



City Council Workshop

February 29, 2016

Agenda

5:30 P.M. Workshop

A. City Council Goal Setting

City of Auburn, Maine

"Maine's City of Opportunity"

Office of the City Clerk

TO: Howard Kroll, City Manager
Denis D'Auteuil, Assistant City Manager

FROM: Sue Clements-Dallaire, City Clerk

DATE: February 25, 2016

RE: Council Meeting and Tentative Budget Calendar

The following is a tentative schedule through the end of June.

<i>Date</i>	<i>Day</i>	<i>Time</i>	<i>Meeting</i>	<i>Place</i>
February 24	Wednesday	5:30pm & 7:00pm	Joint Meeting School/Council Neighborhood Conversations	Council Chambers
February 29	Monday	5:30pm	Council Workshop Goal Setting	Council Chambers
March 7	Monday	5:30pm & 7:00pm	Council Workshop & Meeting	Council Chambers
March 11	Friday		CDBG Public Notice – Action Plan availability Comment period begins	
March 14	Monday	6:00pm	Joint Workshop School/Council CIP Presentation – School & City CDBG 2016-2017-Annual Action Plan Schedule	Council Chambers
March 21	Monday	5:30pm & 7:00pm	Council Workshop & Meeting	Council Chambers
April 4	Monday	5:30pm & 7:00pm	Council Workshop & Meeting Joint Meeting to review school budget CDBG 2016-2017 Public Hearing (Action Plan Schedule)	Council Chambers

City of Auburn

Council Schedule

April 11	Monday		Special Meeting City Manager Budget Presentation CDBG Action Plan comment period ends	Council Chambers
April 25	Monday	5:30pm & 7:00pm	Council Workshop & Meeting Public Hearing on Budget	Council Chambers
April 26	Tuesday		CDBG Action Plan submitted to the City Clerk	
May 2	Monday	5:30pm & 7:00pm	Council Workshop & Meeting CIP First Reading CDBG 2016-2017 Public Hearing and Adoption (Action Plan Schedule)	Council Chambers
May 4	Wednesday	7:00pm	School Committee to vote on budget	Council Chambers
May 13	Friday		Submission deadline for CDBG 2016-2017 Action Plan	
May 16	Monday	5:30pm & 7:00pm	Council Workshop & Meeting Council Votes on School Budget CIP Second Reading	Council Chambers
May 17	Tuesday		Absentee Ballots for School Budget Available (if Council approves)	
June 6	Monday	5:30pm & 7:00pm	Council Workshop & Meeting	Council Chambers
June 14	Tuesday	7:00AM to 8:00PM	ELECTION (School Budget & State Primary and possible Referendum)	
June 20	Monday	5:30pm & 7:00pm	Council Workshop & Workshop	Council Chambers
June 27	Monday	5:30pm & 7:00pm	Council Workshop & Workshop	Council Chambers
			ONLY IF NEEDED	

ARTICLE VIII. - FINANCIAL MANAGEMENT

Sec. 8.1. - Fiscal year.

The fiscal year of the city shall begin on the first day of July and end on the last day of June.

Sec. 8.2. - Submission of budget and budget message.

On or before the first day of May of each year, the city manager shall submit to the city council a budget for the ensuing fiscal year and an accompanying message.

Sec. 8.3. - Budget message.

The city manager's message shall explain the budget both in fiscal terms and in terms of work programs, linking those programs to organizational goals and community priorities. It shall outline the proposed financial policies of the city for the ensuing fiscal year and the impact of those policies on future years. It shall describe the important features of the budget, indicate any major changes from the current year in financial policies, expenditures, and revenues together with the reasons for such changes, summarize the city's debt position, including factors affecting the ability to raise resources through debt issues, and include such other material as the city manager deems desirable.

Sec. 8.4. - Budget.

The budget shall provide a complete financial plan of all city funds and activities for the ensuing fiscal year and, except as required by law or this Charter, shall be in such form as the city manager deems desirable or the city council may require for effective management and an understanding of the relationship between the budget and the city's strategic goals. The budget shall begin with a clear general summary of its contents; shall show in detail all estimated income, indicating the proposed property tax levy, and all proposed expenditures, including debt service, for the ensuing fiscal year; and shall be so arranged as to show comparative figures for actual and estimated income and expenditures of the current fiscal year and actual income and expenditures of the preceding fiscal year. It shall indicate in separate sections:

- a. The proposed goals and expenditures for current operations during the ensuing fiscal year, detailed for each fund by department or by other organization unit, and program, purpose, or activity, method of financing such expenditures, and methods to measure outcomes and performance related to the goals;
- b. Proposed longer-term goals and capital expenditures during the ensuing fiscal year, detailed for each fund by department or by other organization unit when practicable, the proposed method of financing each such capital expenditure, and methods to measure outcomes and performance related to the goals; and
- c. The proposed goals, anticipated income and expense, profit and loss for the ensuing year for each utility or other enterprise fund or internal service fund operated by the city, and methods to measure outcomes and performance related to the goals. For any fund, the total of proposed expenditures shall not exceed the total of estimated income plus carried forward fund balance exclusive of reserves.

Sec. 8.5. - City council action on budget.

