

RESOLUTION NO. 1098

A RESOLUTION ADOPTING FISCAL MANAGEMENT POLICIES.

WHEREAS, the Budget Committee of the City of Wilsonville has duly met, taken testimony, and considered the matter of adopting proposed Fiscal Management Policies; and

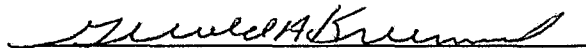
WHEREAS, the Budget Committee at its meeting of February 15, 1994, did approve and recommend the adoption of the Fiscal Management Policies marked Exhibit "A", attached hereto and incorporated as if fully set forth; and

WHEREAS, the City Council finds the recommended Fiscal Management Policies provide prudent guidelines for the City's fiscal management.

NOW, THEREFORE, THE CITY OF WILSONVILLE RESOLVES AS FOLLOWS:

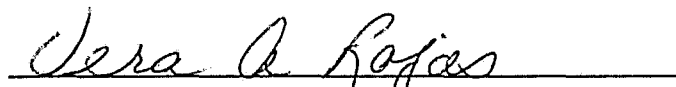
1. The Fiscal Management Policies, Exhibit "A", attached hereto and incorporated by reference as if fully set forth, are hereby adopted.

ADOPTED by the Wilsonville City Council at a regular meeting thereof the 21st day of March, 1994, and filed with the Wilsonville City Recorder this date.



GERALD A. KRUMMEL, Mayor

ATTEST:



VERA A. ROJAS, CMC/AAE, City Recorder

SUMMARY of Votes:

Mayor Krummel	<u>AYE</u>
Councilor Benson	<u>AYE</u>
Councilor Hawkins	<u>ABSENT</u>
Councilor Lehan	<u>AYE</u>
Councilor Sempert	<u>AYE</u>

**FISCAL MANAGEMENT POLICIES
CITY OF WILSONVILLE**

STATEMENT OF PURPOSE

A. Purpose

The City of Wilsonville has an important responsibility to its citizens to carefully account for public funds and to manage municipal finances wisely. The City Council is ultimately responsible for decisions concerning the fiscal management of the city. The council, commissions, boards and city staff all must take into consideration the city charters, ordinances, the council's Five-Year Strategic Plan, and all applicable state and federal laws in its decision-making. Because Wilsonville is a fast growing city, the City Council must also plan for the adequate funding of facilities and services as defined by the urban growth management section (Section II) of the city's Comprehensive Plan. This section of the Comprehensive Plan emphasizes the need for the city to provide adequate facilities and services in advance of or in conjunction with urban development.

The Comprehensive Plan also recognizes that not all facilities and services require the same level of service adequacy, simultaneous with development. As a result, the Comprehensive Plan distinguishes between Primary and Complementary Facilities and Services (see Appendix B for definition). This can be used as a guideline in balancing the needs for development funded by the city. The city manager must follow the City's Five Year Strategic Financial Plan in recommending funding levels for services and facilities provided by the city. In doing this, the city manager will need to balance the city's ability to fund its budget with its goals, plans, ordinances and applicable state and federal laws.

These policies are designed to establish guidelines for the fiscal stability of the City of Wilsonville and to provide guidance for the city manager in the role as chief executive officer of the city.

STATEMENT OF PURPOSE
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B. Periodic Review of Policies

These policies have been duly adopted by resolution of the City Council and can be changed only through subsequent resolutions adopted by the City Council. These policies shall be reviewed as part of the strategic planning process by the budget officer to determine whether any changes are necessary. Any changes, recommendations and additions/ deletions shall be reviewed and approved by the Budget Committee prior to submittal to the City Council for their approval.

FISCAL MANAGEMENT POLICIES CITY OF WILSONVILLE

STRATEGIC PLANNING POLICIES

Five-Year Strategic Financial Plan

The Budget Committee will be responsible for developing a Five-Year Strategic Financial Plan for the city. Each year, the Budget Committee will review, update and approve the revised plan to incorporate changes in assumptions (inflation, growth rates, etc.) program/policy changes, etc. The revised plan will be approved by the Budget Committee at least ninety (90) days prior to the submission of the budget document by the Budget Officer. Prior to submittal of the plan to the City Council for their approval, a public hearing will be held regarding the plan to solicit public input. The City Council has the final responsibility for adopting the plan. The final plan will be approved by the City Council at least sixty (60) days prior to the submission of the budget document by the Budget Officer.

There will be five distinct planning activities that will take place as part of the formulation of the city's Five-Year Strategic Financial Plan.

- Review of the city's external environment including economic, political, demographic and social factors.
- Assessment of the Situation: A situation assessment consists of a description of opportunities and problems which the city is likely to encounter over the planning horizon.
- Formulation of Goals: Goals are general statements of the sense of direction in which the city wants to move over the long term. An example of a goal is as follows: The city will establish an operating contingency in each of its funds.
- Formulation of Objectives: Objectives are specific achievements to be realized within a definite time period. An example of an objective is as follows: The city's operating contingency for FY94-95 will be 5%, FY95-96 7%, etc.
- Formulation and selection of strategies: Choosing how to attain the city's goals and objectives.

STRATEGIC PLANNING
PAGE TWO

The Five-Year Strategic Financial Plan will provide the city manager and department heads with a framework on which decisions can be made which will have a long-term impact on the financial condition of the city. The Five-Year Financial Plan will be developed in conjunction with the city's Comprehensive Plan, the City Council's Five-Year Strategic Plan state and federal laws, City Council goals and the needs of the community.

The city's Five-Year Strategic Financial Plan will provide the city manager and department heads with long-term goals and objectives for the city as well as the strategies needed to achieve these goals and objectives. City staff will use these goals and objectives to guide them in the development of the city's annual budget. In addition, the annual budget will incorporate performance measures to show the progress being made toward accomplishing the plan's goals and objectives.

The following issues will be addressed by the city's Five-Year Strategic Financial Plan:

- Determine project/program priorities for the next five years as well as funding sources.
- Balance the need to keep public facilities and services at adequate levels to meet the city's growing population with the need to purchase land at the lowest possible cost for future facilities (recreation sites, parks, etc.)
- Determine appropriate levels of contingency reserves to guard against unexpected revenue shortfalls or expenditure overruns.
- Determine appropriate levels of capital reserves to address the city's future capital needs.
- Develop policies regarding tax rates, SDC rates, utility rates, user fees, etc. There must be a determination as to how the city will recover the cost of providing services to its citizens.
- Develop and set service levels. Determine the number and quality of programs and services offered. "Price out" the various service levels to clarify their cost/benefit relationship.
- The Capital Improvement Program will be developed as part of the Five-Year Strategic Planning process.

**FISCAL MANAGEMENT POLICIES
CITY OF WILSONVILLE**

CAPITAL IMPROVEMENT PROGRAM POLICIES

A. Capital Improvement Program

1. Definitions

- a. The Capital Improvement Program (CIP) consists of a list of future facilities and infrastructure construction projects, major repair and maintenance projects, and is incorporated into the city's Five-Year Strategic Financial Plan.
- b. Facilities include any structures or properties owned by the city, the land upon which the facility is situated for the provision of city services, and the initial furniture, fixtures, equipment and apparatus necessary to put the facility in service. Facilities include, but are not limited to the following: administrative offices, parks, service centers and storage yards, recreation centers, libraries and water and sewer related structures.
- c. Infrastructure includes permanently installed facilities, generally placed underground or at-grade, which form the basis for the provision of city services. Typically included are thoroughfares, bridges, water and sewer lines, and storm sewers.

2. Preparation

As part of the Five-Year Strategic Financial Planning process, the community development director shall prepare and present a five-year CIP. The document shall provide details of each capital project plan: its estimated costs, sources of financing, performance measures that will be used to determine the success of the project, project time line, identification of the project manager and a full description of the project. The city shall also identify the ongoing operation and maintenance costs associated with each capital project. The finance director will review the financial and economic assumptions contained in the CIP and the CIP will contain a statement that such a review has taken place. The policies, strategies and standards established by the city's Comprehensive Plan shall be followed by the community development director in the preparation of the CIP. The CIP shall also incorporate guidelines established by the City Council's Five-Year Strategic Plan, federal and state laws, the City Council's goals and the needs of the community.

CAPITAL IMPROVEMENT PROGRAM POLICIES
PAGE TWO

3. Financing

All alternative financing possibilities shall be examined in addition to debt financing. If debt is issued the asset life should equal or exceed the life of the debt being incurred. Property owners that benefit from an improvement will be expected to share in the cost of the improvement and in the financing of such improvement.

4. Local Improvement Districts

When local improvement districts (LID) are established to fund capital projects, they must be self funding. Sufficient assessments and reserves should be established so that the entire cost of the debt (interest and principal) is covered.

B. Monitoring the Capital Budget

1. Project Progress Reporting

Regular reports shall be prepared on the progress of each active project by the project manager (with total costs in excess of \$25,000) in the CIP. The reports should contain an evaluation of the progress of each project.

2. Project Review Process

The review process should identify problems involving capital projects as early in the project development as possible. The review process shall include quarterly reports to the city manager and the City Council.

