

AGENDA ITEM SUMMARY

FORT COLLINS CITY COUNCIL

ITEM NUMBER: 12

DATE: November 4, 2003

**STAFF: John Fischbach/
Alan Krcmarik**

SUBJECT

Resolution 2003-118 Adopting Amendments to the Financial Management Policies.

RECOMMENDATION

Staff recommends adoption of the Resolution.

FINANCIAL IMPACT

The Financial Management Policies guide budget preparation and long-range financial planning. The policies reflect Council direction and commitment to sound financial planning and management.

EXECUTIVE SUMMARY

The budget process for the City of Fort Collins is driven by many financial management policies. To facilitate comprehensive review of the financial management policies, the management staff compiles the policies into a separate document. Each year, staff reviews and updates the policies. Staff presents the updated and revised policies to the Council for adoption by Resolution. The policies remain in effect until subsequently amended or repealed by Council action. Pursuant to Council direction, Section 3.4 of the policies pertaining to Human Resource Management and Productivity has not been changed, pending further review and discussion by the Council.

BACKGROUND

On October 14, 2003, the Financial Management Policies were presented to the Council at a study session. With the exception of Section 3.4. pertaining to Compensation and Benefits, the Council provided general direction to present the rest of the policies for adoption.

The following is a listing of the proposed amendments, by section, and a brief explanation of why an amendment is proposed. A copy of the Financial Management Policies with the original and amended policy language is attached.

Proposed Amendments:

- Section 1.1.** The first sentence, a long one, has been broken into three. A reference to the annual appropriations ordinance, which provides the basis for expenditure control, was added.
- Section 1.2.a.** Simplified the wording. Added an explanation that the Council started using the multi-year budget in 1997 for 1998-1999 and that the cycle corresponds with the Council election.
- Section 1.2.c.** Minor change to the wording of the first sentence.
- Section 1.3.** Changed "irrepealable" to "not subject to repeal". Changed "deemed" to "considered".
- Section 1.3.a.** Changed the structure of the first sentence slightly.
- Section 1.3.a.1.** Added "and valid" before "purchase orders" to clarify that not all open orders are carried forward.
- Section 1.3.b.** Clarified that when a budget has been reduced by the City Manager, expenditures shall not exceed the amount of the reduced budget.
- Section 1.5.a.** Modified the wording of the second sentence.
- Section 1.5.b.** Deleted the reference to the Council Finance Committee.
- Section 1.6** Eliminated the reference to previous resolution (Resolution 99-46).
- Section 2.1.** Added Greeley to the Denver-Boulder CPI to conform to Bureau of Labor Statistics titling. Added a note to the enterprise section that the revenue sources for the Golf Fund make it eligible for enterprise status under Article X, Section 20. Added explanation that to become an enterprise, voters would need to approve a Charter change. Simplified the wording that referred to the legal principles regarding the use of excess fee revenue.
- Section 2.2.c.** Updated the revenue targets for sales tax as a percent of general government revenue and general fund revenue.
- Section 2.2.d.** Eliminated the reference to the Council Finance Committee.
- Section 2.3.c.** Added language previously omitted when adopted by Ordinance No. 115, 1997.

- Section 2.4.** Deleted reference to Fort Collins-Loveland Airport Authority contribution for debt. Modified other debt related set asides to note requirements are going away as debt is paid off and sureties are substituted for required reserves. Noted that appropriations are required for transfers of sales tax monies to the general fund.
- Added wording to the 1/4 cent taxes that transfers may be to operating funds. The Auditors have recommended that the Capital Projects fund not be used for operating expenditures.
- Section 2.5.** Clarified the contributions section.
- Section 3.1** Deleted reference to Charter.
- Section 3.1.a.** Changed references to "Information & Communications Systems" to "Information Technology." Clarified sentence regarding amount of departmental cost allocation.
- Section 3.3.** Modified the final sentence of the lease-purchase section.
- Section 3.4.a.** This policy has not been changed, pursuant to Council direction, pending further review and discussion by the Council.
- Section 3.4.b.** Clarified that the pay-for-performance concept applied to the employee evaluation process.
- Section 3.5.** Updated sections and data on pensions and insurance.
- Section 3.6.c.** Removed reference from the early 1990s relating to the maintenance target.
- Section 3.7** Updated section regarding Revenue Allocation Formula.
- Section 3.8.** Changed the explanation of the regressive nature of the sales tax on low income households.
- Section 4.1.** Revised estimate of the percentage of general fund that comes from sales and use tax.
- Section 4.2.** Added one word to the paragraph on utilities financial record keeping showing that FERC accounting is supplemental to the regular financial record keeping.
- Section 4.3.** Added the fifth internal service fund to this section and noted that the Utilities Customer Service and Administration Fund will operate according to the same guidelines that the Utilities follow.
- Section 4.4.b.2.** Updated section and corrected the formatting (Item C was mislabeled.)

