

RESOLUTION NO. 6167

A RESOLUTION ADOPTING FINANCIAL POLICIES  
AND REPEALING RESOLUTION NUMBER 6054

WHEREAS, the City's Financial Policies are adopted on an annual basis to clearly define the fiscal environment for the budget process and ongoing financial operations; and

WHEREAS, the policies were last adopted by Res. No. 6054 on October 26, 2011, following review and discussion by the City Council; and

WHEREAS, this year's review was conducted at a work session on October 8, 2012; and

WHEREAS, the City Council gave direction regarding any changes to the policies and those changes have been incorporated into the attached policies; and


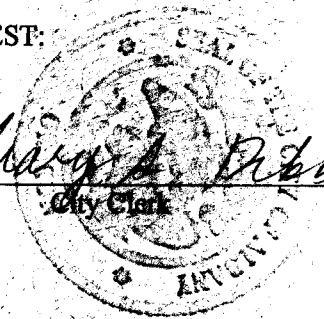
WHEREAS, the Council now desires to adopt the Financial Polices as modified.

NOW, THEREFORE, BE IT RESOLVED that the City of Albany City Council hereby adopts Exhibit A as the Financial Policies for the City of Albany and repeals Res. No. 6054.

DATED AND EFFECTIVE THIS 10<sup>TH</sup> DAY OF OCTOBER, 2012.

  
Mayor.

ATTEST:

  
  
City Clerk



## **I. POLICY STATEMENT**

It is the policy of the City of Albany to actively manage financial, operational, and budgetary affairs within established guidelines in order to maintain financial stability both now and in the future.

## **II. GENERAL GUIDELINES**

1. The City Manager and department directors are charged with achieving the themes, goals, and objectives adopted by the City Council in the City's Strategic Plan.
2. The implementing document for the Strategic Plan is the annually adopted budget. The adopted budget establishes types and levels of services through both operating and capital budgets. The relationships between the operating and capital budgets will be explicitly recognized and incorporated into the budget process. Resources will be identified to provide designated levels of service, and maintenance or enhancement of related capital and fixed assets.
3. The City will actively measure performance and pursue process improvements to enhance productivity and maximize resources.
4. Adequate reserves will be maintained for all known liabilities, including employee leave balances and explicit post employment benefits.
5. The City will actively seek partnerships with private interests and other government agencies to achieve common policy objectives, share the costs of providing local services, and support favorable legislation at the state and federal levels.
6. The City will seek out, apply for, and effectively administer federal, state, and foundation grants-in-aid that address the City's priorities and objectives.

## **III. REVENUES**

1. The City will actively identify and administer funding sources that create a reliable, equitable and diversified revenue stream to shelter the City from short-term fluctuations in any single revenue source and to maintain desired levels of services.
2. Revenues will be conservatively estimated in the budget process.
3. Target fund balances for operating budgets will range between 5 and 15 percent of operations.
4. The City will consider full cost recovery and comparable rates charged by other municipalities of similar size in establishing rates, fees, and charges.
5. The City will follow an aggressive policy of collecting revenues.
6. Enterprise and internal service funds are intended to be self-supporting.

## **IV. EXPENDITURES**

1. The City will identify priority services, establish appropriate service levels, and administer the expenditure of available resources to assure fiscal stability and the effective and efficient delivery of services.

2. The City will operate on a current funding basis. Expenditures will be monitored on an ongoing basis so as not to exceed current revenues and targeted fund balances.
3. The City Manager will take immediate corrective actions if at any time during a fiscal year revised revenue and expenditure estimates project a year-end deficit. Mitigating actions may include a hiring freeze, expenditure reductions, fee increases, or use of contingencies. Actions to be avoided include expenditure deferrals into the following fiscal year, short-term loans, and use of one-time revenues to support ongoing operations.
4. Target contingencies for operating budgets will range between 5 and 15 percent of operations.
5. Internal service charges and project accounting should be used when service recipients and parameters of a project can be easily identified. The charges should be based on methodologies that fairly allocate the full cost of services. The Finance Director shall review the methodologies on a periodic basis to verify that they are consistent with federal guidelines and Oregon Local Budget Law.
6. The City Manager will undertake ongoing staff and third-party reviews of City programs to measure efficiency and effectiveness. Privatization and contracting with other governmental agencies will be evaluated as alternatives to in-house service delivery. Programs that are determined to be inefficient and/or ineffective shall be reduced in scope or eliminated.

