

**CARSON CITY UTILITY FINANCIAL OVERSIGHT COMMITTEE
REQUEST FOR COMMITTEE ACTION**

Date Submitted: March 16, 2015

Meeting Date: March 24, 2015

To: Utility Financial Oversight Committee

From: Darren Schulz, Director of Public Works

Subject Title: For Possible Action: Review and discussion of the proposed Sewer Fund budget and its compliance with adopted financial policies, with possible action to provide recommendations to the Board of Supervisors.

Staff Summary: The Committee will review the proposed Fiscal Year 2016 budget, for compliance with financial policies for Enterprise Funds and make recommendations to the Board of Supervisors.

Type of Action Requested: (check one)

- None – Informational Only
- Formal Action/Motion

Recommended Commission Action: I move to recommend to the Board of Supervisors, approval of the Sewer Fund budget for Fiscal Year 2016. It is consistent with the adopted financial policies recognizing a phased approach to meeting the policies as developed as part of the rate program.

Explanation for Recommended Commission Action: The Sewer Fund is funded through sewer fees and the budget continues the elements of the capital improvement program that began with the adoption of the phased-in sewer rates. All financial policies will be met when full implementation of the rates is completed at the end of the 5 year phase-in period.

Applicable Statute, Code, Policy, Rule or Regulation: NA

Fiscal Impact: Budget as required

Alternatives: NA

Supporting Material:

- Budget Model, Sewer
- Fiscal Summary for Enterprise Funds, Sewer
- Budget Preparation Worksheet, Sewer
- Capital Improvement Plan, Sewer
- Adopted Financial Policies

Prepared By: David Bruketta, Utility Manager

Reviewed By: ALM Brubetta
(Utility Manager)

Date: 3/16/15

[Signature]
(Public Works Director)

Date: 3/16/15

[Signature]
(District Attorney)

Date: 3/16/15

[Signature]
(Finance Director)

Date: 3/16/15

Committee Action Taken:

Motion: _____ 1) _____ Aye/Nay
2) _____

_____ (Vote Recorded By)

**BUDGET MODEL
Fund 510 - Sewer**

	2014-15 Budget	2014-15 Projected	2015-16 3rd Year	2016-17 4th Year	2017-18 5th Year	2018-19	2019-20
Operating - Beginning Balance - June 30	633,105	633,105	685,845	1,350,160	1,455,636	1,601,370	1,644,210
Operating Revenue							
Rate Revenue	9,636,210	9,713,207	11,170,188	12,722,803	14,553,043	14,553,043	14,553,043
Other Revenue	125,000	125,000	125,000	200,000	200,000	200,000	200,000
Interest Income	1,411	1,411	680	1,166	2,295	2,475	2,722
Total Operating Revenue	9,762,621	9,839,618	11,295,868	12,923,969	14,755,338	14,755,518	14,755,765
Operating Expenditures							
Salaries & Benefits	2,183,156	2,060,502	2,194,338	2,260,168	2,327,973	2,397,812	2,469,746
Services & Supplies	3,452,579	3,502,579	3,965,620	4,064,760	4,166,379	4,270,538	4,377,301
Other Expenditures	-	-	-	-	-	-	-
Transfer to Capital	4,065,191	4,223,797	4,471,596	6,493,565	8,115,252	8,044,328	7,864,618
Total Operating Expenditures	9,700,926	9,786,878	10,631,553	12,818,493	14,609,604	14,712,678	14,711,665
Net Income (Loss)	61,695	52,740	664,315	105,476	145,734	42,840	44,100
Operating - Ending Balance	694,800	685,845	1,350,160	1,455,636	1,601,370	1,644,210	1,688,310
Capital - Beginning Balance - June 30	363,819	363,819	1,641,857	6,266,407	2,960,828	2,091,131	4,347,170
plus: Connection Charges	24,000	40,000	40,000	24,000	24,000	24,000	24,000
plus: Grants/Developer Contributions	-	342,610	-	-	-	-	-
plus: Federal Interest Subsidy	1,600	1,600	1,550	1,600	1,600	1,600	1,600
plus: Bond Proceeds	4,540,000	5,324,323	16,703,333	11,074,000	7,632,667	4,750,000	-
plus: Interest Income	821	821	1,820	11,782	5,213	3,802	7,463
plus: Transfer from Operating	4,065,191	4,223,797	4,471,596	6,493,565	8,115,252	8,044,328	7,864,618
less: Debt Service	2,449,453	2,446,637	2,709,416	3,066,526	3,579,762	4,168,691	3,840,271
less: Bond Issuance Costs	500	1,500	151,000	-	-	200,000	-
less: Equipment/Vehicles	295,000	295,000	205,000	245,000	416,000	394,000	265,000
less: Capital Projects	5,097,727	5,911,976	13,528,333	17,599,000	12,652,667	5,805,000	3,805,000
Capital - Ending Balance	1,152,751	1,641,857	6,266,407	2,960,828	2,091,131	4,347,170	4,334,580
TOTAL CASH BALANCE	1,847,551	2,327,702	7,616,567	4,416,464	3,692,501	5,991,380	6,022,890
FINANCIAL STABILIZATION POLICY							
Projected Reserve Amounts							
Operating Reserve	694,800	685,845	1,350,160	1,455,636	1,601,370	1,644,210	1,688,310
Capital Project Reserve	1,231,431	1,231,431	1,600,860	1,847,147	1,477,717	2,462,862	2,462,862
Debt Proceeds Reserve	-	-	3,610,000	560,000	-	-	-
Emergency Reserve	75,000	75,000	75,000	75,000	75,000	75,000	75,000
System Replacement Reserve	(153,680)	335,426	980,547	478,681	538,414	1,809,308	1,796,718
Established Goals for Reserve Amounts							
Operating Reserve - 90 days, minimum 45 days	1,389,600	1,371,690	1,518,930	1,559,610	1,601,370	1,644,210	1,688,310
Capital Project Reserve - 2% of fixed assets original costs	2,462,862	2,462,862	2,462,862	2,462,862	2,462,862	2,462,862	2,462,862
Debt Proceeds Reserve - unspent debt proceeds and related interest earnings	-	-	3,610,000	560,000	-	-	-
Emergency Reserve - \$75,000, minimum \$50,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000
System Replacement Reserve - annual depreciation	3,500,000	3,500,000	3,500,000	3,500,000	3,500,000	3,500,000	3,500,000
Projected Percentage of Goal Attained							
Operating Reserve	50%	50%	89%	93%	100%	100%	100%
Capital Project Reserve	50%	50%	212%	98%	60%	100%	100%
Debt Proceeds Reserve - unspent debt proceeds and related interest earnings	-	-	100%	100%	-	-	-
Emergency Reserve - \$75,000, minimum \$50,000	100%	100%	100%	100%	100%	100%	100%
System Replacement Reserve - annual depreciation	-4%	10%	28%	14%	15%	52%	51%

