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City of Falls City

FY 2016-2017 PROPOSED BUDGET

READER 'S GUIDE

Introduction

Contains the budget message, information about the Falls City community, city statistics, description of the budget document, the budget process, budget basics, summary of financial management policies, revenue source descriptions, and debt management policies and summaries.

Funds

Each fund has a narrative that describes the use of the fund and goals for that fund as well as the revenues and expenditure of the fund.

Acronyms

Abbreviations are explained here.

Glossary

This is a list of terms with explanations or definitions used throughout the budget document.

Appendix

This space is reserved for summary information, policies referenced in the budget document and publication notices.

2016/2017 BUDGET COMMITTEE

COUNCIL MEMBERS

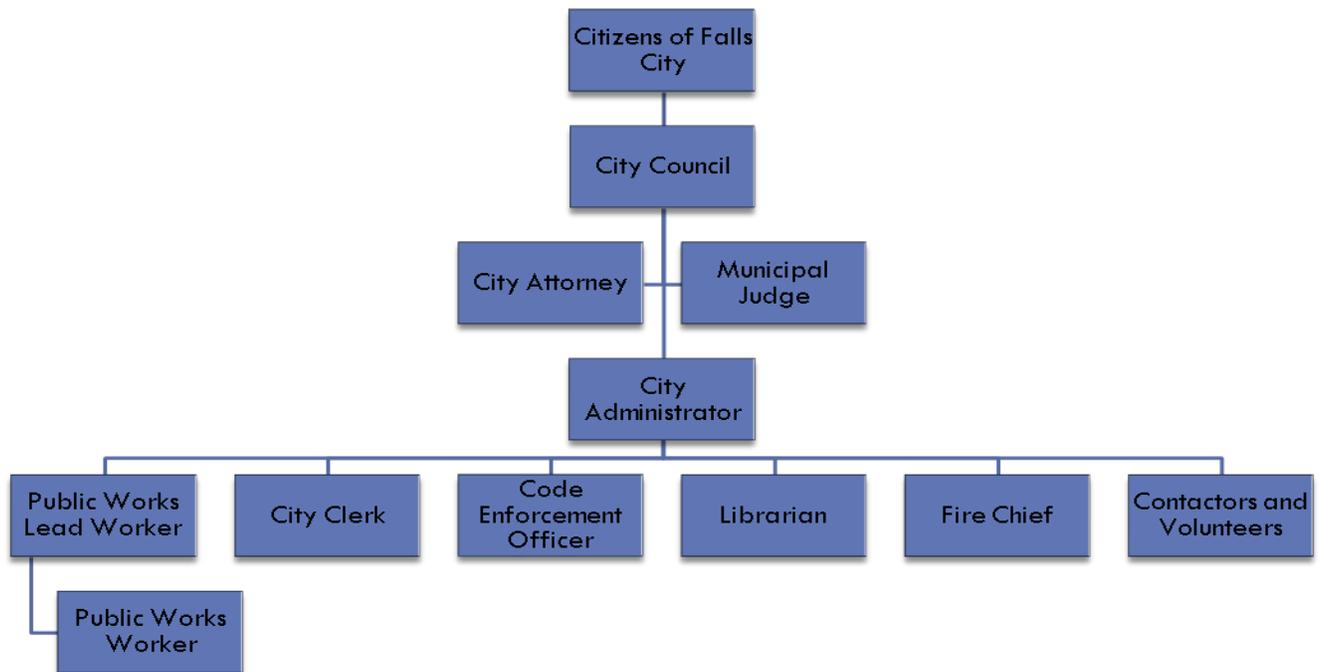
Member	Appointed	Expires
Terry Ungricht, Mayor	Elected November 2015	(Serve 2015–2016)
Julee Bishop, Councilor	Elected November 2012	(Serve 2013–2016)
Dennis Sickles, Councilor	Appointed March 2014	(Serve 2014–2016)
Tony Meier, Councilor	Elected January 2015	(Serve 2015–2018)
Lori Jean Sickles, Councilor	Elected November 2010	(Serve 2015–2018)
Gerald Melin, Councilor	Appointed February 2015	(Serve 2015–2016)
Jennifer Drill, Councilor	Elected January 2015	(Serve 2015–2018)

CITIZEN MEMBERS

Member	Appointed	Expires
Debera Ellis	Appointed 2014	(Serve 2014–2017)
Steve Dixon	Appointed 2014	(Serve 2014–2017)
Dawn Taylor	Appointed 2014	(Serve 2014–2017)
Johnathan Ungricht	Appointed 2015	(Serve 2015–2018)
Guy Mack	Appointed 2014	(Serve 2014–2017)
Amy Houghtailing	Appointed 2015	(Serve 2015–2018)
Patti Sample	Appointed 2016	(Serve 2016–2019)

Budget Officer: Terry Ungricht, Mayor/Manager

ORGANIZATION CHART



City of Falls City

FY 2016-2017 PROPOSED BUDGET

BUDGET MESSAGE

DATE:

TO: Falls City Councilors, Budget Committee Members, Staff, and Citizens:

FROM: Terry Ungricht, Mayor/City Manager

SUBJ: FY '16-17 BUDGET MESSAGE

In the last year Falls City has made some significant changes. The Council appointed Mayor Ungricht to serve as the City Manager, so I am volunteering in two positions, this is outside the normal form of City Government but there have not been any conflicts to date. We were able to hire a new City Clerk and this has been a great addition on freeing up time to perform records retention and other office procedures that have been put off over the years. Staff has also been busy with land use applications; 7 building permits, 2 were new construction, 2 lot line adjustment applications, and a subdivision application that was withdrawn after the pre-conference.

The Council adopted their 2016 goals with a major focus on infrastructure. We were able to close out 2 grants this year; the HEALS grant for the stairway between Pine Street and Prospect Avenue and the FORD Foundation grant to add electricity to the Faye Wilson Park. Staff was successful in the application for the Small Cities Grant of \$50,000, this will help fund the paving project on South Main Street. Staff was also successful in a \$20,000 grant to help defray cost on a new Master Water Plan which

City of Falls City Proposed Budget 2016-2017

expired in 2013 and is a compliance issue with OHA. Staff submitted a Request for Qualifications with engineering firms and Council accepted and awarded the project to HBH Consulting Engineering, project should be finished by October 2016.

