

**City of St. Helens**  
**RESOLUTION NO. 2039**

**A RESOLUTION TO ADOPT FINANCIAL POLICIES  
FOR THE CITY OF ST. HELENS, SUPERSEDING RESOLUTION NO. 1806**

**WHEREAS**, Chapter 2.12 of the St. Helens Municipal Code gives the City Administrator the power and authority to create and maintain policies for the City; and

**WHEREAS**, the City of St. Helens is committed to responsible fiscal management through financial integrity, prudent stewardship of public assets, planning, accountability, and transparency. The purpose of the Financial Policies is to enable the City to achieve and maintain a long-term stable and positive financial condition; and

**WHEREAS**, these policies are adopted by Council as the basic framework for overall financial management of the City, to guide day-by-day and long range fiscal planning and decision making.

**NOW, THEREFORE, the City of St. Helens resolves as follows:**

**Section 1.** Attachment A, Financial Policies, is adopted and effective immediately.

**Section 2.** This resolution supersedes Resolution No. 1806.

Passed and adopted by the City Council this 19<sup>th</sup> day of February 2025, by the following vote:

Ayes:

Nays:

\_\_\_\_\_  
Jennifer Massey, Mayor

ATTEST:

\_\_\_\_\_  
Kathy Payne, City Recorder

## CITY OF ST. HELENS FINANCIAL POLICIES

Revised Feb 19, 2025

### Financial Goals

The City of St Helens is accountable to its citizens for the use of public dollars. Municipal resources must be wisely used to ensure adequate funding for the services, public facilities, and infrastructure necessary to meet the community's present and future needs.

These policies are designed to safeguard the fiscal stability required to achieve the City's goals and objectives which are to:

- Ensure the City is financially able to meet its immediate and long-term service objectives while maintaining the financial integrity of the City
- Maintain accountability in the financial operation of the City
- Improve financial information for decision makers at all levels:
  - Policy makers as they contemplate long-term City decisions
  - Managers as they implement policy on a day-to-day basis

### Financial Objectives

To achieve its goals, the City of St. Helen's establishes fiscal policies that address the following major areas:

**1. *Revenue policy***

Addresses property taxes, user charges and other sources to adequately fund desired services. Additionally, it outlines the diversification in revenue fees and charges, and use of one-time and unpredictable revenues

**2. *Operating budget policy***

Relating to budgeting guidelines.

**3. *Capital improvement policy***

Relating to capital improvement planning and implementation.

**4. *Accounting policy***

Relating to reporting financial transactions and preparing financial reports.

**5. *Debt policy***

- Dealing with long-term financing of the city's capital needs and its bond rating, debt capacity, issuance, and management, fund balance reserves, and operating/capital budget versus actual monitoring.

**6. *Reserve policy***

For establishing reserves and contingency funding as needed for the various activities of the City.

**7. *Audit and financial reporting policy***

To promote organized financial planning, budgeting, and accounting to assure disclosure of all financial transactions and to facilitate financial management and accountability by departments, divisions and agencies through financial reporting.

**8. *Management of finance policy***

Dealing with approval, recommendation, review and implementation of policies – including monitoring compliance.

**9. Financial planning policy**

Assesses the long-term financial implications of current and proposed operating and capital budgets, budget policies, and cash management and investment policies

**10. Capital assets inventory policy**

The Capital Asset Policy is established to record and report monetary amounts associated with fixed asset acquisitions, transfers, and dispositions.

**Financial Policies**

St. Helen’s long-term financial policies are as follows:

**1. Revenue Policy**

- 1.1. System development charges (SDC’s) shall be established and revised as appropriate to fund the costs of improvements to service additional increments to growth, such as street, storm, water, sewer, parks and recreation facilities. SDC’s shall be reviewed annually by the engineering and planning departments; recommended adjustments will be made according to master plans and the Capital Improvement Plan.
- 1.2. 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 service provided.
  - 1.2.1 Charges for providing utility services would be sufficient to finance all operating, capital outlay and debt service expenses of the City’s enterprise funds, including operating contingency and reserve requirements. Utility Rate Study shall be conducted every 5 years.
  - 1.2.2 User charges should fund 100% of the direct cost of development review and building activities. User charges include land use, engineering inspection, building permit and building inspection fees. The Community Development Department, with the assistance of the Finance Department shall review fees annually.
  - 1.2.3 Other reimbursable work performed by the City (labor, meals, contracted services, equipment and other indirect expenses) shall be billed at actual or estimated actual cost.
  - 1.2.4 Charges for services shall accurately reflect the actual or estimated cost of providing a specific service. The cost of providing specific services shall be recalculated as provided above, and the fee adjusted accordingly. The City shall maintain a current schedule of fees, showing when the fees were last reviewed and/or recalculated.