FISCAL SUMMARY FOR ENTERPRISE FUNDS

Department Name: Sewer Fund					
Department Number: 510					
	2013-14	2014-15	2015-16	% Change	\$ Change
	Actual	Estimated	Proposed	Budget	Budget
REVENUE					
Charges for Services	\$ 8,391,386	\$ 9,821,207	\$ 11,278,188	14.84%	\$ 1,456,981
Non-Operating Income	50,808	19,232	19,500	1.39%	268
Connection Fees	33,851	40,000	40,000	0.00%	-
Grant Revenue	456	344,210	1,550	-99.55%	(342,660)
TOTAL	\$ 8,476,501	\$ 10,224,649	\$ 11,339,238	10.90%	\$ 1,114,589
EXPENDITURE					
Salary	\$ 1,502,853	\$ 1,460,876	\$ 1,539,775	5.40%	\$ 78,899
Benefits	673,508	655,827	716,384	9.23%	60,557
Service & Supplies	3,135,984	3,502,579	3,965,620	13.22%	463,041
Depreciation	3,229,468	3,500,000	3,500,000	0.00%	-
Bond Interest	440,618	479,787	685,182	42.81%	205,395
Other	176,053	1,500	151,000	9966.67%	149,500
Transfers Out	12,519	-	-	0.00%	-
TOTAL	\$ 9,171,003	\$ 9,600,569	\$ 10,557,960	9.97%	\$ 957,391
NET INCOME (LOSS)	\$ (694,502)	\$ 624,080	\$ 781,278	25.19%	\$ 157,198
BOND PROCEEDS					
Bond Proceeds	\$ 120,562	\$ 5,324,323	\$ 16,703,333	213.72%	\$ 11,379,010
Capital Outlay	\$ 2,451,098	\$ 6,206,976	\$ 13,733,333	121.26%	\$ 7,526,357
Bond Principal Payments	\$ 2,095,994	\$ 1,966,850	\$ 2,024,234	2.92%	\$ 57,384
Cash Balance - June 30	\$ 996,924	\$ 2,327,702	\$ 7,616,567		
FTE					
	21.95	23.75	23.25		

BUDGET PREPARATION WORKSHEET
FOR FISCAL YEAR 2016
FUND 510 SEWER

ACCOUNT NUMBER	ACCOUNT DESCRIPTION	FY2014 ACTUALS	FY2015 ADJUSTED BUDGET	FY2015 YTD ACTUAL	FY2015 ESTIMATED	FY2016 TENTATIVE
REVENUE						
INTERGOVERNMENTAL						
FEDERAL SUBSIDY PAYMENTS						
510-0000-332.01-02	2010F SRF SEWER BONDS	-	1,600	839	1,600	1,550
*	FEDERAL SUBSIDY PAYMENTS	-	1,600	839	1,600	1,550
STATE GOVERNMENT GRANTS						
510-0000-334.92-00	NDOT BYPASS REIMBURSEMENT	-	-	-	342,610	-
*	STATE GOVERNMENT GRANTS	-	-	-	342,610	-
**	INTERGOVERNMENTAL	-	1,600	839	344,210	1,550
PROPRIETARY REVENUES						
USER FEES AND CHARGES						
510-0000-370.02-00	USER CHARGES	3,236,738	2,641,734	1,444,661	2,862,214	3,291,546
510-0000-370.06-00	DOUGLAS COUNTY	48,882	-	-	-	-
510-0000-370.25-00	FIXED CAPITALIZATION	-	6,994,476	3,286,037	6,850,993	7,878,642
510-0000-370.27-00	VARIABLE CAPITALIZATION	-	-	3	-	-
510-0000-370.28-00	EFFLUENT METER CHARGES	-	13,000	5,681	13,000	13,000
510-0000-370.75-00	OTHER CHARGES/FEES	230	-	-	-	-
510-0000-370.75-01	RIGHT OF WAY TOLL	-	-	45,448	-	-
*	USER FEES AND CHARGES	3,285,850	9,649,210	4,781,830	9,726,207	11,183,188
OTHER OPERATING CHARGES						
510-0000-372.50-01	GENERAL FUND	11,042	-	-	-	-
510-0000-372.50-15	REG TRANSPORTATION	2,071	-	-	-	-
510-0000-372.50-17	STREETS MAINTENANCE	1,504	-	-	-	-
510-0000-372.50-53	ISC: STORM DRAINAGE	1,212	-	-	-	-
510-0000-372.50-56	WATER FUND	7,150	10,000	1,200	10,000	10,000

FUND 510 SEWER

ACCOUNT NUMBER	ACCOUNT DESCRIPTION	FY2014 ACTUALS	FY2015 ADJUSTED BUDGET	FY2015 YTD ACTUAL	FY2015 ESTIMATED	FY2016 TENTATIVE
510-0000-372.62-00	PENALTIES AND INTEREST	106,851	85,000	39,374	85,000	85,000
510-0000-372.69-00	INSPECTION FEES	-	-	219	-	-
510-0000-372.70-00	REFUNDS/REIMBURSEMENTS	1,534	-	-	-	-
*	OTHER OPERATING CHARGES	131,364	95,000	40,793	95,000	95,000
NON-OPERATING REVENUE						
510-0000-375.05-01	COMMERCIAL	-	9,000	19,583	25,000	25,000
510-0000-375.05-02	RESIDENTIAL	-	15,000	9,809	15,000	15,000
*	NON-OPERATING REVENUE	-	24,000	29,392	40,000	40,000
INTEREST EARNED						
510-0000-377.02-00	INTEREST INCOME	-	2,232	1,853	2,232	2,500
*	INTEREST EARNED	-	2,232	1,853	2,232	2,500
MISCELLANEOUS						
510-0000-378.11-00	SEPTIC DISPOSAL	23,447	12,000	8,708	12,000	12,000
510-0000-378.16-00	MISC. OTHER INCOME	-	-	-	-	-
510-0000-378.21-00	SEWER LATERAL REIMBURSEMT	-	5,000	1,500	5,000	5,000
*	MISCELLANEOUS	23,447	17,000	10,208	17,000	17,000
**	PROPRIETARY REVENUES	3,440,661	9,789,042	4,864,915	10,224,649	11,339,238
OTHER FINANCING SOURCES						
PROCEEDS OF GENL L-T LIAB						
510-0000-383.03-00	BOND PROCEEDS	-	4,540,000	1,291,901	5,324,323	16,703,333
*	PROCEEDS OF GENL L-T LIAB	-	4,540,000	1,291,901	5,324,323	16,703,333
**	OTHER FINANCING SOURCES	-	4,540,000	1,291,901	5,324,323	16,703,333
***	SEWER OPERATION	3,440,661	14,329,042	6,156,816	15,548,972	28,042,571
EXPENDITURES						
WASTEWATER TREATMENT PLANT						
SALARIES AND WAGES						

