

City of Urbandale  
Fiscal Performance Goals  
Originally Adopted 1981  
Updates Adopted 7-2013, 8-16-2016  
(Last reviewed October 2018)

The Fiscal Performance Goals represent an effort to establish written policies for guiding the City's financial management practices. While some of the performance goals are specific and will limit certain types of financial activity, the goal statements are not intended to restrict the City Council's ability and responsibility to respond to emergency or unusual service delivery needs above or beyond the limitations established by the Fiscal Performance Goals.

Revenue Performance Goals:

- The City will try to maintain a diversified and stable revenue system as protection from short-run fluctuations in any one revenue source.
- The City will estimate annual revenues on an objective and reasonable basis using a 6-year forecasting.
- The City will use one-time or special purpose revenues (such as grants and revenue sharing) for capital expenditures or for expenditures required by the revenue, and not to subsidize recurring personnel and operation and maintenance, unless required by the revenue.
- The City will establish, and routinely reevaluate, all user charges and fees at a level related to the cost of providing the services. User charges will be reviewed and established where possible so that those who directly benefit from a service help pay for it.
- The City will attempt to reduce reliance on the property tax by:
  - Seeking and developing additional revenue sources
  - Attempting to expand and diversify the City tax base with commercial and industrial development.
- Each utility of the City will maintain revenue which will support the full direct and indirect costs of the utility.

Operating Expenditure Performance Goals:

- The City Manager will propose and the City Council will adopt a balanced budget in which expenditures will not be allowed to exceed reasonably estimated resources (including available fund balance) and revenues.
- The yearly increase in budgeted operating expenditures should be in line with anticipated revenue growth and conservative planned use of fund balance reserves. The City will pay for all current operating and maintenance expenses from current revenue sources.
- The operating budget will provide for the adequate maintenance and replacement of capital assets and equipment, except for those items designated to be funded with debt financing. Debt financing would only be considered for capital assets and equipment with a useful life expectancy of 10 years or greater, or length of debt, whichever is greater.
- The budget will provide for adequate funding of all retirement systems.
- The City will maintain a budgetary control system to help it adhere to the adopted budget. This will include a centralized purchasing effort and record keeping system to be adhered to by all programs and activities receiving annual Council appropriations.
- The City will prepare and maintain a system of regular fiscal reports comparing actual revenues and expenditures to budgeted amounts.

- The City will develop and implement an effective risk management program to minimize losses and reduce costs. This shall include general liability, property, unemployment and workers compensation costs.
- The City will encourage delivery of services by other public and private organizations whenever and wherever greater efficiency and effectiveness can be expected, as well as to develop and internally use technology and productivity advancements that will help reduce or avoid increasing personnel costs. The intent is to control personnel costs as a proportion of the total budget, to more productively and creatively use available resources, and to avoid duplication of effort and resources.
- New services will only be considered when:
  - Additional revenue or an offsetting reduction in expenditures is identified
  - The new services fall within the broad framework of existing City services
  - The new services meet one or more of City Council's strategic goals
  - The services are mandated by State or Federal law. In such cases, the City will seek legislative support to pay local costs of mandated Federal and State service programs.

#### Fund Balance Performance Goals:

- The City will establish a contingency reserve of \$100,000 in each annual budget which will, with approval of the Council:
  - Provide for temporary funding of unforeseen needs of an emergency or nonrecurring nature
  - Permit orderly budgetary adjustment when revenues are lost through the action of other governmental bodies
  - Be available for use as a local match for public or private grants
  - Act as an offset for unexpected small increases in service delivery costs
  - Revert back into general fund balance at the close of each year if unused for one of the above noted purposes.
- The City will maintain a carryover general fund balance in an amount necessary to maintain adequate cash flow, and to reduce the demand for short-term borrowing. The general fund balance should be at least equal to 25% of general fund budgeted operating expenditures (excluding capital project expenditures).
- The City will maintain an equipment replacement fund, and will appropriate funds to it annually to provide for the timely replacement of major equipment for all departments. The fund will be maintained in an amount adequate to finance the replacement of equipment without the need for external borrowings, except as specifically approved by Council. Debt financing will not be considered for any equipment with a replacement value less than \$250,000 and a life expectancy of 10 years or less. The replacement of equipment will be based upon the adopted equipment replacement schedule.