Section 5.2.a.1(a) Updated section.

Section 5.2 a. 2(e) Added a designated reserve in the General Fund for Facilities Maintenance and Repairs. The outside auditor has recommended that more stringent guidelines be used in determining when certain facility maintenance or repairs are capitalized. Previously, monies for maintenance and repairs were appropriated in the Capital Projects Fund and the dollars were non-lapsing; the dollars could be carried over from year to year. With the new guidelines, some of the facility maintenance and repair dollars will be appropriated in the General Fund. Unspent monies not designated for a purpose lapse into a general usage reserve in the General Fund. In order to make certain the monies originally appropriated for maintenance and repair use are protected, a reserve designated for that purpose is recommended.

Section 6.1 Updated information on expiration of natural areas tax.

Section 7.2 Revised reference to stake construction.

Section 7.4 Updated the debt target indicator for the upcoming five-year budget planning period.

Section 7.7 Minor modification to sentences relating to SEC requirements.

Section 8.6. Added a sentence to the end of the Eligible Investments paragraph. In 2000, the State authorized itself and public entities to participate in securities lending programs. After studying the technique in 2001, the Finance Department began participating in a securities lending program offered by Wells Fargo Bank. The City has relied on the state statute to improve the investment program total investment return.

RESOLUTION 2003-118
OF THE COUNCIL OF THE CITY OF FORT COLLINS
ADOPTING AMENDMENTS TO THE FINANCIAL
MANAGEMENT POLICIES

WHEREAS, City Council has adopted Financial Management Policies for the City pursuant to Resolution 94-174; and

WHEREAS, Resolution 94-174 provides that the Council may adopt amendments to the City's Financial Management Policies; and

WHEREAS, the City Manager has recommended certain proposed amendments to the Financial Management Policies; and

WHEREAS, the City is committed to sound and efficient financial planning and management; and

WHEREAS, the proposed amendments to the Financial Management Policies establish guidelines for sound and efficient financial planning and management, and reflect current requirements and laws that apply to the City's financial activities; and

WHEREAS, the City Council wishes to adopt these amendments to the City's Financial Management Policies in pursuit of its objective of sound and efficient financial planning and management.

NOW, THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF FORT COLLINS as follows:

Section 1. That the Council hereby adopts the amendments to the City's Financial Management Policies attached hereto as Exhibit "A" and incorporated herein by this reference.

Section 2. That the amendments to the Financial Management Policies adopted by the passage of this Resolution shall be included as part of said Policies, and those Policies shall hereafter remain in effect until the same are amended or repealed by subsequent action of the City Council.

Passed and adopted at a regular meeting of the Council of the City of Fort Collins held this 4th day of November, A.D. 2003.

Mayor

ATTEST:

City Clerk

BUDGET POLICY

1.1. OVERVIEW

The budget is a the long-range plan by which the City Council sets financial policy is made, implemented and controlled. Through the budget, services are implemented. The budget along with the annual appropriation ordinance provides the basis for the control of expenditures. For the City of Fort Collins, direction for the budget emanates from many distinct sources. The State Constitution and the City Charter provide the basic legal requirements and time lines for the process. Council goals, ordinances and resolutions provide additional direction and respond to the needs of the community.