In my short time serving as Manager I have concentrated on correcting deficiencies in our infrastructure and trying to plan for the future. I have identified many needs, but with the size of our budget and staff, Council has had to prioritize what we can accomplish short term and attempt to plan for the next 10 to 20 years. So as we reported last year, we are moving forward on the vision to make Falls City a better place to live, work, and play, but we have a lot of hard work left. This budget will move us closer to our goal.

As is required by State law, staff is submitting a balanced budget for consideration and adoption. The Budget anticipates \$1,919,455 in revenues with \$1,565,567 in spending which includes budgeting for a total of \$240,000 in grant funds. The total amount of contingency funds is \$353,888, with the majority of those in the Utility Reserve Fund.

The budget is similar to last years with an increase in grant speculation to cover Council's wish to address projects in Water and Waste Water. Staff also budgeted for grants that have been submitted for the Fire Department. As mentioned, the City Council has appointed me as the acting City Manager but we still budgeted for a part time City Manager in case I do not run or I am not elected in the next election. I have notified Council that the City Manager needs to be a full time position, there is too much work for a part time position, but due to finances and my volunteering for the position we budgeted a part time this year, but we will need to look at funding this position full time in the future. Council and I thought this was important to budget for so Falls City keeps moving towards the vision that Council has set. We also budgeted for a part time Public Works Employee, I would have liked to budget for a full time but the funds were not there. We do need to be proactive on training a replacement to cover for upcoming retirements. We increased Personnel Costs by 3% from \$324,350 to \$335,080; this will allow for up to a 3% wage increase to our workers while still looking forward to our staffing needs.

City of Falls City Proposed Budget 2016–2017

GENERAL FUND

The General Fund anticipates a beginning cash position of \$124,050 and anticipates revenue of \$392,430. Total Resources within the fund are \$516,480. The fund proposes expenditures of \$516,480. Expenditures include; City Council, Administration, Parks, Fire, Cemeteries, Planning, Municipal Court, and Library. Administration accounts for \$234,400 of the fund's expenditures, Parks accounts for \$13,700 of the fund's expenditures, and the Fire Department accounts for \$162,556 (\$90,000 in grant funding, \$62,900 in operating funds, \$3,780 in wages, and \$5,876 in fire truck payment) of the fund's expenditures. The Contingency within the General Fund is anticipated to be \$11,949.

WATER FUND

The Water Fund anticipates a beginning cash position of \$210,000 with anticipated revenues from water sales of \$267,592, \$4,639 in late fees, and \$10,800 from back flow testing. Total revenue within the fund is anticipated to be \$543,031. The fund proposes expenditures of \$543,031, an additional .25 FTE has been added for a public works worker, and we moved the reserve water payment from the General back to the Water Fund. Professional services will help cover the cost of new sensors at the treatment plant, the old ones no longer can be serviced, and to finish paying for the Master Water Plan that will bring the water system back into State compliance. The fund also makes transfer allocations to the General Fund, Sanitary Sewer Fund, and the Street and Pathway Fund; these transfers are to cover shared employee costs and to cover pavement replacement on the 3rd Street water line upgrade. There is a contingency of \$2,583.

SANITARY SEWER

The Sanitary Sewer Fund anticipates a beginning cash position of \$55,000 with anticipated revenues from sewer fees of \$103,610, \$4,639 in late fees, a \$20,000 transfer from the Water Fund, and a line for \$50,000 in grants for a total of \$233,249 in revenues. On the expenditure side of the fund, an additional .25 FTE has been added for a part time Public Works worker. Expenditures in the fund are consistent with last year's budgeted number. The fund anticipates a contingency of \$21,849. Committee members should note that without the \$20,000 Allocated Revenue from City of Falls City Proposed Budget 2016–2017

the Water Fund, the Sanitary Sewer's contingency would be less than \$1,849. The message here is clear, we need to move forward on updating the system and/or increase the sewer rates to handle the expected expenditures. Many components within the system have reached their life expectancy. Council set a goal of moving forward with the 2014 Facility Plan to increase capacity to the system and staff will be working towards grant funding for the project.

STREETS AND PATHWAYS

The Street and Pathway Fund anticipates a beginning cash position of \$54,139. The fund anticipates \$53,000 in revenues from the Oregon Gasoline Tax, \$50,000 in grant funds, and a transfer of \$12,000 from the water fund. Total Revenues for the fund is estimated at \$169,139. No personnel costs are coming out of this fund, the main increase is for Professional services for the South Main project and for paving areas that will be disturbed by water main upgrades. The fund's contingency is anticipated to be \$27,139. During the course of the coming year, Council will need to discuss the continued deterioration of our local roads and how to commit more efforts to finding grant funding to help us do improvements.

COMMUNITY DEVELOPMENT REVOLVING LOAN FUND

The Community Development Revolving Loan Fund has a beginning cash position of \$78,545 and anticipates revenues of \$14,888. Total resources within the fund are anticipated to be \$93,433. The fund anticipates Professional Services costs of \$2,000 and Loan Obligation expenses of \$91,433. The fund doesn't anticipate any contingency.

WAGNER LIBRARY RESERVE

The Wagner Library Reserve Fund, which consists of the 80% Fund and the 20% Fund, is used for the operations of the Wagner Library. The fund anticipates a beginning cash position in the 80% fund of \$54,593 and a beginning cash position in the 20% fund of \$34,635. Total amount of revenue in the fund is \$89,228. This is the remaining funds from the Wagner Trust. The fund will transfer \$54,593 to the General Fund and use \$10,000 from the General Fund for library personnel and expenses. The 80% fund will be out of money by the end of FY'16-17 and the 20% fund will be down

City of Falls City Proposed Budget 2016-2017

to \$34,635. These funds were released from the Wagner Trust to operate the library while the library board set up a Library District. If the Library Board is not moving forward on creating a district Council will need to decide if we want to break the agreement with the Falls City School District and keep enough funds to finance the creation of a district at some time in the future.

