

CITY OF JUNCTION CITY

FISCAL POLICIES

1. Budget Policy^(a)

- a. All budgetary procedures will conform to existing state and local regulations. Oregon budget law requires each local government to prepare a balanced budget and Oregon Administrative Rules state: 1) the budget must be constructed in such a manner that the total resources in a fund equal the total of expenditures and requirements for that fund, and, 2) the total of all resources of the municipality must equal the total of all expenditures and all requirements for the municipality.
- b. The City's budget process will seek to provide useful information about the City's finances, further the users understanding of the City's budget, and promote transparency and full disclosure about the City's finances.
- c. The Budget Committee will be appointed in conformance with state statutes. The Budget Committee's chief purpose is to review the City Administrator's proposed budget and approve a budget and maximum tax levy for City Council consideration.
- d. The City will finance all current expenditures with current revenues. The City will avoid budgetary practices that balance current expenditures through the obligation of future resources.
- e. The City budget will support City Council goals and priorities and the long-range needs of the community.
- f. 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.
- g. The City shall adopt the budget at the fund and object level (i.e. personnel services, materials and services, capital outlay, debt service, inter-fund transfers, and contingency).
- h. Monthly reports comparing actual to budgeted expenditures will be prepared by the Finance Department and distributed to the Council, City Administrator, and Department Directors.
- i. While the City budget is a one-year document, a multi-year approach will be used in its development to insure the future implications of current fiscal decisions can be considered.

- j. Revenues will be estimated realistically and prudently using best practices as defined by the Government Finance Officers Association. Revenues shall be forecasted conservatively.
- k. All supplemental budget resolutions and budget transfer resolutions after the original budget is adopted will be reviewed by the Finance Director and the City Administrator. Within a reasonable time, all resolutions adjusting the budget will be prepared by the Finance Department for Council approval to ensure compliance with Oregon budget law. ^(e)

2. Accounting, Auditing and Financial Reporting Policies

- a. The City will comply with the modified cash basis of accounting, Government Finance Officers Association auditing and reporting standards, Oregon state law external audit requirements, and Oregon Revised Statutes relating to municipal finance. ^(d)
- b. The Finance Department will issue an annual financial report and file the report with the Secretary of State. The Finance Department will issue monthly financial reports, and any other reports necessary to facilitate full and transparent reporting. ^(d)
- c. Financial reporting and analysis that includes the current status of revenues and expenditures compared to budget shall be prepared and presented to the Council in a timely manner or as often as specified by Council. Reports shall be made available for public inspection. Any significant budget to actual variances will be identified, and anticipated changes to appropriations noted. ^(e)

3. Revenues

The City will estimate its annual revenues by an objective, analytical process. The City will work aggressively to collect all delinquent accounts receivable and when necessary, will include termination of services, submission of accounts to collection agencies and other available remedies. User fees and charges will be established and maintained for services provided that benefit specific individuals or organizations. User fees and charges will be set at a sufficient level to recover the full cost of service whenever practical to minimize subsidization by taxpayers. The City will systematically review user fees and charges to take into account the effects of additional service costs and inflation. ^(b)

4. Expenditures

Expenditures will be controlled through appropriate internal controls and procedures. Management must ensure expenditures comply with the legally adopted budget. Each department manager or director will be responsible for the administration of his/her department budget. The City will make every

effort to control expenditures to ensure City services and programs provided to its citizens and taxpayers are cost effective and efficient. ^(b)

5. Purchasing

All purchases of goods, services and capital improvements must comply with the City's purchasing policies, guidelines and procedures, and with state laws and regulations. ^(b)

6. Capital Improvement Plan (CIP) Policies

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. The City will develop a multi-year program for capital improvements that will be reviewed as part of the annual budget process. Projects in the CIP will be labeled as either funded or unfunded in the current budget process. ^(b)

7. Cash management and investment policies

All City funds shall be invested to provide safety of principal, a sufficient level of liquidity to meet cash flow needs, and the maximum yield possible. The City will consolidate or pool cash balances from various funds for investment purposes and will allocate investment earnings to each participating fund. ^(b)

8. Debt Management Policies

All bond issuances and long term debt will be authorized by the City Council. The City will not use long-term debt to fund current operations or to balance the budget. The City will incur debt only when necessary for capital improvements too large to be financed from current available resources. Capital projects financed through long term debt will be financed for a period not to exceed the useful life of the project. The City shall ensure that its general obligation debt margins are within the 3% true cash value limitation as set forth in ORS 287.004. General obligation debt will not be used for self-supporting enterprise activity. ^(b)

9. Fund Balance – General Fund

Measurement of the General Fund ending balance will occur annually on June 30th. The minimum targeted unassigned General Fund balance shall be no less than 35% of next year's budgeted expenditures (exclusive of transfers and contingency). For purposes of this calculation, the expenditures shall be the budget as originally adopted for the subsequent year. The unassigned fund balance amount shall be in addition to non-spendable, restricted, committed, or assigned fund balance amounts. ^(c)

10. Fund Balance – Community Services Funds

Measurement of the Community Center Fund and Viking Sal Senior Fund ending balances will occur annually on June 30th. The minimum targeted unassigned fund balances shall be no less than 15% of next year's budgeted expenditures (exclusive of transfers and contingency). For purposes of this calculation, the expenditures shall be the budget as originally adopted for the subsequent year. The unassigned fund balance amount shall be in addition to non-spendable, restricted, committed, or assigned fund balance amounts.^(f)

11. Fund Balance – Enterprise Funds

Measurement of the fund ending balances will occur annually on June 30th. The minimum targeted unrestricted fund balance shall be no less than 25% of next year's budgeted expenditures (exclusive of transfers and contingency). For purposes of this calculation, the expenditures shall be the budget as originally adopted for the subsequent year. The unrestricted fund balance amount shall be in addition to non-spendable, restricted, or committed fund balance amounts.^(c)

12. Contingency

The City will appropriate an amount for contingency in the General Fund of not less than 2% of budgeted expenditures.^(c)

(a) Adopted: November 26, 2013

(b) Adopted: February 26, 2013

(c) Adopted: March 26, 2013

(d) Adopted: February 26, 2013, Updated by Council August 26, 2014

(e) Adopted: May 12, 2015

(f) Adopted: October 13, 2015

Update: 10/13/15