CITY OF HUNTSVILLE, TEXAS

Russell Humphrey, Mayor

Jon Strong, Ward 4, 2023 Chairman
Karen Denman, At-Large Position 2
Vicki McKenzie, At-Large Position 3
Pat Graham, At-Large Position 4

CITY COUNCIL FINANCE COMMITTEE AGENDA

TUESDAY, AUGUST 20, 2024, 8:30 AM

Huntsville City Hall, 1220 11th Street, Huntsville, Texas, 77340

Persons with disabilities who plan to attend this meeting and may need auxiliary aids or services are requested to contact the City Secretary's office (936.291.5413) two working days prior to the meeting for appropriate arrangements.

1 CALL TO ORDER

2 DISCUSSION/CONSIDERATION

The Finance Committee will hear presentations, discuss, and may consider recommendations to the City Council on the following items.

a Minutes of the August 6, 2024 Finance Committee meeting
Steve Ritter, Finance Director

b Discussion of proposed Budget Amendments
Steve Ritter, Finance Director

c Discussion of Fiscal Policies with proposed changes
Steve Ritter, Finance Director

3 ADJOURNMENT

CERTIFICATE

I do hereby certify that the above notice was posted on the City Hall bulletin board, a place convenient and readily accessible to the general public at all times, and to the City's website, www.HuntsvilleTX.gov, in compliance with Chapter 551, Texas Government Code.

DATE OF POSTING: August 16, 2024

TIME OF POSTING: 12:35 p.m.

TAKEN DOWN:

Kristy Doll

Kristy Doll, City Secretary

CITY COUNCIL FINANCE COMMITTEE AGENDA

8/20/2024

Agenda Item Number: 2.a.

Agenda Item: Minutes of the August 6, 2024 Finance Committee meeting

Initiating Department/Presenter: Finance

Presenter:
Steve Ritter, Finance Director

Discussion: Discussion and approval of the minutes of the August 6, 2024 Finance Committee meeting.

Financial Implications:

Associated Information:
1. Fin Comm Minutes 08.6.2024

Finance Committee Minutes

August 6, 2024

Members Present: Jon Strong, Karen Denman, Vicki McKenzie

Staff Present: Aron Kulhavy

The agenda items discussed were:

- Approved the minutes from the July 2, 2024, meeting.
- Steve discussed the budget amendments that will be presented to the full City Council on August 20th.
- Aron discussed the possible FY 24-25 budget property tax rates. The committee asked for comparison property tax rates from cities our size. Steve indicated that if we went to the "max rate," that would add $110.00 per year on a house with a property evaluation of $260K (which is the average cost of a home in Huntsville). Each penny is $26.00 a year for a property owner. Steve indicated that the property evaluations have gone down this year based on the certified totals that we received. The committee guided Aron on what they would like to see in the City Manager's recommended budget for FY 2025.

CITY COUNCIL FINANCE COMMITTEE AGENDA

8/20/2024

Agenda Item Number: 2.b.

Agenda Item: Discussion of proposed Budget Amendments

Initiating Department/Presenter: Finance

Presenter:
Steve Ritter, Finance Director

Discussion: Presentation and discussion of proposed budget amendments.

Financial Implications:

Associated Information:
1. BAs 8.20.24 Fin Comm FINAL

Budget Amendments FY 23-24
Finance Committee - August 20, 2024

Exhibit A

Increase:	Capital Equipment Fund - Motor Vehicles	$	39,450

Explanation:	A City truck was involved in an accident in August of 2024. The truck was "totaled," and a replacement truck will be purchased. The City will receive insurance monies to cover about 28% of the cost of purchasing the new truck. This unit is on the vehicle replacement schedule and was scheduled for replacement in FY 2026. This unit has approximately $33,000 paid into the Fund for its replacement (currently part of Fund Balance of the Fund). Staff is requesting the use of Fund Balance of the Capital Equipment Fund to cover the amount not covered by insurance. The projected balance of Fund Balance for the Capital Equipment Fund at 9/30/24 before this proposed use is $7M. There is no required minimum for the Fund. Sales of retired vehicles and equipment and interest income for many years have created a healthy Fund Balance for the Fund. nt. A budget amendment is needed for FY 23-24 to make the purchase.

CITY COUNCIL FINANCE COMMITTEE AGENDA

8/20/2024

Agenda Item Number: 2.c.

Agenda Item: Discussion of Fiscal Policies with proposed changes

Initiating Department/Presenter: Finance

Presenter:
Steve Ritter, Finance Director

Discussion: Discussion of Fiscal Policies with proposed changes.

Financial Implications:

Associated Information:

1. proposed change to Fiscal policies

4. **Government Finance Officers Association.** The annual budget shall be submitted to the Government Finance Officers Association (GFOA) for evaluation and consideration for the Distinguished Budget Presentation Award.

5. **Truth in Taxation**. Budget development procedures will be in conformance with State law, outlined in the Truth in Taxation process. In the event of a tax increase, ~~at least two~~ notices will be given and public hearings held~~,~~ in conformance with State law.

B. PLANNING. Budgeting is an essential element of the financial planning, control, and evaluation process of municipal government. The budget planning process is for a five year period recognizing that budgets are influenced by decisions made in prior year budgets and that decisions made in the current year budgets serve a precursor to future budget requirements. The City shall recognize both short-term needs and objectives in relation to the long-term goals of the City.

C. PREPARATION. The operating budget is the City's annual financial operating plan. The budget includes all of the operating departments of the City, the debt service fund, all capital projects funds, internal service funds, and all special revenue funds of the City. An annual budget shall be prepared for all funds of the City, with the exception that capital projects will be budgeted on a project length basis, rather than an annual basis.

1. **Basis of Budget.** Operating budgets are adopted on a basis consistent with generally accepted accounting principles as promulgated by the Governmental Accounting Standards Board, with exceptions, including that depreciation is not included in the budget, capital purchases are budgeted in the year of purchase, unmatured interest on long-term debt is recognized when due, and debt principal is budgeted in the year it is to be paid.

   a. Governmental Fund Types are budgeted on a modified accrual basis, with exceptions as noted above. Revenues are included in the budget in the year they are expected to become measurable and available. Expenditures are included in the budget when they are measurable, a liability is incurred, and the liability will be liquidated with resources included in the budget.

   b. Capital project budgets are project length budgets and are budgeted on a modified accrual basis.

   c. Proprietary fund types are budgeted generally on an accrual basis with exceptions as noted above. Revenues are budgeted in the year they are expected to be earned and expenses are budgeted in the year the liability is expected to be incurred. The emphasis is on cash transactions in lieu of non-cash transactions, such as depreciation. The focus is on the net change in working capital.

2. **Legal Level of Control.** The budget shall be adopted at the "legal level of control," which is, by Division, within individual funds. The level at which management, without prior council approval, loses the ability to reapply budgeted resources from one use to another is known as the budgets' "legal level of control." The City has a number of levels of detail in the operating budgets - the fund, the department, the division, the object and the line item.