3. Amending the Capital Improvement Program

Any material changes to the CIP shall be reviewed and approved by the Budget Committee and the City Council. Such changes shall take the form of amending the CIP or supplemental appropriation, when required.

4. Performance Reporting

Once a project is completed, it will be the responsibility of the project manager to evaluate and report on the actual performance of the project. It is the project manager's responsibility to report to the City Council as to whether the project accomplished what it had set out to accomplish, (ie., improve traffic congestion, improve productivity, etc.) The project manager will report back to the City Council within the time frame established by the project plan.

FISCAL MANAGEMENT POLICIES CITY OF WILSONVILLE

BUDGET POLICIES

- A. Comprehensive Plan and Five-Year Strategic Financial Plan
The city's annual budget will be developed in accordance with the policies and priorities set forth in the Comprehensive Plan, the Five-Year Strategic Financial Plan, city council goals, the needs of the community and federal and state laws. Program/project priorities and service levels will be established by the aforementioned plans.
- B. Compliance with Local Budget Law
The city shall prepare, adopt and amend its annual budget in accordance with Oregon local budget law. It is the responsibility of the city manager, in his/her role as the city's Budget Officer, to prepare and present the city's annual budget to the Budget Committee for their approval. The proposed budget will be tied to the goals/objectives stated in the city's Five Year-Strategic Financial Plan. The Budget Committee reviews and, if necessary, revises the proposed budget. The Budget Committee also determines whether the submitted proposed budget adequately addresses the priorities set forth by the city's Five-Year Strategic Financial Plan. The Budget Committee must approve the proposed budget and submit it for adoption by the City Council. The City Council has the final responsibility for adopting the budget and for making the necessary appropriations.
- C. Performance Measurement
The city's budget will be stated in performance terms. Each department manager in the city will integrate operating efficiency, operating effectiveness, customer satisfaction and human resource efficiency performance measures into their department's budgets. Department managers will be required to tie service levels (both quantity and quality) to funding levels (budgeted dollars).
- D. Program Budgets
To the extent possible, the city's budget will be segregated into the major programs/projects being funded. These programs/projects will include direct costs, indirect costs and revenues, where appropriate.

BUDGET POLICIES
PAGE TWO

E. Budgetary Control System

The finance director will be responsible for maintaining a budgetary control system to ensure adherence to the adopted budget. On a quarterly basis, the finance director will prepare summary reports that compare actual revenues and expenditures to budgeted amounts. The reports will also compare targeted performance levels with actual results. These reports will be sent to both the Budget Committee and City Council to keep them informed of the city's operating performance. These same reports will be provided to the city manager and department heads on a monthly basis to assist them in managing the day-to-day operations of the city.

F. Council Goals

The city's budget will support the City Council's goals, long range plans and the needs of the community.

G. Capital Improvement Projects

The funding sources for each budgeted capital project (with a total estimated cost exceeding \$25,000) will be identified and all of the operating costs associated with a capital project will be quantified. Operating costs include ongoing maintenance costs, project management costs, administrative costs, etc.

FISCAL MANAGEMENT POLICIES

CITY OF WILSONVILLE

ASSET MANAGEMENT POLICIES

A. Investments

1. Responsibility and Control

Management responsibility for the investment program is delegated to the finance director. The finance director shall establish written procedures for the operation of the investment program, consistent with the Asset Management Policies. These procedures will include the establishment of authorization levels (dollar limits, approval levels, etc.), for the investment program. The finance director shall adhere to ORS 294.145 (Prohibited Conduct for Custodial Officer) in managing the investment program for the city.

2. Eligible Investments

The finance director will invest the city's surplus funds only in those investments authorized by ORS 294.035, 294.040 and 294.155 (see Appendix A). The City will not invest in stocks and it will not speculate or deal in futures or options.

3. Eligible Financial Institutions

The city will conduct business only with financial institutions (banks investment brokers, investment bankers, trustees, paying agents, registrants, etc.) that are deemed to be credit worthy. The finance director will maintain current audited financial statements for each institution in which cash is invested as well as those with which it conducts other business (banking services, issuance of debt, etc.)

4. Objectives

a. Safety

Safety of principal is the foremost objective of the city. Each investment transaction shall be undertaken in a manner which seeks to ensure preservation of capital and avoidance of capital losses through securities defaults, erosion of market value, or other risks. The amount of funds invested in any single financial institution will be limited to the amount covered by federal insurance (current limit is \$100,000)

ASSET MANAGEMENT POLICIES
PAGE TWO

4. Objectives (cont'd)

b. Liquidity

The city's Investment Officer (finance director) shall match the city's investment portfolio with its cash flow requirements. Due to the changing requirements of cash flow caused by factors not totally within the control of the city's Investment Officer, the ability to convert a security into cash must be considered.

c. Yield

Investments of the city shall be acquired in a manner designed to attain the maximum rate of return through all budget and economic cycles, taking into account constraints on investment instruments, cash flow characteristics of transactions and safety of principal.

d. Reporting

On a monthly basis the finance director shall prepare a report for the city manager listing the city's investments as well as the performance of those investments (yield, gains, losses, etc.). On a quarterly basis, the city's investment performance will be presented to the City Council by both the city manager and the finance director.

B. Cash Management

1. Cash Flow Analysis and Projections

- a. The finance director will develop the capability to forecast the city's cash inflows and outflows. Accurate cash flow forecasts will allow the city to keep its debt service costs to a minimum and to maximize the yield on its temporary investments
- b. Revenue and expenditure projections will be reviewed on a monthly basis to determine the validity of assumptions, new information and accuracy of seasonal and/or periodic fluctuations.
- c. The city's cash flow shall be managed with the goal of maximizing the total return on investment.
- d. Authorization levels will be established by the finance director for the transfer of city funds.

C. Investment of Deferred Compensation Funds

Funds set aside by the city pursuant to its deferred compensation program agreement may be invested only in those financial instruments listed in ORS 294.035.

ASSET MANAGEMENT POLICIES
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D. Maintaining Records of City Owned Assets

The finance director will develop and maintain a fixed asset record keeping system. This will include recording fixed asset values, from either an appraisal or physical inventory, into subsidiary ledgers to support amounts recorded in the city's general purpose financial statements. The finance director will also establish specific procedures to ensure that both the purchase/acquisition and retirement of fixed assets are recorded on an ongoing basis.

FISCAL MANAGEMENT POLICIES

CITY OF WILSONVILLE

REVENUE MANAGEMENT POLICIES

A. General Guidelines

1. Dedicated revenue sources shall be used only for the purpose for which they are being collected.
2. One time revenue sources will not be used to fund ongoing activities of the city.
3. The city will closely manage the collection of its revenues. When necessary, discontinuing service, small claims court, collection agencies, foreclosure, liens and other methods of collection shall be used.

B. Diversification of Revenue Sources

The city shall diversify its revenue system so as to shelter its operations from over reliance on any one revenue source.

C. System Development Charges, User Fees and Other Charges

1. General

System Development Charges (SDC's) allow cities to shift the cost of additional public facilities to those who benefit from them. System development charge is defined as a reimbursement fee, an improvement fee or a combination thereof assessed or completed at the time of increased usage of a capital improvement or issuance of a development permit, building permit in connection to the capital improvement [see ORS 223.299 (4)(a)]. The City of Wilsonville will use SDC's rather than levying taxes and/or imposing service charges on all city residents to pay for additional service capacity. As a result, SDC's have been established that reflect the costs of providing roads, storm drains, water, sewer and parks improvements needed to service additional increments of growth.

In Addition to the collection of SDC's the city also requires developers to contribute infrastructure by installing streets, water, sewer and storm sewer facilities within their developments. The city will also assist in forming local improvement districts so that the cost of the improvements are assessed against the property that benefits from the improvement. Finally, the city may issue revenue bonds for capital improvement projects in which revenues from SDC's and user charges will be used to pay the debt serviced on the bond.

REVENUE MANAGEMENT POLICIES
PAGE TWO

2. Fee Increases/Reviews

Fees and charges should be reviewed on an annual basis to determine whether the fees being charged are adequate to cover the entire cost (operating, direct, indirect and capital - including carrying costs) of providing the service. Before fees and charges are adjusted, the city shall consider the current competitive market rates of other cities.

3. Fee Setting

Where possible, fees and charges shall be set so that those who directly benefit for a service pay for it. Any changes in the city's fee structure shall be reviewed by the finance director prior to implementing the revised rates. This review will consist of a detailed financial analysis to ensure that the city's costs of providing the service are being covered.

D. Utility Rates

Charges for providing water, sewer, and street lighting shall be sufficient to finance all operating, capital outlay and debt service expenses of the city's enterprise funds, including operating contingency and reserve requirements. Projects funded with SDC's, urban renewal funds, general obligation bonds or developer contributors shall be excluded from this requirement. It is the city's position that if a system's capacity needs to be expanded as a result of growth, then the cost of the expansion should be borne by those causing the growth. On an annual basis, the city shall review and, if necessary, revise the rates it charges to its utility customers. Any suggested change will not be made unless there has been a review performed by the finance director to ensure that the revised rates cover the costs incurred by the city in providing the service. The city's rate structures will be sensitive to the "market price" for similar services as well as to smaller, infrequent users of the service.

