

RESOLUTION #08/09-06
CITY OF DAYTON, OREGON

Title: *A Resolution Adopting General Fiscal Policies for the City of Dayton*

WHEREAS, the City Council of the City of Dayton has a goal of updating written policies and/or establishing written policies where none exist at the present time; and

WHEREAS, the City has adopted certain Purchasing Rules, but does not have written General Fiscal Policies; and

WHEREAS, the City Council desires to have adopt General Fiscal Policies;

NOW THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL FOR THE CITY OF DAYTON:

- 1) **THAT** the City of Dayton, Oregon, General Fiscal Policies,(attached hereto as Exhibit A and by this reference made a part hereof) are hereby adopted; and
- 2) **THAT** these policies shall be retroactive to July 1, 2008.

ADOPTED this 7th day of **July, 2008**.

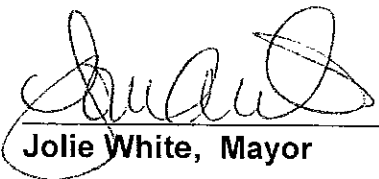
Final Vote:

In Favor Dickson, Evers, Hensley, White

Opposed None

Absent Blackburn, Hutchins, Webb

Abstained None

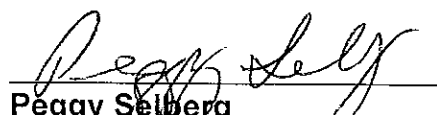


Jolie White, Mayor

7/8/2008

Date

ATTEST:



Peggy Selberg
City Recorder

7/7/08

Date

Attachment - Exhibit A

WKS4\RESOLUTIONS\08-09\0809.06.ADOPTED

**CITY OF DAYTON, OREGON
GENERAL FISCAL POLICIES**

6 Reserve Policy

- A. The City shall establish an operating contingency appropriation to provide for unanticipated expenditures of a nonrecurring nature to meeting unexpected increases in service delivery costs. This appropriation should be at least 15% of a fund's budgeted expenditures (excluding capital outlay and transfers) for the fiscal year whenever possible.
- B. The City shall make annual contributions from appropriate funds to the Reserve Fund or fund reserves to ensure that monies will be available as needed.
- C. The City Council will review these Reserve Funds periodically to assure that they should continue to receive funds.

7 Investments

- A. All City funds shall be invested to provide safety of principal and a sufficient level to meet cash flow needs. One hundred percent of all idle cash will be continuously invested in the Local Government Investment Pool (LGIP). This investment policy shall be reviewed annually by City management to determine if changes should be recommended to this policy.

8 Management of Fiscal Policy

- A. Fiscal policies and changes thereto shall be approved by the City Council and adopted by resolution.
- B. The City Manager shall implement fiscal policies and monitor compliance, and shall report any material deviation from policy in writing to the City Council in a timely manner.
- C. The City Manager, along with other management staff, shall review the City's fiscal policies annually.
- D. The City Manager shall recommend fiscal changes in policy to the City Council. Such recommendations will be accompanied by a report explaining the substantive impact of all recommendations and their impact on the City's operations, service levels, and/or finances.

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- E. To maintain fund integrity, the City will manage each fund as an independent entity in accordance with applicable statutes and with generally accepted accounting principles.

4 Accounting Policy

- A. The City shall establish and maintain its accounting systems according to Generally Accepted Accounting Principles (GAAP) and Oregon Budget Law. The City will issue an Annual Financial Report (audit) each fiscal year.
- B. An annual audit shall be performed by an independent certified public accounting firm, which will issue an official opinion on the annual financial statements, along with a management letter identifying areas needing improvement, if necessary.
- C. Full disclosure of the City's financial condition shall be provided in the financial statements and bond representations.
- D. Monthly financial reports showing the current status of revenues and expenditures shall be prepared and distributed to management personnel in a timely manner and shall be available for public inspection. Within fifteen (15) working days of the end of a quarter, a quarterly financial report shall be distributed to the City Council.
- E. Adjustments to the annual budget will be made as appropriate by a Budget Transfer Resolution approved by the City Council.
- F. The accounting system will provided monthly information about cash position and investment performance.

5 Debt Policy

- A. Capital projects, financed through the issuance of bonds, will be financed for a period not to exceed the useful life of the project.
- B. The City shall use the most prudent methods of acquiring capital outlay items, including the use of lease-purchase agreements.
- C. The City shall maintain its bond rating at the highest level fiscally prudent, so that future borrowing costs are minimized and access to the credit market is preserved.

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- J. Capital outlay expenses:
1. The goal of capital budgeting is to sustain adequate service levels as growth occurs.
 2. The City will provide for adequate maintenance of equipment and capital assets. The City will make annual contributions to the appropriate fund reserves to ensure that monies will be available as needed to replace City vehicles, equipment and facilities.
 3. The City will determine and use the most appropriate method for financing all new capital projects. Long-term debt, leases, or bond financing shall only be used for the acquisition of capital facilities or specialized equipment. Long-term debt or bond financing shall not be used to finance current operating expenditures.
 4. Special funds dedicated for capital improvements will be segregated in the accounting system and used only for the intended capital purposes.
 5. The City will maintain a capital improvement plan (CIP) which has been approved by the City Council.

