



ARANSAS PASS FINANCE POLICY

Purpose: As is the case with any City that has been impacted by a major disaster, it is critical to take extraordinary steps to protect the budget and municipal finances. That is the purpose of this policy. Aransas Pass received a direct hit from Hurricane Harvey on August 25/26, 2017. With that natural disaster comes extraordinary expenses. This policy also calls for the implementation of several new and/or revised City administrative financial policies to help maintain Post-Harvey financial stability.

1. **Pursue CDL or Tax note** – This will help resolve potential cash flow problems created by Harvey expenses.
2. **Debt Service** - Each month the Finance Director will evaluate the General Fund and Utility Fund to see what monies can be comfortably made available to the debt service fund until the necessary amount for the upcoming debt service payments are in place.
3. **Monitor expenses** – During monthly financial reports submitted by the Finance Department we should be able to see if individual departmental requests are exceeding their budgeted allowance or not using the following formula:

October Financial report: each department should not exceed 8.33% of their budgeted expenses

November: 16.67%

December: 25%

January: 33.33%

February: 41.67%

March: 50%

April: 58.33%

May: 66.67%

June: 75%

July: 83.33%

August: 91.67%

September: 100%

These monthly updates will be presented during regularly scheduled staff meeting. Any departmental monthly overages will result in a discussion between the department head and the City Manager. The OVERALL monthly expenditure level will be reported by the Finance Director to the City Council, as explained below.

4. **Implement new and/or revised administrative financial policies**
 - a. General Fund Balance policy – Minimum/maximum measurements
 - b. Purchasing policy – Already in place, but will make changes.
 - c. Investment policy – already in-place
 - d. General Budget Policy – sets in written policy – the budgetary process
 - e. Capital Improvement Policy
 - f. Debt Policy
 - g. Surplus Property Policy

Any of the above policies now in place and previously approved by the Council will be reviewed.

5. **Departmental Budget Reduction** – All departments will reduce their budgets by a minimum of 10%.

6. **Continue Hiring Freeze.**

- A. Generally speaking, no new hiring will be allowed. Or, when applicable, consider hiring a part-time person when a full-time person leaves employment with the city. Essential personnel – such as police and fire - will be considered on an individual basis. All new hires must be approved by the City Manager (not qualifications, just the monetary aspect). Essential personnel requests shall be submitted in writing to the City Manager with an explanation of why this position is considered essential. Essential personnel will be those whose elimination would create a health, safety or operational danger for the public or city staff.

Permitting and other City Fees – Under no circumstances can the City allow construction to occur without the necessary permits. However, during the Harvey recovery the permitting fees for construction projects have been enforced loosely – and understandably so. We want to prevent people from leaving Aransas Pass, so we have used this vehicle....to a limited degree...to encourage them to stay. A declining population after a major storm also will negatively impact our financial picture. However, as of this moment, Council has not taken official action to officially reduce or excuse permit fees. Beginning December 1, 2018, no waivers nor reductions in building fees will be permitted.

7. **Travel Expense** – All department are asked to evaluate travel expenses with the goal of reducing this line item. While it is understood that training/travel is essential to some departments for public safety and/or required licensing, travel not falling into these essential needs should be re-evaluated.
8. **Not-for-Profit Reevaluations** – Beginning with the FY19 Budget....City Not-for-Profit funding will be re-evaluated and measured against budgetary needs and meeting the public purpose test. If possible, this consideration should also be given during the FY18 budget.
9. **Events**- reduce the cost of events and the non-discretionary fund in the budget.
10. **Monthly Public Reports** – Each month, beginning with the November 20th Council meeting – The Finance Director will report to the City Council, during a regular Council meeting - on the status of City Revenues and Expenses and how these measure against the budget projections.
11. **6 Month review** – In March review the status of revenue and expenditure projections. These projections will take into account budget cuts that were implemented or are planned. It will review the status of the most up-to-date expenditures and revenues. The review also will analyze the status of City hurricane recovery costs and reimbursements.