FUND 510 SEWER

ACCOUNT NUMBER	ACCOUNT DESCRIPTION	FY2014	FY2015	FY2015	FY2015	FY2016
		ACTUALS	ADJUSTED BUDGET	YTD ACTUAL	ESTIMATED	TENTATIVE
510-3201-434.01-01	SALARIES	732,053	844,797	376,047	796,232	853,116
510-3201-434.01-02	HOURLY/SEASONAL	31,815	60,000	16,395	60,000	60,000
510-3201-434.01-03	ADMINISTRATIVE PAY	803	-	-	-	-
510-3201-434.01-06	MANAGEMENT LEAVE PAY	7,626	-	4,093	-	-
510-3201-434.01-07	ANNUAL LEAVE PAYOFF	9,222	-	9,091	-	-
510-3201-434.01-08	SICK LEAVE PAYOFF	51,976	-	15,938	-	-
510-3201-434.01-09	WORKERS' COMPENSATORY LV	1,905	-	-	-	-
510-3201-434.01-11	OVERTIME	25,632	24,000	12,329	24,000	24,000
510-3201-434.01-12	CALL BACK PAY	8,728	6,000	2,183	6,000	6,000
510-3201-434.01-13	STAND-BY PAY	42,034	40,000	21,116	40,000	40,000
510-3201-434.01-14	F L S A	142	-	60	-	-
510-3201-434.01-16	HOLIDAY PAY	3,086	-	3,102	-	-
* SALARIES AND WAGES		915,022	974,797	460,354	926,232	983,116
EMPLOYEE BENEFITS						
510-3201-434.02-25	MEDICARE	11,889	13,640	6,369	14,229	14,041
510-3201-434.02-30	RETIREMENT	157,359	185,434	76,526	171,182	195,663
510-3201-434.02-40	GROUP INSURANCE	119,209	146,368	63,819	146,414	160,729
510-3201-434.02-50	WORKERS' COMPENSATION	9,775	11,241	2,658	11,896	11,758
510-3201-434.02-60	EDUCATION INCENTIVE	425	375	300	300	125
510-3201-434.02-65	CLOTHING ALLOWANCE	4,129	4,000	3,262	4,000	4,000
510-3201-434.02-66	FOUL WEATHER ALLOWANCE	1,515	1,665	1,515	1,515	1,515
510-3201-434.02-68	TOOL ALLOWANCE	1,225	1,214	600	1,236	1,214
510-3201-434.02-70	CAR ALLOWANCE	3,524	3,137	1,548	3,151	3,137
510-3201-434.02-71	PHONE ALLOWANCE	2,892	2,829	1,398	2,879	2,829
510-3201-434.02-72	MOBILE DEVICE ALLOWANCE	60	-	166	341	334
510-3201-434.02-86	OPEB COST	137,488	56,201	-	56,201	61,821
* EMPLOYEE BENEFITS		449,490	426,104	158,161	413,344	457,166
SERVICE AND SUPPLIES						

FUND 510 SEWER

ACCOUNT NUMBER	ACCOUNT DESCRIPTION	FY2014	FY2015	FY2015	FY2015	FY2016
		ACTUALS	ADJUSTED BUDGET	YTD ACTUAL	ESTIMATED	TENTATIVE
510-3201-434.03-09	PROFESSIONAL SERVICES	67,281	133,500	96,756	143,500	183,500
510-3201-434.03-12	AUDITING	24,386	24,000	16,512	24,000	24,000
510-3201-434.03-30	TRAINING	4,253	6,000	2,310	6,000	6,000
510-3201-434.03-45	DATA PROCESSING	6,720	6,500	6,913	6,500	6,500
510-3201-434.03-56	PHYSICALS (EMPLOYEE)	57	-	-	-	-
510-3201-434.03-62	UNEMPLOYMENT COMPENSATION	-	-	-	-	-
510-3201-434.03-72	USGS STREAM MONITOR	-	-	-	-	-
510-3201-434.03-75	SLUDGE HAULING	1,577	3,000	800	3,000	35,000
510-3201-434.04-30	EQUIPMENT REPAIR & MAINT.	249,625	175,213	122,119	175,213	175,213
510-3201-434.04-33	SOFTWARE MAINTENANCE	11,800	30,000	17,316	30,000	30,000
510-3201-434.04-34	BUILDING REPAIR & MAINT.	27,274	10,000	4,332	10,000	10,000
510-3201-434.04-35	VEHICLE REPAIR & MAINT.	9,003	10,000	1,238	10,000	10,000
510-3201-434.04-36	FACILITY REPAIR & MAINT.	9,431	40,060	27,227	40,060	40,060
510-3201-434.04-39	WATER - EFFLUENT SUPPLEMENT	-	-	-	-	100,000
510-3201-434.04-44	OFFICE EQUIPMENT RENTAL	(237)	1,000	-	1,000	1,000
510-3201-434.04-45	EQUIPMENT RENTAL	8,594	6,000	3,458	6,000	6,000
510-3201-434.04-67	TELEMETRY MAINTENANCE	25,602	25,000	2,184	25,000	25,000
510-3201-434.04-72	MOSQUITO CONTROL	24,942	66,500	3,195	66,500	66,500
510-3201-434.04-90	FEES AND PERMITS	34,543	25,000	18,868	25,000	25,000
510-3201-434.05-42	PRINTING / ADVERTISING	88	-	30	-	-
510-3201-434.05-45	MEMBERSHIP / PUBLICATIONS	2,087	1,500	1,064	1,500	1,500
510-3201-434.05-80	TRAVEL	11,925	4,000	5,133	4,000	4,000
510-3201-434.06-01	OFFICE SUPPLIES	893	1,500	1,542	1,500	1,500
510-3201-434.06-02	POSTAGE / SHIPPING	113	1,000	2,000	1,000	1,000
510-3201-434.06-25	OPERATING SUPPLIES	59,007	65,000	34,566	65,000	65,000
510-3201-434.06-36	LABORATORY EXPENSE	33,571	35,000	19,043	35,000	35,000
510-3201-434.06-37	CHEMICALS	202,837	274,000	111,795	274,000	274,000
510-3201-434.06-45	BOOKS / PERIODICALS	107	300	-	300	300

