



Financial Policies

A discussion of what components should be included in Financial Policies for Carson City.

Why Financial Policies

- Financial policies can help to create a vision towards a sustainable future.
- Financial policies are guidelines that governing bodies should establish and follow when making financial decisions about the future of their governments.
- Financial policies give assurance to the public and bond rating agencies that the City is well managed and fiscally sound.



Recommended Financial Policy Purpose Statements:

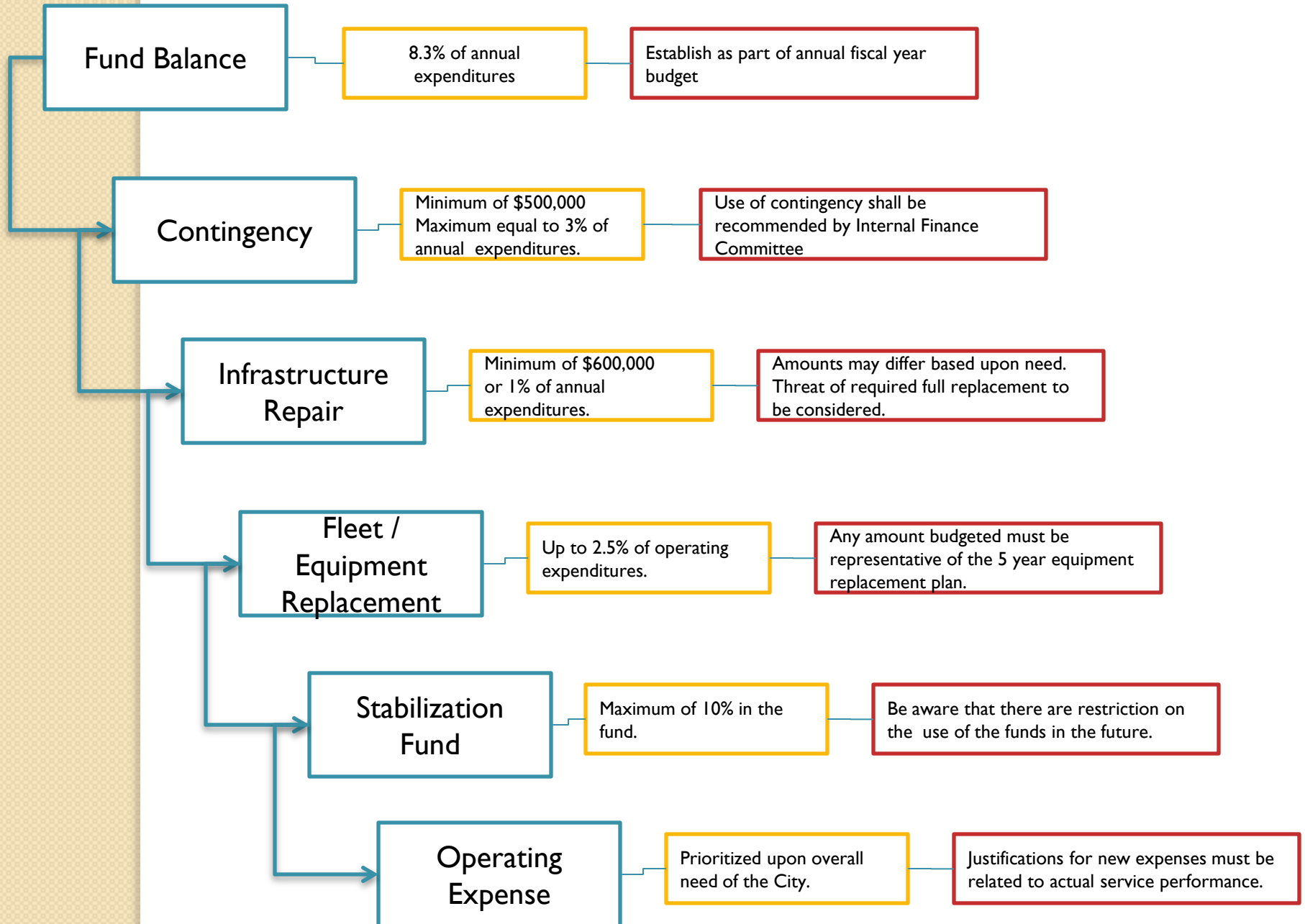
- To deliver quality services in an affordable, efficient and cost-effective manner providing full value for each tax dollar.
- To maintain an adequate financial base to sustain a sufficient level of municipal services, thereby preserving the quality of life in Carson City.
- To have the ability to withstand local and regional economic fluctuations, to adjust to changes in the service requirements of the community and to respond to changes in federal and state priorities and funding as they affect the City's residents.
- To maintain high bond credit ratings in the financial community and assure the City's taxpayers that the City is well managed and financially sound.

Components of Financial Policies

Staff is recommending that the Board consider the following components as part of an overall financial policy.

- The Annual Budget will be recommended by the City Manager after consultation with all Department Heads and Elected Officials.
- Available funds shall be applied in priority order to:
 - Reserve Funds (Fund Balance and Contingency)
 - Infrastructure repair costs
 - Equipment replacement costs
 - Operating costs (Staffing , Supplies)
- Total salaries and benefits will not exceed % of the total budget each year.
- Any increase in budget allocations for a specific department shall be justified through the use of performance based data and information.

Stepped resource allocation



Example

After determining what appropriations are necessary for continuation of operations at their current level, any funds remaining available shall be allocated in the following priority.

\$800,000 available.

(\$100,000)

Fund Balance

Need \$100,000 to reach
8.3%

\$700,000 available.

(\$0)

Contingency

\$500,000 already in
budget.

\$700,000 available.

(\$300,000)

Infrastructure Repair

Need \$300,000 to make a
critical roof repair

\$400,000 available.

(\$400,000)

Fleet / Equipment
Replacement

Need \$500,000 to meet
requirement of the 5 year
plan.

\$0 available