CITY UTILITY RESERVE FUND

The City Utility Reserve Fund anticipates a beginning cash position of \$231,395. The fund anticipates \$43,500 in revenues from the Utility Capital Improvement Fee for total Revenues estimated at \$274,895. Expenditures within the Fund include \$25,000 for Water projects and \$25,000 for Wastewater projects. No projects have been identified as of yet, but it is a good practice to make some funds available for projects in case opportunities present themselves. The fund anticipates a contingency of \$224,895.

CONCLUSIONS

As I stated in the beginning of my message, the budget submitted this year is pretty much the same as last year's. The challenge before us is to chart the course that will help us meet our citizen's service expectations and to grow our revenue base. Right now the City's revenues are flat and our expenses continue to increase. We will need to develop plans to reduce spending and raise revenues.

I look forward to working with you over the course of the coming years to make Falls City a better place to live, work, and play.

City of Falls City

MISSION STATEMENT

Create an environment that supports rural community living at its best by mixing family, work, recreation and social opportunities while providing fiscally sound, responsible municipal services.

CITY GOALS

The City of Falls City will:

1. Maintain City infrastructure at adequate levels to meet current, future and regulatory requirements.
2. Broaden community understanding of City government and operations by enhancing community communications.
3. Develop a strategy to encourage economic development in Falls City.
4. Explore options to enhance Public Safety and implement a Code Enforcement Program with available resources.

ABOUT FALLS CITY

The City of Falls City incorporated in 1891, encompasses 1.23 square miles and sits at the base of the coast range in the heart of Polk County Oregon. Falls City is 20 miles from Salem, the state Capitol. Falls City is a small but thriving city surrounded by vast forests, vineyards, and farmland in the Mid-Willamette Valley.



The City provides a range of services, including fire protection, construction and maintenance of streets, parks, cemeteries and utility infrastructure, recreational activities and cultural events, short and long-range planning and development review, and building permits. Certain services are provided by or in cooperation with regional organizations.

The City owns its water utility and relies upon surface water for distribution. Falls City owns and operates sanitary sewer system. Electricity, telephone service, and trash disposal are provided by private businesses.

Falls City has its own school district that provides Pre K-12 services.

Planning for future land uses, civic services, and infrastructure improvements is ongoing. Falls City is in the Mid-Willamette Valley area, the economy which is based in agriculture, but is beginning to diversify.

According to City Data, Falls City' employment falls in the following industries.

- **Construction** (24%)
- **Manufacturing** (13%)
- **Public administration** (12%)
- **Health care and social assistance** (10%)
- **Agriculture, forestry, fishing and hunting** (10%)
- **Educational services** (9%)
- **Other services, except public administration** (8%)

Read more: <http://www.city-data.com/city/Falls-City-Oregon.html#ixzz43AlqNNuE>

Government

The City of Falls City adopted a Council – City Manager based power Charter in the 2014 election that went into effect December 4, 2014. The Charter invests the power of governing comprised of an elected Mayor and six Councilors. The City Council exercises policy-making and legislative authority and is responsible for City legislation, adopting the budget, appointing committees, and hiring the City Manager. The Mayor serves a two year term, Councilors serve for four years, with three of the six Councilor's terms expiring in each biennial election.

The City Manager and staff are responsible for carrying out the day-to-day operations of the City.

The City's fiscal year begins July 1 and ends June 30. Current information about City services and projects can be found at the website www.fallscityoregon.gov.

Falls City Quick Facts

The People and Families of Falls City: According to Portland State University's Population Research Center the City's population as of July 1, 2013 was 950 and is predicted to increase by approximately 1–3 people per year for the next several years. The population has decreased 1.01% since the year 2000. More than 43% of the population over the age of 45, this is slightly lower than the median age of the state as a whole. (Source: 2010 Census)

Population

2013.....	950
2012.....	946
2011.....	949
2010.....	947
2000.....	966
1990	818

According to the 2010 Census about 54% of Falls City adults are married and the median family income in Falls City was \$47,921.

Housing

Falls City Housing: Much of the housing in Falls City has been designed with family life in mind. Approximately 71% of housing is owner occupied. The City currently has two new stick built house permits approved and there seems to be interest in other undeveloped properties, there are also older homes that lend some neighborhoods their charm. The assessed value of real property exceeded \$35 million in 2014, on 658 properties.

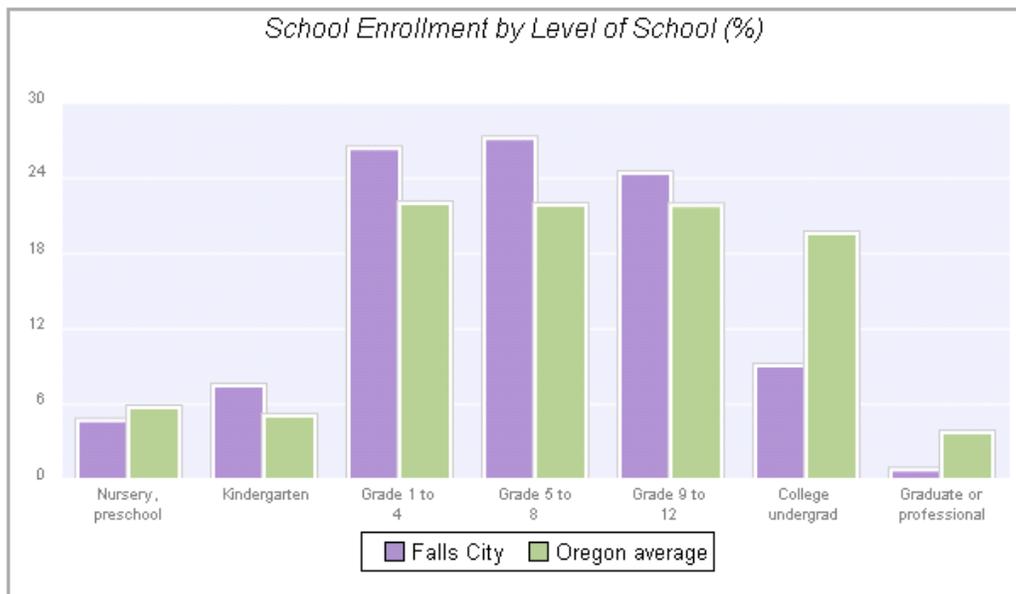
City Tax Rate

\$2.9202 per \$1,000 assessed valuation (2015)

Education (Source: City Data)

Falls City Education: In 2010 fewer than 9% of Falls City residents had a Bachelor's degree, compared to almost 20% of residents within the state of Oregon. Falls City school district is the only school district in the city and serves households surrounding the city as well. According to the Oregon Department of Education in 2010 the school district had a student to teacher ratio of 11.5 to 1, ensuring Falls City students receive individual attention and a quality education.