1.2. CHARTER PROCESS REQUIREMENTS

a. Budget Term

The fiscal year of the City is the calendar year. The City may adopt budgets for a budget term of one fiscal year or more fiscal year(s). After the Charter amendment in 1997 allowing the budget term to be more than one fiscal year, the Council has adopted two-year budgets that correspond with the election cycle.

b. Budget Recommendation

On or before the first Monday in September preceding each budget term, the City Manager shall file with the City Clerk a proposed budget for the ensuing budget term along with an explanatory message. The proposed budget shall provide a complete financial plan for each fund of the City and shall include appropriate financial statements for each type of fund showing comparative figures for the last completed fiscal year, comparative figures for the current year, and the City Manager's recommendations for the ensuing budget term.

c. Public Record, Hearing

The City Manager's proposed budget(s) shall be a public record and be available open to the public for inspection and copying. The City Council shall, within ten (10) days after the filing of the proposed budget(s), set a time for a public hearing. At the hearing, the public may comment upon the proposed budget plan.

d. Adoption of Budget and Appropriation of Funds

After the public hearing and before the last day of November preceding the budget term, the Council shall adopt the budget, by ordinance, for the ensuing term. Before the last day of November of each fiscal year, the Council shall appropriate such sums of money as it deems necessary to defray all expenditures of the City during the ensuing fiscal year. The appropriation of funds shall be accomplished by passage of the annual appropriation ordinance. The appropriation of funds shall be based upon the budget as approved by the Council but need not be itemized further than by fund with the exception of capital projects and federal or state grants, which shall be summarized by individual project or grant.

1.3. CHANGES TO ADOPTED BUDGET

After the commencement of the fiscal year, the amounts appropriated for the proposed expenditures in the adopted budget are not subject to repeal irrevocable and are deemed considered appropriated for the purposes specified. The expenditures of City operating funds cannot exceed the budgeted appropriations for their respective fund. In certain cases, however, adopted budgets may be increased, decreased, or amounts transferred between funds.

a. Budget Increases

1. Supplemental Appropriations--The Council, upon recommendation by the City Manager, may make supplemental appropriations from actual revenues received, ~~and~~ anticipated revenues and prior year reserves provided that the total amount of the supplemental appropriation plus previous appropriations for the fiscal year does not exceed the actual or anticipated revenue total or the available reserve balance. No appropriation can be made which exceeds the revenues, reserves, or other funds anticipated or available except for emergencies due to accident or unforeseen event arising after the adoption of the annual appropriation.
2. Unanticipated Revenue--If a fund receives revenue during the fiscal year from a source that was not anticipated at the time of budget adoption such as grants, bond issue or implementation of a new fee, Council may appropriate such revenue for expenditure.
3. Encumbrance Carryover--If a fund has open and valid purchase orders at the end of a fiscal year, those related appropriations are encumbered and carried over to the ensuing fiscal year and added to the budgeted appropriations to cover the actual expense when it occurs.

b. Budget Decreases

The budget may also be decreased below adopted appropriations during the fiscal year. Changes in service demand, economic conditions, projected growth limits, and Council goals and direction may cause such budget reductions. Each service area is responsible for developing a plan to reduce appropriations. Each plan must be in place and ready for implementation should the need arise. If the City Manager directs budget reductions, Council will be informed immediately and the appropriations will be set aside through administrative action. While this administrative action does not lower the appropriations within a fund, expenditures from the fund shall not exceed the amount recommended by the City Manager. ~~are prevented~~. If the circumstances leading to the implementation of reductions change, the appropriations may be made available for expenditure.

c. Level of Control and Budget Transfers

1. Control of expenditures is exercised at the fund level. Fund managers are responsible for all expenditures made against appropriations within their fund and can allocate available resources within the fund.

2. During the fiscal year, the Council may by ordinance and upon the recommendation of the City Manager, transfer any unexpended and unencumbered appropriated amount from one fund or capital project account to another fund or capital project account, provided that:
 - a) the purpose for which the transferred funds are to be spent remains unchanged;
 - b) the purpose for which the funds were initially appropriated no longer exists; or
 - c) the transfer is from a fund or capital project account in which the amount appropriated exceeds the amount needed to accomplish the purpose specified by the appropriation.

