



CITY OF TUALATIN

Staff Report

TO: Honorable Mayor and Members of the City Council

THROUGH: Sherilyn Lombos, City Manager

FROM: Don Hudson, Assistant City Manager/Finance Director

DATE: December 9, 2024

SUBJECT:

Consideration of Resolution No. 5823-24, A Resolution Adopting the Updated City of Tualatin Financial Policies Manual

RECOMMENDATION:

Staff recommends approval of Resolution No. 5823-24, Adopting the Updated City of Tualatin Financial Policies Manual.

EXECUTIVE SUMMARY:

Financial policies are vital to a strategic, long-term approach to financial management, and to achieve and maintain a stable and positive financial position while ensuring the financial integrity of City operations. They are used as a guideline for operational decision making and maintaining a fiscally prudent budget, while carrying out the needs and wants of the City of Tualatin and its residents. They also establish a framework for planning and decision making to meet the City's goal of maintaining an adequate financial base to sustain the desired level of services the community has come to know and expect from the City. In addition, the attached policies provide guidelines for managing financial risk and assisting the City in complying with established public financial management best practices, as well as federal, state and local legal and reporting requirements.

The goals of the City's Financial Policies are to:

1. Provide an adequate financial base to sustain the desired level of municipal services.
2. Deliver cost effective and efficient services to our residents.
3. Provide and maintain essential public facilities, utilities and capital equipment.
4. Protect and enhance the City's credit rating so as to obtain the lowest cost of borrowing and assure taxpayers and the financial community that the City is well managed and financially sound.
5. Provide the financial stability needed to navigate through economic downturns, adjust to changes in the service requirements of the community and respond to other changes as they affect the City's residents and businesses.
6. Adhere to the highest standards of financial management and reporting practices as set by the Government Finance Officers Association, the Governmental Accounting Standards Board and other professional standards.
7. Comply with finance related legal mandates, laws and regulations.

To achieve these goals, the City has adopted the following nine policies:

1. Revenue Policy
2. Operating Budget Policy
3. Expenditure Policy
4. Capital Improvement Plan Policy
5. Investment Policy
6. Contingency and Reserve Policy
7. Capital Asset Management Policy
8. Accounting, Auditing & Financial Reporting Policy
9. Debt Policy

These policies will be reviewed by management annually and amended as necessary.

The Financial Policies Manual was last adopted by the City Council in May 2017. Since that time, the Contingency and Reserve Policy was updated and adopted by the City Council in August 2023. Additionally, the City's Investment Policy is adopted by the City Council annually and was last adopted in October 2024.

Staff is asking the City Council to adopt the attached manual, which incorporates these previously updated policies and approve the following changes:

- In the Capital Asset Management Policy, we are proposing increasing the capital asset threshold from \$5,000 to \$10,000 to match updated best practices adopted by the Government Finance Officers Association.
- In the Accounting, Auditing & Financial Reporting Policy, we propose to change the title of the City's annual financial report from "Comprehensive Annual Financial Report" to "Annual Comprehensive Financial Report", to comply with changes adopted by the Governmental Accounting Standards Board.

Along with the updated investment policy, language referencing the annual adoption of the policy and the incorporation of the annual policy into this manual has been added.

Any future policies adopted separately by the City Council will be incorporated into this manual, upon adoption of the policy.

ATTACHMENTS:

- Resolution No. 5823-24
- Financial Policies Manual