As shown in the graph below provided by citydata.com Falls City has a higher than average Pre K-12 school enrollment than other Oregon schools.



THE BUDGET PROCESS

A budget as defined by Oregon State Law (Oregon Revised Statutes (ORS), Chapter 294), is a financial plan containing estimates of revenues and REQUIREMENTS for a given period or purpose, such as the fiscal year. The City is required to budget all funds and for each fund to have a balanced budget. The state of Oregon defines balanced budgets as one in which total resources, including beginning balances (Net Working Capital), current resources and debt proceeds, equal total requirements, including current year REQUIREMENTS, capital outlay, transfers, debt service and any other requirements such as debt service reserves.

As a rule, local governments in Oregon operate on a fiscal year that begins on July 1 and ends the following June 30. Falls City's budget operates on this schedule. Budgeting is critical to cities because it requires local governments to evaluate plans and establish priorities in relation to available financial resources. Also under ORS, a legally adopted budget is necessary to establish and justify a given rate and or amount of property taxes to be levied on the property within the city.

The City of Falls City's budget will accomplish each of the four major purposes of Oregon Local Budget Law (ORS 294.305 - 294.555 and 294.565) including:

- Establish standard financial procedures
- Outline programs and services in conjunction with the fiscal policy and implement those policies
- Provide methods of estimating revenue, REQUIREMENTS, and proposed tax levies
- Encourage public involvement in the budgeting process before budget adoption
- Falls City prepares and adopts its annual budget in accordance with the City Charter, Oregon Law and the Government Finance Officers Association budget guidelines.
- Before the budget can accomplish these goals a schedule for preparation is developed. This schedule is called the budget calendar.

2016–2017 Budget Calendar

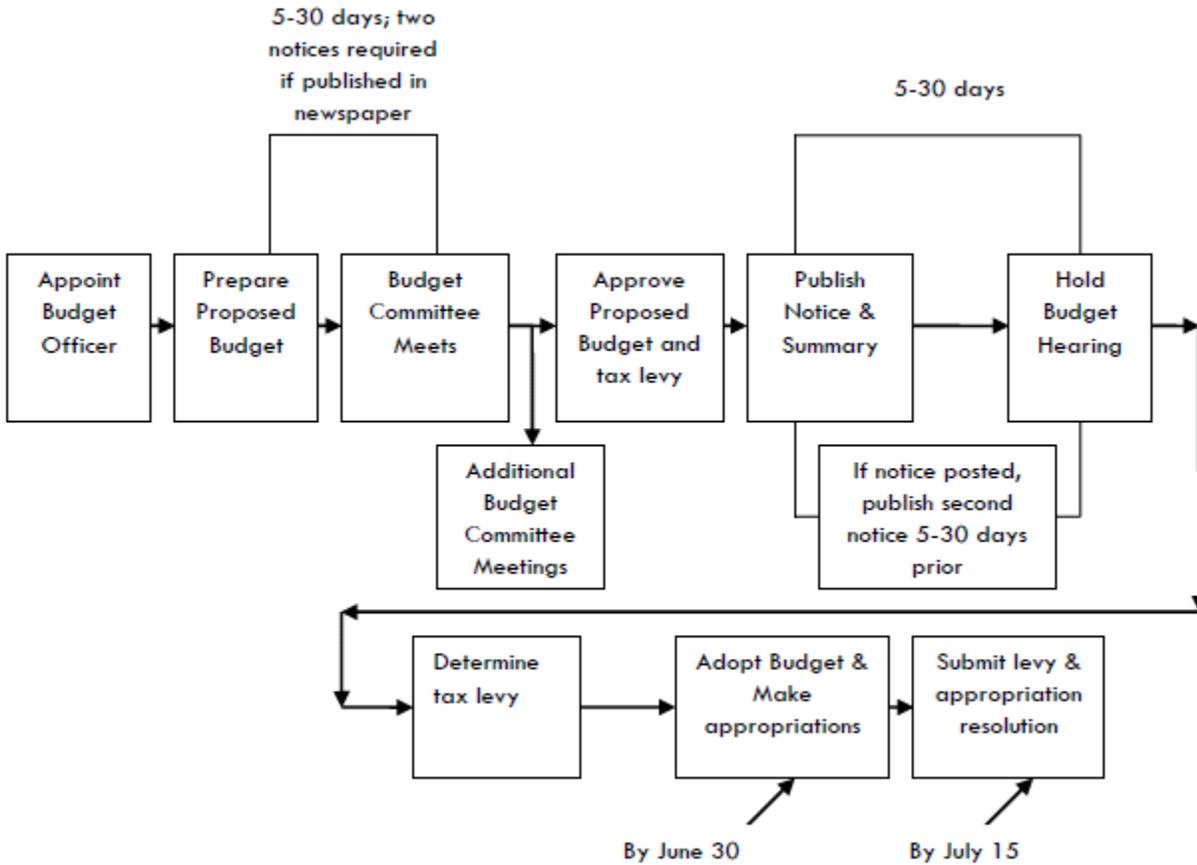
February 3	City Council goal setting
April 18	City Administrator prepares the budget message
April 21, 28, May 5, 19	Budget Committee meetings, Budget Hearing and Budget Committee approval
June 9	City Council meeting with public hearing for budget
No later than June 30	City Council adopts FY 2015–2016 Budget

In December through March, meetings are held with City staff, the Mayor, and City Council to set goals and priorities for the upcoming year. In April, a preliminary budget is prepared and presented to the Budget Committee, which, by law, comprises the Mayor, City Councilors, and seven citizen members. A summary of the recommended budget is published in the local newspaper. The City Council holds a public hearing prior to July 1, which may result in further changes. If a change will increase property taxes or increase REQUIREMENTS within a fund by more than ten percent or \$5,000, whichever is greater, the budget must be referred back to the Budget Committee. The City Council adopts the budget and levies taxes prior to June 30 each year. The adopted budget is filed with the county clerk and State of Oregon, and the Property Tax Levy is certified to the County Assessor by July 15 each year.

