

Mayor's Budget Message 2015-2016

June 23, 2015

ORS 294 about Budget Law lists certain standards relating to publishing a budget. One is to provide a narrative statement of the changes from the current year in the activities and financing of organizational units or programs for the next fiscal year. This is an explanation of the changes in the 2015-2016 budget. Dollar amounts are rounded to make this easier to read, and hopefully to understand.

This budget is larger than last year due to both increased cash balances and anticipated revenues. The budget increased by \$31,000 (2%) to \$1,740,000. The total debt from bonds and borrowing is \$2,484,000. This is not the current face value of our outstanding loans, but a totaling of all future payments of principal and interest on these loans. Property tax rates remain the same. The city's current level of services will be maintained.

6.0 FTE's are budgeted versus 5.0 FTE in the 2014-2015. Also included are a part time Groundkeeper and an Animal Control person. Changes include a City Administrator and Accounting Clerk who are budgeted at full time, and the new Animal Control person at part time. This budget includes an employee step increase. Step increases are awarded to the hourly employee's receiving a satisfactory evaluation. There is not a COLA increase. Salaries and benefits will total \$456,000 which is \$65,000 (14%) more than the 2014-2015 adopted budget. The \$456,000 includes a totaling of all Personnel Services in the different funds, plus Personnel Liabilities.

General Fund:

The General Fund Resources have an estimated beginning cash balance of \$88,000. Total projected Resources in the General Fund increased by \$20,000 (6%) to \$331,000. Property tax revenues are projected to increase by \$5,000 to \$127,000. Franchise fees, state revenue sharing, liquor, gas, and cigarette taxes are expected to increase by \$6000.

Expenses for Personnel Services decreased by \$1,000 to \$122,000 due to a \$26,000 reduction in the Wage Adjustments category, and moving a majority of the expense for Groundskeeper and Animal Control to Park Expenditures. Offsetting this reduction are increases in personnel expenses of \$26,000 for City Administrator and for the part time Animal Control person. Health insurance costs almost doubled to \$24,000.

Material and Services expenditures decreased by \$2,000 to \$132,000. Auditing increased by \$4,000 due to a possible contract termination penalty, Insurance and Bonds increased by \$6,000, Marketing increased by \$2,000, and Tourism increased by \$3,000. The categories decreasing were Computer/Software by \$7,000 due to the

Vision Software having been purchased. We are only paying for the service agreement. Contract Services category decreasing by \$13,000.

Capital Outlay decreased by \$2000 to \$31,000 due to reductions in allocations for City Hall Renovations (\$1,000) and Contingency (\$1,000).

Parks are up \$34,000 (72%) to \$47,000. Personnel Services is a new classification previously budgeted in the General Fund, and is \$13,000. Material & Services decreased \$1000 to \$12,000. New Reserve Funds were established for Rolling Rock Irrigation and Nelson Land Donation for \$22,000.

Street Fund:

The beginning cash balance is \$105,000. Total Resources are projected to increase by \$36,000 (22%) to \$166,000. Primary source of Street Fund revenue are from gasoline tax and vehicle registration fees. Personnel Services and Material & Services decreased by \$9,000 to \$28,000 due to a reduction in Contract Services of \$9,000. There are also changes in expenditures for City Administrator, Animal Control, Auditing, Employee Benefits, and Street Signs. Operating Contingency increased by \$24,000.

Water Fund:

We have an initial cash balance of \$99,000. The total Water Fund is \$370,000. This is an increase of \$32,000 (9%) over last year's budget. The Water Fund used a transfer of \$39,000 from the Debt Reserve Fund to pay the annual Bond Payment. There is no water rate increase planned in this proposed budget. Personnel Services costs increased by \$16,000 due to additional personnel and overtime. Health Insurance costs almost doubled to \$33,000. Material and Services decreased by \$7,000 due to a decrease in contract services and projected repairs. Operating Contingency increased by \$24,000 to \$47,000. \$64,000 is budgeted to cover existing loan payments. Water Reserves Fund is maintained at \$8,000.

Sewer Fund:

The beginning cash balance continued to decrease to a negative \$31,000 from a negative \$3,000 in July 2014. The proposed budget includes a \$31,000 loan from the SDC fund to help with budgeted expenses that exceed resources. Total Sewer Resources decreased by \$11,000 (-4%) to \$296,000. At this time, no sewer rate increase is proposed to mediate this shortage. Personnel Services increased by \$8,000 due to additional personnel, overtime, and health insurance. Material and Services increased by \$18,000 due to increases throughout. We budgeted for the first payment on a 2014-2015 FY loan from the SDC fund. Capital Outlay and Operating Contingency were reduced to zero to help balance the Sewer Fund. Meaning, no new sewer upgrade projects are planned, and nothing is set aside for sewer system emergencies. \$52,000 is budgeted to cover existing loans.

System Development Charges (SDC) Fund:

We have a beginning cash balance of \$229,000 with an expected Fund total of \$288,000. The increase in Water SDC's of \$15,000 to \$35,000 is based on having seven new housing starts. The SDC fees are currently being recalculated.

Personnel Liability Fund:

This fund is used to pay for unused vacation and worker's comp time. There is a Personnel Liability increase of \$11,000 to \$24,000.

Equipment Fund:

Proposed budget increased by \$8,000 to \$36,000 for needed replacement equipment for the different operating funds.

Blackberry Jam Fund:

Proposed budget decreased by \$15,000 to \$25,000 due to initial cash balance and contingency amounts.

Debt Reserve Fund:

This fund was established to hold money used to pay principal and interest on both short-term and long-term debt. We anticipate a beginning cash balance of \$161,000. This decreases the amount in the fund by \$55,000 (34%) from July 2014. At this rate there is enough money to cover 2 complete budget cycles. Future fee increases to pay the water and sewer bond loan payments could be \$200-300 per year, per household.

Utility Deposit Fund:

This fund decreased by \$4000 from the adopted 2014 budget to \$32,000.

Glossary:

Unappropriated Ending Fund Balance – Money set aside as a reserve in the budget to be used as a cash carryover to the next year's budget to provide needed cash until projected monies are received. Available for unplanned emergency/damages. Must be transferred to another Category to be used. Not for known, anticipated expenses. Requires a Resolution/Ordinance/Supplemental Budget to use.

Construction Excise Tax (CET) – Helps Oregon school districts pay for a portion of the cost of new or expanded school facilities. The tax is assessed per square foot on structures or portions of structures intended for residential or nonresidential use.

Operating Contingency - An appropriation within an operating fund to cover unforeseen expenditures that occur during the budget year. The City Council must authorize the use of any contingency appropriations, which must be transferred from the contingency to the operating budget.

Reserve Funds – Accumulates money for financing the cost of any project or service. Can only be used for purposed established. Requires Resolution or Ordinance to establish.

Wage Adjustment – Money budgeted for an anticipated future employee. In this case for Animal Control/Code Enforcement.