- A. Notice and hearing. The city council shall provide public notice of the budget process in the contemporary means of information sharing, including the city's website, if any, for:
 1. The times and places where copies of the message and budget are available for inspection by the public; and

2. The time and place of the public hearing, not less than two weeks after the city manager submits the budget to the city council.
- B. Amendment before adoption. After the public hearing, the city council may adopt the budget with or without amendment. In amending the budget, it may add or increase programs or amounts and may delete or decrease any programs or amounts except expenditures required by law or for debt service or for an estimated cash deficit, provided that no amendment to the budget shall increase the authorized expenditures to an amount greater than total estimated income.
- C. Adoption. The city council shall, after at least one public hearing held at the time the city council considers its first reading of the annual appropriation resolve, adopt the budget on or before the last day of the last month of the fiscal year currently ending. If it fails to adopt the budget by this date, the budget proposed by the city manager shall go into effect.

Sec. 8.6. - Appropriation and revenue resolve.

- [A.] Prior to the beginning of the fiscal year the city council shall adopt an annual appropriation resolve making appropriations by department, fund, service, strategy, or other organizational unit and authorizing an allocation for each program or activity.
- [B.] Before any new revenues may be collected to fund the budget, including taxes and changes in existing fees, the city council shall authorize such revenues by an annual revenue resolve.

Sec. 8.7. - Amendments after adoption.

- A. Supplemental appropriations. If during or before the fiscal year the city manager certifies that there are available for appropriation municipal revenues, including those of the department of education, in excess of those estimated in the budget, the city council by resolve may make supplemental appropriations for the year up to the amount of such excess.
- B. Emergency appropriations. To address a public emergency affecting life, health, property, or the public peace, the city council may make emergency appropriations. To the extent that there are no available unappropriated revenues or a sufficient fund balance to meet such appropriations, the city council may by such emergency resolve authorize the issuance of emergency notes, which may be renewed from time to time, but the emergency notes and renewals of any fiscal year shall be paid or refinanced as long-term debt not later than the last day of the fiscal year next succeeding that in which the emergency appropriation was made.
- C. Reduction of appropriations. If at any time during the fiscal year it appears probable to the city manager that the revenues or fund balances available will be insufficient to finance the expenditures for which appropriations have been authorized, the city manager shall report to the city council without delay, indicating the estimated amount of the deficit, any remedial action taken by the city manager, and recommendations as to any other steps to be taken. The city council shall then take such further action as it deems necessary to prevent or reduce any deficit, and for that purpose it may by resolve reduce or eliminate one or more appropriations.
- D. Transfer of appropriations. At any time during or before the fiscal year, the city council may by resolution transfer part or all of the unencumbered appropriation balance from one department, fund, service, strategy, or organizational unit to the appropriation for other departments or organizational units or for a new appropriation. The city manager may transfer funds among programs within a department, fund, service, strategy, or organizational unit and shall report such transfers to the city council in writing in a timely manner.
- E. Limitation; effective date. No appropriation for debt service may be reduced or transferred, except to the extent that the debt is refinanced and less debt service is required, and no appropriation may be reduced below any amount required by law to be appropriated or by more than the amount of the unencumbered balance thereof. The supplemental and emergency appropriations and reduction or transfer of appropriations authorized by this section may be made effective immediately upon adoption.

Sec. 8.8. - Administration and fiduciary oversight of the budget.

The city council shall provide by ordinance, order, or resolve the procedures for administration and fiduciary oversight of the budget.

Sec. 8.9. - Capital program.

- A. Submission. The city manager and superintendent of schools shall jointly prepare and submit to a joint meeting of the city council and school committee a multi-year capital program no later than one month before the final date for submission of the budget.
- B. Contents. The capital program shall include:
 - 1. A clear general summary of its contents;
 - 2. Identification of the long-term goals of the community;
 - 3. A list of all capital improvements and other capital expenditures which are proposed to be undertaken during the fiscal years next ensuing, with appropriate supporting information as to the necessity for each;
 - 4. Cost estimates and recommended time schedules for each improvement or other capital expenditures;
 - 5. Method of financing upon which each capital expenditure is to be reliant;
 - 6. The estimated annual cost of operating and maintaining the facilities to be constructed or acquired;
 - 7. A commentary on how the plan addresses the sustainability of the community and the region of which it is a part; and
 - 8. Methods to measure outcomes and performance of the capital plan related to the long-term goals of the community.

The above shall be revised and extended each year with regard to capital improvements still pending or in process of construction or acquisition.

Sec. 8.10. - Action on capital program.

- A. Notice and hearing. The city council and school committee shall publish the general summary of the capital program and a notice stating:
 - 1. The times and places where copies of the capital program are available for inspection by the public; and
 - 2. The time and place, not less than two weeks after such publication, for joint public hearing(s) on the capital program.
- B. Adoption. The city council by resolution shall adopt the capital program with or without amendment after the public hearing and on or before the last day of the last month of the current fiscal year.

Sec. 8.11. - Independent audit.

- [A.] The city council shall provide for an independent annual audit of all city accounts and may provide for more frequent audits as it deems necessary. An independent certified public accountant or firm of such accountants shall make such audits. Such audits shall be performed in accordance with generally accepted auditing standards (GAAS) and generally accepted governmental auditing standards (GAGAS).

[B.] The city council and school committee shall designate, respectively, two councilors and two school committee members who shall mutually select a fifth person to serve as an audit committee. This committee shall:

- a. Lead the process of selecting an independent auditor, pursuant to section 8.16 of this Charter;
- b. 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;
- c. Receive the report of the independent auditor and present that report to a joint meeting of the city council and school committee with any recommendations from the committee; and
- d. Review the implementation of the procurement policy and report to the city council and school committee as to the strengths and weaknesses of the policy.