The Budget Amendment Process

Oregon Budget Law allows for amendments to the City budget for reasons unforeseen at the time of adoption. The City Council may adopt resolution changes that decrease one existing appropriation and increase another. Certain changes of ten percent or more to any fund require a supplemental budget. All changes over ten percent to any fund require a supplemental budget process similar to the annual budget requiring a public hearing. Further detail may be found in ORS Chapter 294.

The Budget Process



Oregon’s Local Budget Law is governed by Chapter 294 of the Oregon Revised Statutes (ORS 294). This law does two important things: (1) establishes the standard procedures for preparing, presenting and administering the budget, and (2) requires citizen involvement in the same. The above flowchart depicts this process

The Budget Committee

The Budget Committee is composed of the Mayor, City Councilors, and seven citizen members appointed by the governing board.

The appointed members:

- Must live in the City of Falls City,
- Cannot be officers, agents, or employees of the local government,
- Serve four-year terms that are staggered so that approximately one-third of the terms end each year, and
- Can be spouses of officers, agents, or employees of the Municipality.

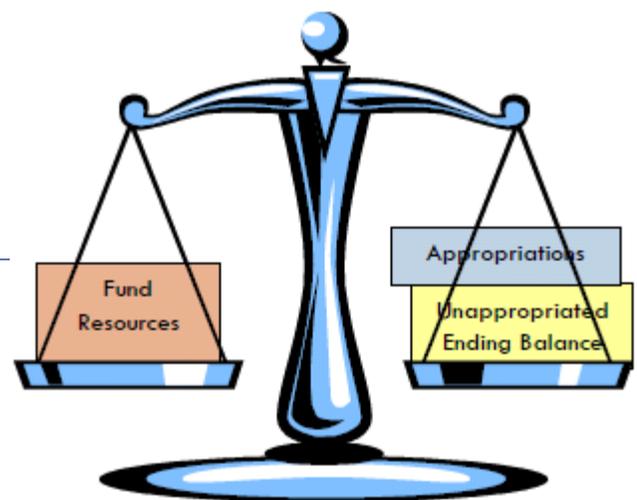
The Budget Basis

The budget is prepared using the modified cash method of accounting. This means that obligations of the City are budgeted as expenses when invoices are paid and income is recorded when received. The City of Falls City manages its finances in compliance with the modified cash basis and budget laws of the State of Oregon. During the year, requirements and revenues are closely monitored to ensure compliance with the adopted budget and state law. Quarterly financial reports will be prepared on the budgetary basis of accounting, distributed to the City Council, and the general public.

Annually, an audit is performed and filed with the State of Oregon by an independent certified public accountant. The City of Falls City publishes an annual financial report that documents the City's budgetary performance and the financial health of the City. This report compares budgeted to actual revenues and requirements, thus documenting the City's budgetary compliance.

The government-wide financial statements and the proprietary funds financial statements are reported using the economic resources measurement focus and the full modified cash basis of accounting as is the

City of Falls City Proposed Budget 2016–2017



fiduciary fund financial statements. Revenues are recorded when received and expenses are recorded when paid. Grants and similar items are recognized as revenue as soon as received.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified cash basis of accounting. Revenues are recognized as available as soon as they are received.

Requirements are generally recorded when paid under cash accounting. Long term compensated absences are recorded only when payment made. Principal and interest on long-term debt are recorded as fund liabilities only when due, or when amounts have been accumulated in the debt service fund for payments to be made early in the following year.

Budget Document

A budget as defined by Oregon State law is a “financial plan containing estimates of revenues and requirements for a single fiscal year.” Local governments have the option of budgeting on a 24-month biennial budget period, or by fiscal year.

The City of Falls City operates on a fiscal year beginning on July 1 and ending the following June 30.

Budgeting requires local governments to evaluate plans and priorities in light of the fiscal resources available to meet those needs.

The budget document describes how the City of Falls City’s government plans to meet the needs of the community and is a resource for citizens interested in learning more about the operations of their city government.

Fund Accounting

For accounting purposes, a local government is not treated as a single, integral entity. Rather, a local government is viewed instead as a collection of smaller, separate entities known as “funds”. Fund accounting is different from multi-company commercial accounting. Fund accounting encompasses most aspects of commercial accounting. However, it goes beyond the requirements of a commercial system both in form and function.

A fund is a fiscal and accounting entity with self-balancing accounts to record cash and other financial resources, related liabilities, balances and changes, all segregated for specific activities and objectives.

All of the City of Falls City’s funds are appropriated with the exception of closed funds which are no longer used because their reason for use has changed or expired. Historical information about these funds is included in the budget document.

Major Funds represent the significant activities of the City of Falls City and basically include any fund whose assets, liabilities, revenues, or requirements/expenses of that individual governmental or enterprise fund are on a reoccurring basis at least 10 percent of the corresponding total (assets, liabilities, and so forth) for all funds of that category or type (that is, total governmental or total enterprise funds), and total assets, liabilities, revenues, or requirements/expenses of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds (business type funds) combined. All other funds are non-major funds.

Governmental Funds are supported by tax revenues, user fees, franchise fees, intergovernmental payments and other revenues. The accounting for a governmental-type activity focuses on available resources and the near-term demands upon them.

General Fund (Major Fund): This fund accounts for the general services provided by the City and Council.