FUND 510 SEWER

ACCOUNT NUMBER	ACCOUNT DESCRIPTION	FY2014 ACTUALS	FY2015 ADJUSTED BUDGET	FY2015 YTD ACTUAL	FY2015 ESTIMATED	FY2016 TENTATIVE
510-3201-434.06-60	VEHICLE FUEL/OIL	7,982	12,000	3,373	12,000	12,000
510-3201-434.06-74	SMALL TOOLS / INSTRUMENTS	4,444	12,800	7,685	12,800	12,800
510-3201-434.06-75	SMALL FURNISHINGS	5,000	5,000	695	5,000	5,000
510-3201-434.06-XX	TECHNICAL EQUIPMENT	-	-	-	-	5,000
510-3201-434.07-10	TELEPHONE	8,200	8,500	3,453	8,500	8,500
510-3201-434.07-12	POWER	602,531	600,000	268,229	600,000	600,000
510-3201-434.07-13	HEATING	68,717	22,000	19,087	22,000	40,000
510-3201-434.09-01	ISC: GENERAL FUND	963,726	1,095,385	456,410	1,095,385	1,222,895
510-3201-434.09-15	ISC: INSURANCE FUND	214,500	214,500	107,250	214,500	227,500
510-3201-434.09-50	FLEET MANAGEMENT	26,288	26,394	13,197	26,394	29,813
510-3201-434.09-55	RADIOS	4,522	5,169	2,585	45,169	3,158
510-3201-434.12-99	GRANT ALLOC/ DIRECT BILL	(1,770)	-	-	-	-
510-3201-500.50-00	CAPITALIZED ASSETS	-	-	-	-	-
* SERVICE AND SUPPLIES		2,719,619	2,945,821	1,380,365	2,995,821	3,292,739
CAPITAL OUTLAY						
510-3201-434.74-01	LAND ACQUISITION	-	-	-	-	-
510-3201-434.77-05	Vehicle Replacement Program	-	-	-	-	105,000
510-3201-434.77-15	COMPUTER EQUIPMENT	-	-	8,900	-	-
510-3201-434.77-75	EQUIPMENT	-	299,727	69,898	299,727	25,000
510-3201-434.78-10	FACILITY UPGRADE	-	-	-	-	100,000
* CAPITAL OUTLAY		-	299,727	78,798	299,727	230,000
OPERATING TRANSFERS OUT						
510-3201-491.72-83	GROUP MEDICAL FUND	12,519	-	-	-	-
* OPERATING TRANSFERS OUT		12,519	-	-	-	-
** WASTEWATER PLANT		4,096,650	4,646,449	2,077,678	4,635,124	4,963,021

SEWER MAINTENANCE
SALARIES AND WAGES

FUND 510 SEWER

ACCOUNT NUMBER	ACCOUNT DESCRIPTION	FY2014 ACTUALS	FY2015 ADJUSTED BUDGET	FY2015 YTD ACTUAL	FY2015 ESTIMATED	FY2016 TENTATIVE
510-3202-434.01-01	SALARIES	428,854	484,322	213,755	441,644	463,659
510-3202-434.01-02	HOURLY/SEASONAL	45,000	55,000	3,225	55,000	55,000
510-3202-434.01-06	MANAGEMENT LEAVE PAY	1,327	-	120	-	-
510-3202-434.01-07	ANNUAL LEAVE PAYOFF	743	-	-	-	-
510-3202-434.01-08	SICK LEAVE PAYOFF	63,490	-	-	-	-
510-3202-434.01-09	WORKERS' COMPENSATORY LV	2,104	-	793	-	-
510-3202-434.01-11	OVERTIME	26,533	17,000	7,366	17,000	17,000
510-3202-434.01-12	CALL BACK PAY	4,785	6,000	1,962	6,000	6,000
510-3202-434.01-13	STAND-BY PAY	13,976	15,000	6,588	15,000	15,000
510-3202-434.01-14	F L S A	112	-	64	-	-
510-3202-434.01-16	HOLIDAY PAY	907	-	928	-	-
* SALARIES AND WAGES		587,831	577,322	234,801	534,644	556,659
EMPLOYEE BENEFITS						
510-3202-434.02-25	MEDICARE	6,305	7,395	3,069	7,380	7,409
510-3202-434.02-30	RETIREMENT	97,787	112,310	46,775	100,148	111,815
510-3202-434.02-40	GROUP INSURANCE	105,606	123,991	54,140	117,838	123,513
510-3202-434.02-50	WORKERS' COMPENSATION	9,140	10,780	3,505	10,378	9,897
510-3202-434.02-60	EDUCATION INCENTIVE	55	50	40	50	50
510-3202-434.02-65	CLOTHING ALLOWANCE	3,642	5,000	2,486	5,000	5,000
510-3202-434.02-66	FOUL WEATHER ALLOWANCE	1,230	1,365	1,215	1,365	1,215
510-3202-434.02-71	PHONE ALLOWANCE	240	243	120	247	243
510-3202-434.02-72	MOBILE DEVICE ALLOWANCE	13	-	37	77	76
* EMPLOYEE BENEFITS		224,018	261,134	111,387	242,483	259,218
SERVICE AND SUPPLIES						
510-3202-434.03-09	PROFESSIONAL SERVICES	42,164	45,000	8,050	45,000	200,000
510-3202-434.03-30	TRAINING	926	5,000	196	5,000	5,000
510-3202-434.03-45	DATA PROCESSING	608	2,000	-	2,000	2,000
510-3202-434.03-49	CONTRACTUAL SERVICES	280	3,000	-	3,000	3,000