E. Interest Income

Interest earned from the investment of city money shall be distributed to the appropriate fund in accordance with the equity balance of the particular fund from which the money was provided for investment.

FISCAL MANAGEMENT POLICIES

CITY OF WILSONVILLE

DEBT MANAGEMENT POLICIES

A. Uses of Debt

Debt shall not be used for operating purposes. No debt shall be in existence for longer than the useful life of the capital investment for which the debt was incurred.

B. Financing Alternatives

The city will examine all financial alternatives in addition to long-term debt. These alternatives will include pay-as-you-go, joint financing, reserve funds, lease-purchase, local improvement districts, special assessments, state and federal tax increment, borrowing from other funds, systems development charges and developer contributions. Before a decision is made, a cost benefit analysis will be performed for each alternative being considered with the goal of minimizing the cost of the financing to the city. All financial analyses shall be reviewed by the finance director prior to any final decision.

C. Credit Ratings and Disclosure

The city will adhere to recommended disclosure guidelines as endorsed by the Public Securities Association, the Government Finance Officer Association, the Municipal Securities Rulemaking Board and the Governmental Accounting Standards Board. The city will maintain and/or improve its current bond rating of A (Moody's Rating) so that future borrowing costs are minimized and access to the credit market is preserved. The city will balance the goal of minimizing these costs with its stated policy of doing business with only stable, low risk, credit worthy firms.

D. Debt Margins

The city shall ensure that its debt margins are within the 3% true cash value limitation as set forth in ORS 287.004.

DEBT MANAGEMENT POLICIES
PAGE TWO

E. Bond Issuance Advisory Fees and Costs

The city shall be actively involved in the selection of all financial advisors, underwriters, paying agents and bond counsel. The city will evaluate the merits of rotating professional advisors and consultants and the various services and fee structures available from independent financial advisors, investment banking firms and commercial banks. The city shall carefully review and keep to a minimum all costs associated with the issuance of debt. The city will balance its need to keep these costs to a minimum with its goal of conducting business with stable, low risk and credit worthy firms.

**FISCAL MANAGEMENT POLICIES
CITY OF WILSONVILLE**

ACCOUNTING POLICIES

A. Maintenance of Accounting Records

The city shall establish and maintain its accounting systems in accordance with Generally Accepted Accounting Principles (GAAP) and shall adhere to the principles and standards promulgated by the Government Finance Officers Association (GFOA), Government Accounting Standards Board (GASB) and the Financial Accounting Standards Board (FASB). The city shall maintain an accurate and current record of its fixed assets in order to factor its investment in these fixed assets into the fees the city charges for its services.

B. External Audit

An annual audit shall be performed 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. The annual audit report is presented to the City Council by the city's independent public accounting firm.

C. Financial Reporting

1. A Comprehensive Annual Financial Report (CAFR) shall be submitted to present the results, financial position, and operations of the city for the prior fiscal year.
2. Comprehensive Monthly Financial Reports (CMFR) will be presented to the city manager and department heads (by the 15th working day of the subsequent month). Such reports will enable the city manager and department heads to be informed as to the financial status of the city. On a quarterly basis, a comprehensive financial report will be sent to the City Council.

FISCAL MANAGEMENT POLICIES

CITY OF WILSONVILLE

LAND ACQUISITION POLICIES

A. Scope

These policies will cover the following types of land acquisition transactions: parkland, open spaces and land for city facilities and buildings. These policies cover the aforementioned types of land acquisitions regardless of how the land was acquired by the city (purchase, lease, condemnation, donation, etc.)

These policies exclude easements, right-of-ways and liens.

B. Approval of Land Acquisitions

The City Council needs to approve all land acquisitions entered into by the city. The city will consider opportunistic purchases of land to serve anticipated future needs.

C. Checklist

To facilitate the City Council's review/approval process, the following questions/issues need to be addressed by the sponsor of each proposed land acquisition.

1. A detailed description of the property being acquired, including an identification of what the land will be used for by the city
2. A detailed analysis of why this is the right time to acquire this land.
3. A title report.
4. The full cost of the land acquisition needs to be provided including the following:
 - a. purchase price
 - b. funding source (dedicated funds, debt, no debt, lease with purchase option)
 - c. estimated annual operating costs to be borne by the city for a five year period following the date of acquisition.
 - d. estimated revenue loss (property taxes) for the five year period following the date of acquisition.
 - e. associated costs such as taxes owed or lien removals

LAND ACQUISITION POLICIES
PAGE TWO

C. Checklist (cont'd)

5. State whether this land acquisition was included in both the city's five-year strategic financial plan and its current budget, if not where are the funds coming from and what's the effect on the city's plan and budget.
6. State that the land is in the city's comprehensive plan. Also, list its zoning designation.
7. State whether this land acquisition was contemplated by the appropriate master plan - if not - why is this acquisition being made.
8. State whether a phase I environmental assessment of the land being acquired needs to be performed and if so, at whose cost. This assessment includes a review of the historical use of the land.
9. State whether there are any applicable legal issues, such as effects of covenants that run with the land or status regarding tax exemptions.
10. State whether there are any repair, maintenance, ADA or code enforcement issues that may be associated with any improvements on the land.

D. Review by Staff and Finance Director

All submissions submitted to the City Council related to land acquisitions will be accompanied by staff and Finance Director review and recommendation.

**FISCAL MANAGEMENT POLICIES
CITY OF WILSONVILLE**

RESERVE AND CONTINGENCY POLICIES

A. Budget Contingency Plan

The city shall maintain a contingency plan in order to respond to significant shortfalls within the city's budget. The plan shall outline an appropriate course of action that management should take in response to significant gaps between revenues and expenditures.

B. Minimum Fund Balances

The city's goal shall be to maintain an unreserved fund balance in the general fund of at least 5% of the annual operating expenditures. The above goal will also apply to the city's other operating funds (Fleet Services, Sewer Operating Fund, Water Operating Fund, Road Operating Fund, Street Light Operating Fund and Transit Operating Fund). This reserve shall be used so as to avoid cash flow interruptions, generate interest income and reduce the need for any short term borrowings.

C. Operating Contingency

The city shall attempt to establish an operating contingency that will be used to provide for unanticipated expenditures of a non recurring nature or to meet unexpected increases in service delivery costs. This contingency budget shall be at least 5% of each fund's original budget estimate for the fiscal year.

D. Capital Reserves

Reserve funds will be established and maintained for the following purposes:

- To support major maintenance of general obligation funded projects and reserve debt funded projects;
- For major rehabilitation, renovation and replacement outlays for such projects; and
- For emergency or unplanned projects in subsequent years.

RESERVE AND CONTINGENCY POLICIES
PAGE TWO

E. Capital Asset Replacement Fund

The city shall establish and fund a "Capital Asset Replacement Fund" for assets not included in the CIP and with an initial value exceeding \$500.

Fund contributions will be calculated based upon initial cost or current replacement value, life expectancy plus an inflation factor to be determined by the finance director. The objective is to provide a reserve sufficient to pay for a replacement of the asset when required without the need to impact the annual operating budget.

The funds will be held in a separate reserve account and may only be used for major repairs that will prolong the useful life of an asset or to purchase a replacement for an asset that is still required but has reached or exceeded its useful life. Withdrawals from this fund must be approved by the finance director and city manager.

The fund balance, annual drawdowns and contributions will be included as a line item in the city's Five-Year Strategic Financial Plan.

APPENDIX A

Oregon Revised Statutes
(see attached)

(3) Such governing body may provide that when funds are available for the payment of approved claims, the approval of claims for payment shall, without the issuance of any warrant, be authority to the custodian of its funds to pay such claims by check. [1953 c.664 §1]

294.028 Payment of warrants by depository. When authorized by the governing body, any custodian of funds of any municipal or quasi-municipal corporation or civil subdivision of this state other than a school district may direct the depository of such funds to pay any warrant drawn upon such custodian upon presentment of such warrant to such depository, to the same extent and with the same effect as though such warrant were a check drawn upon such depository by such custodian. Such direction shall be in writing and shall identify by name and signature the warrant issuing officer or officers and such depository may rely upon such direction and identification in the payment of such warrants. [1953 c.664 §2]

294.029 Provisions of ORS 294.027 and 294.028 not mandatory. Nothing contained in ORS 294.027 or 294.028 shall be deemed to require any municipal or quasi-municipal corporation or civil subdivision of this state or any custodian of public funds to exercise any of the powers conferred by such sections. [1953 c.664 §3]

294.030 Deductions for bonds from compensation of municipal and other employees; purchasing bonds in advance. (1) The governing body of a municipal corporation, quasi-municipal corporation or civil subdivision of the state may, with the approval of the relevant employees of the municipal corporation, quasi-municipal corporation or civil subdivision, make deductions from their salaries and wages for the purpose of purchasing for them United States War Savings Bonds or other federal obligations.