[C.] Upon recommendation of the audit committee, the city council shall designate such accountant or firm annually, or for a period not exceeding three years, but the designation for any particular fiscal year shall be made no later than 180 days after the beginning of such fiscal year. The standard for independence is that the auditor must be capable of exercising objective and impartial judgment on all issues encompassed within the audit engagement.

Sec. 8.12. - Emergency reserve fund.

[A.] The city council shall provide in the appropriation resolve for an emergency reserve fund from which transfers may be made by vote of the city council to meet emergencies and other unforeseen events. At the end of each fiscal year, remaining monies in the emergency reserve fund which have not been committed shall pass to the undesignated general fund balance.

[B.] The emergency reserve fund shall be annually funded in an amount equal to at least one-half of one percent (0.5%) of the total amount to be appropriated for all purposes of the current fiscal year.

Sec. 8.13. - Bonds issued.

[A.] The city may issue bonds pledging the credit of the city in the manner prescribed by and subject to the provisions of state law. Prior to any vote to issue bonds, the city council shall provide public notice, in the contemporary means of information sharing, of the general summary of the proposal for such bond issue, stating:

- a. The times and places where copies of the bond proposal are available for inspection by the public; and
- b. The time and place, not less than two weeks after such notice, for a public hearing on the bond proposal.
 - A. Roads, utilities and vehicles. After public notice and hearing the city council, by an affirmative vote of five councilors, may approve issuance of bonds for roads, sidewalks, sewers, water service, vehicles and emergencies.
 - B. Refinanced bonds. After public notice and hearing the city council, by an affirmative vote of five councilors, may approve issuance of bonds to refinance existing city bonds.
 - C. Buildings and structures.
 1. Except for the bond proposals described in sections A and B, above, the city council, after public notice and hearing, may approve, by an affirmative vote of five councilors, issuance of bonds when the cost of any one project is less than nine percent of the annual appropriation resolve most recently voted by the city council.
 2. When the cost of any one such project exceeds nine percent of said annual appropriation resolve, the city council by a majority vote may place such bond proposal on the ballot for citywide election. Such bond proposal must be approved by a majority of those voters who vote in that citywide election.

[B.] Every order for the issue of bonds shall provide for a tax levy, or other means of repayment, for each year to meet the annual installment of principal and such interest as may accrue in each respective year.

Sec. 8.14. - Temporary loans.

The city may borrow money in anticipation of receipts from taxes during any fiscal year, but the aggregate amount of such loans shall not at any time exceed 80 percent of the revenue from taxes received during the preceding fiscal year.

Sec. 8.15. - Bonds required.

The city council shall require bonds, with sufficient sureties, from all persons entrusted with the collection, custody, or disbursements of public funds.

Sec. 8.16. - Procurement.

[A.] The city council shall by rule adopt, within one year from the adoption of this Charter, a procurement policy for the city's purchase of materials and services for all the city's departments, including the department of education. This procurement process shall assure an understandable, comprehensive, fair process for such purchases based on state statute, state rules and regulations, and the city's experience and expertise in this area.

[B.] The city council and school committee shall designate, respectively, two councilors and two school committee members, who shall mutually select a fifth person, to serve as a procurement policy committee. This committee shall:

- a. Lead the process to develop a city procurement policy; and
- b. Report to a joint meeting of the city council and school committee with a recommendation from the committee for a rule to implement the goals stated in this section.

ARTICLE VI. - FINANCE^[14]

Footnotes:

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State Law reference— Municipal financial reports required, 30-A M.R.S.A. § 2801; municipal finances generally, 30-A M.R.S.A. § 5651 et seq.; determination of municipal year, 30-A M.R.S.A. § 5651; municipal debt generally, 30-A M.R.S.A. § 5701; municipal expenditures, 30-A M.R.S.A. § 5721 et seq.

DIVISION 1. - GENERALLY

Sec. 2-483. - Fiscal year.

The fiscal year of the city shall begin on July 1 and end on June 30 in each year.

(Code 1967, § 1-2.18)

State Law reference— Determination of municipal year, 30-A M.R.S.A. § 5651.

Sec. 2-484. - Claims or demands against city.

Every city officer having knowledge of any fact concerning any claim or suit for or against the city shall report such fact forthwith to the city manager. It shall be the duty of every employee of the city to report at once to his superior any fact which may come to his notice concerning any accident for which the city may be liable. No member of the city council shall act as attorney, agent or representative of any person in making or prosecuting before the city council or the city department, office or agency any claim or demand against the city.

(Code 1967, § 1-2.17)

State Law reference— Procedure regarding claims against municipalities, 30-A M.R.S.A. § 6111.

Sec. 2-485. - Council action on budget increase.

- (a) Budget tax commitment cap. Beginning with the fiscal year 2016 budget, the city council will not approve any increase in the tax commitment, City and School combined which exceeds the consumer price index (urban) as compiled for the 12-month period ending as of December 31 prior the start of the succeeding fiscal year.
- (b) Exception. When deemed necessary by the city council, this provision may be waived by a super majority vote of the city council with five affirmative council votes.
- (c) Appropriation resolve. The tax due date and the interest rate on delinquent taxes will be included in the appropriation resolve.

(Ord. of 5-21-2007; Ord. No. 10-12012014, 12-15-2014)

Sec. 2-486. - Institutional cooperation with City of Lewiston.

