



ADOPTED
ANNUAL BUDGET
FISCAL YEAR 2017-18



TABLE OF CONTENTS

Introduction

Budget Committee Members/Staff	*
Budget Message	i
Budget Committee/Council Changes	v
Organization of the Budget Document	1
City at a Glance	2
Budget Process and Calendar.	5
Budget/Financial Policies	7

Budget Summaries

Fund Descriptions	11
Summary of Resources and Requirements	14
Summary of Individual Funds.	17
Organizational Charts	19
Revenue Overview	25
General Fund Revenues.	27
Property Tax Summary.. . . .	29
Where Every Penny of Your Tax Dollar Goes.	30
Personal Services Summary	31

General Fund

General Fund Budget Summary	33
Revenues	35
Administrative	
City Council	37
City Manager.. . . .	39
Finance	43
Community Promotions	91
Public Safety	
Police Operations	47
Municipal Court	53
Court Support Services	57
Youth Peer Court	59
Public Works	
Maintenance	63
Engineering	69
Broadband Services	73
Development	77

Community Services

Library	83
Community Center	87

Non-Departmental

Non – Departmental	95
--------------------------	----

Special Revenue Funds

Special Revenue Funds Summary	97
-------------------------------------	----

Street Fund

Revenues	99
Street Maintenance	101
Street Sweeping	105
Street Improvements/Capital Purchases	109
Street Non-Departmental	115

Assessment Fund	117
------------------------------	------------

Police Communications Fund

Revenues	121
Support Services	122
911 Services	123
Non-Departmental	124

Narcotics Forfeiture Fund	125
--	------------

Bicycle & Footpath Fund	127
--	------------

Building Inspection Program	129
--	------------

Housing Rehabilitation Loan Fund	135
---	------------

Enterprise Funds

Enterprise Funds Budget Summary	137
--	------------

Water Fund

Revenues	139
Water Distribution	141
Water Production	149
Water Non-Departmental	155

Wastewater Fund

Revenues	157
Wastewater Collection	159
Wastewater Treatment Plant	165
Middlefield Golf Course	169
Wastewater Non-Departmental	173

Storm Drainage Utility Fund	175
--	------------

Industrial Park Operations	181
---	------------

Capital Projects Fund

Capital Projects Funds Budget Summary	183
Water Systems Development Fund.	185
Wastewater Systems Development Fund	187
Storm Drain Systems Development Fund	189
Street Systems Development Fund.	191
Park Systems Development Fund	193

Reserve Funds

Reserve Funds Budget Summary	195
General Reserve Fund	197
Water Reserve Fund	199
Wastewater Reserve Fund	201
Storm Drain Reserve Fund.	205

Trust Funds

Debt Service/Trust Fund Budget Summary	209
Debt Service Fund	211
Special Trusts Fund	215

Closed Funds

Closed Funds Summary	219
General Fund/City Attorney	221
General Fund/Building Maintenance	223
General Fund/Parks	225

Appendix

Boards and Commissions	227
Glossary	231
Acronyms/Abbreviations	237
City Council Resolution	239
Budget Committee Resolution	243



City of Cottage Grove, Oregon

2017-18 Annual Budget

BUDGET COMMITTEE MEMBERS

City Council

Jeff Gowing, Mayor

Jake Boone, Council President

Garland Burback

Mike Fleck

Amy Slay

Kenneth Roberts

Bob Ehler

Citizen Members

Brad Borigo

Michael Grover

Greg Ervin

Amanda Gilbert

Duane Taddei

Gary Manly

Rhonda Worley

City Manager

Richard Meyers

Management Staff

Faye Stewart, Public Works & Development Director

Pete Barrell, Community Services Director

Scott Shepherd, Police Chief

Roberta Likens, Finance Director



COTTAGE GROVE CITY COUNCIL 2017 GOALS AND OBJECTIVES

MISSION STATEMENT

We promote a vibrant community by providing a foundation of services for all.

