

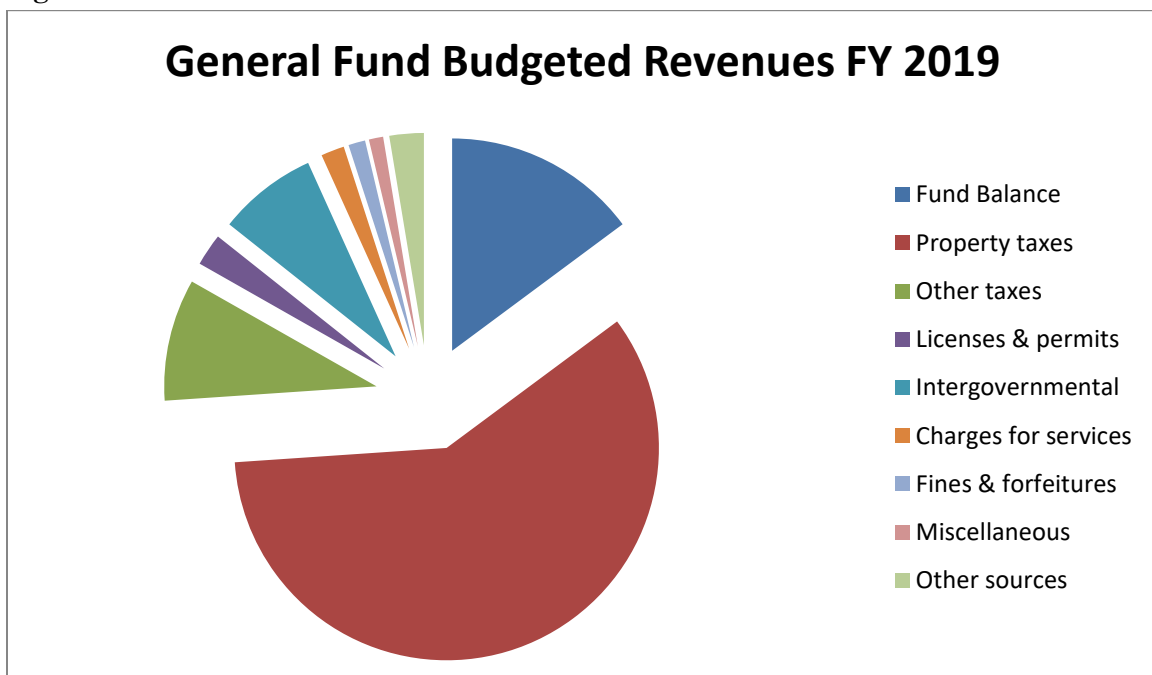
OVERVIEW

The City's services are divided into funds that are segregated for the purpose of carrying on specific activities or attaining certain objectives. Each fund has a self-balancing set of accounts that records financial transactions including revenues; expenditures/expenses; other financing sources/uses and all related assets; deferred outflows for resources; liabilities; deferred inflows of resources; and net position/fund balance.

The General Fund serves as the chief operating fund of the City, and is used to account for all financial resources not accounted for in some other fund. Other major funds of the City include the Water and Sewer Fund, Airport Fund, Parking Fund, Storm Water Fund, and the General Capital Improvements Program Fund. Additionally, the City has non-major funds that include a CDS Program Fund, Weinberg Center Fund, Community Development Fund, City Housing Fund, Community Health Center Fund, Golf Course Fund, and a Rental Operations Fund.

Figure FH.1 shows the sources of General Fund budgeted revenues in FY 2019. Property taxes comprise the largest revenue source for the City, accounting for \$58,165,000 (or 59 percent) of the FY 2019 General Fund budget. Real property is assessed at 100 percent of estimated market value. The FY 2019 real property tax rate is \$.7305 per \$100 assessed value. **[Insert Figure FH-1]**

