

CITY OF DENISON, TEXAS				
COUNCIL POLICY STATEMENT				
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General financial policies and reserve requirements	2011-003	12/12/2011	10/19/2015	1 of 3

PURPOSE

The purpose of this policy is to amend the rules governing the financial activities of the City of Denison, Texas. It is not intended to be an all encompassing policy and it is expected that this document shall be amended from time to time as required.

POLICY AND PROCEDURE

It is the policy of the City Council of the City of Denison, Texas that the City shall conduct its financial business in accordance with the following:

A. Financial Planning Policies

1. General Policies

- (a) The City of Denison’s fiscal year shall begin October 1, and end September 30 of the following calendar year.
- (b) The City shall account for all revenue and expenditures on a modified accrual basis.
- (c) The City shall adopt the budget on or before the fourth Thursday in September of the previous budget year.
- (d) The budget shall balance upon adoption and at year’s end.
- (e) The City of Denison shall comply with all applicable federal, state and local requirements in the conduct of its financial affairs and shall conform to the practices set forth by the Governmental Accounting Standards Board (GASB) and the Generally Accepted Accounting Principles (GAAP).

2. Long Range Planning

The City of Denison shall conduct an annual strategic planning session at the start of the budget process in the early spring. Council shall consider current strategic goals, the adoption of additional goals, the current financial condition of the City, and the impact that current and future operating and capital needs will have on the financial condition of the City for the upcoming fiscal year and four subsequent years.

3. Budget Reserves and Rainy Day Funds

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- (a) The City of Denison shall maintain an unassigned fund balance between sixty and ninety days of General Fund expenditures.
- (b) The City of Denison shall maintain an unassigned fund balance between sixty and ninety days of Utility Fund expenditures.
- (c) The City shall contribute 5% of sales tax receipts to a “Rainy Day” fund for General Fund purposes.
- (d) The City shall contribute 5% of utility sales to a “Capital Project” fund for business activity related capital needs.

4. Asset Inventory

The City of Denison shall keep an inventory of all capital assets over \$5,000 and shall incorporate the annual review of assets and their replacement impact to the current and future financial conditions of the City during the annual strategic planning session.

B. Revenue Policies

1. Revenue Diversification

The City of Denison shall seek ways to reduce its reliance on ad-valorem tax by pursuing and adopting alternative revenue streams as allowed by statute and entrepreneurial endeavors. The City shall keep and maintain “Rainy Day” funds to help adjust for downturns in the economy and to assist in pay as you go capital needs financing.

2. Fees and Charges

The City of Denison shall review fee schedules a minimum of every two years to ensure that all fees and service charges capture the revenue requirements set forth by the City Council.

3. Use of One-time Revenues and Other Unpredictable Revenues

The City of Denison shall use one-time revenues (gas and oil royalties, cash settlements, etc.) for non-recurring capital equipment purchases, or the funds may be deposited in the appropriate “Rainy Day” fund. At no time may the funds be used for

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recurring costs (salaries, dues, etc.), except for cases of emergency as defined by the City Council.

C. Expenditure Policies

1. Current Expenditures Paid for with Current Revenues

The City of Denison shall fund current operating expenditures with current operating revenues, approved grants or through the use of fund balance if specifically authorized by the City Council.

2. Regular Financial Reporting Required

The City Manager, or his or her designee, shall report on the financial conditions of the City of Denison to the City Council no less frequently than once per quarter.

3. Department Heads Responsible for Adherence to the Adopted Budget

Department Heads are charged with budgetary responsibility for managing the expenditures of their departments. Department heads are expected to manage total expenditures within the limit established by City Council during the budget process for that fiscal year. The department head shall notify the City Manager and Finance Director in writing as soon as possible when it is identified that total expenditures are expected to exceed the authorized limits of the adopted budget.

4. City Manager Empowered to Adjust Allocations as Necessary

The City Manager or his or her designee, is empowered to adjust budget allocations within departments, and from department to department, but is not authorized to increase total budget appropriations without prior Council approval through a formal budget amendment. The City of Denison shall only expend funds, regardless of the funding source, if they have been appropriated for expenditure by the City Council.

5. Number of Authorized Positions Established by the City Council

The number of authorized positions, whether full time or part-time, temporary or seasonal are established by the City Council during the annual budget process. Any increase of personnel above the City's authorized workforce must be approved by the City Council.