(2) The governing body shall take proper precautions for the depositing, securing and disbursing of the sums so deducted and for the delivering of all bonds or other obligations purchased.

(3) Balances to the credit of the accounts in which the sums so deducted are deposited may be used for the purchase in advance, from the Federal Government or from any federal reserve bank or other authorized federal agency, of war savings bonds or other obligations of the Federal Government, either in blank or in inscribed form, in convenient denominations to meet the requirements of the purchasers thereof.

294.033 Investment of deferred compensation funds. Funds set aside by any lo-

cal government pursuant to a deferred compensation program agreement may be invested in any investment enumerated in ORS 294.035 and shall not be subject to the collateral requirements of ORS chapter 295. [1977 c.470 §3]

294.035 Investment of surplus funds of political subdivisions; approved investments. Subject to ORS 294.040 and 294.135 to 294.155, the custodial officer may, after having obtained a written order from the governing body of the county, municipality, political subdivision or school district, which order shall be spread upon the minutes or journal of the governing body, invest any sinking fund, bond fund or surplus of funds in the custody of the custodial officer in the bank accounts, classes of securities at current market prices, insurance contracts and other investments listed in subsections (1) to (14) of this section. However, the custodial officer of any county shall make no such investment of funds belonging to any municipality, political subdivision or school district, unless and until the custodial officer has received a written order from the governing body of the municipality, political subdivision or school district to which the funds belong, which order authorizes the custodial officer to invest the funds, and which order has been spread upon the minutes or journal of the governing body.

(1) Bonds or obligations of the civil subdivision for which the sinking fund was created.

(2) Legally issued general obligations of the United States, the agencies and instrumentalities of the United States and the States of Oregon, Washington, Idaho and California.

(3) Lawfully issued interest-bearing bonds of any county, port or school district having an assessed valuation of \$1 million or more, in this state, if the outstanding indebtedness of the county, port or school district does not exceed five percent of the latest real market value of the county, port or school district.

(4) Lawfully issued interest-bearing bonds of any city in this state having an assessed valuation of at least \$500,000 and a population of 2,000 or more, according to the latest published federal census, if the total net indebtedness of the city for all purposes, including the proportionate indebtedness of civil subdivisions which embrace the same areas or are approximately coterminous therewith, after deducting appropriate sinking funds and the net indebtedness of self-supporting and self-liquidating utilities, does not exceed 15 percent of its latest real market value.

(5) Lawfully issued interest-bearing bonds of any city within this state with population and assessed valuation as provided in subsection (4) of this section, issued for gas, water, power or lighting purposes, or for sewage disposal plants and their appurtenances, without limitation as to the ratio of indebtedness of the city to its real market or assessed value, if:

(a) The utility bonds are the general obligation bonds of the city;

(b) The public utilities or projects for which they were issued, for a period of three years next preceding the date of investment, have been wholly self-supporting and self-liquidating without the necessity of a tax levy; and

(c) The revenues of such utilities, other than for payment of operation and maintenance expenses, are pledged wholly to the payment of the interest on and principal of the indebtedness until the indebtedness is fully liquidated.

(6) With respect to funds of a county party to a contract or an agreement pursuant to ORS 451.140 (3), bonds issued by any public body party to the contract or agreement for the purpose of carrying out the coordinated master plan.

(7) Time deposit open accounts, certificates of deposit and savings accounts in banks, mutual savings banks and savings and loan associations which maintain a head office or a branch in this state in the capacity of a bank, mutual savings bank or savings and loan association.

(8) Share accounts and savings accounts in credit unions in the name of, or for the benefit of, a member of the credit union pursuant to a plan of deferred compensation.

(9) Life insurance or annuity contracts as defined by ORS 731.170 and guaranteed investment contracts issued by life insurance companies authorized to do business in this state.

(10) Trusts in which deferred compensation funds from other public employers are pooled, if:

(a) The purpose is to establish a deferred compensation plan;

(b) The trust is a public instrumentality of such public employers and described in section (2)(b) of the Investment Company Act of 1940, 15 U.S.C. §80a-2(b), in effect on September 20, 1985, or the trust is a common trust fund described in ORS 709.170;

(c) Under the terms of the plan the net income from or gain or loss due to fluctuation in value of the underlying assets of the trust, or other change in such assets, is reflected in an equal increase or decrease in

the amount distributable to the employee or the beneficiary thereof and, therefore, does not ultimately result in a net increase or decrease in the worth of the public employer or the state; and

(d) The fidelity of the trustees and others with access to such assets, other than a trust company, as defined in ORS 706.005, is insured by a surety bond satisfactory to the public employer issued by a company authorized to do a surety business in this state in an amount equal to the value of such assets.

(11) Banker's acceptances that are guaranteed by a qualified financial institution and that are eligible for discount by the Federal Reserve System. No person may sell a banker's acceptance to a political subdivision unless the acceptance is guaranteed by a qualified financial institution. For purposes of this subsection, a "qualified financial institution" means a financial institution that is located in the State of Oregon, licensed to do a banking business and not required under ORS 295.018 to maintain a reserved deposit of collateral having a value not less than 110 percent of its public fund deposits. When an issuing financial institution becomes unqualified, all of its outstanding banker's acceptances held by political subdivisions must be collateralized at 110 percent through the pool manager as required under ORS 295.018. Contingent liability of the issued banker's acceptance must be carried on the books of the qualified financial institution in Oregon.

(12) Corporate indebtedness that is rated P-2 or A or better by Moody's Investors Service or A-2 or A or better by Standard & Poor's Corporation and that is issued by or on behalf of a qualified financial institution, a holding company owning not less than a majority interest in a qualified financial institution or a business enterprise that has its headquarters in Oregon or employs more than 50 percent of its permanent work force in Oregon or has more than 50 percent of its tangible assets located in Oregon. For purposes of this subsection, "qualified financial institution" has the meaning given that term in subsection (11) of this section. The corporate indebtedness must mature not later than 18 months after the date on which it is purchased. A custodial officer shall not at any time permit more than 25 percent of the moneys of a local government that are available for investment to be invested in corporate indebtedness described in this subsection unless a governing body approved investment policy provides another amount. A custodial officer shall not at any time permit more than 10 percent of the moneys of a local government that are available for in-

vestment to be invested in corporate indebtedness described in this subsection in one corporate entity.

(13) Corporate indebtedness issued by publicly held corporations organized under the laws of a state other than Oregon and that is rated P-1 or Aa or better by Moody's Investors Service or A-1 or AA or better by Standard & Poor's Corporation. The corporate indebtedness must mature not later than 18 months after the date on which it is purchased. A custodial officer shall not at any time permit more than 25 percent of the moneys of a local government that are available for investment to be invested in corporate indebtedness described in this subsection and shall not permit more than five percent of such moneys to be invested in one corporate entity. A custodial officer shall not at any time permit more than 35 percent of the moneys of a local government that are available for investment to be invested in corporate indebtedness described in this subsection and in subsection (12) of this section. The custodial officer shall maintain records evidencing independent credit analysis of domestic publicly held corporations outside the State of Oregon from which corporate indebtedness is purchased. The provisions of this subsection apply to any political subdivision with a total annual budget in excess of \$25 million.

(14) Securities of any open-end or closed-end management investment company or investment trust, if the securities are of the types specified in subsections (1) to (6) and (11) to (13) of this section and if the investment does not cause the county, municipality, political subdivision or school district to become a stockholder in a joint company, corporation or association. A trust company or trust department of a national bank while acting as indenture trustee may invest funds held by it as indenture trustee in any open-end or closed-end management investment company or investment trust for which the trust company or trust department of a national bank or an affiliate of the trust company or trust department of a national bank acts as investment adviser or custodian or provides other services. However, the securities of the investment company or investment trust in which such funds are invested must be of the types specified in subsections (1) to (6) and (11) to (13) of this section and the investment must not cause the county, municipality, political subdivision or school district whose funds are invested to become a stockholder in a joint company, corporation or association. For purposes of this subsection, companies are affiliated if they are members of the same affiliated group under section 1504 of the

Internal Revenue Code of 1986 (26 U.S.C. 1504). [Amended by 1957 c.53 §1; 1957 c.689 §1; 1965 c.404 §1; 1973 c.157 §1; 1973 c.288 §1; 1974 s.s. c.36 §9; 1975 c.359 §3; 1977 c.300 §1; 1981 c.804 §84; 1981 c.880 §13; 1983 c.456 §2; 1985 c.256 §2; 1985 c.440 §1; 1985 c.690 §2; 1987 c.493 §1; 1991 c.459 §379; 1993 c.59 §1; 1993 c.452 §1; 1993 c.721 §1]

294.040 Restriction on investments under ORS 294.035. The bonds listed in ORS 294.035 (3) to (5) may be purchased only if:

(1) There has been no default in payment of either the principal of or the interest on the obligations of the issuing county, port, school district or city, for a period of five years next preceding the date of the investment; and

(2) The bonds are not obligations of a district or municipality other than that of the investing subdivision, 75 percent or more of whose territory is the same as that of the investing subdivision.