1.4. LAPSED APPROPRIATIONS

All appropriations not spent or unencumbered at the end of the fiscal year lapse into the fund balance applicable to the specific fund, except for:

- a. **Capital Projects** - appropriations for capital projects which do not lapse until the project is completed and closed out; and
- b. **Grant Funds** - appropriations for federal or state grants which do not lapse until the expiration of the grant.

Council can terminate a capital project or a federal or state grant at any time prior to completion of the project or expiration of the grant.

1.5. BUDGET PHILOSOPHY

a. Philosophy

The City of Fort Collins is committed to presenting a sound financial plan for operations and capital improvements within growth limit guidelines. To achieve this end, the City utilizes conservative growth and revenue forecasts and:

- Prepares multi-year financial plans for operations and capital improvements;
- Allows staff to manage the operating and capital budgets, with City Council deciding allocations in both;
- Adopts financial management policies which establish guidelines for multi-year financial plans;
- Establishes budgets for all funds based on adopted policies;
- Appropriates the budget in accordance with the City Charter and State Constitution;
- Adjusts the budget to reflect changes in the local economy, changes in priorities, and receipt of unbudgeted revenues;

- Organizes the budget so that revenues are related to expenditures as much as possible;
- Provides department managers with immediate access to revenue and expenditure information for controlling their annual expenditures against appropriations;
- Utilizes a performance measurement system for all activities in the City;
- Evaluates recommendations which have a budget impact in light of annual appropriations and multi-year financial plans.

b. Budget Preparation

While the Charter establishes time limits and the essential content of the City Manager's proposed budget and the adoption of the budget, the language is silent on the budget preparation process.

The City's Financial and Management Policies guide the preparation of the budget. A Budget Issues Team composed of the City Manager, Deputy City Manager, and the Budget Director develops the guidelines, consistent with the Policies, to be used for budget preparation. During the development of the budget, various department and division representatives are called on to provide their expertise to the Budget Issues Team. In addition, the City Council, ~~the Council Finance Committee~~, and the Executive Lead Team provide guidance during preparation.

In March, programs develop multi-year revenue projections and submit them to the Budget Office. Based upon the revenue projections, guided by the mandated revenue and expenditure limitations, the Budget Office prepares target budgets for each of the service programs. All of the budget preparation information, including target budgets, are included in a Budget Manual that guides the programs in developing their budgets. In April and May, Council study sessions are held. At these sessions, Council has the opportunity to provide direction for development of the proposed budget for the ensuing budget term.

In early June, program budgets are due into the Budget Office. All programs must stay within their target budgets. Budget issues are identified and the target budgets may be adjusted, within available revenue, to address the identified issues. The City Manager's budget recommendation is submitted to City Council before the first Monday in September. The recommended budget is made available for public inspection at this time. In September, a recommended budget-in-brief is published in the local newspaper for public information. In addition, two public hearings and three Council study sessions are held in September and October. The budget for the ensuing budget term is adopted in November.

1.6 PRINCIPLES FOR BUDGET PLANNING

The City provides a wide variety of services to the residents of the community. It is the responsibility of City Council to adopt a budget and manage the available resources to best meet the service needs for the overall good of the community.

To aid in planning for the allocation of resources to meet the good of the whole community, Council adopted ~~Resolution 99-46, later replaced by~~ Resolution 2001-161, that set forth the Principles for Budget Planning. Those Principles as adopted by Council are as follows.

- a. The City should strive to attain the lowest possible interest rates on debt in order to minimize the cost to taxpayers and users of City services.
- b. The City should maintain adequate reserve levels to ensure minimal loss of service to the community should there be unforeseen reductions in revenues or a catastrophic occurrence.
- c. Employees of the City are a valuable resource in providing services to the community, and a compensation policy should be maintained for City employees that reflects the value of attracting and retaining quality employees.
- d. Primary services are those services that are necessary for the good of the entire community. They are basic to the safety, health, and welfare of the community, and the allocation of all resources necessary for the provision of primary services is the first priority in budget preparation. Primary services are:

Police	Water	Wastewater
Fire	Transportation	Stormwater
Building Inspection	Electric	Natural Resources
Development Review	Engineering	Facilities Maintenance
Affordable Housing	Pedestrian Access	(all public facilities including parks)