- 1.3 The City shall pursue collecting delinquent accounts. When necessary, discontinuing service, small claims court, collection agencies, foreclosure, lien and other methods of collection, such as imposing penalties, collection and late charges, may be used.

## **2. Operating Budget Policy**

- 2.1 The City shall prepare, present, adopt and amend its annual operating budget(s) in accordance with Oregon Budget Law.
  - 2.1.1 The City shall maintain a budget system to monitor expenditures and revenues monthly, with a thorough analysis and adjustment (if required) at least at mid-year and/or year-end.
- 2.2 The City shall not adopt an operating budget that is greater than the amount of resources available to fund it. Current operating resources will be sufficient to support current operating expenditures, reimbursement transfers, reserves, unappropriated balances and contingencies.
- 2.3 The annual recurring revenues of the General and Enterprise Funds shall not be less than annual recurring operating expenditures (total annual budget, minus capital outlay, equity transfers, reserves, appropriated balances and contingencies).
- 2.4 Unless otherwise authorized by the City Council, General Fund and other unrestricted revenues shall not be earmarked for specific programs, activities or services.
- 2.5 Long-term debt 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.

## **3. Capital Improvement Policy**

- 3.1. Annually, the City shall adopt a 5-year Capital Improvement Plan (CIP). Prior to adopting a Capital Improvement Plan, the City shall hold public meetings and a public hearing as part of the budget process, on the contents of the CIP document. The document shall provide details on each capital project plan: its estimated costs, sources of financing and a description.

## **4. Accounting Policy**

- 4.1. The City shall establish and maintain its accounting systems according to generally accepted accounting practices and shall adhere to generally accepted accounting principles and standards promulgated by the Government Finance Officers Association (GFOA) and Government Accounting Standards Board (GASB).
- 4.2. An annual audit shall be conducted by an independent 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.

- 4.3. Full disclosure shall be provided in the financial statements and bond representations.
- 4.4. Quarterly budget reports showing the status of revenues and expenditures shall be prepared and distributed to appropriate legislative, staff and management personnel in a timely manner and made available for public inspection.

**5. Debt Policy**

- 5.1. Capital projects financed through the issuance of bonds or other forms of debt instruments shall not be financed for a period which exceeds the expected useful life of the project.
- 5.2. Capital projects will be clearly defined and funding options reviewed and approved by City Council prior to the issuance of bonds or other forms of debt instruments.
- 5.3. The City shall use the most prudent methods of acquiring capital outlay items, including the use of lease purchase agreements.
- 5.4. 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.

**6. Reserve Policy**

- 6.1. Within the General Fund, the City's goal is to keep a minimum of 20% of recurring revenue in reserve between Contingency and Unappropriated accounts.
- 6.2. Within Enterprise Funds, the City's goal is to keep a minimum of 90 days operating reserve as contingency while maintaining at least 5% of their operating budget (excluding debt service, capital outlay, equity transfers, reserves and interfund transfers and reimbursement revenues)

The City shall adhere to GASB Statement #54, in which the objective is to enhance the usefulness of fund balance information by providing clear fund balance classifications including but not limited to: non-spendable, which is fund balance associated with inventories. Restricted, which includes amounts that can be spent only for specific purposes stipulated by legislation, Committed, which includes amounts that can be used only for specific purposes determined by a formal action of the decision-making authority. Assigned, which are intended to be used for specific purposes but do not meet the criteria to be restricted or committed. Unassigned, which include all spendable amounts not contained in other classifications.

**7. Auditing and Financial Reporting Policy**

The City will do the following to fulfill its financial reporting responsibilities

- 7.1. Establish a chart of accounts and maintain an accounting system to provide all the data needed to allow for timely preparation of financial statements for the entire City in conformity with generally accepted accounting principles (GAAP)
- 7.2. Contract for an independent audit of the City's finances and for compliance with GASB

and state laws. The Government Body will review and accept the audit report and review a report from management about the disposition of any findings. The Governing Body will ensure that management has been proactive in implementing the internal control and financial recommendations of the independent auditor.

- 7.3 The Governing Body will receive and review a formal risk assessment document from management that includes all identifiable financial risk areas, along with reasons for those risks (lack of funding, size of staff, etc.). The Governing Body will inquire about what is being done to mitigate the identified risks.
- 7.4 The Governing Body will review the organization's fidelity insurance coverage to determine if it adequately protects the organization against losses because of fraudulent activity by management or other employees.
- 7.5 Throughout the year, the Governing Body will review the following reports:
  1. Budget compared to Actual performance data. Management should provide explanations for any major variations against the budget
  2. Investment reports which show where the organization's monies are located/invested, along with current rates of return.