#### **V. CAPITAL IMPROVEMENT PROGRAM (CIP)**

1. The City will monitor and periodically assess the City's capital equipment and infrastructure, setting priorities for its renovation and replacement based on needs and available resources.
2. The City will develop a multi-year program for capital improvements that will be reviewed annually in the budget process.
3. Projects in the CIP will be flagged as either funded or unfunded depending on whether or not the forecasted operating budget can support or fund the project. All funded projects are included in the operating budget for the corresponding budget year.
4. The City will maintain its physical assets at a level adequate to protect the City's capital investment and minimize future maintenance and replacement costs. The budget process will provide for review of maintenance and orderly replacement of capital assets from current revenues where possible.

#### **VI. CAPITAL ASSETS**

1. Capital assets are non-consumable assets with a purchase price of \$5,000 or greater and a useful life of more than one year.
2. The Finance Department will oversee a physical count/inspection of all capital assets at least on a biennial basis. All additions, deletions, and depreciation of infrastructure will be reported consistent with the requirements of the Government Accounting Standards Board Statement Number 34.
3. Adequate insurance will be maintained on all capital assets.

#### **VII. DEBT**

1. The City will generally limit long-term borrowing to capital improvements.

2. The City will follow a policy of full disclosure on every financial report, official statement, and bond prospectus.
3. The City will strive to maintain its high bond ratings, currently A+ from Standard and Poors and A2 from Moodys, and will receive credit ratings on all its bond issues.
4. General obligation debt will not be used for self-supporting enterprise activities unless the activity provides a community-wide benefit.
5. The City shall ensure that its general obligation debt margins are within the 3% true cash value limitation as set forth in ORS Section 287.004.
6. Funding strategies that are necessary to support debt obligations should be implemented prior to debt payments becoming due so that debt obligations can be met from current revenues.
7. The City will use voter-approved general obligation debt to fund general-purpose public improvements that cannot be financed from current revenues. Special purpose debt including certificates of participation, revenue bonds, and loans will be linked to specific funding sources.

### **VIII. Grants**

1. Community organizations that desire financial support from the City must submit a Community Grant application no later than March 1 in order to be considered for funding in the next budget year. Applications will be reviewed by the department director assigned by the City Manager. Primary consideration will be given to requests that further the goals and objectives in the Strategic Plan. Applications that are approved by the department director and City Manager shall be included in the Proposed Budget to be considered by the Budget Committee and City Council.

Any recipient of a Community Grant shall submit an accounting of how the funds were expended and the benefits achieved as required by City Council Resolution No. 5089. Recipients of grants greater than \$100,000 must also submit an independent review of financial policies and procedures related to the grant proceeds no later than six months following the end of the fiscal year in which the funds were granted.

Notwithstanding the above, community organizations and events funded with transient lodging tax revenues will follow the guidelines set forth in Finance Policy F-12-11-001 as currently adopted or amended.

2. City departments are encouraged to seek grants and other financial support from private, nonprofit, and government agencies that would supplement City resources in meeting adopted goals and objectives. Grants that are available on an annual basis should be included in the proposed budget and do not require further City Council action once the budget is adopted, unless required by the granting agency. The City Manager is responsible to oversee other grant applications. All awarded grants must be accepted and appropriated by resolution of the City Council as required by Oregon Local Government Budget Law (ORS 294.326(3)).

### **IX. ACCOUNTING, AUDITING, AND FINANCIAL REPORTING**

1. The Finance Department is responsible to see that all accounting, auditing, and financial reporting comply with prevailing federal, state, and local statutes and regulations including generally accepted accounting principles as promulgated by the

Governmental Accounting Standards Board (GASB), the American Institute of Certified Public Accountants (AICPA), and the Government Finance Officers Association (GFOA).

2. The Finance Department will conduct periodic internal audits of financial procedures such as cash handling, purchasing, and accounts payable to test internal controls and to detect instances of fraud or abuse. The Finance Director shall establish locations and limits for petty cash, purchase cards, and other cash and purchasing procedures consistent with operational needs, GFOA best practices, and Oregon Administrative Rules and Revised Statutes.
3. The City will seek out and contract for the assistance of qualified financial advisors, consultants, and auditors in the management and administration of the City's financial functions.
4. The City Council will be provided monthly financial reports of revenues and expenditures.
5. A complete independent audit will be performed annually.
6. The City will issue annual financial reports in accordance with generally accepted accounting principles (GAAP) as outlined in the Governmental Accounting, Auditing, and Financial Reporting (GAAFR) publication.
7. The City will annually seek the GFOA Certificate of Achievement for Excellence in Financial Reporting and the GFOA Distinguished Budget Presentation Award.

Supersedes: Res. No. 6054	Created/Amended by/date: 10/10/2012	Effective Date: 10/10/2012	Reviewed by Council: 10/8/2012
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