Revenue is primarily generated through property taxes, state shared revenues, franchise fees, fines, fees and permits and grants.

The General Fund includes the following departments:

Fire

Library

City Council

Administration

Municipal Court

Parks and Cemeteries

Other

Administrative and occupancy costs for city hall and other facilities are paid through charges allocated to the other funds for the following services based upon the cost to the department for using these services; administrative and financial services, risk management, and building usage. The costs of these services are at full staff cost, thereby providing more accurate costs of providing services. These appear as “allocated” costs in the respective funds.

The basis for allocation is determined on a number of factors depending upon the individual charge to be allocated. Some of the factors used are amount of department budget, number of staff, and time spent.

Activity for the administration, human resources, financial services and information technology are accounted for in this fund. Revenues are generated through user charges for the cost of providing the services.

Requirements are for personnel services.

Transportation Funds are supported by state and county gas tax revenues, contract payments, miscellaneous other revenues and include the following:

Street and Pathways Fund (Major Fund): The Street and Pathways Fund provide the accounting for Streets and Pathways programs. The Streets and Pathways programs includes repair, construction and maintenance of streets and pathways. No public

City of Falls City Proposed Budget 2016–2017

works staff is funded in the Streets and Pathways Fund. Use of other departmental staff is charged through allocations to the general fund and the various enterprise funds. Funding sources include state highway gas tax, contributions and sharing.

Enterprise fund is a fund established to account for operations, including debt service that are financed and operated similarly to private businesses where the intent is the service is self-sufficient, with all costs supported predominantly by user charges. The City maintains two Enterprise Fund accounts for Water and Sewer activities. Enterprise fund revenues are restricted to be spent only on enterprise activities relating to their revenue source. For example water rate revenue can only be spent on water activities and projects.

Water Fund (Major Fund): This fund accounts for the operation of the City's water utility and engineering services. The principal sources of revenue are user fees. Requirements are for the operation, administration, maintenance, system betterments and expansion of the system.

Sanitary Sewer Fund (Major Fund): This fund accounts for the operation of the City's sewage utility. The principal sources of revenue are user fees. Requirements are for operation, administration, maintenance, system betterments and expansion of the system.

Fund Guide

Active Funds

1. General Fund (Major Fund)
 - City Council
 - Library
 - Court
 - Fire
 - Admin
 - Parks and Cemeteries
 - Other/Non Departmental
2. Water Fund (Major Fund)
3. Sanitary Sewer Fund (Major Fund)
4. Streets and Pathways Fund (Major Fund)
5. Community Development Revolving Loan Fund (Major Fund)
6. City Utility Reserve Fund (Non– Major Fund)
7. Wagner Library 80% Fund (Non–Major Fund)
8. Wagner Library 20% Fund (Non–Major Fund)

Closed Funds

1. Cemetery Fund (Non–Major Fund)
2. Equipment Fund (Non–Major Fund)
3. Court Fund (Non–Major Fund)
4. Sewer Debt Fund (Non–Major Fund)
5. Sewer Master Plan Fund (Non–Major Fund)
6. Small City Allotment Grant Fund (Non–Major Fund)
7. State Revenue Sharing Fund(Non–Major Fund)
8. Water Debt Fund (Non–Major Fund)

Use of Funds by Department

Department or
Division

	General Fund	Water Fund	Sewer	Street and Pathways	Community Development	Wagner Library 80%	Wagner Library 20%
Administration	x						
Fire	x						
Municipal Court	x						
Library	x				x	x	
Water		x					
Sewer			x				
Streets				x			
Parks	x						

Changes in Personnel City Levels

This year the City Manager position will be budgeted for 6 months, this is in case the current Mayor is not reelected or wants to look at filling the position with a paid employee.

This year there is an increase .25 in the water and sewer fund to create a half time position in Public Works.

The Code Enforcement Officer position will be dropped. We will look at contracting for a code enforcement officer and for court services.

A Librarian position at $\frac{3}{4}$ time that is contracted with the Falls City School District.

Revenue Sources

Budget preparation begins with revenue projections. Different forecasting techniques are used depending on the revenue sources unique characteristics. The following schedules show the City's major funds individually and non-major funds in aggregate. For the purpose of this discussion any fund whose revenue or requirements constitute more than 10 percent of the appropriated budget on a reoccurring basis are considered a major fund. All other funds are non-major funds. A description of the City of Falls City's revenue sources and how the budget amounts were determined follows:

Charges for Services

The cost of providing services such as water and sewer are charged to the residents through utility rates. Historical usage patterns, number of services and estimated growth applied to the utility rates determine the amount of revenue projected. A rate study has not been conducted in a number of years and as a result rates have not been adjusted as frequently as needed to keep up with the cost of providing service. The rates for water and sewer will be increased to better reflect the true cost of

providing service. A capital fee is charged to allow the city to “pay as we go” and save the ratepayers money in the long run since less debt will be issued to fund projects.

Transfers and Allocations In prior years, Interfund transfers line items had been used for allocation of cost recovery for services as well as to share the cost of debt payments. Transfers are no longer used in this way. Beginning in fiscal year 2013–2014, allocated charges have been separated from transfers. Many of the city funds receive transfers from other funds for the purpose of debt payments and general operational funding with no expectation of repayment.

Allocated charges represent cost recovery for materials and personal services centrally used within the city.

The amount charged to each department is determined on a cost reimbursement basis to the department providing the material or services.

Property Taxes These taxes are approved by voters. As a result of Oregon voters approving ballot measures 47 and 50, in 1996 and 1997, respectively, the state now has a property tax rate system rather than a property tax base system. A permanent tax rate was determined for each taxing jurisdiction and then applied to a taxable assessed value that is limited to a 3% annual increase plus any exceptions allowed by state statute. Property taxes are deposited into the General and Bonded Debt funds. Estimates for this revenue are generated by Polk County assessment and taxation and adjusted by the City for known or anticipated differences. The General Fund fixed tax rate is \$2.9202/\$1,000 assessed valuation. The county does not currently levy any local options levies for the City of Fall City.

