpluses realized in the General Fund at year-end may be used first to meet policies set forth in the Stabilization Fund, Working Capital and Capital Reserves sections. Excess surplus may then be used for the following purposes:

- Funding for Replacement Programs
- Retirement or Refinancing of Existing Debt
- Funding Capital Improvement Program Projects
- Contributing to Pension Trust Funds
- Contributing to OPEB Trust and other Trust Funds
- Contributing to the Community Redevelopment Agency

6.5.2 Water and Sewer Fund

Water and Sewer Fund surpluses shall be first used to fund minimum reserve requirements as identified in the Working Capital and Capital Reserves section, with excess surpluses used to fund capital projects and economic development projects as follows:

- **Renewal and Replacement Fund Projects.** Funds may be used to contribute to the Renewal and Replacement Fund balance for future capital expenditures.
- **Capital Improvement Program (CIP) Projects.** Excess surpluses may be used to pay cash for CIP items to avoid future debt service, or may be used to pay down existing debt.
- **Business Development Reserve.** A reserve for economic development incentives, projects, and programs may be established to provide funding for future community redevelopment and business development.

6.5.3 Other Funds

Equipment Services, Debt Service, and Insurance fund surpluses will be held in the fund generating the surplus to first contribute to meeting the reserve policies in Working Capital and Capital Reserves sections. Excess surpluses may be used to pay down debt, pay cash for CIP items, provide General Fund operating support, or to reduce interfund transfers from the General Fund.

6.6 Debt Service Funds

The City shall maintain the debt service fund balance reserve as required by bond ordinances.

Section 7

Capital Expenditures and Improvements

Objective: The City will review and monitor the state of the City's capital equipment and infrastructure annually, setting priorities for its replacement and renovation based on needs, funding alternatives, and availability of resources.

7.1 Capitalization Threshold for Tangible Assets

A capital asset is any tangible property owned by the City that is worth \$5,000 or more and has an expected useful life of two years or more. Capital assets include land, land improvements, buildings, infrastructure, and equipment. Once purchased or acquired, all capital items are maintained in the financial records and Capital Replacement Program, if applicable, until disposed.

7.1.1 Attractive Items

“Attractive Items” means tangible personal property used in operations that has a cost less than the City’s established capitalization threshold and that requires special attention to ensure legal compliance, protect public safety, and avoid potential liability, or to compensate for a heightened risk of theft.

Attractive assets (with a total value between \$1,000 and \$4,999) are recorded and accounted for as capital asset inventory. An annual inventory of these assets will be performed by the individual departments and provided to the Department of Financial Services.

Examples of small and attractive assets include but are not limited to:

- Computer equipment such as desktop computers, laptops, notebooks, tablets, printers, and scanners,
- Firearms, radar guns, tasers, and related accessories,
- Handheld radios,
- Small equipment such as lawnmowers, pressure washers, generators, trailers,
- Cameras, photographic projectors, drones and other media equipment.

7.2 Five-Year Capital Improvement Plan (CIP)

The City shall annually prepare a five-year capital improvement plan based on the needs for capital improvements and equipment, the status of the City’s infrastructure, replacement and renovation needs, and potential new projects in coordination of the development of the Strategic Plan, Business Plan, and Operating Budget, as well as ensuring compliance with the Comprehensive Plan’s Capital Improvement element. Future operating expenditures and revenues associated with new capital improvement will be projected and included in operating budget Five-Year Forecasts.

Capital projects are improvements or additions to the City's physical plant/facilities and become part of the City's asset inventory. Capital projects can be further categorized into land, buildings, improvements other than buildings, and infrastructure, which includes roads, sidewalks, bridges, utility lines, etc. Capital costs typically consist of preliminary design, final design, and construction, and may involve the acquisition of land or easements. For every project identified in the plan, a project scope and project justification will be provided. Also, project costs shall be estimated, funding sources identified and annual operation and maintenance costs computed.

Staff will identify the estimated costs and funding sources for each capital project proposal before it is submitted to the City Commission for approval. The City will determine and use the most prudent financial methods for acquisitions of new capital equipment and projects, based on its financial resources and market conditions at the time of acquisition.

All capital projects submitted for approval must be justified in terms of how the project supports the achievement of the City's strategic priorities and intended outcomes. Projects are prioritized and approved based on the relevance of the project to the City's Strategic Plan and the impact on the end customer.

