



CITY COUNCIL STUDY SESSION REPORT

MEETING DATE: JULY 12, 2011

ITEM NUMBER:

SUBJECT: PRELIMINARY FINANCIAL AND BUDGET POLICIES

DATE: JULY 6, 2011

FROM: FINANCE DEPARTMENT/FINANCIAL PLANNING

PRESENTATION BY: BOBBY YOUNG, BUDGET & RESEARCH OFFICER

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RECOMMENDED ACTION:

It is recommended the City Council discuss the Preliminary Financial and Budget Policies and provide comments about adopting the policies at a future City Council meeting.

BACKGROUND:

The City's adopted municipal code is the main policy document of the City. It establishes policy and guidelines for most City operations. At times however, the City may deem it necessary to further define the scope of certain duties or responsibilities.

The largest financial responsibility of the City of Costa Mesa to its residents is the care of public funds. Therefore it is necessary to establish policies to define and maintain the City's fiscal stability by helping City officials plan fiscal strategy with a consistent approach. The City currently operates under certain financial policies as seen in the appendix section of all preliminary, proposed and adopted budget documents.

ANALYSIS:

Given the recent economic decline, City Council and City Management expressed a need to review of the City's current Financial Policies to better understand, more clearly define or expand them to ensure the current and future fiscal health of the City. With that direction, staff began the process of reviewing the current policies and determining recommendations to provide to City Council. During the review, staff used many documents to gain perspective. Those documents included the Government Finance Officers Associations (GFOA) Best Management Practices for Budgeting and Fiscal Policy, as well as financial policies of a variety of other cities (both local and non-local).

Attachment A is a preliminary draft of a Financial Policies document for City Council to consider. This document should be considered a starting point. It takes into account current policies and provides other policies that may be worth establishing. There are a variety of policies that may be adopted, many that are already stated within the current adopted municipal code. Staff will continue to expand the Financial Policies document to incorporate all financial aspects of the City into one document.

At this time, staff is requesting comments on the attached draft document and the desire of City Council to adopt other policies at a future City Council meeting.

CONCLUSION:

From time to time, it is important for City Council to review City policies and determine the need or desire to alter such policies. Based on City Council direction, staff has begun a review of the City's current financial policies. Attachment A are some recommended policies to begin the review process. Some are the same as the current policies while others provide additional scope and clarity. Also, there are many financial policies included as part of the City's municipal code that staff will require more time to fully incorporate into one Financial Policies document. Staff is requesting comments on the attached draft document and the desire of City Council to adopt other policies at a future City Council meeting.

BOBBY YOUNG
Budget & Research Officer

ATTACHMENT: Attachment A – [City of Costa Mesa Financial and Budget Policies](#)
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