## **8. Management of Fiscal Policy**

- 8.1 Fiscal policies and changes in policies shall be approved by the City Council and adopted by resolution at a public meeting.
  - 8.1.1 The City Administrator and Finance Director shall recommend fiscal policy and changes in policy to the City Council. The City Administrator and Finance Director shall prepare a report explaining the substantive impact of all recommendations and their impact on the City's operations, service levels and/or finances.
  - 8.2.2 The Finance Director shall implement fiscal policies and monitor compliance.
    - 8.2.2.1 If the Finance Director discovers a deviation from policy, he/she shall report it in writing to the City Council within thirty days.
    - 8.2.2.2 As a part of the City's annual budget document, the City's budget message shall identify: (a) all major changes in policy since the previous budget year and (b) any material variations from policy in the ensuing year's budget.

## **9. Financial planning policy**

- 9.1 Long-term financial forecasts shall be updated annually during the budget process and to consider recent growth trends, economic forecasts and regulatory changes.
- 9.2 Assessment of the long-term financial implications of current and proposed operating and capital budgets,

budget policies, and cash management and investment policies shall be performed and updated as needed throughout the fiscal year. Any significant deviation from budgeted forecasts shall be reported to the City Council within 30 days from discovery.

### **10. Capital Asset Inventory Policy**

To maintain adequate accountability and control over the City's capital assets and to provide appropriate financial information, capital acquisitions (purchases or donations) of \$5,000 or more with a useful life of at least three (3) years will be recorded as a fixed asset and reported as capital in the General Ledger. Certain assets may be added for management purposes, regardless of cost. The capitalization threshold for assets shall be reviewed every three years to assess appropriateness and GFOA best practices.

After the end of the fiscal year, the Finance Department will provide each department with a year-end preliminary fixed asset listing. The Department manager shall be responsible for reporting to the Finance Department all changes regarding fixed asset items by November 30th of each year. Those changes include, but are not limited to:

- Change in condition, (IE: from "good" to "damaged beyond repair" )
- Enhancement or upgrade (if it extends the asset life)
- Permanent transfer to another department
- Transfer of title or ownership

When disposing of items, the following guidelines will be followed:

1. Items with an estimated value of \$5,000 or less should be disposed of through a local auction house, direct sale, or other means. These items must be approved by the City Administrator, or designee.
2. Items with an estimated value greater than \$5,000 must undergo the disposal process described below. These items must also be approved by the City Administrator
  - a. Personal property needs to be declared surplus by the City Council. This can be done as a consent item on the agenda. The consent item should direct the method of disposition:
    - i. Sale for a set minimum price
    - ii. Sale by sealed bid or online auction
    - iii. Sale or donation to another unit of government
    - iv. Donation to a charitable organization
    - v. Disposal in the landfill
    - vi. Other

This excludes trade-ins of equipment and vehicles for replacements. Trade-ins require the Shop Supervisor approval, along with the City Administrator or designee.

3. Property that is usable and has some residual value should be offered for sale, or donated to another local government or a charitable organization. If the property is sold by sealed bid, the Deputy City Clerk should provide public notice by publishing a legal notice or posting a brief description of the item(s) on the City's website, noting that sealed bids will be accepted until the specified deadline.
  - a. Conveyance or transfer may be made without consideration or payment when it is in the best interest of the public in the judgment of the governing body or the granting unit.
4. If the item being disposed of has no residual value and/or is irreparable or otherwise no longer of any value,

authorization must be obtained from the Department manager for disposal, and the Finance Department must be notified in writing if the original acquisition price exceeded \$5,000. That allows the fixed asset records to be updated.

5. A request for disposal instructions may be required from the Federal awarding agency for equipment acquired as a whole or in part with a federal grant award.

ORS 221.725(4) requires appraisal or other evidence of market value of property.

Surplus property should not be purchased by city elected officials, appointed officials or staff. ORS provides that “...city officers must not be purchasers at any sale nor vendors at any purchase made by them in their official capacity.”

### **11. *Balanced Budget***

The City strives to develop a financial plan that protects the long-term financial health of the City and continues delivery of services by ensuring that the reliability of the funding sources is matched to support the duration of the expenditure.

Annually, the City of St. Helens shall adopt by resolution a balanced budget where operating revenues are equal to, or exceed, operating expenditures. Fund balance should not be considered a source of funds for base operating expenditures. Any increase in expenditure, decrease in revenues, or combination of the two that would result in a budget imbalance will require budget revision, rather than spending unappropriated surpluses or designated reserves to support on-going operations.

Any year end operating surpluses will revert to unappropriated balances for use in maintaining reserve levels set by policy, and the balance will be available for capital projects and/or “one-time only” expenditures. Nothing in this policy shall prohibit the use of operating revenues for capital expenditure/expenses.

### **12. *Grants***

To seek, apply for, and effectively administer federal, state, and foundation grants-in-aid that address the City’s current priorities and policy objectives.

The City shall apply, and facilitate the application by others, for only those grants or other funds that are consistent with the objectives and high priority needs previously identified by City Council.