QUALITY OF LIFE

Strengthen recreation and physical activities within the community by supporting a variety of community events, developing entertainment, health and fitness opportunities, improving physical accessibility and removing barriers, addressing the needs of youth, preserving historical character and maintaining park and open spaces.

- Continue development of City Parks (Bohemia, Row River Trailhead) and connections between existing bicycle paths or trails.
- Expand programs to ensure safe and enjoyable park spaces are well maintained, free from litter, vandalism and graffiti.
- Support volunteerism, growth and development of non-profits and service club opportunities.
- Maintain the feel of the community by strengthening opportunities for citizens to be a part of the community and build a sense of place.
- Explore opportunities to encourage the use of upstairs spaces downtown.
- Create programs to encourage the use and maintenance of vacant commercial and residential buildings.
- Hold discussion regarding disposal of yard debris – solid waste collection and backyard burning.

PUBLIC SAFETY

Ensure a safe and secure community.

- Strengthen community emergency preparedness through promotion, education, practice and response teams. Specific emphasis on the Cascadia Subduction, resiliency and Continuity of Operations Planning.
- Maintain and expand police relationships within the community.
- Explore education or information opportunities to enhance crime prevention, traffic, pedestrian and bicycle safety.
- Conduct concentrated and targeted enforcement of vehicle, bicycle and pedestrian traffic safety issues.
- Pursue and develop enhancements to pedestrian/bicycle crossing safety on Highway 99 and downtown.
- Develop methods to hold repeat offenders accountable and reduce jail recidivism.
- Active support for community groups operating neighborhood watch.
- Advocating on the State and Federal level to protect and strengthen the City's enforcement opportunities.

INFRASTRUCTURE

Continue to raise community awareness of the public infrastructure (water, wastewater, stormwater, streets, parks, fiber) impact on economic development, the environment and public safety. Develop and implement plans to improve the condition and enhance the capacity of infrastructure to protect the public's assets while minimizing the financial impact to citizens and protecting the environment.

- Review Capital Improvement Plan to fund, replace and maintain community infrastructure.
- Explore and establish new means of funding street improvements on a local or regional approach.
- Explore funding opportunities to implement select portions of the Main Street Refinement Plan.
- Increase awareness of floodplain issues.
- Continue to develop and expand fiber network to seek Fiber to the Premises.
- Create partnerships with local business/property owners to enhance public parking.
- Improve the continuity of pedestrian sidewalk facilities.

ECONOMIC DEVELOPMENT

Strengthen the environment for economic development through partnerships with the Chamber of Commerce, Economic Development Committee, Economic/Business Improvement District and education providers, streamlining processes, reinforcing service values, enhancing tourism and promoting the community.

- Conduct an analysis of the inventory of available land for residential development and explore methods to facilitate improved housing stock.
- Continue participation in Main Street program, assist in moving to the "Performing" level.
- Continue to expand grant opportunities for downtown business improvements and seek additional funding source for economic development enhancement.
- Enhance and pursue sports tourism opportunities.
- Restore the Armory for use to provide possible convention or meeting facilities downtown

GOVERNANCE

Engage the public by enhancing opportunities for citizens to be involved and informed. Strengthen the development of effective and responsible leadership within the community. Seek opportunities for efficiencies with other agencies. Participate in advocacy efforts at the State and County levels.

- Hold a Neighborhood Infrastructure/City Educational (NICE) block party.
- Continue to enhance Council Rules and processes.
- Appoint Council Liaison to support Youth Advisory Council.
- Conduct ten year update of the Vision 2037.





May 1, 2017

Dear Mayor, City Council and Budget Committee:

Attached is the 2017-18 Proposed Budget for your consideration.

As always, the purpose of this budget message is to introduce the Proposed Budget, provide some background information and supply a brief overview of the document and how it will address the challenges of the coming year. I welcome a much more detailed discussion of the budget as the Budget Committee reviews the document.