The Five-Year Capital Improvement Plan shall be filed and year one funding approved with the annual budget. Years two through five are for planning purposes only, and may move up, back, or be phased as the project becomes more refined based on preliminary engineering and design work gets completed.

The Five-Year CIP shall be limited to the affordability limits identified in the long range financial plans of the City taking into consideration pay-as-you go funding capacity, operating costs, etc. Affordability shall be determined by the revenue assumptions used to build the five year forecast.

Projects that cannot be funded in the Five Year CIP using the affordability assumptions will be included in the CIP for future reference as an appendix of unfunded projects, and considered for future funding or a bond referendum.

7.3 Replacement of Capital Assets on a Regular Schedule

The City shall annually prepare a schedule for the replacement of its fleet, high value technology and high value parks capital assets. Funding for the replacement of these assets will be accomplished through the use of an annual depreciation structure charged to each participating fund at 100% of annual depreciation based on lifecycle or useful life of the asset. Within the resources available each fiscal year, the City shall replace these assets according to the Fleet, Computer, and Parks Replacement Policies.

Capital Replacement Programs—the City shall establish equipment replacement and maintenance needs for at least a ten-year period and will update this projection each year. From this projection a maintenance and replacement schedule shall be developed and implemented. Funding for these programs will be made through funded chargebacks to user departments and held in sinking funds created for the purpose of paying for future replacements. Additional funding may be obtained through year-end surpluses as identified in "Use of Surplus".

The following replacement programs have been established:

- Ten-Year Fleet Replacement Program
- Ten-Year Computer Replacement Program
- Ten & Twenty-five Year Parks Replacement Program

7.4 Capital Project Management

All projects will be considered active once the fiscal year has begun with an appropriately adopted Capital Improvement Program budget in place. Projects will be initiated by the responsible department, which shall follow appropriate procurement policies and procedures.

Projects funded with bonds, loans, or short-term notes will continue until the project is finished and closed on the general ledger.

Projects funded by cash will expire at year-end, with no funding rolled forward unless approved by the Director of Budget and Sustainability.

Projects finished under budget will be closed and excess funds will be placed in fund balance for unrestricted use.

Unrestricted, excess funds shall be used to fund future capital projects, new Business Plan initiatives adopted midterm, over-budget projects, or to refund financial instruments.

Projects that will exceed budget must have a revised budget and request for additional funding submitted to the Director of Budget and Sustainability at the earliest possible time. Additional funding may be identified through savings in other capital projects at the discretion of the Director of Budget and Sustainability, or through Commission action, as appropriate to the procurement code.

7.5 Physical Inventory

An annual inventory of equipment will be conducted to ensure that the replacement, maintenance, and Capital Improvement Program projections are accurate, and that sufficient internal control over capital items is exercised.

Section 8 Debt

Objective: The City will establish guidelines for debt financing that will provide needed facilities, land, capital equipment and infrastructure improvements while minimizing the impact of debt payments on current and future revenues.

8.1 Use of Debt Financing

Debt financing, to include general obligation bonds, revenue bonds, lease/purchase agreements, and other obligations permitted to be issued or incurred under Florida law, shall only be used to purchase capital assets that cannot be prudently acquired from either current revenues or fund balance/working capital and to fund improvements and additions. Debt financing is utilized to spread payments for assets and infrastructure over their useful lives. Debt will not be used to fund operating expenditures.

The City will pay cash when possible for capital improvements within the financial affordability of each fund versus issuing debt when funding capital expenditures and capital improvements. Projects that are rehabilitative in nature shall be earmarked for funding from cash instead of debt when possible. (This is not intended to include reconstruction projects that significantly extend the useful life of an asset.) Cash sources include, but are not limited to general fund one-time revenues, water and sewer system revenues and developer fees, and state and federal grants.

