



Legislation Text

File #: R-2020-307, **Version:** 1

A Resolution Of The City Commission Of The City Of Hollywood, Florida, Adopting A New Comprehensive Budget Policy.

Financial Management & Administration

Staff Recommends: Approval of the Attached Resolution.

Explanation:

It is industry best practice to establish financial policies that are supported and approved by the governing body. The Government Finance Officers Association and the National Advisory Council on State and Local Budgeting recommends the adoption of a budget policy as a component of the City's overall financial policies. These policies are necessary to achieving the City's long-term strategic goals.

Many elements of the Comprehensive Budget Policy are currently being practiced by the City while other elements of the policy are improvements to our current budgeting practices. The policy is broken out into several major elements. The major policy elements establishes:

1. The budgetary basis which describes the relationship between the City's budgeting approach and the method of accounting utilized;
2. The level of budgetary authority which sets the legal level of control over the budget;
3. The requirement to balance the operating budget, which also set forth is State Statutes, and which ensures that the City does not fiscally constraint resources beyond its means;
4. The "who, what, when, and where" of the annual budget process;
5. The parameters for amending the adopted budget (in compliance with State Statutes);
6. A streamlined approach to developing and revising the Capital Improvement Plan which includes two new requirements:
 - 1) Re-allocation of capital project funds with no activity over a period of 5 fiscal years (excludes General Obligation Bond projects, Transportation Surtax projects, and other projects funded with external sources); and
 - 2) A mechanism in which the City Manager may administratively carry forward unspent capital project funds from year to year. The authority to administratively carry forward capital funds is currently given to the City Manager via the adoption resolution of the 5-year Capital Improvement Plan. The proposed changes described above will be

communicated to City Commissioners via a memo each year as part of the annual budget adoption process;

7. Long-range financial planning for all major funds to extend the time period to prepare to deal with the options, potential issues, and opportunities presented by analysis of the City's financial conditions; and

8. The manner in which fees and charges are set and the extent to which they cover costs of services provided.

The Office of Budget and Performance Management recommends the approval of a Comprehensive Budget Policy.

Fiscal Impact:

Establishing a Comprehensive Budget Policy does not have a direct fiscal impact to the City. However, the new policy is an important step to achieving the City's goal of attaining a structurally sound budget.

Recommended for inclusion on the agenda by:

Laurette Jean, Director of Budget & Performance Management

Adam Reichbach, Assistant City Manager for Finance and Administration