The 2017-18 Proposed Budget for the City of Cottage Grove is, as required by Oregon Law, a balanced budget. Expenditures for all funds total \$33,115,728 an increase of \$4,474,613 from the 2016-17 Adopted Budget.

The City's permanent rate continues to be \$7.2087/\$1,000 of assessed value. This Proposed Budget was prepared using the City's full permanent levy amount. The City may levy less than the full rate without jeopardizing future opportunities to levy the full rate. However, the revenue that could be generated cannot be recovered in a future year. The proposed full levy is estimated to generate \$4,310,850 of collectable tax revenue, \$139,676 more than the budgeted property tax revenue in 2017-18.

There are some significant changes in this year's Proposed Budget. The 2017-18 Proposed Budget was prepared re-establishing the Debt Service Fund. We closed out the Debt Service Fund in the 2013-14 Budget on a recommendation from the City's auditors and accounted for debt service in the individual funds that had incurred the debt. Closing the Debt Service Fund was supposed to make the City's debt more transparent and assist in tracking assets. We found the opposite. Accounting for debt in the different funds was more difficult, it was more challenging to see the total City debt and it did not really help tracking assets. Staff desired to go back to transferring debt payments from the individual funds to a Debt Service Fund. The debt would then be paid from the Debt Service Fund. During this year's Audit Committee meeting the City's auditor reported that we could service debt through the Debt Service Fund and it would make it easier to account for many of the debts that are serviced by multiple funds. When we heard that, the decision to switch back was an easy choice.

So why is this a significant change? Re-establishing the Debt Service Fund will inflate the total budget numbers unless you subtract out the transfers to the fund. The transfers out of the

individual funds are counted as an expenditure and then the actual payments of principle and interest in the Debt Service Fund is counted as an expenditure. This change explains the increase in the total budget over last year's budget previously noted. With the Debt Service Fund we still account for debt in the individual funds, we just don't have to break out the principle and interest across multiple funds and it now gives a better picture of the total outstanding debt and debt payments.

In addition to the "double counting of debt service" there is additional new debt of \$1,000,000 in wastewater to complete capital projects as described in the 5 year plan.

The other significant change was the merger of the Public Works and Community Development Department into the Public Works & Development Department. Right off the top the impact to the budget is about a \$120,000 reduction in personnel services costs. The restructuring will also allow some shifting of staff duties and the creation of a full-time Planning Tech position to provide better direct to the public services and assume the duties of the part-time code enforcement position. I believe the more significant change is going to be the coordinated approach we will be taking in Public Works & Development functions. Since the change is barely just over a month old, we are not sure of all the changes and restructuring that will be occurring, so this Proposed Budget has been prepared in a general way to allow some change as we make additional adjustments and fine tune the organization. The change is exciting and I think we have the right staff to make some great things happen.

In the current adopted budget we created a part-time Community Service Officer position in the Police Department. After a little bumpy start due to some personnel changes the employee has completed training and we are now starting to see some of the benefits from the flexibility of the two part-time CSOs. We will have more information next year on the actual impact on the department.

We completed the bargaining with the three units at the start of the current budget year. As a result of the bargaining we were able to moderate the impact of wages and benefits for the next three years. This Proposed Budget includes wage adjustments consistent with bargaining agreements ranging from 1.41% to 1.5% percent. To maintain parity non-represented employee wages will be adjusted 1.5%.

This Proposed Budget incorporates the utility rate adjustments pursuant to the approved 5-year financial plan.