- e. Secondary services are those services that enhance the quality of life of the residents and to many, increase the value of living and working in the community. While the value of secondary services is recognized, the allocation of resources to those services shall be considered only after the necessary allocation has been made to fund primary services. Secondary services are:

Recreation	Neighborhood Resources	Performing Arts
Human Rights	Library	Cemeteries
Golf	Human Services Contract	Airport
Parks	Natural Areas	Museum

- f. Support services provide the management, guidelines, and operational assistance to carry out the provision of primary and secondary services. Resources should be allocated to support services to support the level and quality of primary and secondary services expected and desired by the community. Support services are:

General Administration
Budget
Clerical Support
Information Technology

Finance
Human Resources
Fleet Management
Geographic Information Systems

Legal
City Clerk

- g. No new services, other than those identified as primary services, shall be undertaken by the City until all existing primary, secondary, and support services have received a sufficient level of funding to meet the needs of the community.
- h. Any adjustment to the existing budget shall take into account the effect that such adjustment would have on future budget resources.

REVENUE POLICIES

2.1. REVENUE LIMITATION

~~Section 20 of Article X of the In 1992, voters approved an amendment to the Colorado Constitution (Article X, Section 20 or "TABOR") that places limits on revenue and expenditures of the State and all local governments. Even though the limit is placed on both revenue and expenditures, the constitutional amendment in reality applies to a limit on revenue collections. Growth in revenue is limited to the increase in the Denver-Boulder-Greeley Consumer Price Index plus local growth (new construction and annexation). This percentage is added to the preceding year's revenue base, giving the dollar limit allowed for revenue collection in the ensuing year. Any revenue collected over the limit must be refunded to the citizens, unless the voters approve the retention of the excess revenue. The City has the option of placing a ballot measure before the voters asking for approval on retaining the revenue over the limit. Federal grants or gifts to the City are not included in the revenue limit. City "enterprises" (electric, water, wastewater and stormwater utilities) are exempt from the imposed limits. Beginning in 2003, the Golf Fund revenue sources will allow it to be considered for enterprise status for purposes of Article X, Section 20. To become an enterprise, voters would need to approve a Charter amendment for the Golf Fund.~~

In November 1997, Fort Collins' voters approved a ballot measure that allows the City to retain revenues that exceed the growth limit imposed by Article X, Section 20. The measure was effective for 1996 and ensuing years. The approved measure specified that any retained revenues over the growth limit must be used for certain designated purposes.

- Public health and safety (including, but not limited to, environmental monitoring and mitigation)
- Transportation
- Growth management
- Maintenance and repair of public facilities

While Not included as part of the approved ballot measure, but legally principles required is that those revenues collected in excess of the growth limit from fees charged or other legally restricted revenues, must be used for the purpose for which they were collected. In addition, these such revenues must also be used for the designated purposes approved by the voters.

2.2 REVENUE REVIEW, DIVERSITY, AND MONITORING

- a. **Review and Projections.** The City reviews estimated revenue and fee schedules as part of the budget process. Major revenue sources in the general fund are sales & use tax, property tax, lodging tax, intergovernmental revenues, fines & forfeitures, user fees & charges, and transfers from other funds. Conservative revenue projections are made for the budget term. The projections are monitored and updated as necessary.
- b. **Diversity.** For all general government operations, the City will strive to maintain diverse revenue sources. The City recognizes that becoming too dependent upon one revenue source would make revenue yields more vulnerable to economic cycles.
- c. **Targets.** The City's major source of revenue for governmental activities and more specifically for programs within the General Fund is the Sales and Use Tax. The City will monitor the dependency on sales and use tax by tracking the percentage of the General Fund and General Government that comes from sales and use tax. Over the past five years, 1990-1994 1998-2002, the percentage of General Government Total Revenue from sales and use tax (the 2.25% portion not dedicated for specific uses by the voters) has been approximately 36%. The target for this percentage shall be 40%.

For the General Fund, the percentage has been approximately 60%. When the Comprehensive Annual Financial Report is completed each year, the Finance Department will monitor these two percentages and report the results to Council. For the General Fund the target shall be 60%.