- (a) Policy. It is the policy of the city to cooperate with the City of Lewiston in planning and executing programs of joint action whenever such cooperation will reduce costs or improve service to the citizens of Lewiston and the city.
- (b) Duties of city manager; joint capital expenditure plan. The city manager shall meet three times a year with the Lewiston City Manager to review existing cooperation and develop proposals for new areas of cooperation between the two cities. In addition, the city manager shall be responsible, in cooperation with the Lewiston City Manager, to prepare and submit a five-year joint capital expenditure plan for the two cities to the city councils by March 1 of each year. The joint capital expenditure plan shall include all public improvements and leases the city manager and city manager deem significant enough in value to merit inclusion in the plan. Specific areas that would result in cost savings or greater efficiencies through cooperation will be highlighted.
- (c) Joint standing committee. There shall be a joint standing committee consisting of four city councilors, two each from the city council and the Lewiston City Council, appointed by the respective mayors. The committee shall meet three times a year or more as determined by the mayors or the city managers.
- (d) Joint city council meetings. The city council and Lewiston City Council may meet in joint session three times a year to consider recommendations brought forward by the city managers and/or the joint standing committee regarding cooperation between the cities and, in the first quarter of each year, to act upon the recommendations with respect to the joint capital expenditure plan. The mayors of the two cities shall alternate as chair of these meetings.

(Code 1967, §§ 1-5.1—1-5.4)

Sec. 2-487. - Bond authorization.

All bond authorization orders shall include a date on which the authorization is automatically cancelled if the bonds have not been issued.

(Ord. No. 11-04062015, 4-21-2015)

Secs. 2-488—2-510. - Reserved.

DIVISION 2. - CAPITAL IMPROVEMENTS PROGRAM^[15]

Footnotes:

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State Law reference— Public improvements generally, 5 M.R.S.A. § 1741 et seq.; municipal capital improvement and capital equipment accounts, 30-A M.R.S.A. § 5801.

Sec. 2-511. - Preparation.

The city manager shall, each year, after consultation with the various department heads, prepare a five-year capital improvements program, including capital improvements proposed for the school

department by the superintendent of schools. No less than 30 days prior to the submission by the city manager of the annual city budget, he shall refer the proposed capital improvements program to the planning board for its review to ensure compatibility with the comprehensive plan.

(Code 1967, § 4-2.1)

Sec. 2-512. - Contents.

The capital improvements program shall include:

- (1) A clear summary of its contents.
- (2) A list of all capital improvements which are proposed to be undertaken during the next five fiscal years, with appropriate supporting information as to the necessity of each such proposed project.
- (3) Cost estimates, method of financing, and recommended time schedule for each such proposed project.
- (4) The estimated annual cost of maintaining existing facilities and infrastructure.

(Code 1967, § 4-2.2)

Sec. 2-513. - Updating.

The information required regarding each such capital project shall be revised and updated each year with regard to capital improvements still pending or in the process of being constructed or required.

(Code 1967, § 4-2.3)

Sec. 2-514. - Public notice and hearing.

The council shall publish its capital improvements program on its website and make it available for inspection in the office of the city clerk.

(Code 1967, § 4-2.4; Ord. No. 01-02032014, 2-24-2014)

Sec. 2-515. - Council action.

The city council shall by resolution adopt the capital improvements program with or without an amendment after a public hearing on, or before, the date at which the annual city budget is adopted. At the time that the capital improvements program is adopted, the city council shall identify the sources of funding for all capital projects and infrastructure repairs.

(Code 1967, § 4-2.5)

Secs. 2-516—2-538. - Reserved.

DIVISION 3. - IDENTITY THEFT PREVENTION PROGRAM

Sec. 2-539. - Definitions.

The following words, terms and phrases, when used in this division, shall have the meanings ascribed to them in this section, except where the context clearly indicates a different meaning:

Covered account means:

- (1) An account that a creditor offers or maintains, primarily for personal, family, or household purposes, that involves or is designed to permit multiple payments or transactions, such as a credit card account, mortgage loan, automobile loan, margin account, cell phone account, utility account, checking account, or savings account; and
- (2) Any other account that the creditor offers or maintains for which there is a reasonably foreseeable risk to customers or to the safety and soundness of the creditor from identity theft, including financial, operational, compliance, reputation, or litigation risks.

Types of "covered accounts" the city has are vehicle, boat and snowmobile registrations, real estate and personal property taxes, commercial licenses, marriage licenses, birth and death certificates (vital records), general billing and vouchers, voter registration records and loans for purchase of real estate and home improvements.

Creditor means any person or entity who regularly extends, renews, or continues credit; any person who regularly arranges for the extension, renewal, or continuation of credit; or any assignee of an original creditor who participates in the decision to extend, renew, or continue credit and utility companies and telecommunications companies. For the purposes of this article, the city is a creditor.

Customer means a person that has a covered account with a creditor.

Department head means any department head who works at the discretion of the city council or the city council, any elected official, and any individual appointed to manage a department on a permanent or temporary basis.

Identity theft means a fraud committed or attempted using the identifying information of another person without authority.

Notice of address discrepancy means a notice sent to the city by a consumer reporting agency pursuant to 15 USC 1681(c)(h)(1), that informs the city of a substantial difference between the address for the consumer that the city provided to request the consumer report and the address in the agency's file for the consumer.