	Water Base	Water Consumption /1000 gals.	Water Improvement	Wastewater Base	Wastewater Consumption /1000 gals.	Wastewater Improvement	Storm Drain /ESU	Storm Drain Improvement /ESU
Current Rates	\$17.04	\$1.35	\$24.36	\$8.29	\$4.26	\$19.50	\$3.93	\$6.00
Proposed Rates	\$17.35	\$1.37	\$24.80	\$8.55	\$4.39	\$20.10	\$4.24	\$6.47

The proposed rates result in a \$3.14 monthly increase for residential users using 5,000 gallons of water and a typically sized meter. The total increase will vary based on meter size, consumption and type of use. The rate increases are estimated to generate a total of \$54,400 in the Water funds (Water and Water surcharges), \$76,700 in the Wastewater funds (Wastewater and Wastewater surcharges) and \$62,700 in the Storm Drain funds. Because we operate the utility funds with no profit margin, when electricity, fuel, supplies or other costs increase our rates must increase to continue to operate the service.

No other fee or rate increases are proposed in this Budget. During the year the City Council may review and adjust fees or charges but this Budget is not prepared relying on any increased revenues from other fees. Because of the popularity of the Armory we will likely be going to the Council to set rates for the use of the facility.

The passage of the local Marijuana Tax in November put the local tax into effect beginning January 1, 2017. We have not received any funds from the local tax or any of the portion of the State tax that was supposed to be shared with cities. As a result, the budget has been prepared with \$15,000 again until we can get an idea of how much revenue will be coming to the City.

Over all, this Proposed Budget continues the financial policies established by the City. Transfers to reserve funds continue, contingency funds and unappropriated ending fund balances continue to be maintained. Although it would be nice to have more revenue in all the funds to complete projects, make repairs or perform more of the services desired by the members of the community, the funds are generally healthy and are able to continue current levels of service. The Reserve Funds are funding larger projects because funds have accumulated within those funds.

Again, two funds warrant special notes; the Building Inspection Fund and the Industrial Park Operations Fund. In this Proposed Budget, the Building Inspection Fund is being subsidized by the General Fund through a \$10,810 transfer. The Building Inspection Fund continues to not fully pay the costs associated with the operations of the State required building inspection program. Also again, the transfer is only part of the subsidy; it is actually more because the Administrative Fee, that should be \$17,200 has been reduced to zero. This makes the total subsidy from the General Fund to the building inspection program \$28,010.

Last year I also noted the challenges with the Industrial Park Operations Fund and that was; we have outstanding debt for the development of the industrial park and due to default on the debt owed to the City on one of the properties we would have difficulty in making the remaining debt payments for the park improvements. This year we have a carryover of \$36,725 with debt payments totaling \$61,095. We will be making a transfer from the General Fund of \$25,000 if needed to cover the debt payment. We have issued a Request for Proposals from commercial realtors to act as a listing agent for the park with the hope that increased promotion may get the remaining three properties sold. However, selling the remaining properties still may not cover all the remaining debt. If we sell all the remaining properties for a good price, we would likely be short about \$350,000. To repeat what I said last year, I do not see the shortfall as a failure, but as an investment in the economic development of Cottage Grove. The resulting jobs and industry that have located in the park since its completion have benefited the community far more than the cost we may need to pickup.

This budget is full of numbers. Numbers that we as citizens often think are too big. The numbers reflect discussions and choices. So as you leave the meeting tonight, think about numbers as you walk or drive on a small portion of the 50 miles of streets, think about the 49 miles of water pipes, the 46 miles of sewer pipes or the 31 miles of storm drain pipes under your feet. Hopefully you will feel safer as you go home because of the 509 street lights. As you reach home know that if you need it, there is one of the 431 fire hydrants nearby and there is over 4 million gallons of water behind that hydrant to save your home and property in the event of a fire. Feel better that within the 4 square miles of the City there are at least 2 police officers on patrol and they are just a phone call away. Within the next week take the opportunity to get outside and enjoy just a small piece of the 244 acres of park land or just curl up in a comfortable chair with one of the 45,000 books from the library. All this and so much more is silently and without any fanfare made available 24 hours

a day, 7 days a week, 365 days a year through the work of about 79 people. The numbers in this budget impact your neighbors, friends, family and you every day.

