

## Forum Agenda

- An Overview of City Funds
- An Overview of the Budget Process
- An Overview of Council Objectives
- An Overview of How to Submit Budget Recommendations
- An Open Discussion

## Forum Dates & Times

- **Monday, January 11 @ 6PM – 8PM**

<https://us02web.zoom.us/j/86324229824>

Zoom meeting ID: 863 2422 9824

Phone, if not using computer audio: 1-669-900-9128

- **Wednesday, January 13 @ 6PM – 8PM**

<https://us02web.zoom.us/j/89562264227>

Zoom meeting ID: 895 6226 4227

Phone, if not using computer audio: 1-669-900-9128

- **Tuesday, January 19 @ 6PM – 8PM**

<https://us02web.zoom.us/j/83397578885>

Zoom meeting ID: 833 9757 8885

Phone, if not using computer audio: 1-669-900-9128



# Understanding Funds

City resources are divided into different funds.

- *Means the City organizes each resource by its purpose.*
- *Means the Public can monitor and understand City's resources.*

Funds are categorized as only one of the following types:

- Governmental (General Fund)
- Governmental (Special Revenue Fund)
- Proprietary (Enterprise)
- Proprietary (Internal Service)
- Fiduciary (Agency)
- *Means there are unique rules based on the type of fund.*

Each fund is assigned an identifying number and name.

- 101 – General Fund
- *Means each fund's financial reports are easy to identify and track.*

Each fund is self-contained and requires its own accounting.

- The Government Finance Officers Association publishes a book titled 'Governmental Accounting, Auditing, and Financial Reporting' (GAAFR), aka "The Blue Book" which outlines standards known as "generally accepted accounting principles" (GAAP).
- *Means fund accounting is different based on the type of fund.*
- *Means the City follows GAAP in preparing and managing financial reports.*

Each fund has rules that control how the City can use its resources.

- *Means the City properly segregates fund resources based on purpose.*

Moving resources between funds is sometimes acceptable and sometimes unacceptable.

- Appropriate transfers
- Inappropriate borrowing
- *Means City Council must approve all transfers.*
- *Means the City must follow the rules governing moving resources between funds.*



# Fund Types

Fund Type	Who pays in?	Limitation on use?	Are transfers allowed?
<b>Governmental</b> (General Fund)	Everyone	Very few limits.	Out – Yes In – Limited
<b>Governmental</b> (Special Revenue Fund)	Nearly everyone and other governments	Restricted by other government or City ordinance.	Out – Limited In – Limited
<b>Proprietary</b> (Enterprise)	Users	Restricted to designated service.	Out – No In – Yes
<b>Proprietary</b> (Internal Service Funds)	Other funds	Restricted to designated service.	Out – No In – Yes
<b>Fiduciary</b> (Agency)	Contributors to agency	Completely separate from all City resources.	Out – No In – No



# Governmental Funds

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## General Fund

- Everyone pays
- Everyone can access

## Special Revenue Funds

- Nearly everyone pays
- Restricted to special purpose

According to the GAAFR (the Blue Book), governmental funds are “used to account for activities primarily supported by taxes, grants, and similar revenue sources.” Governmental Funds include five types of funds: General Fund, special revenue funds, debt service funds, capital projects funds, and permanent funds.

The **General Fund** is the one-and-only primary operating fund. The City has multiple **special revenue funds**. These funds' resources and uses are restricted for specific purposes. Examples include Gas Tax, Measure S, State Grants, Federal Grants, Landscape and Lighting Districts, etc. The City has used debt service funds in the past. Now long-term debt is managed from source funds.

The City funds capital projects directly from the governmental funds. An alternative would be to establish specific capital project funds into which the City would transfer money from other governmental funds before paying for the capital project from the capital projects fund.



# Proprietary Funds

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## Enterprise Funds

- Users pay to use

## Internal Service Funds

- Funds pay to use

Proprietary funds behave similarly to businesses in the private sector. Sometimes proprietary funds are referred to as business-like funds because of the similarities. The GAAFR (the Blue Book) defines proprietary funds as “used to account for activities that receive significant support from fees and charges.” Enterprise funds and internal service funds are the two types of proprietary funds.

GAAFR further defines **enterprise funds** as used to “report activities for which a fee is charged to external users for goods or services.” The City of Sanger has three enterprise funds: Water Fund, Sewer Fund, and the Disposal Fund.