Personal identifying information means a person's credit card account information, debit card information, and bank account information and for a natural person includes their social security number, mother's birth name, drivers' license information and date of birth.

Red flag means a pattern, practice, or specific activity that indicates the possible existence of identity theft.

Service provider means a person that provides a service directly to the city.

(Ord. of 6-7-2010)

Sec. 2-540. - Purpose; alternate designation article.

- (a) The purpose of this article is to comply with 16 CFR 681.2 in order to detect, prevent and mitigate identity theft by identifying and detecting identity theft red flags and by responding to such red flags in a manner that will prevent identity theft. Pursuant to 16 CFR 681.1, the purpose of this article is also to establish a process by which the city will be able to form a reasonable belief that a consumer report relates to the consumer about whom it has requested a consumer credit report when the city has received a notice of address discrepancy.
- (b) This article may be referred to as the city's identity theft prevention program or ITPP.

(Ord. of 6-7-2010)

Sec. 2-541. - Findings.

The city council has found the following:

- (1) The city is a creditor pursuant to 16 CFR 681.2 due to its provision or maintenance of covered accounts for which payment is made in arrears. Covered accounts offered to customers for the provision of city services include water, sewer, solid waste, and stormwater.
- (2) The processes of opening a new covered account, restoring an existing covered account, making payments on such accounts, and making payments for property taxes and other services have been identified as potential processes in which identity theft could occur.
- (3) The city limits access to personal identifying information to those employees responsible for or otherwise involved in opening or restoring covered accounts or accepting payment for use of covered accounts.
- (4) The city determines that there is a low risk of identity theft occurring in the following ways (if any):
 - a. Use by an applicant of another person's personal identifying information to establish a new covered account;
 - b. Use of a previous customer's personal identifying information by another person in an effort to have service restored in the previous customer's name;
 - c. Use of another person's credit card, bank account, or other method of payment by a customer to pay such customer's covered account; and
 - d. Use by a customer desiring to restore such customer's covered account of another person's credit card, bank account, or other method of payment.

(Ord. of 6-7-2010)

Sec. 2-542. - Covered account—Process of establishing.

- (a) As a precondition to opening a covered account with the city, each applicant shall provide the city with personal identifying information of the customer in the form of a valid government issued identification card containing a photograph of the customer or, for customers who are not natural persons, a photograph of the customer's agent opening the account with written confirmation of being the authorized agent for the entity. The applicant shall also provide any other information necessary for the department providing the service for which the covered account is created. The information shall be entered directly into the city's records system and held in a secure storage area with access limited to those city personnel with the need to know.
- (b) For each customer account for which the city may now or hereafter provide individual customer access to the customer's account information, such account shall be assigned an account number and personal identification number (PIN) which shall be unique to that account. The city may utilize computer software to randomly generate assigned PINs and to encrypt account numbers and PINs.

(Ord. of 6-7-2010)

Sec. 2-543. - Same—Password required for access to information.

Access to any customer account that includes personal identifying information shall be password protected and shall be limited to authorized city personnel. Passwords shall be changed by the head of

the department providing the service for which the covered account is created, or by such other city employee authorized to carry out the provisions of this article, on a regular basis. The password shall be at least eight characters in length and shall contain letters, numbers and symbols.

(Ord. of 6-7-2010)

Sec. 2-544. - Report of unauthorized access.

Any unauthorized access to or other breach of customer accounts is to be reported immediately to the appropriate department head and the password changed immediately.

(Ord. of 6-7-2010)

Sec. 2-545. - Customer information confidential; report of requests for access.

Personal identifying information included in customer accounts is considered confidential and any request or demand that specifically asks for such information shall be immediately forwarded to the applicable department head or other person authorized by the city council to carry out the provisions of this article.

(Ord. of 6-7-2010)

Sec. 2-546. - Credit card payments.

- (a) In the event that credit card payments that are made over the Internet are processed through a third-party service provider, such third-party service provider shall certify that it has an adequate identity theft prevention program in place that is applicable to such payments.
- (b) All credit card payments made over the telephone or the city's website shall be entered directly into the customer's account information in the computer data base.
- (c) Account statements and receipts for covered accounts shall include only the last four digits of the credit or debit card or the bank account used for payment of the covered account.

(Ord. of 6-7-2010)

Sec. 2-547. - Sources and types of red flags.

All employees responsible for or involved in the process of opening a covered account, restoring a covered account or accepting payment for a covered account shall check for red flags as indicators of possible identity theft and such red flags may include:

- (1) Alerts. Alerts from consumer reporting agencies, fraud detection agencies or service providers. Examples of alerts include, but are not limited to:
 - a. A fraud or active duty alert that is included with a consumer report;
 - b. A notice of credit freeze in response to a request for a consumer report, or a notice of address discrepancy provided by a consumer reporting agency;
 - c. Indications of a pattern of activity in a consumer report that is inconsistent with the history and usual pattern of activity of an applicant or customer, such as a recent and significant increase in the volume of inquiries, an unusual number of recently established credit relationships, a material change in the use of credit, especially with respect to recently

established credit relationships, or an account that was closed for cause or identified for abuse of account privileges by a financial institution or creditor.