The 2017-18 Proposed Budget is big and there is a lot of stuff in here. Nothing is secret. Ask any question. Your careful review and consideration of the 2017-18 Proposed Budget is important and it is essential to make sure that this budget meets the needs and desires of this community. If there is any information that you need in order to review and consider this Budget document, please ask questions or contact me and we will provide the information needed. I hope the information contained in this Budget document is useful and helpful for you as you review and consider the 2017-18 Proposed Budget.

I express my sincere thanks to staff for the work that is done to prepare this budget. I also want to thank the members of the Budget Committee and public for their willingness to participate in the budget process. Sometimes it is not pleasant and we each may have slightly different priorities, but it is amazing how we can come together and develop this document to guide us for another year.

I look forward to discussing the Proposed Budget and answering questions regarding the Budget document.

Sincerely,

A handwritten signature in black ink, appearing to read 'Richard Meyers', with a long horizontal flourish extending to the right.

Richard Meyers
City Manager

ORGANIZATION OF THE BUDGET DOCUMENT

Local Governments have the option of budgeting on a 24-month biennial budget period, or by a fiscal year. The City of Cottage Grove operates on a fiscal year beginning July 1 and ending the following June 30. Priorities must be established based on the financial resources available to meet the needs of the community.

The budget document describes how the City plans to meet the priorities established and serves as a resource for citizens, city officials, and staff. The budget is divided into five major sections as described below:

General Information

This section contains an overview of the City, “City at a Glance” as well as the City’s budget process and calendar, and budget financial policies used to develop the Fiscal Year 2017-18 Budget. Budget amendment procedures are also discussed. Additionally, background information is provided such as economic information and demographics.

Budget Summaries

The City’s budget is organized on the basis of funds, and each is considered a separate accounting entity. This section includes a summary of resources and requirements of all city funds combined, and summaries of all individual funds.

Fund / Department Budgets

Fund and Department revenues and expenditures, as well as operational objectives, accomplishments, and performance measures are provided in this section. Historical financial information required by Oregon Budget Law for the two prior year’s actual, current year adopted, and next year’s proposed expenditures for each department is provided. This portion essentially provides actual adopted budget numbers. The City’s budget contains the following fund and fund types:

General Fund	Reserve Funds
Enterprise Funds	Debt Service Fund
Capital Projects	Trust Fund

Appendix

The appendix contains a variety of other budget-related information to assist with understanding the budget document. It includes listings of the various board members, and a glossary of terms and acronyms used in the budget document.

City at a Glance

Cottage Grove, the “Covered Bridge Capital of Oregon”, is located in the middle of western Oregon and in the southern part of Lane County, on Interstate 5 (I-5). Cottage Grove is approximately 20 miles from the major population center of the area (Eugene-Springfield) and serves an immediate labor market of approximately 35,000 people. Cottage Grove was selected as an All-America City in 1968 and 2004, one of only two cities in the State to have received the award twice.

Cottage Grove has the council-manager form of government. There is a seven-member Council including the Mayor. The City provides twenty-four hour police coverage, operates the water and wastewater systems serving the City, operates a public library which is open six days a week, provides planning and development, park maintenance, and operates an 18-hole golf course. The City completed an \$11 million upgrade to the wastewater treatment system, and a \$9 Million upgrade to the water treatment plant in 2009. These facility upgrades reflect the community’s commitment to protecting and improving the environment.

The July 2016 certified population estimate from Portland State University for Cottage Grove was 9,890. Between 2000 and 2010, the population of Cottage Grove grew by 12.3% which is somewhat faster (0.60 faster) than the population increase in Oregon.

The average high temperature in July and August is 82 degrees with the average low on summer nights in the low 50’s. The coldest month is December, with an average low of 34 degrees and highs in the mid 40’s.¹

General Information

Date of Incorporation	February 11, 1887
Area in Square Miles	3.98
Elevation in Feet	594’
Annual Precipitation	46.25”

Police

Stations	1
Patrol Units	11
Sworn Officers	17
Physical Arrests, Juvenile and Adult (including traffic)	750
Traffic Violations	318
Parking Citations	99

Streets

Miles of Paved Streets	45.66
Miles of Gravel Streets	4.63
Miles of Storm Sewers	30.85

¹ Retrieved March 20, 2017 from <http://www.usclimatedata.com/climate.php?location=USOR0077>.

