



# City of Floresville Zero Base Budget Policy

June 14, 2018

Submitted by:  
City Manager

For

Council of the City of Floresville

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# **INTRODUCTION**

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## **City of Floresville**

'The City of Floresville is a vibrant and growing community located in Wilson County, Texas. Situated strategically just outside of San Antonio and just north of the oil and gas boom along the Eagle Ford Shale, Floresville provides a culturally diverse home for an ever growing number of residents looking to escape some of the big city bustle for a more intimate community.'

'One of the greatest assets that the City has is its rich culture and history coupled with a variety of conveniences and amenities without the "big city" feel of its large neighbor to the north. A lot of professionals are looking to escape San Antonio and these assets are what draw them to Floresville.

It is the goal of the City Officials and Administration to (1) return the City to financial stability, (2) improve the efficiency and effectiveness of operations, and (3) establish "best-in-class" management policies and procedures.

The task of the Zero-Base Budget Policy is to require changes in long-held standards of accountability, and an absolute commitment to the community to provide a greater level of service. It will require the support of many change agents within the Citizens, City Council Administration and City Staff.

## **What is Zero-Base Budgeting**

Zero-Base Budgeting (ZBB), in its original form, is a system of budgeting that begins every budget cycle at zero, rejecting any assumption that the activities that were funded in the last budget will continue in the coming one. It requires a rationale for each activity that will be funded for the new budget.

## **Project Methodology**

## **Project History**

As part of the City of Floresville's Zero-Base Budget Policy, city staff analyzed past practices that had been detrimental to the city's General Fund Balance.

City officials are committed to achieving operational balances between the city's revenues and expenditures, allowing the city to achieve a minimum of break-even operations or add to its reserves.

Many key areas within the City's services need to be addressed. Water/sewer rates, permits, fees and taxes have not been adjusted over time to cover operational expenses to provide adequate city services.

Other priorities include the update of the zoning ordinance, implementation of the land use plan; 5 Year Capital Improvement Plan, the creation of impact fees for water, waste water and streets; and the development of a water/sewer models. A top has been infrastructure priority for the City of Floresville is in process of upgrading water system and constructing a new waste water treatment plant.

## **Audit Committee**

The Floresville City Charter created the Audit Committee to direct the work of the independent auditor as to the scope of the annual audit and any matters of concern with respect to internal controls, receive the report of the internal auditor, and make recommendations to the Council. In a collaborative effort by city staff and citizens input this Zero-Base Budget Policy was prepared.

# **CRITICAL PRIORITIES**

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## **Monitoring**

1. Implement hybrid zero based budgeting practices.
2. Develop and utilize a working budget.
3. Monthly reporting and quarterly budget reviews by City Council.

## **Financial Management Policies**

1. Implement comprehensive financial management policies to ensure the city is financially able to meet its current and future service needs.

## **Debt Service**

1. Establish guidelines for debt financing and repayment that provide needed facilities, land, capital equipment and infrastructure improvements while minimizing the impact on current and future revenues.

## **Utilities, Permits and Fees**

1. Implement and maintain utility rates that will generate sufficient revenue to pay debt service, reserve, operation and maintenance, and necessary short lived asset replacement reserves.
2. Implement and maintain a cost effective permit and fee schedules.

## **Infrastructure**

1. Through the budgeting process, allow for needed facility, land, capital equipment and infrastructure improvements.



## **SPECIFIC ACTIONS**

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### **Monitoring**

1. Implement hybrid zero based budgeting beginning in Fiscal Year 2018/2019.
2. Continue routine monitoring by City Manager, Comptroller, and Department Heads
3. Continue monthly and quarterly reporting by the City Manager as required by City Charter and Council Directives.
4. Develop a Procurement Policy.

### **Financial Management Policies**

1. Develop and maintain Council approved budgetary management policies and procedures to create and maintain the industry standard 90 day reserve fund balances.
2. Maintain accounting practices that conform to generally accepted accounting practices and comply with prevailing federal, state and local statutes and regulations.

### **Debt Service**

1. Monitor Debt Service.
2. Include all debt in all future budgeting processes of the City and the 4A Corporation and 4B Corporation.

### **Utilities, Permits and Fees**

1. Implement a rate and fee review cycle at least every 12 months.

### **Infrastructure**

1. Develop and implement infrastructure master planning as required by federal, state and local statute to include impact fees.

## **METRICS, TARGETS AND ACCOUNTABILITES**

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### **Monitoring**

1. Hybrid version of a Zero based budgeted across all city departments by Fiscal Year 2018/2019.
2. A 36 month working budgets across all funds by Fiscal Year 2015/2016.
3. Monthly and quarterly financial reports will continue to be received by City Council.

### **Financial Management Policies**

1. Comprehensive policies and procedures to be in place by the end of Fiscal Year 2018/2019.
2. General Fund deficit reduction of not less than 25% per year beginning Fiscal year 2012/2013.
3. Development of 90-day fund reserves by Fiscal Year 2020/2021.

### **Infrastructure**

1. Complete 5 Year Capital Improvement Plan by Qualified Professional. May 2019.

### **Monitoring Zero Base Budget Policy**

A semi-annual review of the overall plan will be done in order to insure the goals are being reached. A monthly and quarterly review done by City Staff will insure that the timeliness of this plan and any adjustments that need to be addressed can be presented to Council.

## **Appendix A**

Items discussed in the Audit Committee meeting held on June 7, 2018.

Attendance: Mayor Cecelia Gonzalez-Dippel, Audit Committee Members, Mayor Pro Tem Gloria Cantu, Councilman Juan Ortiz, City Manager Henrietta Turner, Comptroller Connie Moreno, Auditors Michael Del Toro and Kyle Layer of ABIP, P.C.



APPENDIX A							
	2018/2019	2019/2020	2020/2021	2021/2022	2022/2023	2023/2024	2024/2025
MONITORING							
Zero Based Budget All Departments							
12 Month Working Budget Monthly & Quarterly Financial Reports							
FINANCIAL MANAGEMENT POLICIES							
Comprehensive Policies & Procedures							
General Fund Deficit Reduction	- 25%	- 30%	- 35%				
Development of 90 Day Fund Reserve							
Development of a Procurement Policy							
DEBT SERVICE							
Tax Note 2015							
Tax Note 2016							
Reduce the Floresville Event Center Operating Cost							
UTILITIES, PERMITS & FEES							
New Water Meter & Sewer Rate plan							
Permit & Fees Schedules Updated							
New Permit & Fees Schedules							
INFRASTRUCTURE							
Complete Comprehensive 5 Year Master Plan							
Complete Level of Service Determination							
Complete 5 Year Capital Improvement Plan							
24 Month Street Maintenance Plan							
24 Month Maintenance City Wide Facilities							
24 Month Maintenance City Wide Water Facilities							