3 Operating Budgetary Policies

- A. A Budget Committee will be appointed in accordance with the City Charter and state statutes. The Budget Committee's chief purpose is to review the City Manager's proposed budget and recommend a budget and maximum tax levy for the City Council to adopt. The Budget Committee may consider and develop recommendations on other financial issues as designated by the City Council.
- B. The City will finance all current expenditures with current revenues which includes transfers-in and carry forward balances.
- C. The City budget will support City Council goals and priorities and the long-range needs of the community.
- D. Multi-year projections may be estimated in conjunction with the proposed budget to determine if adjustments in expenditures or revenues are needed.

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- E. Charges for providing utility services shall be sufficient to finance all operating, capital outlay and debt service expenses of the City's enterprise funds, including operating contingency and reserve requirements. These enterprise funds will totally support total costs and rates will be reviewed as needed. Rates will be adjusted as needed to account for major changes in consumption, capital improvements and cost increases. Annually, the City shall, at a minimum, increase rates to keep pace with the cost of living, based upon the US Cities Average March to March CPI-W.
- F. System Development Charges shall be established to help fund the costs of improvements to service related to additional increments of growth, such as street, storm water, water, sewer and park facilities. These revenues are legally restricted to use for capital improvements in a formal plan. The SDCs will include an annual increase to adjust them to the March to March Construction Cost Index.

2 EXPENDITURES

- A. The City will provide employee compensation that is competitive with comparable public jurisdictions within the relative recruitment area.
- B. Estimated wage increases and changes in employee benefits will be included in the proposed budget under Personal Services.
- C. The City is committed to maintaining a proper working environment, adequate equipment and supplies, and appropriate training and supervision.
- D. The operating of City utilities and streets and city property maintenance must have adequate funds to procure needed supplies and parts.
- E. All consultant contracts in excess of an amount set by resolution will be approved by City Council.
- F. All expenditure invoices must be approved by the appropriate Department Head or City Manager prior to payment.
- G. Two signatures are required on City checks.
- H. Each month, the City Council will receive a Cash Report and a list of checks issued during the month in their Information Packet.
- I. By the 15th of the month following the end of a quarter, Council will receive a quarterly report of revenues and expenditures as compared to budget.

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OBJECTIVES

- To enhance the City Council's decision-making ability by providing accurate information on revenue and operating costs.
- To ensure the legal use of all City funds through efficient systems of financial security and internal controls.
- To establish a standard operating procedure to guide day-to-day activities of the City's financial operation. This will allow people to make a decision within a structured framework which provides consistency and order.
- To provide and maintain essential public services, facilities, utilities, infrastructure and capital equipment.

1 REVENUE POLICY

- A. The City will estimate its annual revenues by an objective, analytical process. Because most revenues are sensitive to conditions outside the control of the City, estimates will be conservative.
- B. The City will attempt to take advantage of every revenue generating authority provided by Oregon Statutes, including, but not limited to State Shared Revenues, franchise fees, permit fees, user fees, and System Development Charges.
- C. The City will maximize the use of service users' charges in lieu of *ad valorem* taxes and subsidies from other City funds, for services that can be identified and where costs are directly related to the level of services provided. The cost of providing specific services shall be recalculated periodically, and the fees adjusted accordingly. Wherever feasible, fees shall include an annual escalating clause designed to maintain fees in accordance with annual cost of living changes as shown in the March-March US Cities Average CPI-W, or the Construction Cost Index. The City shall maintain a current schedule of fees, showing when the fees were last reviewed and/or recalculated.
- D. The City shall pursue an aggressive policy of collecting delinquent accounts. When necessary, discontinuing service, liens, and other methods of collection, such as imposing penalties and late charges, may be used. Any utility account that has been closed with an outstanding balance and has not been collected within six (6) months will be considered a bad debt, subject to the approval of the City Manager.

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INTRODUCTION

The preparation of the budget begins the annual financial management cycle of the City. This process moves through approval by the Budget Committee and adoption by the City Council. Once adopted, the cycle continues through accounting, monitoring and evaluating financial performance and status.

This manual is distributed to the Mayor, Councilors, City Manager and Department Managers. Anyone who has responsibility for management of the budget and/or the financial affairs of a department should also have a manual made available to them by their Department Managers.

This manual is intended to be an overview of various fiscal policies and is not meant to be a detailed authority source. If the material in the manual does not answer a question, please contact the City Manager for guidance.

Other resources are available to supplement this material such as the City of Dayton Employee Handbook, Oregon Revised Statutes, and Oregon Budget Law.