



CITY OF DOVER

AD-HOC FINANCIAL POLICY REVIEW COMMITTEE - MINUTES

Meeting Type: Regular Meeting
Meeting Location: Office of the City Manager – 288 Central Ave.
Meeting Date: Thursday, July 20, 2010
Meeting Time: **4:30 PM**

Members Present: City Councilor Catherine Cheney, John Leggett, School Board Member Ken Appel, Finance Director Dan Lynch and City Manager Mike Joyal

Members Absent: Mayor Scott Myers and Paul Kageleiry

Meeting commenced at approximately 4:30 pm.

1. Approval of Minutes

a. 06/24/2010 Minutes

Minutes not available for approval

2. Discuss Use of Revenue Policy

Councilor Cheney opens discussion on one-time revenues related to item 4-4 of the policy framework from which the committee is working. Committee members discuss appropriate uses of one-time revenue to include approach for use of grant funding.

Committee members agree one-time revenues should not be used to replace funding of ongoing operations. One-time revenues should generally not be used to fund operating budget items but instead be utilized for the limited purpose for which they are intended, for capital acquisition and/or for supporting stabilization funds (including debt buy-down).

City Manager Joyal advises that any grants with continuing obligations generally require legislative body approval prior to being accepted. There are instances where certain grant funds may relate to ongoing operating budget items. Committee members agree that any use of grant funds requiring continued funding of operations beyond the life of the grant should be subject to public comment and vote by the legislative body.

3. Discuss Balanced Operating Budget Policy

Councilor Cheney suggests that the existing Policy Goal #11 relating to preliminary budget estimates is necessary. Committee members discuss the feasibility and timing of presenting preliminary budget estimates. The adoption of the current year budget immediately followed by the development of the Capital Improvements Program provides a significant amount of information pertaining to future budget estimates. Committee members agree that utilizing a preliminary forecast of revenue and expenses will aid in developing budget guidelines for the coming year.

Committee members discuss the definition of a balanced operating budget. Generally, a balanced budget requires that revenues equal, or exceed, expenditures including debt service and transfers. Leggett inquires how fund balance is replenished in achieving a



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balanced budget. Finance Director Lynch indicates that any excess revenues or under expenditures whether or not originally anticipated will remain in and be credited to the fund's balance. In addition, a specific transfer to fund balance can be accomplished as part of the budgeting process. City Manager Joyal notes that any funds budgeted for transfer to the General Fund balance should be done by apportioning between both the city and school portions of the budget given that both draw expenses from and contribute revenues to the General Fund. Committee members agree that all operating budgets should be balanced and budgeted accordingly.

Committee members express agreement in utilizing any overall excess revenues and/or under budgeted expenditures at end of a budget year to fund stabilization funds. This may be accomplished as part of the budget adoption resolution. Over the course of a budget year, if deviations from achieving a balanced budget are anticipated, appropriate actions should be taken to adjust actual revenues and/or expenses as necessary.

4. Citizen Forum

No citizens present

5. Set Upcoming Meeting Agenda/Schedule

July 29th 4:30pm to discuss stabilization funds policy and August 12th TBD

6. Adjourn

Joyal/Leggett. Unan.