Water

Miles of Water Mains	49.20
Hydrants	456
Active Service Connections	3,897
Daily Average Production in Millions of Gallons	
May – October	1.6
November – April	1.0
Maximum Daily Capacity of Plant in Million Gallons	4.0

Wastewater

Miles of Sanitary Sewers	45.72
Treatment Plant	1
Service Connections	3,611
Daily Average Treatment in Million Gallons	
May – October	1.23
Nov. – April	3.34
Maximum Daily Capacity in Million Gallons	13.0

Broadband

Miles of Fiber (Figure includes fiber in Creswell)	9.3
Wi-Fi Radios Installed	96

Community Services

Community Centers	1
Parks & Open Spaces	32
Park Acreage	243.58
Golf Courses	1
Skateboard Parks	1
Tennis Courts	3
Trails (miles)	10.8

Health Care

Hospitals	1
Hospital Beds	14

Education

Elementary Schools	2
Elementary School Instructors	57
Secondary Schools	3
Secondary School Instructors	80
Charter Schools	1
Charter School Instructors	

Top Ten Taxpayers in the City of Cottage Grove²

<u>Taxpayer</u>	<u>Taxable Assessed Value</u>
Wal-Mart Real Estate Business Trust	\$ 9,909,390
Safeway, Inc. Store #1458	\$ 5,083,880
Gregory A. Falk, LLC	\$ 4,497,109
Magnolia Gardens Assisted Living	\$ 4,100,577
Charter Communications	\$ 3,900,700
Whittaker-Northwest Partners	\$ 3,603,543
Hone Investments LLC	\$ 3,431,769
Borg Commercial Properties, LLC	\$ 3,455,042
PacifiCorp (PP&L)	\$ 3,366,000
Northwest Natural Gas Co	\$ 3,248,000

Ten Year Statistics

<u>Year</u>	<u>Assessed Value</u>	<u>Population</u>	<u>School Enrollment</u>
2005-06	\$400,236,137	9110	2714
2006-07	\$426,789,165	9275	2724
2007-08	\$444,250,454	9345	2716
2008-09	\$483,168,933	9445	2835
2009-10	\$525,779,935	9705	2635
2010-11	\$537,670,091	9745	2761
2011-12	\$551,007,682	9745	2718
2012-13	\$546,268,728	9745	2639
2013-14	\$559,169,501	9785	2732
2014-15	\$585,890,795	9840	2613
2015-16	\$605,342,912	9845	2743
2016-17	\$623,835,385	9890	2514

Petty Cash

Oregon Revised Statute 294.465 requires that each petty cash account and the amount thereof be listed in the budget document. The City of Cottage Grove has the following cash accounts:

Finance	\$750
Finance Petty Cash	\$200
Library	\$ 40
Police Department Petty Cash	\$100
Public Works Petty Cash	\$200
Golf Course	\$700

² Retrieved March 20, 2017 from <http://www.lanecounty.org/Departments/AssessmentandTaxation/pages/default.aspx>.

BUDGET PROCESS AND CALENDAR

The process followed in the preparation of this budget complies with the Local Budget Law established by the State of Oregon (ORS Chapter 294). This process also applies to the Urban Renewal Agency's budget. The process and calendar are as follows:

Phase I – Budget Request

In this phase the Department Heads submit their needs for staffing, materials, and supplies. They also provide the text portion for their operations. The finance department computes the wages and benefits for all departments, except public works.

<u>Calendar</u>	<u>Process</u>
February 2017 Appoint Budget Officer ORS 294.331	The City Charter establishes the City Manager as the Budget Officer. The City Manager establishes the priorities for FY 2017-18 as well as identifies issues to be addressed by this year's budget.