8.2 Bond Ratings

In evaluating the issuance of additional debt to finance projects, the City shall take into account the statements of the rating agencies in regards to the City's financial condition. Ratings reflect the assessment of the following factors, and these must be evaluated to determine the impact of potential bond issues:

- Local economic activity
- Strong financial policies
- Budgetary performance
- Total liquidity and reserve balances
- Debt and contingent liability- evaluation of debt carrying costs as a percent of expenditures
- Impact of future debt issuance on bond ratings/debt profile and outlook

8.3 Affordability

The City shall use an objective analytical approach to determine whether it can afford to issue new general-purpose debt. This process shall compare City accepted standards of affordability to the current values for the City. These standards may include debt per capita, debt as a percent of taxable value, taxable value per capita, and tax rate. The process shall also examine the direct costs and benefits of the proposed expenditures. In addition, the analysis will evaluate the capacity within the General Fund to take on the operating expenditures associated with the completion of the proposed capital improvements.

When a project will have a significant impact on the operating budget, the tax rate shall be shifted from debt service to maintenance & operations to support the increased expenditures. Further debt capacity shall be evaluated based on the remaining debt service tax capacity. The decision on whether or not to issue new debt shall be based on these costs and benefits, current conditions of the municipal bond market, and City's ability to "afford" new debt as determined by the aforementioned standards.

8.4 Debt Service Coverage

Annually, upon filing of the continuing disclosure requirements, the Director of Financial Services will transmit the "Historical Coverage" tables to the Deputy City Manager and the Director of Budget and Sustainability. The communication ensures awareness of the City's current debt level.

In the event that a project may require debt, an affordability analysis will be done on a project by project basis.

8.5 General Obligation Bonds (GO's)

General Obligation bonds require voter approval. When the list of unfunded projects contains projects that the City Commission wishes to fund but cannot afford, then the City will consider taking a GO Bond Proposition(s) to the voters.

1. General Obligation bond proposals would include an analysis showing how the new debt combined with the current debt impacts the City's tax rate and debt capacity.
2. General Obligation bonds must be issued to accomplish projects identified in the bond referendum and associated material.
3. General Obligation bonds must be issued for projects that are consistent with the wording in the bond propositions.

8.6 Debt Structures

- The City shall normally issue bonds with a life not to exceed 25 years for general obligation bonds and 25 years for revenue bonds, but in no case longer than the useful life of the asset.
- The City shall seek level or declining debt repayment schedules and shall seek to retire 50% of the total principal outstanding within the average life of the bonds.
- There shall be no capitalized interest included in the debt structure except as specifically disclosed to the Commission and justified by project needs.

8.7 Debt Refunding

The City's financial advisor shall monitor the municipal bond market for opportunities to obtain interest savings by refunding outstanding debt. As a general rule, the net present value savings of a particular refunding should exceed 3.0% of the refunded maturities unless (1) a debt restructuring is necessary or (2) bond covenant revisions are necessary to facilitate the ability to provide services or to issue additional debt.

8.8 Interest Earnings and Remaining Bond Proceeds

Interest earnings on bond proceeds will be limited to funding changes to the bond financed Capital Improvement Plan in compliance with the voted propositions, cost overruns on bond projects, or be applied to debt service payments on the bonds issued. Issued but unspent bond proceeds may be appropriated for projects consistent with the ballot language after completion of projects identified in the approved bond propositions.

8.9 Sale Process

The City shall use a competitive bidding process in the sale of debt unless the nature of the issue warrants a negotiated sale. The City will utilize a negotiated process when the issue is, or contains, a refinancing that is dependent on market/interest rate timing. The City shall award the bonds based on a true interest cost (TIC) basis. However, the City may award bonds based on a net interest cost (NIC) basis as long as the financial advisor agrees that the NIC basis can satisfactorily determine the lowest and best bid. Based on the fact that market conditions and the City's needs change regularly, sales process parameters will be disclosed to and approved by the City Commission.

8.10 Underwriting Syndicates

In response to the MSRB Rule G-17, which recognizes that the motivations of an underwriter may not be consistent with the best interest of the City, the City shall refer underwriters to its Municipal Advisor to review potential refunding opportunities. The City's municipal advisor is prohibited from underwriting the City's bonds while under contract with the City for municipal advisory services, and for a period of one year after termination of the municipal advisory contract.

The City will consider past participation and results of competitive City of Coral Springs and component unit bond sales when engaging one or more firms to underwrite a negotiated bond transaction.

