



City of Stevenson

Leana Kinley, City Administrator

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To: City Council
From: Leana Kinley, City Administrator
RE: Financial Policy Revision
Meeting Date: November 18, 2021

Executive Summary:

Last year the city implemented a cost allocation of two buckets of cost. One allocation is based on agenda items and the other is on financial transactions. In the initial allocation the cost for the Equipment Services Fund were not included, which increased the costs allocated to the other funds. In discussions with the auditors this past year it was recommended we refine the allocation to spread the costs more equitably.

Overview of Items:

The costs being allocated are:

| Department | Example Cost | Allocation basis |
|----------------------|--------------|------------------------|
| Legislative | \$25,000 | Agenda Items |
| Executive | \$100,000 | Agenda Items |
| Legal (non-criminal) | \$25,000 | Agenda Items |
| Finance | \$100,000 | Financial Transactions |
| Central Services | \$100,000 | Financial Transactions |

These costs are then spread out between the following departments based on the percentage of transactions in the allocation basis indicated above:

| Fund/Department | Example Allocation Percentage | |
|--------------------|-------------------------------|---------|
| | Agenda | Finance |
| General Fund | 58% | 34% |
| Finance | 8% | N/A |
| Streets | 7% | 13% |
| Tourism | 2% | 2% |
| Water | 13% | 23% |
| Wastewater | 12% | 25% |
| Equipment Services | 0% | 3% |

The addition of Equipment Services to the allocation is noticeable and in the example above the 3% allocation adds up to almost \$6k in costs. This represents the cost to manage the fund.

Action Needed:

Approve resolution 2021-385 revising the financial policy as presented.