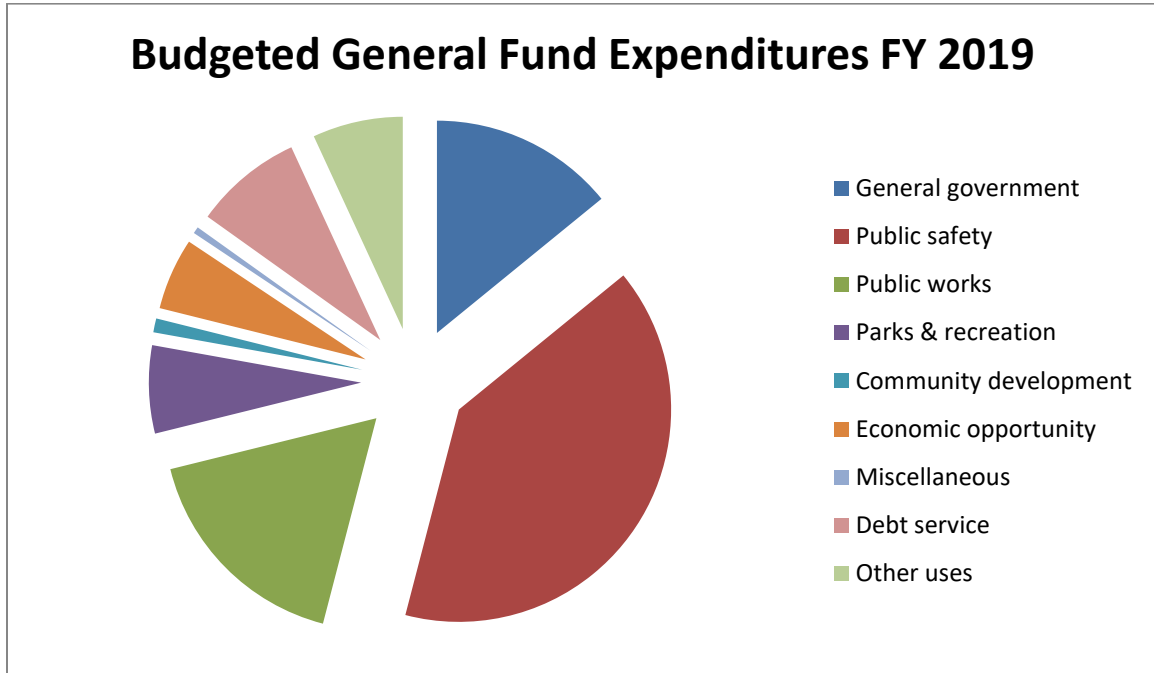
Figure FH.1



The City must continue to provide services and infrastructure for existing residents and businesses while also ensuring new growth pays its fair share. This element's policies attempt to address the concerns of service provision for the City as it exists today and as it is expected to be in the future.

General Fund income is used to pay for City services and departments, as shown in Figure FH.2. Public Safety, including the Police Department, is the largest single user of General Fund expenditures, followed by Public Works, which includes waste collection, snow removal, and street maintenance functions. [Insert Figure FH.2]

Figure FH.2



Among the most pressing issues is how the City’s fiscal system will support the future growth outlined in this Plan. While this Plan prioritizes growth to areas of the City serviced by existing infrastructure and community facilities, it also acknowledges that annexations may still occur. Both sorts of growth will result in additional demands on the City budget, and so it is recommended that the City evaluate the cost of services and incorporate short term and long term obligations of infrastructure, facilities, and services.

Several factors account for this policy recommendation. The “Cost of Land Use Fiscal Impact Analysis,” prepared by Tischler Bise on March 18, 2019, revealed all existing land uses cost more than the revenue they generated for the County and that only single-family residences, office, and industrial uses projected net revenue for the City. The study authors are explicit that the study cannot be used to project future income and should not be used for planning. Nevertheless, as these findings are contrary to historical and conventional data, it is important for the City to commission a follow-up study to determine the fiscal impacts of new developments of various types.

The following policies work towards this goal by establishing dedicated funding for needed capital improvements, limiting the tax burden on residents, and taking a long-term approach to fiscal health.

FISCAL ELEMENT POLICIES AND IMPLEMENTATION

POLICY FE 1

Identify dedicated revenues for funding capital improvements.

Implementation

1. Establish a target percentage of General Fund expenditures to be spent on capital improvements.
2. Ensure that new growth pays for its fair share of capital facilities through impact fees.
3. Evaluate and update impact fees on a regular basis to ensure they accurately reflect current levels-of-service, costs, and development assumptions.
4. Ensure master plans (utilities, parks and recreation, public safety, etc.) complement this Comprehensive Plan and that these plans include a fiscal analysis component containing both revenues and expenditures.

POLICY FE 2

Encourage growth that enables the City's non-residential tax base to comprise a larger share of the overall tax base.

Implementation

1. Maintain the jobs-rich nature of the City's economy at an approximate ratio of two jobs for every household.

POLICY FE 3

Evaluate expenditures for both current fiscal impacts as well as impacts on future budgets to avoid creating long-term fiscal imbalances.

Implementation

1. Evaluate expenditures that could be funded through other methods or sources. For example, determining if a service should be provided as an enterprise operation as opposed to being funded with general revenue (primarily taxes) sources.
2. Pay all current operating expenditures with current operating revenues. Avoid budgetary procedures that fund current expenditures at the expense of future needs.
3. Evaluate the operational costs (such as staffing and maintenance) when considering new capital facilities, not just capital costs.

POLICY FE 4

Maintain a diversified and stable revenue system.

Implementation

1. Explore opportunities to maximize revenues by:
 - a. Revising revenue collection procedures;
 - b. Reducing delinquent payments;
 - c. Instituting or increasing service charges, fines, and penalties;
 - d. Updating property assessments;
 - e. Investing a greater proportion of idle cash;
 - f. Selling surplus property or equipment.
2. Review fee, permit, and license amounts on an annual basis to ensure they accurately reflect the cost of providing services.
3. Identify restricted revenues (those legally earmarked for a specific purpose) and monitor the City's use of these funds to minimize volatility associated with these revenues.
4. Identify intergovernmental revenues and monitor the City's use of these funds to minimize volatility associated with these revenues.
5. Identify grant revenues and monitor the City's use of these funds to minimize volatility associated with these revenues.
6. Identify revenues that are one-time in nature and ensure they are not being used to fund on-going expenditures.

POLICY FE 5

Maintain sufficient unrestricted fund balance to maintain creditworthiness and provide resources for emergencies or unexpected needs.

Implementation

1. Set a fund balance target as a percentage of General Fund revenues.
2. Establish policies for uses of funds from unreserved fund balance.
3. Avoid using unreserved fund balance to finance on-going expenditures as much as possible.

POLICY FE 6

Adhere to credit industry standards and recommendations for debt management to maintain creditworthiness and ensure the lowest borrowing costs possible.

Implementation

1. Incorporate credit industry benchmarks into the City's financial management policies and practices.

POLICY FE 7

Establish and maintain a fiscal monitoring system to measure progress toward achieving the policies of the land use element.

Implementation

1. Design and implement a fiscal monitoring system based on measurable results directly related to objectives 1 through 6
2. Update the 2003 Fiscal Impact Analysis in order to assess the impact of future growth on expenditures.