- d. **Monitoring.** The percentages will be monitored each year with the preparation of the annual financial report. Preliminary estimates of the percentages should be available in April and be incorporated into the budget process. The percentages will be reviewed by the Council Finance Committee and subsequently, the full Council.
- e. **Policy Action.** In the event the percentages exceed the targets, the City Manager will provide an analysis of the City's revenues to the Council. The City Manager may propose adjustments to revenue sources other than the sales and use tax (some examples include user fees, fines & forfeitures, transfers from other funds) to meet the targets or decrease the trend of increasing dependency on sales and use tax. Generally, for this policy to be effective, revenues from all other sources will need to grow at roughly the same rate as the sales and use tax collections.

2.3. FEE POLICY

As a home rule municipality, the City of Fort Collins has the ability to determine the extent to which fees should be used to fund City facilities, infrastructure and services. There are two kinds of fees that the City may establish: impact fees and special service fees. Impact fees are typically one-time charges levied by the City against new development to generate revenue for the construction of infrastructure and capital facilities needed to offset the impacts of the new development. Special service fees are charges imposed on persons or property that are designed to defray the overall cost of the particular municipal service for which the fee is imposed. This Policy sets forth principles for identifying: the kinds of services for which fees could appropriately be imposed by the City; methods for calculating the percentage of costs to be recovered by such fees; and the manner in which the fees should be allocated among individual fee payers.

a. Fees Should Be Cost Related

The amount of a fee should not exceed the overall cost of providing the facility, infrastructure or service for which the fee is imposed. In calculating that cost, direct and indirect costs may be included. That is:

1. costs which are directly related to the provision of the service; and,
2. support costs which are more general in nature but provide support for the provision of the service.

b. Percentage of Cost Recovery

The extent to which the total cost of service should be recovered through fees depends upon the following factors:

1. The nature of the facilities, infrastructure or services. In the case of fees for facilities, infrastructure and proprietary services, total cost recovery may be warranted. In the case of governmental services, it may be appropriate for a substantial portion of the cost of such services to be borne by the City's taxpayers, rather than the individual users of such services. Proprietary services are those which are provided for the benefit and enjoyment of the residents of the City, such as parks and recreation services. Governmental services are those which are provided by the City for the public good such as regulating land use, maintaining streets, and providing police and fire protection.
2. The nature and extent of the benefit to the fee payers. When a particular facility or service results in substantial, immediate and direct benefit to fee payers, a higher percentage of the cost of providing the facility or service should be recovered by the fee. When a particular facility or service benefits not only the fee payer but also a substantial segment of the community, lower cost recovery is warranted.
3. The level of demand for a particular service. Because the pricing of services can significantly affect demand, full cost recovery for services is more appropriate when the market for the services is strong and will support a high level of cost recovery.

4. Ease of collection. In the case of impact fees, which can be collected at the time of issuance of a building permit, ease of collection is generally not a factor. In the case of fees for services, however, such fees may prove to be impractical for the City to utilize if they are too costly to administer.

c. **Establishment and Modification of Fees and Charges**

All fees imposed by the City will be established by the City Council by ordinance. In the case of impact fees, utility fees and charges, and special service fees assessed against property the ordinance establishing the fees will determine:

1. the level of cost that should be recovered through the fees according to the criteria established in this Policy;
2. an appropriate method for apportioning the cost of providing each service among the users of the service; and,
3. a procedure for periodically reviewing and modifying the amount of fees in order to maintain appropriate cost recovery levels.

The amounts of these kinds of fees may be modified only by ordinance of the City Council.

The amounts of other kinds of special service fees, such as user fees charged for the use of City recreational and cultural facilities, may be determined by the City Manager, according to criteria established by the City Council by ordinance, absent any provision of the City Charter or Code to the contrary.

All fee revenues will be estimated by the City Manager and submitted to the City Council as part of the City Manager's recommended budget.

d. **Rebate Programs**

If the amount of a particular fee is considered to be too high to accommodate the needs of particular segments of the community and the public interest would be served by adjusting the amount or manner of payment of such fees in particular instances, the amount of the fee may be waived, rebated, or deferred as appropriate. In the case of fees established by ordinance, the criteria for waiving, rebating, or deferring payment of such fees shall be established by the City Council by ordinance.