294.045 [Amended by 1959 c.224 §1; 1973 c.157 §2; repealed by 1975 c.359 §7]

294.046 List of approved securities for investment under ORS 294.035; distribution. The State Treasurer shall prepare and keep current a list of agencies and instrumentalities of the United States with available obligations that any county, municipality, political subdivision or school district may invest in under ORS 294.035 (2) and 294.040. The list shall be distributed, upon request, to any county, municipality, political subdivision or school district. [1973 c.157 §3; 1975 c.359 §4]

294.047 Loss of principal on liquidation of investments. Whenever the custodial officer is forced to liquidate investments made pursuant to ORS 294.035 and 294.040 to meet current cash demands and such liquidation results in a loss of invested principal because the securities were liquidated prior to maturity under market conditions unfavorable to such liquidation, the loss shall be charged against current or future investment earnings and the custodial officer shall not be personally liable to make good such loss. [1959 c.612 §1; 1963 c.465 §1; 1975 c.359 §5]

294.048 Borrowing money when premature withdrawal or liquidation of certain investments would cause loss. When funds invested under ORS 294.035 (7) are required to meet current cash demands and when withdrawal or liquidation of such investments at the time would cause a loss because the investment would be withdrawn or liquidated prior to maturity, the custodial officer may, after receiving the approval of the governing body, borrow funds on short-term promissory notes that shall be secured by pledging or assigning the investments held under ORS 294.035 (7). The notes shall mature in not more than six months after

date of issue. If a lender demands physical possession of the certificates of deposit or other evidence of an investment pledged or assigned under this section, the custodial officer shall deliver the certificate or other evidence to the lender. [1967 c.411 §1; 1975 c.359 §6]

294.050 County borrowing money from county general road fund. The county court or board of county commissioners may borrow money from the general road fund of the county to supplement depleted election accounts within the general fund of the county if there is no money within the emergency fund of the county to supplement the depleted accounts within the general fund. The amount so borrowed shall be returned to the general road fund during the following fiscal year from the first funds available in the general fund, or from the emergency fund. [Amended by 1959 c.664 §29; 1969 c.616 §1]

294.053 Investment by county in master warrants of county. A county treasurer may invest any sinking fund, bond fund or surplus of funds in the custody of the county treasurer in master warrants of that county issued under ORS 287.482 to 287.488. [1959 c.208 §1]

294.055 Use by counties of moneys received from Federal Government under the Mineral Leasing Act. All funds received from the United States Government under the Mineral Leasing Act and Acts amendatory thereof and distributed to counties pursuant to ORS 293.565 shall be used for the support of public schools or for the construction and maintenance of public roads in such counties.

294.060 Apportionment of moneys received by counties from federal forest reserves to road and school funds. (1) The moneys received by each county under ORS 293.560 shall be divided 75 percent to the road fund and 25 percent to the school fund of the county and, subject to subsections (2) and (3) of this section, the moneys shall be expended as other moneys in those funds are expended.

(2) The moneys apportioned to the county road fund may be applied in payment of any outstanding road bonds or may be placed in any county road bond sinking fund for the purpose of being so applied.

(3) The moneys apportioned to the school fund in any county operating under and by virtue of ORS chapter 333 shall be used for and applied to the payment of the bonded and warrant indebtedness of the school districts incurred prior to January 1, 1925, until such bonded and warrant indebtedness has been paid in full.

(4) Notwithstanding the division of receipts specified in subsection (1) of this section, in any county east of the summit of the Cascade Mountains with a population of less than 9,000 and more than 6,500, according to the 1990 federal decennial census, moneys from the road fund in excess of \$2 million may be transferred to the school fund when the amount of money credited to the road fund under subsection (1) of this section exceeds the amount needed for county roads, as determined by the board of county commissioners. Any amount received by a school district from the school fund of the county that is in excess of the 25 percent required under subsection (1) of this section shall not be considered as a receipt that would reduce the district's apportionments from the State School Fund.

(5) Notwithstanding the division of receipts specified in subsection (1) of this section, in any county east of the summit of the Cascade Mountains with a population of less than 58,000 and more than 55,000, according to the 1990 federal decennial census, if the moneys credited to the road fund under subsection (1) of this section exceed the amount needed for county roads, as determined by the county governing body, the portion of such moneys in excess of an amount specified by the county governing body may be transferred to the school fund of the county or may be transferred directly to the school districts of the county in accordance with procedures established by the county governing body. The county governing body may distribute moneys under this subsection among the several school districts without regard to the percentage of the resident average daily membership in each school district. Moneys transferred under this subsection may be transferred upon the condition that any school district receiving a share of such moneys must use the moneys only for a purpose described in ORS 328.205 (1)(a) or (b). Any amount received by a school district from the county under this subsection that is in excess of the 25 percent required under subsection (1) of this section shall not be considered as a receipt that would reduce the district's apportionments from the State School Fund.

(6) Notwithstanding the division of receipts specified in subsection (1) of this section, in any county east of the summit of the Cascade Mountains with a population of less than 6,500, according to the 1990 federal decennial census, moneys received by the county under ORS 293.560 may be divided between the road fund and the school fund of the county as specified under an agreement between the county governing body and the education service district board of the

county that provides for a different apportionment of those moneys. Any amount received by a school district from the school fund of the county that is in excess of the 25 percent required under subsection (1) of this section shall not be considered as a receipt that would reduce the district's apportionments from the State School Fund.

(7) Notwithstanding the division of receipts specified in subsection (1) of this section, in any county west of the summit of the Cascade Mountains with a population of less than 19,500 and more than 6,500, according to the 1990 federal decennial census, moneys from the road fund in excess of \$1 million may be transferred to the school fund when the amount of money credited to the road fund under subsection (1) of this section exceeds the amount needed for county roads, as determined by the board of county commissioners. Any amount received by a school district from the school fund of the county that is in excess of the 25 percent required under subsection (1) of this section shall not be considered as a receipt that would reduce the district's apportionments from the State School Fund.

(8) As used in subsections (4) to (7) of this section, "summit of the Cascade Mountains" has the meaning for that term provided in ORS 477.001. [Amended by 1969 c.327 §1; 1971 c.539 §1; 1977 c.776 §1; 1981 c.342 §1; 1987 c.315 §1; 1989 c.579 §1; 1991 c.309 §1]

294.065 Use by counties of moneys received from Federal Government under the Federal Flood Control Act. All moneys received from the United States Government under the Federal Flood Control Act, and Acts amendatory thereof and supplemental thereto, and distributed to counties pursuant to ORS 293.570, shall be used for the benefit of the public schools and public roads of the counties receiving the funds.

294.070 Expenditure of Taylor Grazing Act funds; advisory board. (1) Except for moneys required to be expended through the county general fund as required by subsection (5) of this section, all moneys paid to a county under ORS 293.575 shall be deposited with the county treasurer and credited to a special fund designated the Range Improvement Fund of Grazing District No. _____. The county treasurer as ex officio district treasurer shall disburse the moneys in the Range Improvement Fund only upon the written order of the grazing advisory board.

(2) Except as provided in subsection (4) of this section, money from grazing fees of grazing districts shall be expended within such district as the grazing advisory board may direct and shall be expended only for range improvements, such as fences, reser-

voirs, wells, water development, maintenance and other range improvements approved by the grazing advisory board.

(3) Pending approval by the grazing advisory board of the expenditure of such money, all or any part of it may be invested in United States Government securities. In such case the securities shall be held by the county treasurer in lieu of such money so invested and subject to liquidation and expenditure when recommended by the grazing advisory board.

(4) In counties receiving funds from grazing districts containing Indian lands ceded to the United States for disposition under public land laws, funds therefrom shall be expended only for the benefit of public schools and public roads of such county.

(5) In counties in which there are leased lands but no grazing district, such funds shall be expended by the county court through the county general fund.

(6) As used in this section, "grazing advisory board" means a board appointed by the governing body of any county receiving funds under ORS 293.575 and authorized to expend those funds as provided in this section. [Formerly 606.230; amended by 1969 c.255 §1; 1977 c.115 §1; 1981 c.42 §1; 1991 c.67 §73]

294.080 Disposition of interest earned on funds held by county treasurer. (1) Except as provided in subsections (2) and (3) of this section, the county treasurer shall credit to the general fund of the county all interest received from any investment made from the general cash balance of any funds in the hands of the county treasurer. If the entire investment is made from a specific fund, however, the treasurer shall credit the interest to the fund from which the investment was made.

(2) The county fiscal officer of a community college district, as defined in ORS 341.005, shall credit to the general fund of the district all interest received from any investment made by funds in the hands of the county fiscal officer. If the entire investment is made from a specific fund, however, the county fiscal officer shall credit the interest to the fund from which the investment was made.

(3) Interest earned by investment of any moneys received by the county treasurer from any source, which moneys have been designated for a particular municipal corporation as defined in ORS 294.311 (19), shall be credited to the account of the particular municipal corporation and not to any county fund. [1963 c.316 §1; 1971 c.513 §54; 1979 c.762 §8]

294.085 Examining books and papers of county officers. (1) The county court or board of county commissioners, while sitting

for county business at the regular terms in January and July of each year, shall carefully examine all books and papers relating to the financial affairs of the county offices of county clerk, clerk of the county court, treasurer and sheriff of the county.