- (2) Suspicious documents. Examples of suspicious documents include:
 - a. Documents provided for identification that appear to be altered or forged;
 - b. Identification on which the photograph or physical description is inconsistent with the appearance of the applicant or customer;
 - c. Identification on which the information is inconsistent with information provided by the applicant or customer;
 - d. Identification on which the information is inconsistent with readily accessible information that is on file with the financial institution or creditor, such as a signature card or a recent check; or
 - e. An application that appears to have been altered or forged, or appears to have been destroyed and reassembled.
- (3) Suspicious personal identification, such as suspicious address change. Examples of suspicious identifying information include:
 - a. Personal identifying information that is inconsistent with external information sources used by the financial institution or creditor, such as instances in which the address does not match any address in the consumer report or the social security number (SSN) has not been issued, or is listed on the social security administration's death master file.
 - b. Personal identifying information provided by the customer is not consistent with other personal identifying information provided by the customer, such as a lack of correlation between the SSN range and date of birth.
 - c. Personal identifying information or a phone number or address, is associated with known fraudulent applications or activities as indicated by internal or third-party sources used by the financial institution or creditor.
 - d. Other information provided, such as fictitious mailing address, mail drop addresses, jail addresses, invalid phone numbers, pager numbers or answering services, is associated with fraudulent activity.
 - e. The SSN provided is the same as that submitted by other applicants or customers.
 - f. The address or telephone number provided is the same as or similar to the account number or telephone number submitted by an unusually large number of applicants or customers.
 - g. The applicant or customer fails to provide all required personal identifying information on an application or in response to notification that the application is incomplete.
 - h. Personal identifying information is not consistent with personal identifying information that is on file with the financial institution or creditor.
 - i. The applicant or customer cannot provide authenticating information beyond that which generally would be available from a wallet or consumer report.
- (4) Unusual use of or suspicious activity relating to a covered account. Examples of suspicious activity include:
 - a. Shortly following the notice of a change of address for an account, the city receives a request for the addition of authorized users on the account.
 - b. A new revolving credit account is used in a manner commonly associated with known patterns of fraud patterns as in instances where the customer fails to make the first payment or makes an initial payment but no subsequent payments.

- c. An account is used in a manner that is not consistent with established patterns of activity on the account, such as instances where there is nonpayment when there is no history of late or missed payments or a material change in purchasing or spending patterns.
 - d. An account that has been inactive for a long period of time is used, taking into consideration the type of account, the expected pattern of usage and other relevant factors.
 - e. Mail sent to the customer is returned repeatedly as undeliverable although transactions continue to be conducted in connection with the customer's account.
 - f. The city is notified that the customer is not receiving paper account statements.
 - g. The city is notified of unauthorized charges or transactions in connection with a customer's account.
 - h. The city is notified by a customer, law enforcement or another person that it has opened a fraudulent account for a person engaged in identity theft.
- (5) Notice. Notice from customers, law enforcement, victims or other reliable sources regarding possible identity theft or phishing relating to covered accounts.

(Ord. of 6-7-2010)

Sec. 2-548. - Procedure regarding existing covered accounts.

- (a) In the event that any city employee responsible for or involved in restoring an existing covered account or accepting payment for a covered account becomes aware of red flags indicating possible identity theft with respect to existing covered accounts, such employee shall use his discretion to determine whether such red flag or combination of red flags suggests a threat of identity theft.
- (b) If, in his discretion, the employee determines that identity theft or attempted identity theft is likely or probable, the employee shall immediately report such red flags to his department head.
- (c) If, in his discretion, the employee deems that identity theft is unlikely or that reliable information is available to reconcile red flags, the employee shall convey this information to his department head, who may in his discretion determine that no further action is necessary.
- (d) If the department head in his discretion determines that further action is necessary, a city employee shall perform one or more of the following responses, as determined to be appropriate by the department head:
 - (1) Contact the customer;
 - (2) If, after contacting the customer, it is apparent that someone other than the customer has accessed the customer's covered account, change any account numbers, passwords, security codes, or other security devices that permit access to an account or close the account;
 - (3) Cease attempts to collect additional charges from the customer for the covered account in question and decline to sell the customer's account to a debt collector in the event that the customer's account has been accessed without authorization and such access has caused additional charges to accrue;
 - (4) Notify a debt collector within 24 hours of the discovery of likely or probable identity theft relating to a customer account that has been sold to such debt collector in the event that a customer's account has been sold to a debt collector prior to the discovery of the likelihood or probability of identity theft relating to such account;
 - (5) Notify law enforcement, in the event that someone other than the customer has accessed the customer's account causing additional charges to accrue or accessing personal identifying information; or

- (6) Take other appropriate action as determined by the department head to prevent or mitigate identity theft.

(Ord. of 6-7-2010)

Sec. 2-549. - Procedure regarding new covered accounts.

- (a) In the event that any city employee responsible for or involved in opening a new covered account becomes aware of red flags indicating possible identity theft with respect an application for a new account, the employee shall use his discretion to determine whether such red flag or combination of red flags suggests a threat of identity theft.
- (b) If, in his discretion, the employee determines that identity theft or attempted identity theft is likely or probable, the employee shall immediately report such red flags to his department head.
- (c) If, in his discretion, the employee deems that identity theft is unlikely or that reliable information is available to reconcile red flags, the employee shall convey this information to his department head, who may in his discretion determine that no further action is necessary.
- (d) If the department head in his discretion determines that further action is necessary, a city employee shall perform one or more of the following responses, as determined to be appropriate by the department head:
 - (1) Request additional identifying information from the applicant;
 - (2) Deny the application for the new account;
 - (3) Notify law enforcement of possible identity theft; or
 - (4) Take other appropriate action as determined by the department head to prevent or mitigate identity theft.