Other Taxes Taxes other than property taxes are the base of this revenue source. This includes excise taxes, state shared revenues such as the cigarette tax and the state gas taxes.

Intergovernmental Revenues This revenue source is comprised of revenue received from other governmental agencies, not inclusive of grants. Grants are estimated in the fund in which they will be used.

Licenses and Permits Fees for permits, inspections and business licenses make up this revenue source. Anticipated building activity and the most business license renewal rates are indicators for projecting this revenue.

Franchise Fees Falls City grants permission for the use of public rights of ways for the purpose of utilities. Private utilities operating in Falls City must pay a franchise fee based on a franchise agreement between the utility and the City.

Fines and Forfeitures This revenue is generated from traffic and municipal citations and fines. The purpose is to promote safety and enforce compliance related issues.

Other Revenue Sources This revenue category is made up of miscellaneous revenue sources such as grants, interest earnings, fines, forfeitures and donations. The amount of revenue estimated to be received from these sources is based on anticipated interest earnings, projected grant receipts and estimated donation amounts.

TRANSFERS

Transfer line items are utilized to separate one time charges for specific projects or equipment and debt service payments. Below is a summary for the transfers included in this budget as well as the reason for the transfer.

<u>In's</u>		<u>Outs</u>	
Library Fund	\$ 54,593	Wagner Library 80%	\$ 54,593

ALLOCATIONS

Allocations are the methods the city uses to charge each department for its portion of shared services such as administration, insurance, facilities and engineering.

Allocation factors differ for each item being allocated. The allocation factors, method and individual amounts can be seen in the cost allocation plan. Below is summary of the allocations as they are displayed in the budget.

<u>Staff Allocation</u>			
<u>In's</u>		<u>Outs</u>	
Water Fund	\$ 82,000	Water to Gen	\$ 50,000
		Water to Sewer	\$ 20,000
		Water to Street	\$ 12,000
			<u>\$ 82,000</u>

GENERAL FUND REVENUE

Mission Statement

The purpose of the General Fund is to provide basic municipal services: fire, library, municipal court, community development, planning, administration, and parks that are not funded elsewhere.

Service Provided

The revenue section provides an accounting for the largest single source of revenue supporting municipal services – the property tax. Other general purpose, non-restricted revenue is also contained within the General Fund.

Objectives 2016/2017

Objectives for 2016/2017 are to increase the net working capital. This may be more difficult in a recessionary economy. Actual cash flow will continue to be irregular. The contingency account and allocation for unappropriated ending fund balance are small.

Budget Narrative

The estimate of Net Working Capital is a rough estimate at this time. It will be revisited throughout the budgeting process as the City Manager gets a better handle on the expected revenue and level of expenses for the current year. Ideally, net working capital should be 15–25% of the total General Fund.

Property taxes are limited by a 3% cap on the assessed value of existing property plus new construction. Currently there is limited development activity, the City has issued two stick built permits and there is an expectation of a few more through the year. Even when development occurs, there is as much as a two-year lag before the taxes

are actually received depending on when the project is completed and assessed for tax value. The estimate for property taxes is tempered by a discount for prompt payment and delinquencies. Even new construction is not taxed at “full-value”. The estimate of property taxes is based on the assessed valuation, which is lower than the last few years. This is compounded by the expectation that Polk County will only collect about 96% of the taxes due to the city in the year they are due.

Due to declining interest rates, there have been reductions in earnings on cash balances. We will have to aggressively pursue more grant funds.

General Fund						
Actual 2013-2014	Actual 2014-2015	Adopted 2015-2016		Proposed 2016-2017	Approved 2016-2017	Adopted 2016-2017
			Resources			
			Non Departmental			
<u>115,338</u>	<u>160,709</u>	<u>100,000</u>	Beginning Fund Balance	<u>124,050</u>	<u>124,050</u>	<u>124,050</u>
3,681	4,438	2,000	Interest	3,000		
11,742	13,684	15,300	OLCC	15,732		
8,545	8,942	7,000	Revenue Share	7,000		
1,185	1,274	1,100	Cigarette Tax	1,130		
96,877	101,424	97,000	Property Tax - Current	101,000		
3,663	958	3,000	Property Tax - Prior Year	2,000		
980	1,120	200	Lien Search	200		
252	186	200	Copies and Faxes	100		
432	217	100	Parks User fees	100		
175	-	100	Community Center Use Fee	100		
-	-	-	Nuisance Fines	-		
1,675	3,037	1,000	Business License Permits	1,000		
1,308	2,507	1,000	Planning Permits	2,000		
8,446	21,400	20,900	Rural Fire	21,000		
45,020	37,855	38,500	Electric-Franchise Fees Pacific Power	37,000		
-	80	3,100	Electric -Franchise Fees Consumer Po	-		
3,017	2,738	2,150	Garbage-Franchise Fees Republic	2,450		
2,889	-	4,000	Cable-Franchise Fees Charter	4,000		
2,026	-	-	Phone-Franchise Fees Quest	-		
1,000	-	-	Planning Grants	-		
-	-	-	Reimbursements			
15	-	25	Donations	25		
3,326	511	-	Miscellaneous	-		
-	59,656	121,500	Intergovernmental Grants	90,000		
-	-	70,180	Transfer From Library Reserve	54,593		
7,656	-	-	Transfer from Cemetery Fund	-		
13,424	-	-	Transfer from Court Fund	-		
8,065	-	-	Transfer From Equipment Fund	-		
9,741	-	-	Transfer From State Revenue Sharing	-		
75,865	-	50,000	Allocated Revenue	50,000	-	-
			Transfer in' per Audited Financial Statement			
			Adjust to Audited Financial Statemen			
<u>311,005</u>	<u>260,027</u>	<u>438,355</u>	Non-Departmental Revenue	<u>392,430</u>	<u>-</u>	<u>-</u>
<u>426,343</u>	<u>420,736</u>	<u>538,355</u>	Total Resources	<u>516,480</u>	<u>-</u>	<u>-</u>

City Council

Mission Statement

Create an environment that supports rural community living at its best by mixing family, work, recreation and social opportunities while providing fiscally sound, responsible municipal services.