(2) The county clerk and clerk of the county court shall exhibit the numbered orders and vouchers referred to in ORS 294.090, together with the stubs of the warrants, and all other books and papers relating to the financial affairs of the county, for the inspection of the county court or board of county commissioners at the time provided for in subsection (1) of this section. [Amended by 1985 c.565 §49]

294.090 County orders and vouchers to be numbered to correspond to warrants drawn. The county clerk and clerk of the county court shall number all orders and vouchers with numbers to correspond with warrants drawn.

294.095 Action or proceeding with respect to budget or levy; fiscal year with respect to which taken. Wherever it is provided by law that any action or proceeding of any county, city, school district or other municipal corporation or body politic shall be taken with respect to a budget or tax levy for the calendar year, or for a fiscal year closing on any day other than June 30, each such action or proceeding shall be taken with respect to the fiscal year commencing on July 1 and closing on June 30.

294.100 Public official expending money in excess of amount or for different purpose than provided by law unlawful; civil liability. (1) It is unlawful for any public official to expend any money in excess of the amounts, or for any other or different purpose than provided by law.

(2) Any public official who expends any public money in excess of the amounts, or for any other or different purpose or purposes than authorized by law, shall be civilly liable for the return of the money by suit of the district attorney of the district where the offense is committed, or at the suit of any taxpayer of such district.

(3) On the demand in writing of 10 taxpayers of any municipal corporation with a population exceeding 100,000 inhabitants, filed with the tax supervising and conservation commission in the county in which the municipal corporation is situated, which demand sets forth that a public official or public officials have unlawfully expended money in excess of the amounts or for any other or different purpose or purposes than provided by law, the tax supervising and conservation commission shall make an investigation of

the facts as to such expenditures. If the tax supervising and conservation commission finds that moneys have been unlawfully expended, the commission shall proceed at law in the courts against the public officials who have unlawfully expended the moneys for the return of the moneys unlawfully expended to the treasury of the municipal corporation. A right of action hereby is granted to the tax supervising and conservation commission for such purpose.

294.105 [Amended by 1963 c.9 §15; 1973 c.315 §1; repealed by 1983 c.537 §7]

294.110 [Repealed by 1953 c.306 §18]

294.115 [1953 c.655 §1; repealed by 1963 c.576 §44]

294.120 Use of facsimile signatures. (1) When authorized to use facsimile signatures by the governing body of any county, city, district organized for public purposes or any other public corporation or political subdivision of the state, any person authorized to sign any check, warrant or other instrument on behalf of the county, city, district, public corporation or political subdivision may, in the discretion of the person, sign the check, warrant or other instrument by facsimile signature affixed by rubber stamp or by any mechanical equipment or device.

(2) Where the use of facsimile signatures is authorized under this section, the holder or drawee of any check, warrant or other instrument bearing or purporting to bear a facsimile signature shall be under no duty to determine the authority of the person who affixed the facsimile signature to use facsimile signatures. [1955 c.261 §1]

294.125 Investment of bond funds; limitations. (1) Subject to ORS 294.040 and 294.135 to 294.155, the custodial officer of any county, municipality, school district or other political subdivision of this state may, after having obtained a written order from the governing body of the county, municipality, school district or other political subdivision, which order shall be spread upon the minutes or journal of the governing body, invest any sinking fund, bond fund or surplus of funds belonging to that county, municipality, school district or other political subdivision in the bank accounts, classes of securities at current market prices, insurance contracts and other investments described in ORS 294.035 (1) to (9). However, notwithstanding any provision of ORS 190.003 to 190.250, except as provided in ORS 294.035:

(a) No custodial officer of any political subdivision of this state may accept for investment or invest the funds of any other political subdivision of this state; and

(b) No such political subdivision may tender funds for investment to the custodial

officer of any other such political subdivision.

(2) Subject to ORS 294.040, 294.135 to 294.155 and subsection (1) of this section, the custodial officer of a port organized under ORS chapter 777 or 778 may invest any sinking fund, bond fund or surplus funds belonging to the port in interest-bearing revenue bonds issued by an export trading corporation formed by the port under ORS 777.755 to 777.800. A custodial officer of a port shall not invest in the aggregate more than \$3 million in revenue bonds issued by an export trading corporation. [1981 c.880 §5; 1983 c.200 §17]

294.135 Investment maturity dates. (1) No investment made by a custodial officer under ORS 294.035 (1) to (9) or 294.125 shall exceed a maturity of 18 months or the date of anticipated use of the funds by the county, municipality, school district or other political subdivision to which the funds belong, whichever period is shorter. However:

(a) The custodial officer may make investments having a maturity longer than 18 months when the governing body of the county, municipality, school district or other political subdivision to which the funds belong has adopted a written investment policy which prior to adoption was submitted to the Oregon Short Term Fund Board for review and comment to the governing body, which includes guidelines concerning maximum investment maturity dates and which provides by its terms for reoption not less than annually; or

(b) When the funds in question are being accumulated for any purpose for which the county, municipality, school district or other political subdivision to which the funds belong is permitted under the law of this state to accumulate and hold funds for a period exceeding one year then, and in any such case, upon the approval of the governing body of the county, municipality, school district or other political subdivision, the maturity of the investment or investments made with such funds may exceed the maturities elsewhere provided for in this section, and the maturity of such investments may be made to coincide as nearly as practicable with the expected use of the funds.

(2) Notwithstanding subsection (1) of this section, the custodial officer may purchase legally issued general obligations of the United States and of the agencies and instrumentalities of the United States if the seller thereof has agreed to repurchase the same within 90 days following the date of which the custodial officer makes the investment therein. If the maturity of the security exceeds 18 months, the price paid by the custodial officer for such security may not

exceed 98 percent of the current market value.

(3) Notwithstanding any other provision of law, where a municipality, school district or other political subdivision has placed funds with the custodial officer of a county for investment, the custodial officer shall not make any investment of such funds which exceeds a maturity of 270 days. However, where the funds in question are being accumulated for any purpose for which the municipality, school district or other political subdivision is permitted under the law of this state to accumulate and hold funds for a period exceeding one year, upon the approval of the governing body of the municipality, school district or other political subdivision to which the funds belong, the maturity of the investment or investments made with such funds may exceed the maturities elsewhere provided for in this section, and the maturity of such investments may be made to coincide as nearly as practicable with the expected use of the funds.

(4) Notwithstanding any other provision of law, when a municipality or other political subdivision is required by an agency of the state or by resolution of the municipality or political subdivision to maintain long-term reserves for a period exceeding one year for future construction projects or for uses other than as a reserve for payment of debt service, then, upon the approval of the governing body of the municipality or other political subdivision, the maturity of the investments made with such reserves may be made to coincide as nearly as practicable with the expected use of the reserves and the maturity of such investments may exceed one year. [1981 c.880 §§6, 8; 1987 c.389 §1; 1989 c.303 §1]

294.145 Prohibited conduct for custodial officer. In making investments pursuant to ORS 294.035, the custodial officer shall not:

(1) Make a commitment to invest funds or sell securities more than 14 business days prior to the anticipated date of settlement of the purchase or sale transaction;

(2) Enter into any agreement to invest funds or sell securities for future delivery for a fee other than interest;

(3) Lend securities to any person or institution, except on a fully collateralized basis, and except when such lending is specifically permitted under an investment policy adopted pursuant to ORS 294.135 (1)(a);

(4) Pay for any securities purchased by the custodial officer until the officer has received physical possession, or other sufficient evidence, as determined under ORS 293.751 (1), of title thereof. However, the custodial

officer may instruct any custodian bank, as that term is defined in ORS 295.005 (2), to accept securities on the custodial officer's behalf against payment therefor previously deposited with the institution by the custodial officer; or

(5) Deliver securities to the purchaser thereof upon sale prior to receiving payment in full therefor. However, the custodial officer may deliver the securities to any custodian bank, defined in ORS 295.005 (2), upon instructions to hold the same pending receipt by the institution of full payment therefor. [1981 c.880 §7; 1991 c.88 §5]

294.155 Annual examination and audit; monthly report. (1) At least once a year, an examination and audit of the investments made and held by the custodial officer pursuant to ORS 294.035 or 294.135 shall be made for submission to the local governmental unit or units the funds of which have been invested by the custodial officer. An audit report shall be submitted to the local governmental unit or units within 30 days after receipt of the audit report by the custodial officer's governing body. This subsection shall not apply to municipal corporations or political subdivisions exempt from municipal audits in ORS 297.435.