Phase II – Budget Proposal Phase

The proposal phase entails reviews by the City Manager and Finance Director with each Department manager. Financial requests are reviewed for changes and inconsistencies from prior years. Increases/decreases are explained. The City Manager decides which additions/deletions are approved and provides guidance on the narrative and financial portions of each fund. During this phase the capital projects are also reviewed and all funds are balanced. At the conclusion of this phase the proposed budget document is prepared for printing and compilation.

<u>Calendar</u>	<u>Process</u>
Feb.-April 2017 Proposed Budget ORS 294.331	The Finance Director and City Manager meet with each department manager to review budget requests and ask questions about changes, enhancements, budget variances, and performance measures.
April 2017 Notices of Budget Committee Meeting ORS 294.426	Required public notices are published in the local newspaper and/or the City's website no more than 30 days before the first meeting. The City Manager's proposed budget is finalized and submitted to the Budget Committee Members for review and consideration. At least five days after the first public notice, but no less than five days before the first meeting, a second notice is published.

Phase III – Budget Approval Phase

During the Approval phase, the budget committee meets and is presented with the Budget Message from the City Manager. The Committee has the responsibility to evaluate the proposed budget and may make changes as they deem necessary. At the completion of their review, they are required to take formal action to approve the budget and refer it to the City Council for adoption.

<u>Calendar</u>	<u>Process</u>
May 2017 Budget Committee Meets ORS 294.426 ORS 294.428	Budget Committee meets to receive the FY 2017-18 Budget Message, to discuss funding issues, and to take public input. When the Committee is satisfied with the budget, including any deletions or additions, the proposed budget is approved.

Phase IV – Budget Adoption

The fourth and final phase of the process is adoption. The City Council may make additional changes if desired, within limitations set by statute, and then adopts a resolution to appropriate expenditures by fund, and set a tax levy.

<u>Calendar</u>	<u>Process</u>
June 2017 Publish Budget Summary & Notice of Budget Hearing ORS 294.448	After the Budget Committee has approved the proposed budget, a summary of the budget and a notice of the Budget Hearing to be held before the City Council is published in the local newspaper, five to thirty days before a public hearing for adoption.
Last Council Meeting In June 2017	A public hearing before the City Council is held to allow citizens to comment on the approved budget. After the hearing, the City Council may adopt the budget with no changes or they may make additions and reductions within certain limitations. A resolution is adopted making the appropriations and levying taxes.
July 15, 2017	The adopted budget for fiscal year 2017-18 becomes effective July 1, 2017. Certain reports, forms, and documentation are provided to the County Assessor's office by July 15.

BUDGET/FINANCIAL POLICIES

The development and eventual implementation of this budget are guided by the following policies:

OPERATING BUDGET POLICY

Personal Services –

Comply with existing union/association agreements, making sure the total compensation package is comparable to similar positions and communities.

Materials and Services –

Adopted increases for materials and services are targeted to remain level or increased only after substantiation and demonstration of need by the department manager.

Capital Outlay –

Capital outlay is reviewed on a case-by-case basis. Equipment requests are discussed with the City Manager.

Current Operating Revenues -

Current operating revenues will be sufficient to support current operating expenditures. Fund balance appropriated shall not exceed an amount that management can reasonable expect to save during the year.

Debt or Bond Financing-

Debt or Bond financing will not be used to finance current non-capital expenditures.

Transfers to debt service for scheduled principal and interest payments, as well as estimates for new issues are estimated and included in the appropriate fund.

Performance Measures –

The City will continue to develop and integrate performance measures and productivity indicators with the annual budget.

Risk Management –

The City will continue to develop the risk management program to provide for protection against loss and a reduction in exposure to liability. The comprehensive safety program will also be enhanced to minimize the City's exposure to liability and thereby reduce the number of claims filed.