8.11 Rating Agency Presentations

Full disclosure of operations and open lines of communications shall be maintained with the rating agencies. City staff, with the assistance of financial advisors, shall prepare the necessary materials and presentation to the rating agencies. Credit ratings will be sought from one or more of the nationally recognized municipal bond rating agencies, currently Standard & Poor's and Fitch Ratings Inc., as recommended by the City's municipal advisor.

8.12 Bond Ratings

The City will prudently manage the General and Enterprise Funds and attempt to issue and structure debt to help maintain or increase the current bond ratings.

8.13 Lease/Purchase Agreements

The City will use lease/purchase agreements for capital items when it is cost-efficient and provides for more attractive terms than issuance of bonds.

Section 9 Cash Management & Investments

Objective: The City will maintain the City's cash in such a manner so as to ensure the absolute safety of principal, to meet the liquidity needs of the City, and to achieve the highest possible yield in compliance section 218.14 of Florida Statutes and the City's Investment Policy, as adopted by the City Commission.

9.1 Investment Policy

All aspects of cash/investment management shall be designed to ensure safety and integrity of the City's financial assets. Cash/Investment management activities shall be conducted in full compliance with prevailing local, state, and federal regulations. The City shall review its investment policies on a periodic basis. Please reference the City's Investment Policy as adopted by the City Commission.

The City shall design and establish policies relating to a variety of cash/investment management issues, such as authorized investment institutions and dealers, permissible investments, maturity and liquidity requirements, third party custodial agreements, and such other aspects of the program, which necessitate standard setting in pursuit of appropriate prudence and enhanced protection of assets.

9.2 Investment Strategy

The City of Coral Springs maintains a consolidated portfolio in which it pools its funds for investment purposes. The City's investment program seeks to achieve safety of principal, adequate liquidity to meet cash needs, and reasonable yield commensurate with the preservation of principal and liquidity. Refer to the City's Investment Strategy as adopted by City Commission annually for detail.

9.3 Interest Income

Interest earned from investments shall be distributed to the funds from which the funds were provided.

9.4 Arbitrage Investments and Reporting

The City's investment position as it relates to arbitrage is as follows: Investments on bond proceeds will be made with safety of principal and liquidity in mind, but with a competitive rate of return. Investment of bond proceeds will be clearly tracked and investment earnings recorded for arbitrage purposes.

9.5 Depository Bank

The City of Coral Springs will select its official bank depository through a formal bidding process in order to provide the City with the most comprehensive, flexible, and cost-effective banking services available. Only officials authorized by the City Commission through the depository contract may open accounts in the name of the City or its component units.

All checks shall have two signatures. Three persons shall be authorized to sign checks: the City Manager, the Mayor, and the Director of Financial Services. Signatures shall be affixed to all City checks via facsimile signatures, and are made with a secure laser check printing system.

9.6 Collateralization of Deposits

Florida Statutes, Chapter 280, Florida Security for Public Deposits Act (the “Act”) prescribes the deposit authority of the City. Deposits whose value exceeds the limits of federal depository insurance are entirely insured or collateralized pursuant to Florida Statutes, Chapter 280. Under the Act, every qualified public depository shall deposit with the Treasurer eligible collateral of the depository to be held subject to his or her order. The Treasurer, by rule, shall establish minimum required collateral pledging levels. The pledging level may range from 25% to 200% of the average monthly balance of public deposits depending upon the depository’s financial condition and establishment period. All collateral must be deposited with an approved financial institution. The Public Deposit Security Trust Funds have a procedure to allocate and recover losses in the event of default or insolvency. City policy conforms to state statute.

Section 10 Grants

Objective: The City will seek, apply for, and effectively administer federal, state and local grants, which support the City's current priorities and policy objectives.

10.1 Authority to Apply for Grant Funding

Only the City Manager or an authorized designee may sign and submit grant applications on behalf of the City of Coral Springs. City Commission approval is not required in order to apply for a grant.

10.2 Coordination of Grant Policy and Grant Operations

The City of Coral Springs must be able to track and manage grants at all stages of the grants process from funding research through project closeout. To accomplish this policy requirement, a central point of contact is hereby established within the Department of Budget and Sustainability.

10.3 Acceptance of Grants

All approved grants must be accepted by ordinances that simultaneously accept the grant and appropriate the funding. Prompt acceptance of grant awards either by regular or emergency adoption is essential in order as to expedite the execution of awarded grants by the City Manager or an authorized designee. (See Policy 09.04.05 for Grant Acceptance Guidelines). Any grant agreement that has a match over \$45,000 must be approved by the City Commission.