(2) The custodial officer shall prepare a report not less than monthly to each county, municipality, school district and other political subdivision the segregated funds of which the custodial officer is then investing, as to changes made in the investments of the funds of that body during the preceding month. If requested by that body, the custodial officer shall furnish to it details on the investment transactions for its fund. The custodial officer shall also provide copies of any investment policy which has been adopted to the custodial officer's governing body upon request. [1981 c.880 §9]

294.205 [Amended by 1963 c.544 §13; repealed by 1971 c.267 §16]

294.210 [Amended by 1963 c.544 §14; repealed by 1971 c.267 §16]

294.215 [Repealed by 1971 c.267 §16]

294.220 [Repealed by 1971 c.267 §16]

294.225 [Repealed by 1971 c.267 §16]

PUBLICATION OF REPORTS OF FINANCIAL OFFICERS

294.230 Publication of county financial statement by county clerk in certain counties; reports of treasurer and sheriff. (1) The county clerk of each county not having a county accountant authorized by ORS chapter 210 shall publish, not later than August 20 of each year, in one issue of a weekly or daily paper having general circulation in the county, a statement showing the con-

tracts entered into by the county for the year covered by the report, the name of the contractor, the work contracted for, the amount of the work contracted for, whether bonds were required and the amount and whether let privately or by public bidding, and shall also publish a certified statement of the assets and liabilities of the county.

(2) The county clerk of each such county shall also prepare at least once in each calendar year:

(a) A report showing correctly for the fiscal year ending on the preceding June 30 the number and amount of claims allowed by the county court or board of county commissioners, and on what account, the amount of warrants drawn, and the amount of outstanding warrants not paid.

(b) A report of the sheriff of the county, showing the amount of money the sheriff has collected, the amount of warrants the sheriff has received for taxes, and the amount of money the sheriff has turned over each month to the treasurer, and the total thereof during the fiscal year ending on the preceding June 30.

(c) A report of the county treasurer, showing the amount of money the treasurer has received, and from what source, during the fiscal year ending on the preceding June 30, the amount of money the treasurer has paid out on warrants, and the amount of money on hand at the end of such fiscal year. [Amended by 1957 c.153 §1; 1959 c.243 §1; 1963 c.504 §1; 1983 c.310 §17; 1991 c.683 §2]

294.235 Attaching summary of county's financial condition. The clerk shall prepare and attach to the reports required by ORS 294.230 a summary which shall show, in all respects, the exact financial condition of the county of the clerk at the termination of the previous fiscal year. [Amended by 1957 c.153 §2]

294.240 Treasurer and sheriff to file reports with clerk. To aid the county clerk in making the report, publication and summary required by ORS 294.230 and 294.235, the county treasurer and sheriff shall file with the county clerk on or before August 1 of each year, reports as specified in ORS 294.230. [Amended by 1957 c.153 §3]

294.245 Recording of reports. The county clerk shall record the following reports in a book prepared for that purpose:

(1) Annual reports of the county clerk, sheriff and treasurer as provided for in ORS 294.230 to 294.240.

(2) Monthly reports to the county treasurer of fines collected by justices of the peace as required by ORS 51.340. [Amended by 1957 c.153 §4]

officer of any other such political subdivision.

(2) Subject to ORS 294.040, 294.135 to 294.155 and subsection (1) of this section, the custodial officer of a port organized under ORS chapter 777 or 778 may invest any sinking fund, bond fund or surplus funds belonging to the port in interest-bearing revenue bonds issued by an export trading corporation formed by the port under ORS 777.755 to 777.800. A custodial officer of a port shall not invest in the aggregate more than \$3 million in revenue bonds issued by an export trading corporation. [1981 c.880 §5; 1983 c.200 §17]

294.135 Investment maturity dates. (1) No investment made by a custodial officer under ORS 294.035 (1) to (9) or 294.125 shall exceed a maturity of 18 months or the date of anticipated use of the funds by the county, municipality, school district or other political subdivision to which the funds belong, whichever period is shorter. However:

(a) The custodial officer may make investments having a maturity longer than 18 months when the governing body of the county, municipality, school district or other political subdivision to which the funds belong has adopted a written investment policy which prior to adoption was submitted to the Oregon Short Term Fund Board for review and comment to the governing body, which includes guidelines concerning maximum investment maturity dates and which provides by its terms for readoption not less than annually; or

(b) When the funds in question are being accumulated for any purpose for which the county, municipality, school district or other political subdivision to which the funds belong is permitted under the law of this state to accumulate and hold funds for a period exceeding one year then, and in any such case, upon the approval of the governing body of the county, municipality, school district or other political subdivision, the maturity of the investment or investments made with such funds may exceed the maturities elsewhere provided for in this section, and the maturity of such investments may be made to coincide as nearly as practicable with the expected use of the funds.

(2) Notwithstanding subsection (1) of this section, the custodial officer may purchase legally issued general obligations of the United States and of the agencies and instrumentalities of the United States if the seller thereof has agreed to repurchase the same within 90 days following the date of which the custodial officer makes the investment therein. If the maturity of the security exceeds 18 months, the price paid by the custodial officer for such security may not

exceed 98 percent of the current market value.

(3) Notwithstanding any other provision of law, where a municipality, school district or other political subdivision has placed funds with the custodial officer of a county for investment, the custodial officer shall not make any investment of such funds which exceeds a maturity of 270 days. However, where the funds in question are being accumulated for any purpose for which the municipality, school district or other political subdivision is permitted under the law of this state to accumulate and hold funds for a period exceeding one year, upon the approval of the governing body of the municipality, school district or other political subdivision to which the funds belong, the maturity of the investment or investments made with such funds may exceed the maturities elsewhere provided for in this section, and the maturity of such investments may be made to coincide as nearly as practicable with the expected use of the funds.

(4) Notwithstanding any other provision of law, when a municipality or other political subdivision is required by an agency of the state or by resolution of the municipality or political subdivision to maintain long-term reserves for a period exceeding one year for future construction projects or for uses other than as a reserve for payment of debt service, then, upon the approval of the governing body of the municipality or other political subdivision, the maturity of the investments made with such reserves may be made to coincide as nearly as practicable with the expected use of the reserves and the maturity of such investments may exceed one year. [1981 c.880 §§6, 8; 1987 c.389 §1; 1989 c.303 §1]

294.145 Prohibited conduct for custodial officer. In making investments pursuant to ORS 294.035, the custodial officer shall not:

(1) Make a commitment to invest funds or sell securities more than 14 business days prior to the anticipated date of settlement of the purchase or sale transaction;

(2) Enter into any agreement to invest funds or sell securities for future delivery for a fee other than interest;

(3) Lend securities to any person or institution, except on a fully collateralized basis, and except when such lending is specifically permitted under an investment policy adopted pursuant to ORS 294.135 (1)(a);

(4) Pay for any securities purchased by the custodial officer until the officer has received physical possession, or other sufficient evidence, as determined under ORS 293.751 (1), of title thereof. However, the custodial

officer may instruct any custodian bank, as that term is defined in ORS 295.005 (2), to accept securities on the custodial officer's behalf against payment therefor previously deposited with the institution by the custodial officer; or

(5) Deliver securities to the purchaser thereof upon sale prior to receiving payment in full therefor. However, the custodial officer may deliver the securities to any custodian bank, defined in ORS 295.005 (2), upon instructions to hold the same pending receipt by the institution of full payment therefor. [1981 c.880 §7; 1991 c.88 §5]

294.155 Annual examination and audit; monthly report. (1) At least once a year, an examination and audit of the investments made and held by the custodial officer pursuant to ORS 294.035 or 294.135 shall be made for submission to the local governmental unit or units the funds of which have been invested by the custodial officer. An audit report shall be submitted to the local governmental unit or units within 30 days after receipt of the audit report by the custodial officer's governing body. This subsection shall not apply to municipal corporations or political subdivisions exempt from municipal audits in ORS 297.435.

(2) The custodial officer shall prepare a report not less than monthly to each county, municipality, school district and other political subdivision the segregated funds of which the custodial officer is then investing, as to changes made in the investments of the funds of that body during the preceding month. If requested by that body, the custodial officer shall furnish to it details on the investment transactions for its fund. The custodial officer shall also provide copies of any investment policy which has been adopted to the custodial officer's governing body upon request. [1981 c.880 §9]

294.205 [Amended by 1963 c.544 §13; repealed by 1971 c.267 §16]

294.210 [Amended by 1963 c.544 §14; repealed by 1971 c.267 §16]

294.215 [Repealed by 1971 c.267 §16]

294.220 [Repealed by 1971 c.267 §16]

294.225 [Repealed by 1971 c.267 §16]

PUBLICATION OF REPORTS OF FINANCIAL OFFICERS

294.230 Publication of county financial statement by county clerk in certain counties; reports of treasurer and sheriff. (1) The county clerk of each county not having a county accountant authorized by ORS chapter 210 shall publish, not later than August 20 of each year, in one issue of a weekly or daily paper having general circulation in the county, a statement showing the con-

tracts entered into by the county for the year covered by the report, the name of the contractor, the work contracted for, the amount of the work contracted for, whether bonds were required and the amount and whether let privately or by public bidding, and shall also publish a certified statement of the assets and liabilities of the county.