**Internal service funds** are used to track internal costs and activities among departments. The City of Sanger uses the internal service funds to allocate and track costs for health and other insurances, risk management, finance, and administration. Allocating and tracking costs this way recognizes the involvement of those services and functions in all areas of the City. For example, the accounting division provides accounting services to all departments and funds, so all departments and funds pay into the internal service fund to cover those costs. Internal service funds help determine the true cost of a service while encouraging efficiencies.



# Fiduciary Funds

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## Agency Funds

- City holds in trust for another entity

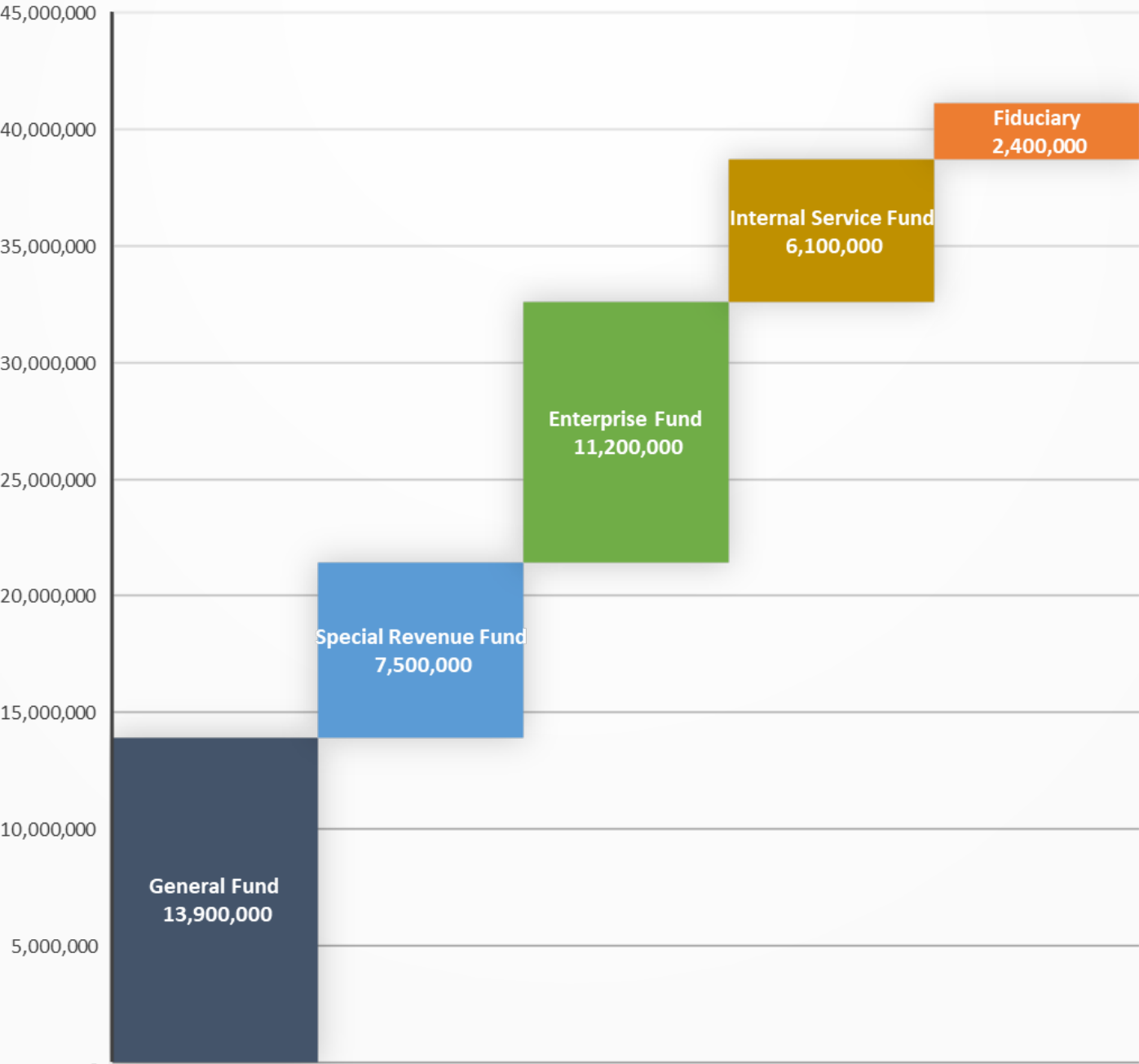
The GAAFR (the Blue Book) defines fiduciary funds as “used to account for resources that a government holds as a trustee or agent on behalf of an outside party that cannot be used to support the government’s own programs. The fiduciary fund category includes pension (and other employee benefit) trust funds, investment trust funds, private-purpose trust funds and agency funds.”