(Ord. of 6-7-2010)

Sec. 2-550. - Updating the program.

The city manager shall annually review this article and, if deemed necessary, make changes with regard to any needed amendments, including amendments of the designation of red flags, in order to reflect changes in risks to customers or to the safety and soundness of the city and its covered accounts from identity theft. In so doing, the city council shall consider the following factors and exercise its discretion in amending the program:

- (1) The city's experiences with identity theft;
- (2) Updates in methods of identity theft;
- (3) Updates in customary methods used to detect, prevent, and mitigate identity theft;
- (4) Updates in the types of accounts that the city offers or maintains; and
- (5) Updates in service provider arrangements.

(Ord. of 6-7-2010)

Sec. 2-551. - Program administration.

- (a) The city manager is responsible for oversight of the program and for program implementation, including, but not limited to reviewing reports prepared by staff regarding compliance with red flag requirements and with making material changes to the program, as necessary in the opinion of the

city council, to address changing identity theft risks and to identify new or discontinued types of covered accounts.

- (b) Department heads shall report to the city manager at least annually, on compliance with the red flag requirements. The department head reports will address material matters related to the program and evaluate issues such as:
 - (1) The effectiveness of the policies and procedures of the city in addressing the risk of identity theft in connection with the opening of covered accounts and with respect to existing covered accounts;
 - (2) Service provider arrangements;
 - (3) Significant incidents involving identity theft and management's response; and
 - (4) Recommendations for material amendments of this article.
- (c) The city's department heads are responsible for providing training to all employees responsible for or involved in opening a new covered account, restoring an existing covered account or accepting payment for a covered account with respect to the implementation and requirements of this article.

(Ord. of 6-7-2010)

Sec. 2-552. - Outside service providers.

In the event that the city engages a service provider to perform an activity in connection with one or more covered accounts the applicable department head shall exercise his discretion in reviewing such arrangements in order to ensure, to the best of his ability, that the service provider's activities are conducted in accordance with the policies and procedures in this article, as agreed upon by contract, that are designed to detect any red flags that may arise in the performance of the service provider's activities and take appropriate steps to prevent or mitigate identity theft.

(Ord. of 6-7-2010)

Sec. 2-553. - Annual report to city council.

An annual report will be submitted to the city council on such annual date as is established by the city council. The report will include a summary of department head reports and recommendations for any amendment to this chapter. The annual report will be prepared by the clerk or such other person as may be designated by the city council.

(Ord. of 6-7-2010)

Sec. 2-554. - Treatment of address discrepancies.

In the event that the city receives a notice of address discrepancy, the city employee responsible for verifying consumer addresses for the purpose of providing the city service or account sought by the consumer shall verify the information in the consumer report with the consumer or compare the information in the consumer report with:

- (1) Information the city obtains and uses to verify a consumer's identity in accordance with the requirements of the customer information program rules implementing 31 USC 5318(l);
- (2) Information the city maintains in its own records, such as applications for service, change of address notices, other customer account records or tax records; or

- (3) Information the city obtains from third-party sources that are deemed reliable by the relevant city employee.

(Ord. of 6-7-2010)

Sec. 2-555. - Furnishing consumer's address to consumer reporting agency.

- (a) In the event that the city reasonably confirms that an address provided by a consumer to the city is accurate, the city is required to provide such address to the consumer reporting agency from which the city received a notice of address discrepancy with respect to such consumer. This information is required to be provided to the consumer reporting agency when:
 - (1) The city is able to form a reasonable belief that the consumer report relates to the consumer about whom the city requested the report;
 - (2) The city establishes a continuing relation with the consumer; and
 - (3) The city regularly and in the ordinary course of business provides information to the consumer reporting agency from which it received the notice of address discrepancy.
- (b) Such information shall be provided to the consumer reporting agency as part of the information regularly provided by the city to such agency for the reporting period in which the city establishes a relationship with the customer.

(Ord. of 6-7-2010)

Sec. 2-556. - Methods of confirming consumer addresses.

The city employee charged with confirming consumer addresses may, in his discretion, confirm the accuracy of an address through verifying the address with the consumer, reviewing the city's records to verify the consumer's address, verifying the address through third-party sources, or using other reasonable processes.

(Ord. of 6-7-2010)

Secs. 2-557—2-574. - Reserved.

General Fund - Fund Balance Policy (GASB 54)
As approved by the Auburn City Council
June 20, 2011

Purpose of this Policy

The purpose of this policy is to establish a target level of fund balance for the general fund and to establish a process and criteria for the continued evaluation of that target level as conditions warrant. This policy shall also establish a process for reaching and maintaining the targeted level of unassigned fund balance, and the priority for the use of amounts in excess of the target. Finally, this policy shall provide a mechanism for monitoring and reporting the City's general fund balance. This policy applies only to the general fund.

Definitions and Classifications

Fund Balance is a term used to describe the net assets of governmental funds. It is calculated as the difference between the assets and liabilities reported in a government fund.

Governmental fund balance is reported in five classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. The five classifications of fund balance for the General Fund are defined as follows.