FUND 510 SEWER

ACCOUNT NUMBER	ACCOUNT DESCRIPTION	FY2014 ACTUALS	FY2015 ADJUSTED BUDGET	FY2015 YTD ACTUAL	FY2015 ESTIMATED	FY2016 TENTATIVE
510-3202-434.04-30	EQUIPMENT REPAIR & MAINT.	52,186	25,000	19,477	25,000	25,000
510-3202-434.04-33	SOFTWARE MAINTENANCE	19,491	20,000	1,000	20,000	20,000
510-3202-434.04-34	BUILDING REPAIR & MAINT.	1,198	2,500	1,857	2,500	2,500
510-3202-434.04-35	VEHICLE REPAIR & MAINT.	15,888	20,000	3,846	20,000	20,000
510-3202-434.04-36	FACILITY REPAIR & MAINT.	3,453	10,000	57	10,000	20,000
510-3202-434.04-37	EFFLUENT LINE REPAIRS	10,055	30,000	25,238	30,000	30,000
510-3202-434.04-44	OFFICE EQUIPMENT RENTAL	1,112	1,000	481	1,000	1,000
510-3202-434.04-45	EQUIPMENT RENTAL	-	5,000	-	5,000	5,000
510-3202-434.04-70	S. SEWER REPAIR & MAINT.	8,025	50,000	17,719	50,000	50,000
510-3202-434.04-89	EFFLUENT-GOLF COURSE -EV	82,570	37,500	23,181	37,500	37,500
510-3202-434.04-91	EFFLUENT-GOLF COURSE-CC	-	37,500	16,589	37,500	37,500
510-3202-434.05-42	PRINTING / ADVERTISING	6,707	5,000	4,681	5,000	5,000
510-3202-434.05-45	MEMBERSHIP / PUBLICATIONS	1,929	1,500	818	1,500	1,500
510-3202-434.05-80	TRAVEL	1,531	4,000	156	4,000	4,000
510-3202-434.06-01	OFFICE SUPPLIES	1,739	4,000	568	4,000	4,000
510-3202-434.06-02	POSTAGE / SHIPPING	40,806	40,000	12,835	40,000	40,000
510-3202-434.06-25	OPERATING SUPPLIES	17,287	38,000	8,757	38,000	38,000
510-3202-434.06-36	LABORATORY EXPENSE	-	3,000	1,723	3,000	3,000
510-3202-434.06-45	BOOKS / PERIODICALS	-	200	-	200	200
510-3202-434.06-60	VEHICLE FUEL/OIL	25,135	24,000	11,598	24,000	24,000
510-3202-434.06-74	SMALL TOOLS / INSTRUMENTS	1,405	1,500	137	1,500	1,500
510-3202-434.06-75	SMALL FURNISHINGS	3,089	12,000	597	12,000	12,000
510-3202-434.06-XX	TECHNICAL EQUIPMENT	-	-	-	-	5,000
510-3202-434.07-10	TELEPHONE	4,845	5,000	2,185	5,000	5,000
510-3202-434.07-13	HEATING	7,509	8,000	2,940	8,000	8,000
510-3202-434.09-01	ISC: GENERAL FUND	27,269	-	-	-	-
510-3202-434.09-50	FLEET MANAGEMENT	52,576	52,788	26,394	52,788	50,625
510-3202-434.09-55	RADIOS	3,661	3,820	1,910	3,820	2,106

FUND 510 SEWER

ACCOUNT NUMBER	ACCOUNT DESCRIPTION	FY2014 ACTUALS	FY2015 ADJUSTED BUDGET	FY2015 YTD ACTUAL	FY2015 ESTIMATED	FY2016 TENTATIVE
510-3202-434.12-99	GRANT ALLOC/ DIRECT BILL	(17,079)	-	-	-	-
510-3202-434.24-30	REFUNDS & REIMBURSEMENTS	-	10,000	-	10,000	10,000
510-3202-434.24-49	BAD DEBT EXPENSE	-	400	-	400	400
510-3202-434.24-50	CASH SHORTAGE/OVERAGE	-	50	-	50	50
510-3202-500.50-00	CAPITALIZED ASSETS	(281,249)	-	-	-	-
* SERVICE AND SUPPLIES		135,116	506,758	192,990	506,758	672,881
CAPITAL OUTLAY						
510-3202-434.70-40	CONSTRUCTION	-	35,000	-	69,032	100,000
510-3202-434.70-70	LABOR	968	-	-	-	-
510-3202-434.77-25	RADIO SYSTEM UPGRADE	-	-	-	-	135,000
510-3202-434.77-75	EQUIPMENT	280,281	-	-	-	100,000
510-3202-434.78-10	FACILITY UPGRADE	-	200,000	97,350	200,000	75,000
* CAPITAL OUTLAY		281,249	235,000	97,350	269,032	410,000
** SEWER MAINTENANCE		1,228,214	1,580,214	636,528	1,552,917	1,898,757
DEPRECIATION EXPENSE						
510-3205-434.44-65	DEPRECIATION EXPENSE	3,229,469	3,500,000	-	3,500,000	3,500,000
* DEPRECIATION EXPENSE		3,229,469	3,500,000	-	3,500,000	3,500,000
NON-OPERATING EXPENSE						
510-3205-475.48-45	FISCAL CHARGES	1,135	500	1,067	1,000	1,000
510-3205-475.48-46	BOND ISSUANCE COSTS	344,868	-	494	500	150,000
* NON-OPERATING EXPENSE		346,003	500	1,561	1,500	151,000
CAPITAL OUTLAY						
510-3205-434.70-20	DESIGN	49,209	-	1,297	-	-
510-3205-434.70-40	CONSTRUCTION	2,173,339	4,138,000	556,910	5,076,006	13,093,333
510-3205-434.70-50	SERVICES	66,352	-	-	-	-
510-3205-434.70-60	MATERIALS & SUPPLIES	35,295	-	-	-	-
510-3205-434.70-70	LABOR	279,606	200,000	126,726	275,931	-

