



## **AGENDA MEMO**

06/04/19 Agenda

**TO:** Honorable Mayor and City Council

**FROM:** Thomas W. Tvardzik, Director of Finance

**SUBJECT:** Resolution adopting Financial Management Policies

---

### **BACKGROUND:**

City Council last approved and adopted the City of University Park Financial Management Policies via resolution on July 17, 2018.

While there is no state requirement mandating either a yearly review or adoption, the Government Finance Officers Association ("GFOA") recommends as a "Best Practice" that these policies be reviewed and adopted as part of the budget process.

Accordingly, it has been the practice of the City to refer the Financial Management Policies to the Finance Advisory Committee (FAC) for review, revision and recommendation on a yearly basis. Once adopted by Council resolution, the policies are effective for the coming fiscal year.

In short, the Financial Management Policies function as a framework, guiding the fiscal management of the City. The policies address the following areas:

- Annual budgets and transfer authority,
- Commitment to Generally Accepted Accounting Principles,
- Financial reporting and auditing,
- Revenue, expenditure and fund balance policies,
- Capital projects, internal controls, long-term financial planning and cash management.

At its meeting of April 19, 2019, the FAC reviewed the proposed Financial Management Policies. The FAC approved an addition to section 6.g. Internal service funds, proposed by the Long Term Financial Planning sub-committee. The addition specifies the "target" working capital of the Equipment Service Fund should be approximately 25% of the replacement cost of the assets held within the fund, after considering a 3% yearly inflation factor.

The FAC then approved the policy as amended.

**RECOMMENDATION:**

City staff and the Finance Advisory Committee recommend approval and adoption of the proposed FY2020 City of University Park Financial Management Policies.

**ATTACHMENTS:**

- Resolution adopting Financial Management Policies
- City of University Park Financial Management Policies