



Town of the City of Dawson

FINANCE POLICY

06-04

1. The Finance Policy operates to ensure accountable and accurate financial control and reporting.
 2. City of Dawson Finance Policy # 22 is hereby rescinded. It is replaced by Purchasing and Sales Policy # 06-03; Finance Policy # 06-04; Capital Project Management Policy #06-05and Community Grants Policy #06-06.
 3. **Chart of Accounts**
 - a. The CAO is hereby authorized to establish a Chart of Accounts in accord with the principles of this policy, which meets the objectives and format for the chart as set out above.
 - b. The Chart of Accounts shall track revenues and expenditures for operational purposes and to provide a program-based framework for budgeting and reporting.
 - c. The Chart of Accounts shall separate capital and operational costs as well as expense and revenue.
 4. **Budget Development**
 - a. Budgets will be developed and monitored according to Municipal Act requirements and Generally Accepted Accounting Practices.
 - b. Annually, Council and CAO shall set a budget development schedule.
 - c. Annually, Council and CAO shall identify the major budget related issues facing the municipality in the coming year and prepare recommendations to deal with those issues.
 - d. Council Finance Committee and/or other Council approved body shall work with CAO and staff to develop annual budget.
 - e. Mid-year changes to the approved budget will be implemented in accordance with the authority levels set out in Section 5, below. Where the change is material, it will be implemented by way of a budget bylaw amendment.
 5. **Budget Authority Levels**
 - a. Council is the final budget approval authority
 - b. Within the overall operating budget, the CAO shall have authority to move funds from one function to another to meet daily needs, providing the programs or projects for which the budget was originally approved are not negatively affected or changed. The CAO will inform Council and the Senior Financial Officer of any such changes made.
 - c. Where changes within a function or from one function to another will change or negatively affect an approved program or project, Council approval for the change must be obtained.
 - d. Within the capital budget, no transfer from one capital project to another will be allowed without Council approval.
 - e. This policy may be set aside where an emergency exists which threatens public safety or poses a danger to the municipal infrastructure. In that event, action, which stabilizes the situation, may proceed without Council approval. Council will be advised of the emergency as soon as is reasonably possible.
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6. Financial Reporting

- a. The annual audited financial statement will be publicly advertised by June 30 of the following year with a copy sent to YTG and made available for public inspection and/or purchase at the front counter during regular office hours.
- b. At the second public Council Meeting of each month a condensed unaudited budget report will be presented to Council.
- c. CAO and all department managers will receive a detailed unaudited budget report on a monthly basis. This detailed report will also be available for Council members upon request.
- d. Accounts Payable cheque registers will be presented to Council at each meeting, prior to issuing of payment, except in the case of emergency, when CAO may authorize individual cheque, to be reported at the next schedule Council meeting.

7. Reserves

- a. Council will establish and maintain a Capital Reserve to meet the long range Capital needs of the community.
- b. Council will establish a General O&M reserve to meet the long range operational financial needs of the municipality, having consideration for the level of risk of abnormal situations occurring which could affect the annual operations of the municipality.
- c. Council will determine, from time to time, other types of reserves.
- d. Reserves shall be used to deal with emergencies, achieve long-range planning objectives and meet statutory accounting obligations.
- e. Reserves shall be cash funded.
- f. Draw down of reserves, must be authorized by Council resolution.

8. Capitalization

- a. A Capital Asset will have the following attributes:
 - I. is tangible
 - II. is owned by the City of Dawson
 - III. has a useful life of greater than two years
 - IV. has a value greater than \$2,500.00
 - b. The following costs associated with the acquisition of capital assets will be capitalized:
 - I. Land: legal and title fees, surveying costs, appraisal fees and site preparation costs.
 - II. Engineering Structures: engineering fees, legal and survey costs, site preparation costs and any costs related to putting the structure into its intended state of operation.
 - III. Buildings: architect and engineering fees, legal and survey costs, site preparation costs and any costs related to putting the structure into its intended state of operation.
 - IV. Machinery, Vehicles and Equipment: dealer prep costs, freight and transportation
 - c. Project feasibility costs and any costs noted above which are incurred prior to commencement of construction or purchase of the project should be recorded as a prepayment for capital assets until the project commences or is canceled. Cancellation shall be determined by the removal of the project from the five-year capital plan.
 - d. Where a joint agreement calls for transfer of ownership of an asset to the City if the other party ceases to operate and maintain the asset, the City shall capitalize the fair market value of the asset when it acquires ownership.
 - e. Where a second party constructs a project on land owned by the City, only the land will be capitalized by the City, unless an agreement provides for transfer of the asset to the City at some point. When that transfer occurs, the City shall capitalize the fair market value of the asset when it acquires ownership.
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- f. Capital assets will be amortized at rates established by the Senior Finance Officer, which will reflect reasonable asset life expectancy. Capital assets which are fully amortized or which have become obsolete or taken out of service may be written off with the approval of the CAO. Capital assets will be disposed of only with the approval of Council.
- g. Where a capital asset is purchased jointly by the City and another government or organization or is funded in part by a grant from the City, whoever is responsible for the operation and maintenance will record the fixed asset at its full cost.
- h. Roads and similar rights of way will not be capitalized
- i. Items ancillary to the project that are acquired as part of the project, such as fences and landscaping, should be capitalized. If they are acquired subsequent to the project (in any year following the year of construction) they shall be expensed unless they are:
 - i. designed to improve the efficiency or capacity of the project
 - ii. exceed one-third of the original cost of the project or \$2,500, whichever is greater

9. Investments

Council may approve investments subject to Municipal Act requirements, and the cash flow needs of the community. These investments will be managed in a manner, which maximizes the benefit to the City of Dawson.

POLICY TITLE:	Finance
POLICY #:	06-04
EFFECTIVE DATE:	November 7, 2007
ADOPTED BY COUNCIL ON:	November 6, 2007
RESOLUTION #:	C07-33-14

Originals signed by

John Steins
Mayor

Paul Moore
CAO