FUND 510 SEWER

ACCOUNT NUMBER	ACCOUNT DESCRIPTION	FY2014 ACTUALS	FY2015 ADJUSTED BUDGET	FY2015 YTD ACTUAL	FY2015 ESTIMATED	FY2016 TENTATIVE
510-3205-434.74-01	LAND ACQUISITION	-	-	61,280	61,280	-
510-3205-434.79-70	REPLACEMENT PARTS/MOTORS	-	200,000	23,267	200,000	-
510-3205-434.79-87	LANDSCAPING	-	25,000	-	25,000	-
* CAPITAL OUTLAY		2,603,800	4,563,000	769,480	5,638,217	13,093,333
PRINCIPAL REDEMPTION						
510-3205-471.83-22	2012 SEWER BONDS	-	85,000	85,000	85,000	85,000
510-3205-471.83-23	2012 SEWER REFUNDING	-	460,000	460,000	460,000	480,000
510-3205-471.83-35	2012 MT REFUNDING	-	194,900	96,800	194,900	200,000
510-3205-471.83-42	2010F STATE WATER POLLUT	-	128,325	63,781	128,325	131,410
510-3205-471.83-53	2014 Sewer Refunding	-	-	-	1,000	171,000
510-3205-471.83-71	'94 STATE SEWER ISSUE	-	94,124	94,123	94,124	-
510-3205-471.83-74	1996 STATE SEWER ISSUE	-	153,493	76,020	153,493	78,955
510-3205-471.83-79	1998 STATE SEWER ISSUE	-	395,008	195,922	395,008	407,869
510-3205-471.83-90	03 ST BD BANK SEWER REF	-	160,000	160,000	160,000	170,000
510-3205-471.83-98	2010D SWR IMP & REFUNDING	-	295,000	295,000	295,000	300,000
* PRINCIPAL REDEMPTION		-	1,965,850	1,526,646	1,966,850	2,024,234
INTEREST REDEMPTION						
510-3205-472.93-22	2012 SEWER BONDS	-	72,525	41,125	72,525	69,409
510-3205-472.93-23	2012 SEWER REFUNDING	-	101,057	60,500	101,057	83,657
510-3205-472.93-35	2012 MT REFUNDING	-	18,996	10,564	18,996	15,275
510-3205-472.93-42	2010F STATE WATER POLLUT	-	58,929	30,612	58,929	55,807
510-3205-472.93-49	2014 SEWER SRF BOND	-	115,092	811	115,092	375,995
510-3205-472.93-53	2014 Sewer Refunding	-	-	-	3,189	1,803
510-3205-472.93-71	94 STATE SEWER ISSUE	-	-	1,882	-	-
510-3205-472.93-74	1996 STATE SEWER ISSUE	-	4,501	4,446	4,501	-
510-3205-472.93-79	1998 STATE SEWER ISSUE	-	51,232	30,388	51,232	38,163
510-3205-472.93-90	03 ST BD BK SEWER REF	-	11,005	4,000	4,000	2,780
510-3205-472.93-98	2010D SWR IMP & REFUNDING	-	50,266	28,519	50,266	42,293

FUND 510 SEWER

ACCOUNT NUMBER	ACCOUNT DESCRIPTION	FY2014 ACTUALS	FY2015 ADJUSTED BUDGET	FY2015 YTD ACTUAL	FY2015 ESTIMATED	FY2016 TENTATIVE
* INTEREST REDEMPTION		-	483,603	212,847	479,787	685,182
** CAPITAL		6,179,273	10,512,953	2,510,534	11,586,354	19,453,749
*** SEWER		5,324,864	16,739,616	5,224,740	17,774,395	26,315,527
**** SEWER OPERATION		11,504,137	16,739,616	5,224,740	17,774,395	26,315,527

FY 2016-20 Capital Improvement Plan, Sewer							
Description	Fund	Annual Expenditures					
		FY 15/16	FY 16/17	FY 17/18	FY 18/19	FY 19/20	5 Yr Total
CAPITAL PROJECTS FUNDED BY RATE REVENUE							
Sewer							
Other Capital							
Equipment Replacement	510	100,000	165,000	336,000	369,000	185,000	1,155,000
Facility/Building Rehabilitation	510	75,000	75,000	75,000	75,000	75,000	375,000
Groundwater Protection	510	100,000	100,000	100,000	1,000,000	1,000,000	2,300,000
Fuel Facility	510	-	60,000	-	-	-	60,000
Sewer Other Capital Total		275,000	400,000	511,000	1,444,000	1,260,000	3,890,000
Wastewater							
Equipment Replacement	510	25,000	25,000	25,000	25,000	25,000	125,000
Treatment - Facility/Building Rehabilitation	510	100,000	100,000	100,000	100,000	100,000	500,000
Treatment Total		125,000	125,000	125,000	125,000	125,000	625,000
Other Capital							
Vehicle Replacement	510	105,000	55,000	55,000	-	55,000	270,000
Communications-Fiber-SCADA	510	135,000	90,000	30,000	30,000	30,000	315,000
Wastewater Other Capital Total		240,000	145,000	85,000	30,000	85,000	585,000
Total Capital funded by Rate Revenues		640,000	670,000	721,000	1,599,000	1,470,000	5,100,000
CAPITAL PROJECTS FUNDED BY SYSTEM REINVESTMENT							
Sewer							
Collection - Sewer Line and Manhole Replacement/Rehabilitation/Sliplining	Rates 510	3rd -	4th 50,000	5th 400,000	1,200,000	2,500,000	4,150,000
Wastewater							
Reuse - Pipe Joint Coupling Rehabilitation	510	-	-	-	-	50,000	50,000
Reuse - System Pipeline Air Release Rehabilitation	510	-	-	-	50,000	50,000	100,000
Reuse - West Pump Station #1 Rehabilitation	510	-	-	-	600,000	-	600,000
Treatment - WWTP Phase 1 and 2 and 3	510	-	3,000,000	4,315,000	-	-	7,315,000
Total		-	3,050,000	4,715,000	1,850,000	2,600,000	12,215,000
CAPITAL PROJECTS FUNDED BY BOND PROCEEDS							
Sewer							
Collection - Sewer Line and Manhole Replacement/Rehabilitation(Corr \$0.47m, Mtn St \$1.3m, Clear Cr \$0.9m)	510	2,670,000.00	-	-	-	-	2,670,000.00
Collection - Riverview Lift Station Reconstruction	510	-	-	120,000.00	1,080,000.00	-	1,200,000.00
Collection - Morgan Mill Lift Station Reconstruction	510	-	-	75,000.00	675,000.00	-	750,000.00
Collection - Empire Lift Station Reconstruction	510	-	-	30,000.00	270,000.00	-	300,000.00
Collection - South Lift Station Reconstruction	510	-	-	25,000.00	225,000.00	-	250,000.00
Total		2,670,000.00	-	250,000.00	2,250,000.00	-	5,170,000.00
Wastewater							
Treatment - Effluent 100 HP Pump/Motor & Valve Replacement (4)	510	-	250,000.00	-	-	-	250,000.00
Treatment - Effluent 250 HP Pump/Motor & Valve Replacement (5)	510	-	650,000.00	-	-	-	650,000.00
Treatment - Rebuild Dynasand Filter feed Pumps (2)	510	60,000.00	-	-	-	-	60,000.00
Treatment - Rehabilitate Solids Handling Building Odor Control System	510	55,000.00	-	-	-	-	55,000.00
Treatment - Replace Dynasand Filter Media	510	90,000.00	-	-	-	-	90,000.00
Treatment - Rebuild First Stage Trickling Filter Distributer	510	75,000.00	-	-	-	-	75,000.00
Treatment - Rebuild Second Stage Trickling Filter Distributer	510	75,000.00	-	-	-	-	75,000.00
Treatment - Replace Secondary Clarifier No.1 Drive	510	165,000.00	-	-	-	-	165,000.00
Treatment - Centrifuge No. 2 and Service No. 1	510	55,000.00	-	-	-	-	55,000.00
Treatment - Old Facility Demobilization	510	-	-	-	500,000.00	-	500,000.00
Treatment - WWTP Phase 1 and 2 and 3	510	9,228,333.00	11,074,000.00	7,382,667.00	-	-	27,685,000.00
Total		9,803,333.00	11,974,000.00	7,382,667.00	500,000.00	-	29,660,000.00
Reuse - Brunswick Canyon Reservoir Aeration System and Misc	510	-	260,000.00	-	-	-	260,000.00
Reuse - Pipe Corrosion Electrical Continuity	510	-	300,000.00	-	-	-	300,000.00
Reuse - Pipe Corrosion Control System	510	-	350,000.00	-	-	-	350,000.00
Reuse - Pipe Corrosion ESP Isolation Valves	510	-	50,000.00	-	-	-	50,000.00

