

postponed  
indefinite

CITY OF HOMER  
HOMER, ALASKA

ORDINANCE 91 - 21

AN ORDINANCE AMENDING TITLE 3, REVENUE AND FINANCE, BY ADDING A NEW CHAPTER 3.01, FISCAL POLICY.

WHEREAS, the City of Homer does not have an Ordinance establishing a fiscal policy; and,

WHEREAS, the City of Homer desires to provide such an Ordinance for the benefit of the public, itself, and the administration;

NOW THEREFORE, THE CITY OF HOMER ORDAINS:

Section 1. Title 3, Revenue and Finance, be amended to add the following new Chapter:

Chapter 3.01

Fiscal Policy

Sections:

- 3.01.010 Purpose:
- 3.01.020 Operating Budget Policies
- 3.01.030 Debt Policies
- 3.01.040 Revenue Policies
- 3.01.050 Investment Policies
- 3.01.060 Accounting, Auditing and Financial Reporting Policies
- 3.01.070 Capital Budget Policies
- 3.01.080 Reserve Policies

3.01.010 Purpose: a. This fiscal policy is a statement of the guidelines and goals that will influence and guide the financial management practices of the City of Homer. A fiscal policy that is adopted, adhered to, and regularly reviewed is recognized as the cornerstone of sound financial management. Effective fiscal policy:

1. Contributes significantly to the City's ability to insulate itself from a fiscal crisis.
2. Enhances long term financial creditability by helping to achieve the highest bond and credit ratings possible.
3. Directs attention to the total financial picture of the City rather than single issue areas.

continued reliance on a viable level pay down capital construction to fulfill needs in a City approved comprehensive capital improvements program.

3. Program Expansions - Proposed expansion to existing programs and services must be submitted as budgetary increments requiring detailed justification. Every proposed program or service expansion will be scrutinized on the basis of its relationship to the health, safety and welfare of the community.
4. New Programs - New programs or services must also be submitted as budgetary increments requiring detailed justification. New programs or services will be evaluated on the same basis as program expansion plus an analysis of long term fiscal impacts.
5. Existing service costs - The justification for base budget programs costs will be a major factor during budget review.
6. Administrative Costs - In all program areas, administrative overhead costs should be kept to an absolute minimum. Functions of all departments and agencies should be reviewed in an effort toward reducing duplicate activities within the City government.
  - i. The budget will provide for adequate maintenance of capital plant equipment and for its orderly replacement. The administration will maintain budgetary controls at the Department level. The Department heads will maintain budgetary controls at the line item level within each respective department.
  - j. The preparation and distribution of monthly budget status reports, interim financial statements, and annual financial reports is required.
  - k. The City will remain current in payments to the retirement system and on debt service.
  - l. The City will develop and annually update, a long range (3 - 5 years) financial forecasting system that will include projections of revenues, expenditures, and future costs and financing of capital improvements that are included in the capital budget.
  - m. The City will develop, and annually update, a financial trend monitoring system which will examine the fiscal trends for the proceeding 5 years (Trends such as revenues and expenditures per capital and adjusted for inflation, liquidity, operating deficits). Where possible, trend indicators will be developed and tracked for specific elements of the City's fiscal policy.
  - n. The City will develop and annually update, a current

d. The City, where possible and reasonable, will institute user fees and charges for specialized programs and services in the City. Rates will be established to recover operational as well as capital or debt service costs.

e. The City will regularly review user fee charges and related expenditures to determine if pre-established recovery goals are being met.

f. The City will maintain a sound, consistent, and equitable assessment and collection program. The City will follow an aggressive policy of collecting delinquent revenues. The annual level of uncollected revenues should not exceed 2%.

g. The City should routinely identify governmental aid funding possibilities. However, before applying for and accepting intergovernmental aid, the City will assess the merits of a particular program as if it were funded with local revenues. Local revenues will not be used to make up for losses of intergovernmental aid without first reviewing the program and its merits as a budgetary increment.

h. The City will attempt to balance its budget without the use of one-time sources of revenues, such as prior years' reserves (undesignated fund balance) or proceeds from sale of an asset.

**3.01.050 Investment Policies:**

a. The City will maintain an investment policy based on the Government Finance Officers Association (GFOA) model investment policy.

b. The City will conduct an analysis of cash flow needs on an ongoing basis. Disbursements, collections, and deposits of all funds will be scheduled to insure maximum cash availability and investment potential.

c. The City will obtain the best possible return on all investments consistent with the underlying criteria of liquidity and safety of principal.

d. The City will regularly review contractual opportunities for consolidated banking services.

**3.01.060 Accounting, Auditing and financial Reporting Policies:**

a. The City will establish and maintain a high standard of accounting practices in conformance with Generally Accepted Accounting Principals (GAAP)

b. The Accounting system will maintain records on a basis consistent with accepted standards for government accounting

flow needs of the project.

**3.01.080 Reserve Policies:**

a. The City will maintain a fund balance designation for fiscal cash liquidity purposes (i.e. fiscal reserve) that will provide sufficient cash flow to minimize the potential of short term tax anticipation borrowing.

b. The City will maintain appropriate contingencies to provide for unanticipated expenditures. The three contingencies and their recommended minimum funding levels are:

Emergency Contingency	1.00% of General Fund
Personnel Contingency	.50% of General Fund
Litigation Contingency	.25% of General Fund

Section 2. This is a general ordinance of a permanent nature and the provisions of Sections 1 as contained herein shall be codified for inclusion in the Homer City Code.

ENACTED BY THE CITY COUNCIL OF THE CITY OF HOMER, ALASKA, this  
\_\_\_\_\_ day of \_\_\_\_\_, 1991.

CITY OF HOMER, ALASKA

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Harry E. Gregoire, Mayor

AYES:  
NOES:  
ABSENT:  
ABSTAIN:

ATTEST:  
  
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