



FINANCIAL POLICY STATEMENTS FOR THE CITY OF CLYDE HILL

PURPOSE:

The City of Clyde Hill has an important responsibility to account for public funds, manage municipal finances and plan for the adequate funding of services, including the provision and maintenance of public facilities. The City's Financial Policies are designed to establish guidelines for the long-term fiscal stability of the City of Clyde Hill.

OBJECTIVES:

To achieve the above purpose, the following are objectives for the City's fiscal performance:

1. Protect the Council's policy-making ability by ensuring that important policy decisions are not controlled by financial problems or emergencies.
2. Enhance the Council's policy-making ability by providing accurate financial information.
3. Assist sound management of the City by providing accurate and timely information on program costs.
4. Provide sound principles having significant financial impact to guide important decisions of the Council and City management.
5. Set forth operational principles that minimize the cost of local government, to the extent consistent with services desired by the community, and which minimize financial risk.
6. Employ revenue policies that prevent undue or imbalanced reliance on certain revenues, which distribute the costs of municipal services fairly and which provide adequate funds to operate desired programs and services.
7. Prevent deterioration of the City's capital plant and its public facilities.
8. Ensure the legal use of all City funds through a planned system of financial security and internal control.

Historical Lessons Learned:

To achieve the above objectives, the City continues to maintain the tools used to track important financial and economic trends and project potential future financial scenarios. With a current understanding of the forces and obstacles impacting the City's finances, all involved in the budget development can better appreciate potential problems with revenue sources, management practices, infrastructure conditions and future funding needs. This information enables the City to plan for and develop informed long-term strategies for the City's continued financial solvency.

FINANCIAL POLICY STATEMENTS:

Policy Statement #1:

Continue to investigate and consider every possible expenditure reduction to keep expenses to a minimum without reducing the quality of services currently offered to the community.

Implementation #1:

Continue the current policy of the staff proposing only expense items necessary for the continued provision of current services at the same or greater quality level as currently exists. Items not meeting these criteria should be so noted as part of the budget review process.

Policy Statement #2:

Continue to review financial trends relating to the City's finances.

Implementation #2:

Update trend-monitoring information for review during the budget review process.

Policy Statement #3:

Continue to find ways to simplify the City's financial system to enable residents and policy leaders to obtain a quick and easy understanding of City finances.

Implementation #3:

Continue to supply the Council and residents with monthly and quarterly operating reports in an agreed upon format.

Policy Statement #4:

Balance all aspects of the budget for long-term fiscal solvency.

Implementation #4:

On an annual basis, and as part of the budget discussions, decide upon the proper mix of expenditures and revenues to meet this objective. Utilize budget amendments to maintain compliance with Washington State law requiring a balanced budget.

Policy Statement #5:

Maintain a reserve balance in the City's funds to address adverse financial trends, provide for financing of unforeseen needs of an emergency, provide a local match for public or private grants, and to allow for flexibility to take advantage of unexpected opportunities.

Implementation #5:

Maintain a minimum unassigned fund balance in the Reserve Fund of 25% of the current years budgeted General Fund expenditures. The City shall endeavor to avoid the appropriation of fund balance for recurring operating expenditures.

Policy Statement #6:

Continue to ensure that the City's financial system is managed and implemented according to the highest professional standards and is consistent with state law.

Implementation #6:

Continue to request an annual state financial and compliance audit of the City's operations and finances. Staff will implement financial systems consistent with the State's BARS system.

Policy Statement #7:

Continue to recruit, hire, and train diverse and highly qualified City personnel to maintain a professional, ethical and equitable government.

Implementation #7:

Make sure that City personnel are competitively compensated and that the City's benefit package is comparable to surrounding communities to control unnecessary turnover after training. Provide ongoing education and training to maintain staff engagement and ensure the highest quality service to residents, vendors, community partners, and other City staff.

Policy Statement #8:

Provide for the orderly and appropriate replacement of City equipment.

Implementation #8:

Continue to implement an Equipment Replacement Program in the Projects Fund and annually appropriate funds to that department to provide for the stable, timely and appropriate replacement of equipment. The replacement of equipment will be based on an adopted equipment schedule that will annually be updated and presented to the Council during the budget process.

Policy Statement #9:

Consolidate and allocate all interest income earned on surplus City funds into the General Fund to better streamline the City's financial operations and further simplify the accounting system.

Implementation #9:

Continue to record all interest income received from certificates of deposit (CDs), federal agency securities, the Local Government Investment Pool (LGIP), and City financed Local Improvement Districts (LID), to the extent permitted by law, into the City's General Fund when received. Interest income will be budgeted for in the General Fund.

Policy Statement #10:

Maintain a reserve balance in the City's Capital Projects Department (within the Projects Fund) to protect City infrastructure and other capital assets from unforeseen needs of an emergency or adverse financial trends to a limited capital revenue source. This reserve is important to allow the orderly reconstruction or preservation of the City's larger cost exposures.

Implementation #10:

Maintain a minimum balance in the Capital Projects Department (within the Projects Fund) of at least \$1,000,000 to address capital costs related to emergencies or unforeseen economic occurrences. Amounts in excess of this reserve balance may be used by the Council for capital projects included in the CIP or other opportunities the Council deems appropriate.