2.4. SALES AND USE TAX DISTRIBUTION

The City's Sales and Use Tax totals 3.00 cents, developed as follows:

1968 - General City uses	1.00 cent
1980 - General City uses	1.00 cent
1982 - General City uses	0.25 cent
1998 - Natural Areas, Trails & Parks	0.25 cent*
1998 - Street Maintenance & Transportation	0.25 cent*
1998 - Capital Choices	<u>0.25 cent*</u>
	3.00 cents

*Excluding sales of grocery food.

Revenue generated by the Sales and Use Tax will be distributed, based on adopted budgets, in the following manner:

TAX ON ALL SALES & USES: 2.25 cents

- Fixed Dollar Amounts
 - Annual Debt Service
 - Fort Collins/Loveland Airport Authority
 - Sales & Use Tax Debt Service Reserves
 - Street Oversizing
- General Fund

Subject to appropriations, Actual Sales and Use Tax revenue generated by the 2.25 cent tax in excess of the fixed dollar amounts listed above, will be transferred to the General Fund.

Actual sales and use tax revenue generated by the 0.25 cent tax for Natural Areas, Trails and Parks will be transferred to, and be retained in the Capital Projects Fund or corresponding operating funds to be used for acquisition, construction, enhancement and maintenance of natural areas, open lands, and trails; a community horticulture center, Fossil Creek community park construction; community park improvements; and regional trails.

Actual sales and use tax revenue generated by the 0.25 cent tax for Street Maintenance and Transportation will be transferred to, and retained in the Capital Projects Fund or corresponding operating funds to be used for the street maintenance and overlays, annual pedestrian improvements, phases I and II of the Mason Street Transportation Corridor, and phase I of the North College Avenue corridor improvements.

Actual sales and use tax revenue generated by the 0.25 cent tax for Choices Capital projects will be transferred to, and be retained in the Capital Projects Fund to be used for street/transportation projects and other community capital projects, identified during the Building Community Choices process, approved by the voters.

2.5. PRIVATE CONTRIBUTIONS

The City encourages the solicitation of private contributions. These services and programs represent extra services an "extra" that the City has not been able to provide to residents through its regular revenue base. In times of revenue constraints the City may not be able to provide the same level of service without additional support. Therefore, efforts should be made to secure private contributions in support of these programs and services, as these contributions are an integral part of their successful operation. With respect to Article X, Section 20 of the State Constitution, the City's Finance Department will make a determination as to whether a contribution is a gift and is therefore excluded from constitutional limits.

GENERAL POLICIES

3.1. ADMINISTRATIVE CHARGES

~~The Charter states that~~ Expenses for departments rendering services to other departments ~~are shall be~~ equitably apportioned. For Enterprise, Internal, and Special Revenue Funds, direct charges are made to the funds receiving services when they are rendered. Certain departments within the General Fund provide services to all funds and do not have a direct billing mechanism. For these General Fund departments, a cost allocation formula has been developed to apportion costs to other funds and provide offsetting revenue to the General Fund.

a. General Fund Departmental Costs to be Allocated

Departmental costs to be allocated include City Council, City Manager, City Clerk, City Attorney, Human Resources, Finance, and Information Technology (IT) & Communication Systems (ICS). Any services in these departments which are funded by user fees or dedicated revenues are excluded from the allocation.

The amount of costs to be allocated is the current adopted budget for each of the departments listed above less user fees and dedicated revenue to be allocated. With a multi-year budget, the charge to each fund is increased by a determined percentage for the second future year and then adjusted to the actual calculation with the next multi-year budget.

b. How Costs Are Allocated

1. The Human Resources costs are allocated to funds based on the total number of budgeted full-time-equivalent positions in each fund.
2. The administrative costs for ICS- IT are divided into the cost for each service and then allocated to each fund. Each service is allocated using an appropriate allocation method.
3. All other General Fund administrative costs are allocated to the funds based upon adjusted budgets for the current year. Adjustments are made to recognize the lower amount of administrative services required for Capital, Debt Service, and Purchased