10.4 Internal Audit of Approved Grants

All grants awarded to the City of Coral Springs are subject to the possibility of a compliance audit in accordance with the most currently approved audit plan of the Department of Financial Services. The City Manager may request a special internal audit of any grant awarded to the City of Coral Springs.

Section 11

Performance Management

Objective: The City shall create a Strategic Plan that identifies the strategic goals with corresponding key performance indicators (KPI) to help monitor and achieve the strategic goals.

11.1 Establishing Performance Requirements

Annually, each department, along with the Department of Budget and Sustainability, shall develop and review existing departmental performance measures that directly support the successful achievement of a strategic goals. The KPIs and targets shall measure and track the performance of core processes of the department and should reflect customer needs. The KPIs shall measure performance from one of the following “perspectives” (Measure Types): Impact, Demand, Efficiency and/or Effectiveness.

- Impact: Measures the resources being used by a department and/or the impact on the community. (Example: The number of calls responded to by staff and the cost associated to responding to those calls and/or the benefit of having a place for the resident to call)
- Demand: Measures the need for a specific service or program. (Example: The total number of incoming calls)
- Efficiency: Measures cost efficiency. (Example: Responding to all incoming calls while looking to reduce cost)
- Effectiveness: Measures how well an objective is achieved. (Example: The ability to effectively answer all inquiries and respond to all incoming calls)

Department directors along with the Department of Budget and Sustainability shall establish performance measures for each division or program within their department to monitor and project program performance. These measures must be linked to the strategic goal(s) they support.

Supervisors shall negotiate fair and aggressive performance measures for each employee that directly support program objectives and departmental KPIs as part of the annual performance review process.

KPIs should have sufficiently aggressive “stretch” targets to ensure continuous improvement.

11.2 Establishing Data Tracking and Reporting Requirements

The Department of Budget and Sustainability shall establish reporting frequency and “child measure” data to be tracked within each KPI (Parent Measure). The reporting frequency and child measure data must allow for detailed trend analysis and reporting.

KPIs that track the performance of department and/or division core processes shall be monitored and reported using the most frequent “reporting frequency” available and shall continue to be monitored while the core process is performed by the department and/or division.

Underperforming KPIs shall be monitored and reported using the most frequent “reporting frequency” available. Underperforming KPIs that monitor the performance of a core process(s) shall continue to be monitored while the core process(s) is performed by the department and/or division. Underperforming KPIs that do not monitor a core process(s) must achieve target for a minimum of one fiscal year before being removed from the Performance Management Report.

11.3 Reporting Performance

Quarterly summaries of progress and departmental key performance indicators will be reported.

A “State of the City” report shall summarize the operational and financial performance of the City each fiscal year.

11.4 Decision Making and Analysis

The City’s strategic/business planning and budgeting decisions are based on a number of advanced statistical, economic, and financial models. The specific tools used include but are not limited to:

- Citizen Surveys—Based on sound statistical sampling methods, a survey of residents and business owners will be conducted to gather widespread customer satisfaction, quality perceptions, and other attitudinal information.
- Citizen Focus Groups and Advisory Boards—Focus groups (such as Vision 20/20) and advisory boards (such as Financial Advisory Committee) are teams made up of citizens and City staff to address specific concerns and strategic priorities. More than two dozen such committees currently exist.
- Master Planning—Specific functions and processes are included in written plans, such as the Utilities Master Plan or the Comprehensive Land Use Plan.
- SWOC Analysis - Strengths, Weaknesses, Opportunities, and Challenges are gathered from staff, Advisory Committee members, and other members of the community.
- Process Improvements—The Service Improvement Process, a ten-step model established by the City to guide cross-functional teams through improvement cycles.
- Revenue Forecasting Model—Statistical time series analysis and tracking model of major revenue sources.
- Performance Management System—Quarterly performance evaluations.
- Capital Budgeting Tools—Present value payback, net present value analysis, and own/lease analysis.
- Five-Year Financial Plan—Multiyear forecasting of revenues and expenditures.
- Ten-Year Fleet Replacement Plan—Equipment replacement model covering useful life of all vehicle classes.