#### Investment Performance Goals:

- The City will obtain the maximum possible return on all cash investments within the investment types allowed by the guidelines of the City's adopted Investment Policy.
- Investments will be structured to allow for appropriate cash flow needs of the City's operations.
- The Finance & Records Department will provide financial reports to the City Council outlining cash position and disbursement and receipt activity for each fund.

#### Capital Improvement Performance Goals:

- Capital improvements will be based on long-range projected needs rather than on immediate needs in order to minimize future maintenance, replacement, and capital costs.
- All capital improvements will be made in accordance with the City's adopted five-year capital improvements program (CIP). The CIP shall be updated annually.
- The development of the capital improvements program will be coordinated with the operating budget and debt issuances in order to maintain a reasonable stable total tax levy.
- The City will identify the estimated cost and potential funding sources for each capital project proposed before submission to review bodies and the City Council. Future operating costs associated with a proposed capital improvement will be estimated before a decision is made to implement a project.
- Federal, state, and other intergovernmental and private funding sources shall be sought out and used as available to assist in financing capital improvements.
- Any funds restricted for use under City Parkland Dedication ordinance requirements shall be evaluated annually by staff and the Park and Recreation Commission, and a recommendation for expenditures included in the annual operating budget or CIP, as appropriate, and submitted to the City Council.

#### Debt Performance Goals:

- The City will limit long-term debt to only those capital improvements that cannot be financed from current revenues.
- The maturity date for any debt will not exceed the reasonable expected useful life of the expenditure being financed.
- Thirty percent (30%) of the City's available legal general obligation debt limit shall be reserved for emergency purposes.
- The total direct general obligation debt shall not exceed 4% of the total actual assessed value of property.
- As a means of further minimizing the impact of debt obligations on the City taxpayer:
  - Long-term gross outstanding debt shall not exceed \$2,000 per capita (as estimated by US Census Bureau annually).
  - Annual debt service on **non-self-supporting** debt shall not exceed 25% of budgeted operating expenditures (not including capital expenditures or TIF activity).
  - Annual debt service for **non-self-supporting** debt should not exceed 40% of property tax revenues.
  - Debt retirement for self-supporting debt should be in-line with anticipated supporting revenue streams and shall be aggressively managed within available annual revenue.
  - These limitations shall not apply to any debt incurred for emergency purposes.
- The City will use special assessments, revenue bonds, and/or any other available self-liquidating debt measures instead of general obligation bonds where and when possible.
- Revenue anticipation notes shall only be issued when necessary, and shall only be issued in anticipation of and not in excess of estimated revenues.
- The City shall encourage and maintain good relations with financial and bond rating agencies and will follow a policy of full and open disclosure on every financial report and bond prospectus.

#### Financial Reporting Performance Goals:

- The City will adhere to a policy of full and open public disclosure of all financial activity. The budget will be prepared in a manner to maximize its understanding by citizens and elected officials. Copies of financial documents will be made available to all interested parties. Opportunities will be provided for full citizen input prior to final decisions on the budget.
- The City's accounting system will maintain records on a basis consistent with accepted government accounting standards and with State of Iowa guidelines.
- The Finance & Records Department will prepare regular quarterly and annual financial reports presenting a summary of financial activity by department and in comparison to budget for review by the City Council.
- The City will employ an independent public accounting firm to perform an annual audit, and will make the annual audit available to the general public, bond and financial consultants, and other interested citizens and organizations. The audit shall be completed, submitted to the City Council, and filed with the State of Iowa within six months of the close of the fiscal year.