Balanced Budget –

The requirement of local budget law is such that the sum of each fund's resources equal its appropriations and unappropriated ending fund balance.

Accounting Standards –

It is the City's policy that the operating budget be prepared in accordance with Generally Accepted Accounting Principles.

REVENUE POLICY

Assessed Valuation –

Shall be estimated based on historical trends and growth patterns in a conservative manner.

Fees –

The City sets fees that will maximize user charges in lieu of Ad Valorem Taxes for services that can be individually identified and where the costs are directly related to the level of service:

- a. To the extent possible, user charges for water, sewer, and storm drainage will be sufficient to finance all operating, capital and debt service costs for said services.
- b. The Community Center will operate in a manner such that 10% of budgeted operating costs will be financed through user charges.
- c. Golf Course operations and maintenance will be funded from user charges for all programs for which it is practical to charge. Fees will represent at least 100% of the operating and debt service costs.
- d. Building and code enforcement activities will be funded through user charges in the form of building permits, inspections, and plan review fees. These fees should represent 100% of operating costs.
- e. To the extent practical, any general city service, which is of a higher level or benefits specific recipients, shall be supported by user fees designed to recover costs from such recipients.
- f. Where user fees are based on cost recovery, said costs shall be reviewed annually and fees adjusted as practicable.

DEBT POLICY

Capital Projects –

Financing for capital projects through the issuance of bonds shall be financed for a period not to exceed the expected useful life of the project.

General Obligation Bonds –

The general obligation debt of the City will not exceed 3% of the real market value of all taxable property within City boundaries as provided in ORS 287.004.

Debt Service –

Total debt service on tax-supported debt of the City will not exceed 15% of total general government operating revenue.

Bond Rating –

The City will maintain its financial condition to maintain a minimum AA bond rating.

Avoidance of Unfunded Liabilities –

The City's debt policy will be comprehensive and the City will not knowingly enter into any contracts creating significant unfunded liabilities.

RESERVE POLICY

Unappropriated Fund Balance –

The City will maintain an unappropriated fund balance of 8% of fund operating budgets (excluding capital outlay). These funds will be used to avoid cash-flow interruptions, generate investment interest income, eliminate need for short-term borrowing, and assist in maintaining an investment-grade bond rating.

Contingency –

The City will establish a contingency in each operating fund to provide for unanticipated expenditures of nonrecurring nature or to meet unexpected increases in service delivery costs. The contingency amount will be budgeted at 5% of the fund revenues estimated for that fiscal year. The contingency funds cannot be spent without an action by the City Council.

ACCOUNTING POLICY

Accounting System –

The City will establish and maintain the accounting system in accordance with Local Budget Law and Generally Accepted Accounting Principles. Financial systems will be maintained to monitor expenditures and revenues on a monthly basis.

Audit –

An annual audit will be performed by an independent public accounting firm which will issue an official opinion on the annual financial statements, with a management letter detailing areas that need improvement if required. Full disclosure will be provided in the financial statements and bond representations.

The City's Comprehensive Annual Financial Report (CAFR) will be prepared according to the standards necessary to obtain the Certificate of Achievement of Excellence in Financial Reporting from GFOA.

BUDGET AMENDMENT PROCESS

Procedures to be followed to amend the budget as events occur after budget adoption is set forth in Oregon Local Budget Law. The type of event determines the procedure to be followed.

The adopted budget appropriates certain amounts for contingencies in each fund to be used at the discretion of the governing body. Contingencies in each fund can only be appropriated for specific unforeseen events by approval of a resolution by the City Council. Specific appropriations of contingencies may include funding for service level changes, unforeseen catastrophic events, or redirection of resources.

State law allows the adoption of a supplemental budget. When the supplemental budget will adjust a current fund's budget by ten percent or less of that fund's expenditures, the supplemental budget can be acted on by the City Council at a regularly scheduled meeting. If the supplemental budget includes any changes greater than ten percent in any fund, a public hearing must be held to adopt the supplemental budget.