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**Council Audit & Finance Committee**  
**Minutes**  
11/19/12  
10:00 to 12:00  
CIC Room

**Council Attendees:** Mayor Karen Weitkunat, Mayor Pro Tem Kelly Ohlson, Ben Manvel

**Staff:** Darin Atteberry, John Voss, Mike Beckstead, Jessica Ping-Small, Mindy Pflieger, Heather Shepherd

**Others:**

**Approval of the Minutes of October 15 2012**

Ben Manvel moved to approve the minutes and Kelly Ohlson seconded the motion. The October 15, 2012 minutes are approved unanimously.

Mike Beckstead advised the Committee of a development which has occurred since the last meeting regarding the terms 'interagency' and 'interfund' loan. City Attorney Steve Roy determined the City should continue to use 'interagency loan'.

**Monthly Sales & Use Tax Report Changes**

The focus of the report has historically been on sales and use tax collections

In January 2011, KFCG tax increase made year over year receipt comparison no longer meaningful so the report was changed to focus on 'net taxable' as an appropriate budget performance indicator.

\*Net taxable is not an accurate reflection of sales and use tax performance. Reporting from grocery receipts is what the report will now be using.

The proposed changes to the report are as follows:

- Focus will be on sales and use tax collections
- A collections focus will give an accurate indication of actual vs. budget
- Report will separate economic rebate receipts from use tax which will give a more accurate picture of use tax performance

- Report will focus on month city receives revenue vs. when the transactions occur
- The goal of the change in reporting is to provide better clarity of revenue vs. prior year and actuals vs. budget for City's primary source of revenue.

### **Annual Financial Policy Review**

John Voss stated that Finance Department has committed to the annual review of financial policies. Previously this was done as part of the budget process. In 2012 five policies were updated or created. Staff has proposed a work plan for 2013 to review policies with the greatest need for updates.

- **Investment Policy – October 15, 2012 – Council Finance Committee**
- **Low-Income Rebate Programs approved by Council June 5, 2012**
- **On-Bill Financing – Policies written prior to program launch Nov 2012**
- **DDA LOC – Procedures and process defined within IGA agreements**
- **Procurement Policies & Procedure Manual – QIV 2012**
  - **Process maps developed and manual rewritten to ensure compliance with Federal Funding**

2012 efforts focused mainly on new programs and addressing areas of concern. Staff will schedule quarterly policy review discussions with council finance committee per the time below. Policies will be combined, updated, and kept in a central location.

- Define Financial Policy Framework & Sections - QI
- Debt Policy - QI
- Revenue Policy - QII
- Budget Policy - QIII
- Reserve/Fund Balance Policy – QIII
- Additional topics and dates to be determined

Kelly Ohlson asked if Council members could get an update or summary on what was funded in the budget to see what the final result was via email before tomorrow's Council meeting.

### **GERP Follow Up Question**

In response to a question about the General Employee's Retirement Plan, Mike Beckstead advised the Committee that there is a potential need for a special Council Finance Committee executive session for further confidential discussion.

Darin Atteberry agreed that it may be advisable to talk with City Council members in executive session to determine what, if any action is to be taken. The target date for that meeting is January 2013.

Ben Manvel requested that City staff prepare some information which would include various decision scenarios before prior to the executive session to help with the discussion.