(2) The county clerk of each such county shall also prepare at least once in each calendar year:

(a) A report showing correctly for the fiscal year ending on the preceding June 30 the number and amount of claims allowed by the county court or board of county commissioners, and on what account, the amount of warrants drawn, and the amount of outstanding warrants not paid.

(b) A report of the sheriff of the county, showing the amount of money the sheriff has collected, the amount of warrants the sheriff has received for taxes, and the amount of money the sheriff has turned over each month to the treasurer, and the total thereof during the fiscal year ending on the preceding June 30.

(c) A report of the county treasurer, showing the amount of money the treasurer has received, and from what source, during the fiscal year ending on the preceding June 30, the amount of money the treasurer has paid out on warrants, and the amount of money on hand at the end of such fiscal year. [Amended by 1957 c.153 §1; 1959 c.243 §1; 1963 c.504 §1; 1983 c.310 §17; 1991 c.683 §2]

294.235 Attaching summary of county's financial condition. The clerk shall prepare and attach to the reports required by ORS 294.230 a summary which shall show, in all respects, the exact financial condition of the county of the clerk at the termination of the previous fiscal year. [Amended by 1957 c.153 §2]

294.240 Treasurer and sheriff to file reports with clerk. To aid the county clerk in making the report, publication and summary required by ORS 294.230 and 294.235, the county treasurer and sheriff shall file with the county clerk on or before August 1 of each year, reports as specified in ORS 294.230. [Amended by 1957 c.153 §3]

294.245 Recording of reports. The county clerk shall record the following reports in a book prepared for that purpose:

(1) Annual reports of the county clerk, sheriff and treasurer as provided for in ORS 294.230 to 294.240.

(2) Monthly reports to the county treasurer of fines collected by justices of the peace as required by ORS 51.340. [Amended by 1957 c.153 §4]

APPENDIX B

Glossary of Terms

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GLOSSARY OF TERMS
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Appropriations: Legal authorization granted by the City Council to spend public funds. Appropriations within each program may not be exceeded.

Assets: Property owned by the city which has monetary value.

Budget: A plan of financial operation embodying an estimate of proposed revenue and expenditures for a given year. Primary means by which most of the expenditure and service delivery activities of the city are controlled.

Budget Committee: Fiscal planning board for the city, consisting of the five members of the City Council and five members from the general public (legal voters from the city).

Capital Assets: Includes equipment, vehicles, furniture and fixtures, computer hardware and software with a cost basis in excess of \$500.

Capital Improvement Projects: Expenditures which result in the acquisition of land, improvements to existing facilities, and construction of streets, sewers, storm drains, park facilities and other public facilities.

Capital Improvement Program (CIP): Long-range plan for providing the capital outlays necessary to ensure adequate services are provided to the residents of the city.

Cash Management: Management of cash necessary to pay for government services while investing temporary cash excesses in order to earn interest income. Cash management refers to the activities of forecasting inflows and outflows of cash, mobilizing cash to improve its availability for investment, establishing and maintaining banking relationships, and investing funds in order to achieve the highest return available for temporary cash balances.

Complementary Facilities and Services: Those which complement the public health, safety and general welfare of urban residents and workers, but are not directly linked to the land development process or public health and safety. These facilities include: schools, library, parks and recreation, transportation, utilities and telephone.

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Comprehensive Plan: An official statement of the goals, objectives and physical plan for the development of the city. Contains a narrative of goals, objectives and policies which describe the desired form, nature and rate of city development.

Contingency: Appropriation established in certain funds for the funding of unforeseen events. Contingency may be appropriated for a specific purpose by the City Council upon the approval of a resolution.

Depreciation: Expiration in the service life of capital assets attributable to wear and tear, deterioration, action of physical elements, inadequacy or obsolescence. Governmental accounting records depreciation only in Enterprise Funds.

Enterprise Funds: Governmental activities that can be operated most like a commercial business are referred to as enterprise activities and are accounted for in enterprise funds. Wilsonville's enterprise activities include sewer, water, street lighting and transit. Expenditures are matched with revenue from service charges to insure the program is self supporting.

Fixed Assets: Includes equipment, vehicles, furniture and fixtures, computer hardware and software with a cost basis in excess of \$500.

Fund Balance: Amount left over after expenditures are subtracted from resources. Each fund begins and ends each fiscal year with a positive or negative fund balance.

General Fund: This fund accounts for the financial operations of the City which are not accounted for in any other fund. Principal sources of revenue are property taxes, licenses and permits, state and county shared revenue and charges for administrative services from other funds. Primary expenditures are for law enforcement, parks and recreation, library and general government.

General Obligation Bonds: Principal and interest on general obligation bonds are payable solely from property tax revenues. These bonds can only be issued if approved by the voters of the city.

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Local Improvement District (LID): An LID is an entity formed by a group of property owners to construct public improvements to benefit their properties to include streets, sewers, storm drains, street lights, etc. Costs of such improvements are then assessed fairly among benefited properties.

Primary Facilities and Services: Those that significantly impact public health and safety and are directly linked to the land development process in terms of service capacity, location and design or directly affect public health and safety. These facilities and services include: sanitary sewer, storm drainage, police protection, water, roads, fire protection and fire fighting capability.

Project Manager: The individual responsible for budgeting for a project and managing project to its completion.

Reserves: Amounts set aside which are earmarked to be spent in the future for a specific purpose.

System Development Charges (SDC): Charges paid by developers and builders to fund expansion of infrastructure systems necessary due to increased usage. Such charges are collected for sewer, storm drains, streets and parks and are paid by developers and builders as part of the permit process.

- OBJECTIVE 3.3: Develop a Capital Improvements Program applied to the City's budgeting process to insure orderly, economical provision of services and facilities.
- OBJECTIVE 3.4: Require that primary facilities be available or under construction prior to issuance of a Building Permit.
- OBJECTIVE 3.5: Provide police and fire protection consistent with the health, welfare and safety of Wilsonville citizens.
- OBJECTIVE 3.6: Provide for additional school sites substantially ahead of the anticipated need.

The following section and policies further define the requirements for the provision of facilities and services and the responsibilities of the various agencies or individuals involved.

FACILITY AND SERVICE CATEGORIES

Primary Facilities and Services - are those which significantly impact public health and safety and are directly linked to the land development process, in terms of service capacity, location and design or directly affect public health and safety. Therefore, adequate provision must be made for these facilities/services prior to or simultaneous with urban level development.

These facilities and services include:

Sanitary Sewer	Water	Fire Protection and
Storm Drainage	Roads	Fire Fighting Capability
Police Protection		

Complementary Facilities and Services - are those which complement the public health, safety and general welfare of urban residents and workers, but are not directly linked to the land development process or public health and safety. These facilities include:

Schools	Transportation (Mass Transit)
Libraries	Utilities, i.e. gas, electricity
Parks and Recreation	Telephone

While these complementary facilities and services affect the overall quality of urban living and should be planned for in anticipation of development, it is generally more economical and practical to determine service levels subsequent to actual development.

PRIMARY FACILITIES AND SERVICES PLAN

SANITARY SEWER PLAN

The City has an excellent waste water treatment plant which has received several awards for both appearance and operation excellence. The City is further proud of the fact that the entire system has been built and operated on local funds.

February 14, 1994

Budget Committee
City of Wilsonville, OR

The Library Board has reviewed and discussed the Fiscal Management Policies DRAFT and express the following concerns:

1. Comprehensive Plan: Basing a fiscal policy on a land use control policy, which is under the jurisdiction of another government layer, limits the City's flexibility to adjust its priorities to the needs of population growth and necessary supportive services.
2. Complimentary Service funding: The Comprehensive Plan is too focused on land use control and does not allow the City to adjust its priorities to meet the needs of the populace. Basing annual expenditures on the CP could conceivably hinder development of the services provided to the city by the library, parks and other services identified by the Comprehensive Plan as being secondary services, and as such constantly in jeopardy of budget restrictions.
3. Recommendation: The Library Board prefers the City develop a 5/10 year plan, as a fiscal tool, that is competitive, customer focused, market driven, cost-conscious, and results-oriented. The City's own Plan would be under local control, and offer a unity of purpose to the needs of Wilsonville.

Thank You;

P. J. O'Hogan

ccs:
S. Turner - WPL Director
WPL Board Members
Wilsonville City Council

The Library Board strongly recommends the Council eliminate the urban growth Comprehensive Plan as a base for the proposed Fiscal Management Policy, instead please consider the use of a City developed 5/10 year Financial Plan.

COMPREHENSIVE PLAN:

Under the jurisdiction of another government layer.
Too focused on land use development and control.
Limits the City's flexibility to adjust its priorities.
Jeopardizes library, parks and other services identified as being secondary services.

CITY DEVELOPED 5/10 YEAR PLAN

Under local control.
Address all City needs as the population grows.
Offers a unity of purpose to the needs of Wilsonville.
Populace focused.
Results oriented.
Use Comprehensive Plan as support, not governing document.

The City needs a good fiscal tool, not a land use tool, for it's Financial Management Policy. The Board believes this is most effectively accomplished by a City Developed 5/10 Year Plan that is responsive to the needs of our ever changing city.

Thank you