FY 2016-20 Capital Improvement Plan, Sewer							
Description	Fund	Annual Expenditures					
		FY 15/16	FY 16/17	FY 17/18	FY 18/19	FY 19/20	5 Yr Total
Reuse - System Pipeline Air Release Rehabilitation	510	75,000.00	50,000.00	-	-	-	125,000.00
Reuse - System Pipeline Vaults Rehabilitation	510	150,000.00	-	-	-	-	150,000.00
Reuse - Pipe Joint Coupling Rehabilitation	510	-	50,000.00	-	-	-	50,000.00
Reuse - East Pump Station Rehabilitation	510	-	1,090,000.00	-	-	-	1,090,000.00
Reuse - East Reservoir Immediate Improvements	510	85,000.00	-	-	-	-	85,000.00
Reuse - East Reservoir Flow Diversion Vault	510	55,000.00	-	-	-	-	55,000.00
Reuse - West Flow Diversion Vault Rehabilitation	510	85,000.00	-	-	-	-	85,000.00
Reuse - West Supply Control Vault Rehabilitation	510	170,000.00	-	-	-	-	170,000.00
Reuse Total		620,000.00	2,150,000.00	-	-	-	2,770,000.00
Grand Total		13,093,333.00	14,124,000.00	7,632,667.00	2,750,000.00	-	37,600,000.00
TOTAL CAPITAL PROJECTS		13,733,333.00	17,844,000.00	13,068,667.00	6,199,000.00	4,070,000.00	54,915,000.00



TITLE: FINANCIAL & BUDGET POLICIES

Purpose and Objective:

- To deliver quality services in an affordable, efficient and cost-effective manner providing full value for each tax dollar.
- To maintain an adequate financial base to sustain a sufficient level of municipal services, thereby preserving the quality of life in Carson City.
- To have the ability to withstand local and regional economic fluctuations, to adjust to changes in the service requirements of the community and to respond to changes in federal and state priorities and funding as they affect the City's residents.
- To maintain high bond credit ratings in the financial community and assure the City's taxpayers that the City is well managed and financially sound.

GENERAL GOVERNMENT FINANCIAL STABILIZATION POLICY

To designate any excess unrestricted general fund balance, at the end of a given year, to be used in the following priority order:

1. Reserve Funds – maintain an Ending Fund Balance at a minimum of 5% of annual expenditures with a goal of 8.3% of expenditures.
2. Contingency – \$500,000 annually.
3. Infrastructure Repair – minimum of \$600,000 or 1% of annual expenditures. The amounts may differ annually based upon need
4. Fleet/Equipment Replacement – up to 2.5% of operation expenditures.
5. Stabilization Fund – as allowed by NRS 354.6115 at a level equal to 10% of expenditures from the general fund for the previous fiscal year, excluding any federal funds expended.
6. Operating Expenses – justifications for new expenses must be related to actual service performance.

ENTERPRISE FUND FINANCIAL STABILIZATION POLICY

To establish financial policies and goals to fund and manage enterprise funds within Carson City consistent with the objective of having the full cost (direct and indirect) of providing services supported by each fund.

1. Reserve Levels - Cash reserves are a necessary and appropriate part of prudent financial management practices. The City maintains separate accounting for operating, capital, and other cash reserves, as described below. Reserve levels are established for each type of reserve.
 - a. Operating reserves – Operating reserves provide a cushion to ensure sufficient working capital to meet daily and periodic expenditures. Reserve levels are generally expressed in number of days of cash operating expenses, with the minimum requirement varying with the expected risk of unanticipated needs. The funding level shall be a minimum of 45 days with a goal of 90 days (25%) of annual O&M expenses.
 - b. Capital Project reserves – Capital reserves hold loan and bond proceeds, other capital-related revenues (such as connection charge revenue), and transfers from the operating fund designated for capital construction projects. The capital reserve is intended to mitigate the impact of unanticipated capital costs on rates. The City's goal is to fund the capital reserve at 2.0% of the total (original) cost of utility fixed assets.
 - c. Emergency reserves - Emergency reserves provide funding for minor equipment failures. These reserves are not intended to cover the costs of system-wide failures resulting from catastrophic events which are ordinarily covered through the purchase of insurance. The minimum emergency reserve balance is \$50,000 with a goal of \$75,000.
 - d. Debt proceeds reserves – Debt proceed reserves provide for the unspent proceeds of the debt, including related interest earnings. Debt proceeds and the interest earned on these proceeds will be maintained in restricted accounts until expended.
 - e. System Replacement reserves – System replacement reserves (annual depreciation) provide for the replacement of aging and failing infrastructure to ensure sustainability of the system for ongoing operations. Collecting the amount of annual depreciation expense through user rates helps to ensure that existing ratepayers pay for the use of the assets serving them (rate equity) with cash flow funding a portion or all of the eventual replacement of those assets.

2. Rate making procedures – Each year during the budget process, the Finance Director and the appropriate director responsible for their enterprise fund, shall present a report to the Board of Supervisors detailing the prior fiscal year's actual revenues and expenses in each of the enterprise funds. This report must address the fiscal condition of the fund and make recommendations to the Board for changes in rates to achieve the stated financial policies.
3. The Utility Financial Oversight Committee will provide a report to the Board of Supervisors regarding compliance with these financial policies annually as part of the City budget process.