- *Non-spendable* – resources which cannot be spent because they are either a) not in spendable form or; b) legally or contractually required to be maintained intact.
- *Restricted* – resources with constraints placed on the use of resources which are either a) externally imposed by creditors (such as through debt covenants), grantors contributors, or laws or regulations of other governments; or b) imposed by law through constitutional provisions or enabling legislation.
- *Committed* – resources which are subject to limitations the government imposes upon itself at its highest level of design making, and that remain binding unless removed in the same manner. This must be set in place prior to the end of the period.
- *Assigned* – resources neither restricted nor committed for which a government has a stated intended use as established by the City Council, or a body or official to which the City Council has delegated the authority to assign amounts for specific purposes.
- *Unassigned* – resources which cannot be properly classified in one of the other four categories. The General Fund should be the only fund that reports a positive unassigned fund balance amount.

The committed, assigned, and unassigned classifications are often referred to, in the aggregate, as the unrestricted fund balance.

GAAP means generally accepted accounting principles in the United States.

General Fund - Fund Balance Policy (GASB 54)
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Background and Considerations

Fund balance is intended to serve as a measure of financial resources in a governmental fund. The City's management, credit rating services, and others monitor the levels of fund balance in the general fund as an important indicator of the City's economic condition.

In establishing an appropriate level of fund balance the City of Auburn has considered the following factors:

- *Property tax base.* The property tax is the largest revenue source of the City's general fund. The City receives payments twice a year.
- *Non-property tax revenues (examples Excise Tax, State Revenue Sharing and ect).* These resources must be considered in terms of the percentage each comprises of the total budget, as well as the reliability and stability of these resources.
- *Exposure to significant outlays.* The City shall consider its potential exposure to significant one-time outlays, either resulting from a disaster, immediate capital needs, state budget cuts or other events.
- *Debt.* It is essential that the City have sufficient capacity to make its debt service payments. Principal and Interest payments along with the second interest payment need to be maintained along with future debt services as developed in the City's capital improvement program.
- *Liquidity.* An adequate level of fund balance should be maintained to ensure sufficient liquidity. The potential drain on the general fund resources from other funds, as well as the availability of resources in other funds, should be considered.
- *Government Finance Officers Association Best Practice.* The GFOA has established a best practice that recommends, "... at a minimum, that general-purpose governments, regardless of size, maintain unrestricted fund balance in their general fund of no less than two months of regular general fund operating revenues or regular general fund operating expenditure." GFOA's best practice also states, "...governments may deem it appropriate to exclude from consideration resources that have been committed or assigned to some other purpose and focus on unassigned fund balance rather than unrestricted fund balance."

Policy

It is a policy of the City of Auburn to maintain unassigned fund balance in the general fund at **12.5%** of general fund expenditures measured on a GAAP basis. In the event that the unassigned fund balance drops below this level, the City will develop a plan, implemented through the annual budgetary process, to bring the balance to the target level over a period of no more than three (3) years. Amounts in excess of the target shall be brought to the City Council in the form of a Council Order before use for City Council approval.

The Finance Director, in accordance with GAAP, shall report fund balance in the appropriate classifications and make the appropriate disclosures in the City's financial statements. Unless classified as restricted or committed, the following balances shall be classified as assigned per GAAP or as required by this policy.

General Fund - Fund Balance Policy (GASB 54)
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Encumbrances. Amounts encumbered at year-end by purchase order or another means shall be classified as assigned.

Budget Appropriations. Amounts appropriated in the annual budget resolve, or in any supplemental budget resolves, for expenditures in the following fiscal year shall be classified as assigned.

Capital Budget. Amounts designated in the first year of the City's capital improvement program (CIP) as either appropriations or advances to other funds shall be classified as assigned.

Self Insurance. Amounts designated in the City's self insurance shall be classified as assigned.

Compensated Absences. These are not typically recorded as liabilities in the governmental funds, unless they are paid out immediately following the close of the fiscal year. However, the obligation for compensated absences can be significant. Therefore, the City will assign the amount equal to the estimated amount required at year end to pay the compensated absence obligation for those who meet the eligibility criteria for payment and can be expected to terminate employment with the City in the following fiscal year. This amount shall exclude any amount recorded as a liability.

Policy Administration

Annually the Finance Director shall report the City's fund balance and the classification of the various components in accordance with GAAP and this policy.

The Finance Director shall annually review this policy and the considerations used in establishing the unassigned fund balance target. The Finance Director shall report whether changes in those considerations or additional considerations have been identified that would change the recommended level of unassigned fund balance.

Should the City fall below the target level, the Finance Director shall prepare a plan to restore the unassigned fund balance to the target level within three years.

General Fund - Fund Balance Policy (GASB 54)
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Appendix
General Fund - Fund Balance Policy

Fund Balance as % Expenditure – General Fund for the Fiscal Years Ended June 30					
	2006	2007	2008	2009	2010
<i>Unrestricted</i>					
<i>General Fund Balance</i>	\$6,938,376	\$9,600,796	\$10,573,583	\$10,743,593	\$11,337,473
<i>Total Expenditures</i>	\$66,098,944	\$65,726,910	\$67,915,898	\$69,458,976	\$66,934,714
<i>As a % of Expenditures</i>	10.49%	14.60%	15.56%	15.46%	16.93%
<i>Unassigned</i>					
<i>General Fund Balance</i>	\$5,088,428	\$7,898,295	\$8,783,174	\$8,405,631	\$9,599,911
<i>Total Expenditures</i>	\$66,098,944	\$65,726,910	\$67,915,898	\$69,458,976	\$66,934,714
<i>As a % of Expenditures</i>	7.69%	12.01%	12.93%	12.10%	14.34%