

RESOLUTION NO. 5734

A RESOLUTION ADOPTING CITY OF ALBANY FINANCIAL POLICIES.

WHEREAS, the Budget document adopted annually includes Budget Policies which help to define the fiscal environment for the budget and other financial operations of the City of Albany; and

WHEREAS, the Budget Policies have been renamed "Financial Policies"; and

WHEREAS, the Finance Director recommended revisions to the Financial Policies which include greater detail in defining the roles of the City Council, City Manager, and Department Directors, target ranges for fund balances and contingencies, and establishment of parameters for future debt and ongoing financial reporting; and

WHEREAS, the City Council reviewed the Financial Policies at the January 26, 2009, Budget Committee work session and its recommendations were incorporated into the document.

NOW, THEREFORE, BE IT RESOLVED that the City of Albany City Council adopts Exhibit A as the Financial Policies for the City of Albany.

DATED AND EFFECTIVE THIS 28th DAY OF January 2009.


ATTEST:



Mayor



City Clerk

	City of Albany Finance Policy Policy #: F-07-08-001 Title: Financial Policies	
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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 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. 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 Capital Improvement Program 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 \$5,000.00 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 rating, currently A2/A+, and will receive credit ratings on all its bond issues.
4. General obligation debt will not be used for self-supporting enterprise activities.

5. The City shall ensure that its debt margins are within the 3% true cash value limitation as set forth in ORS 287.004.
6. 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. Community Grants

Community organizations that desire financial support from the City must submit applications for funding 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.

IX. ACCOUNTING, AUDITING, AND FINANCIAL REPORTING

1. The Finance Department is responsible to see that all accounting, auditing, and financial reporting complies 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 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.
3. The City Council will be provided monthly financial reports of revenues and expenditures.
4. A complete independent audit will be performed annually.
5. 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.
6. The City will annually seek the GFOA Certificate of Achievement for Excellence in Financial Reporting and the GFOA Distinguished Budget Presentation Award.

Supersedes:	Created/Amended by/date:	Effective Date: 10-28-08
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