BUDGET AUGMENTATION POLICY

1. Board of Supervisors approval is required in advance of expending resources in excess of a department or budget unit's final approved budget. A Budget Action Request must be approved before the Board of Supervisors requesting the transfer of contingency funds to augment the requesting department's final approved budget.
2. Before requesting additional resources from the Board of Supervisors, departments must make the case, before the City's Internal Finance Committee, that the need results from unforeseen and uncontrollable circumstances and that every effort has been made to meet service demands using existing budgetary resources, **e.g. departmental savings.**

LITIGATION CLAIMS SETTLEMENT POLICY

The Board of Supervisors approval is required for claims settlements in excess of \$25,000. The City Manager possesses the authority to approve settlements in the amount of \$25,000 or less.

DEBT MANAGEMENT POLICY

Debt is the current commitment of future revenues. As a result, the decision to incur debt limits the City's capacity to respond to changing service priorities, revenue streams or cost structures. Decisions regarding the use of debt will be based in part on the long-term needs of the City and the amount of funding dedicated in a given fiscal year to capital outlay.

Debt Issuance Considerations:

1. All borrowing requests shall be evaluated by the Carson City Finance Department during the annual budget process which begins in January. Requests for additional debt must be identified as part of a Capital Improvement Program (CIP) request. Justification, amount and timing of borrowing, and proposed method of repayment must be provided.
2. The Internal Finance Committee will evaluate each debt proposal to determine need and priority. The Finance Department will coordinate the issuance of debt.
3. Debt should only be used after considering alternative funding sources, such as: state, federal and private grants, current revenue and fund balances, state "matching" programs, private sector contributions, public/private partnerships, etc.
4. Debt should be used to finance or refinance only capital improvements or long-term assets that have a useful life of at least five years. The borrowing term of the debt should always be less than the useful life of the asset being financed.
5. Debt should not be issued unless a primary and secondary source of repayment is identified.
6. When contemplating debt, the City should consider all forms of financing including bonds, traditional bank financing and State programs (Bond Bank, State Revolving Fund, etc.).
7. In order to reduce transaction costs and staff time commitment, the City should strive to issue bonds no more frequently than once every two fiscal years. The City should try to group as many projects as possible into a single bond issue.
8. The City will not issue tax or revenue anticipation notes.
9. The City will not issue bond anticipation notes with maturities in excess of two years.
10. The City will strive to maintain a high reliance on pay-as-you-go financing for its capital improvements.
11. A five-year projection of revenues and expenditures for the general and enterprise funds will be prepared to provide strategic perspective to each annual budget process
12. Annually, a five-year capital improvements program will be developed analyzing capital expenditures by year and identifying associated funding sources.
13. Temporary Interfund Loans will be allowed as long as the provisions of NRS 354.6118 are followed.

Debt Service Coverage:

The coverage test is based on a commitment made by the City when it issues bonds to investors. Annual coverage equal to or above the debt service payment is a requirement of bond issues and some other long-term debt. Failure to comply with the

minimum annual coverage requirement can lower the City's bond rating and jeopardize its ability to sell revenue bonds in the future. Higher coverage levels can result in more favorable bond terms.

The minimum required coverage factor assuming debt financing through the Nevada State Bond Bank is 1.0 – meaning no additional cushion above the level of annual debt service is required. However, the City's goal is to set rates sufficient to maintain a coverage factor of at least 1.25. This practice enhances the City's creditworthiness and improves its financial position if the City decides to raise revenue by selling its own revenue bonds, which typically require a factor around 1.25 to 1.35. Excess revenues generated to meet the internal policy can be used to fund capital projects or to help build other under-funded reserves.

CAPITAL IMPROVEMENT PROGRAM POLICY

The Capital Improvement Program (CIP) is the process used to facilitate the planning and acquisition of capital assets. The goals of the program are as follows:

1. To assess capital needs of the City's departments and functions.
2. To identify funding sources for those capital projects/programs which will provide the greatest return on investment in meeting the demand for public facilities, equipment and services.
3. To establish priorities among projects in order to maximize the utility of the City's resources.
4. To facilitate financial planning with respect to funding the long-term capital needs of the City.

The Capital Budget Process

As part of the annual budget process, all departments and funds are required to identify and submit a five-year capital improvement program to accomplish the City's goals and objectives.

The Capital Budget Process formally begins with the distribution of the multi-year CIP instructions to departments in October/November. Departments submit capital expenditure requests to the Internal Finance Committee for review by the end of November.

These capital requests are then presented to the CIP committee comprised of department heads throughout the City. The committee reviews each request and interviews each department regarding their request. The role of this committee is to

prioritize the CIP requests into a recommendation for the City Manager to consider. The committee members consider the Board of Supervisor's goals and objectives in determining the capital spending priorities of the City. The City Manager will then review, modify and forward the recommendations to the Board of Supervisors.

Capital Project Selection Criteria

The Capital Improvement Program Committee selects projects based upon the following criteria:

Essential Projects:

- Critical to remedying or preventing a major health or safety concern.
- Legally mandated (such as compliance with the Americans with Disabilities Act).
- Essential to completing a project.
- Positive fiscal impact such as when a project creates revenues or identifiable savings.
- Facilities/Equipment Maintenance or Replacement Program which is essential to avoid predicted equipment failures.
- Conformance with Plans or Policies.

Discretionary Projects (if funding is available):

- Optional remodeling or construction designed to improve productivity.
- Capital expenditures to increase levels of service to the public.

Major and Minor Capital Expenditures

CIP requests under \$15,000 are classified as minor CIP expenditures and considered to be operational in nature. The IFC will allocate an amount of money annually toward funding minor CIP requests based on funding available. The CIP committee prioritizes and selects the minor capital requests to be funded, if any and presents a recommendation to the City Manager for consideration.

CIP requests of \$15,000 and above are classified as major CIP expenditures and considered to be capital in nature. The CIP committee prioritizes and selects major capital projects, given the level of funding determined by the Internal Finance Committee, and presents a recommendation to the City Manager for consideration.

The City Manager will review, modify and forward the recommendations to the Board of Supervisors. The Board accepts, rejects or modifies the recommendation of major and minor capital project spending by the City Manager.

GENERAL AUTHORITY

Nothing contained within this policy prohibits the Carson City Board of Supervisors from deviating from the City's financial policies and funding goals, as they find reasonably necessary, to address economic conditions, provided any change does not violate state law, existing bond or loan covenants, or generally accepted accounting principles.