The Successor Agency to the Sanger Redevelopment Agency is an example of an agency fund. The City of Sanger manages and holds in trust the resources for paying off debt associated with the prior redevelopment agency. The City of Sanger cannot use these funds for any purpose other than those on behalf of the Successor Agency.



# Fund Size

## Adopted FY 2020-2021 Budget Outflows



# Fund Balances

Fund Balance Designation	Definition	Level of Authority to Establish	Order of Use
<b>Non-spendable</b>	Funds that cannot be spent because of form: Inventory, pre-pays, or legal/contractual requirement like an endowment.	The resource's own nature designates it as non-spendable.	
<b>Restricted</b>	Mandated for a specific purpose.	<ul style="list-style-type: none"> <li>• External Government</li> <li>• External Party</li> <li>• Constitutional provision</li> <li>• Legislation</li> </ul>	1 <sup>st</sup>
<b>Committed</b>	Set aside for a specific purpose.	<ul style="list-style-type: none"> <li>• City Council</li> </ul>	2 <sup>nd</sup>
<b>Assigned</b>	Set aside and intended for specific purpose.	<ul style="list-style-type: none"> <li>• City Council</li> <li>• City Manager</li> </ul>	3 <sup>rd</sup>
<b>Unassigned</b>	Excess funds not otherwise categorized	<ul style="list-style-type: none"> <li>• Result of operations.</li> </ul>	4 <sup>th</sup>





# Account Numbers

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Fund	Department	Division	Object
###	###	###	####
This is the parent fund	This designates the Department	This designates the division	This identifies not only the line item code but also identifies the type of account.



# Budget Process

ACTIVITIES		City Council	City Manager	Admin Services Director	Department Heads	Citizens Oversight Committee	Public	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	
1	Launch Community Survey	●	●	●			●	16								
2	Launch Budget Requests and Recommendations Survey		●	●			●		18 →	All	All	All				
3	Public Meeting - City Council restate goals and objectives	●	●	●	●		●			7						
4	Online Community Forum - Presentation on budget process and community input.		●	●			●			11						
5	Online Community Forum - Presentation on budget process and community input.		●	●			●			13						
6	Online Community Forum - Presentation on budget process and community input.		●	●			●			19						
7	Present FY 2021 Revised Mid-Year Budget for Council adoption (Public Hearing)	●	●	●			●			21						
8	Budget instructions to department directors		●	●							All					
9	Prior year financial audit report to City Council	●	●	●							4					
10	Budget requests submitted to Administrative Services Dir.			●	●							16				
11	Summarize department requests and estimated revenues			●								31				
12	City Manager reviews budget requests with Department Heads	●	●	●	●								All			
13	Citizens Oversight Committee considers/approves department and grant		●	●		●	●								4	
14	City Council considers COC department and grant budget recommendations	●					●								6	
15	City Manager final review		●												12	
16	Complete and distribute Draft Proposed Budget		●	●											14	
17	Special City Council Budget Meeting - Public Hearing, Budget Discussion	●	●	●	●		●								20	
18	City Council Meeting - Continue Public Hearing, Budget Discussion and Adoption	●	●	●	●		●									3
19	City Council Meeting - Budget Adoption (If necessary)	●	●	●			●									17



# Council Objectives

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Economic  
Development

Downtown  
Revitalization

Eliminate Blight in  
Neighborhoods

Improve Code  
Enforcement

Address  
Homelessness

Annexation of  
North to Highway  
180

Parks and Outdoor  
Recreation Space  
(including athletic  
field)

Sidewalks and  
Related  
Improvements

Reserve for  
Unfunded Liability



# Recommendation Process

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In English

<https://kwiksurveys.com/s/CityofSangerBudgetRecommendationsRequests>



En Español

<https://kwiksurveys.com/s/CityofSangerCommunitySurveyenEspañol>



# Open Discussion

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