Service Provided

This department is to allow for Council related expenses to be reflected separately from other activities. The Mayor and City Council members are volunteers elected by the registered voters of Falls City and do not draw salaries or receive benefits for their work.

Objectives 2016–2017

Maintain high level of services during a period of decreasing revenues. Continue improvement of financial stability, economic development, transportation projects, job creation and retention of high quality employees. Provide for community needs through innovative, efficient and cost effective government services.

BUDGET NARRATIVE

The City Council adopted goals in February 2016 for the 2016–2017 fiscal year, these goals also have general objectives to support the goals structure and to offer the City Manager an outline of desired outcomes over the year.

The budget for City Council is comprised of Council approved projects, dues to the Oregon Mayor's Association and reimbursement for travel to meetings or training.

			City Council			
-	-	250	Operational Supplies	250		
490	394	850	Council Projects	800		
2	225	300	Education/Training/Dues	300		
-	-	100	Reimbursable Expense	100	-	-
-	-	-	Adjust to Audited Financial Statement	-	-	-
492	619	1,500	Program Total	1,450	-	-

Library

Mission Statement

To provide clear financial accounting of donations and requirements made by the City on behalf of the Wagner Community Library.

Service Provided

Falls City petitioned the trustees of the James and Amelia Wagner Library Trust to abolish the trust and to turn over the funds to help the City keep the Library open to the public, while the community seeks to create partners in the formation of a separate Library District. The City is currently operating the Library with an agreement with the Falls City School District, if the library board cannot create a Library District funds from the Wagner Trust will run out in 2017.

			Library			
-	<u>0.75</u>	<u>0.75</u>	Full Time Equivalent Employees	-	-	-
-	-	31,500	Salaried	-		
-	-	18,270	Benefits	-		
-	-	6,610	Employer Costs	-	-	-
-	-	56,380	PERSONNEL SERVICES	-	-	-
-	6,000	6,000	Operational Supplies	6,000		
-	58,836	5,500	Professional Services	61,880		
1,716	2,000	2,000	Utilities	2,000		
1,730	300	300	Miscellaneous	120	-	-
-	-	-	Adjust to Audited Financial Statement	-	-	-
3,446	67,136	13,800	MATERIALS AND SERVICES	70,000	-	-
3,446	67,136	70,180	Program Total	70,000	-	-

Court

Mission Statement

The mission of the Municipal Court is to ensure that each person cited for a violation is guaranteed and provided all the constitutional rights to a fair and speedy judicial process in such a manner that it preserves both the dignity and rights of the defendant, as well as the citizens of Falls City. The Council and Staff are going to explore contracting the Court services out to a neighboring City in order to guarantee these rights.

Service Provided

The court provides a local forum for the resolution of City ordinance violations generated by the City's Code Enforcement Officer. The municipal court judge oversees the judicial process while staff offers customer service, maintenance of all records, accounts receivables, and support in the process of all court and judicial matters.

BUDGET NARRATIVE

Currently the court is not projected to generate revenue. This is a conservative approach in order to reflect the Council's expressed desire for Code Enforcement to be results rather than revenue driven.

Personnel

The Municipal Court is a department in the General Fund, the City has a contract with a part time Judge, but Council is currently in the process of adopting a process that the budget can afford, while still being able to enforce City ordinances. In the 2014-15 budget cycle, the City budgeted 8 hours a week for a Code Enforcement officer, but has been unable to retain an enforcer at that level.

As a Council goal it was decided to look into contracting the Court services out to a neighboring City and to look for a contract code enforcer.

			Court			
<u>0.13</u>	<u>0.20</u>	-	Full Time Equivalent Employees	-	-	-
2,868	1,178	-	Salaried			
493	101	-	Employer Costs	-	-	-
3,361	1,279	-	PERSONNEL SERVICES	-	-	-
341	-	1,000	Operational Supplies	1,000		
152	73	480	Utilities	400		
-	275	1,000	Education/Training/Dues	500		
127	1,433	6,000	Professional Services	18,000		
40	20	-	Uniforms & Protective Gear	-	-	-
-	-	-	Adjust to Audited Financial Statement	-	-	-
660	1,801	8,480	MATERIALS AND SERVICES	19,900	-	-
4,021	3,080	8,480	Program Total	19,900	-	-

Fire Department

Mission Statement

Everything we do, we do for the people and communities we proudly serve. With education and training we prevent harm. With rapid and professional response, we protect lives and property. Through our desire to serve and courage to act, we are the model of a successful fire and rescue agency for the residents of Falls City, surrounding communities and State of Oregon.

Service Provided

Primary duties and responsibilities include: fire suppression, emergency medical operations, hazard materials incidents, fire prevention, disaster preparedness, and fire/medical mutual aid to other fire departments.

Accomplishments

- Continued and increased cooperation with Dallas and Polk County Rural Fire Departments in training and response.
- Provided a safe and successful 3rd of July fireworks show.

Objectives 2016–2017

- Maintain staffing of fire and emergency services through a combination of volunteer personnel.
- Develop a plan to ensure the long term future of the Fire Department at the professional level our citizens expect.
- Develop Emergency Operations/Management Plan.

BUDGET NARRATIVE

Currently the Falls City Fire department is primarily a volunteer fire department with the exception of the Fire Chief becoming a minimal part time employee with a minimal salary.

The City has been working with South West Fire District and with volunteers within the Department to pursue grant opportunities for equipment upgrades. South West Polk Fire District is exploring abolishing the current District and forming a new District. The City will monitor this process and what effect it will have on our Departments contract with the district and if it will benefit our residents to possible join the newly created district.

			Fire			
<u>-</u>	<u>0.1</u>	<u>0.1</u>	Full Time Equivalent Employees	<u>0.1</u>	<u>0.1</u>	<u>0.1</u>
-	4,800	3,780	Salaried	3,780		
9,731	8,631	-	Employer Costs	-	-	-
9,731	13,431	3,780	PERSONNEL SERVICES	3,780	-	-
815	2,161	2,200	Operational Supplies	2,000		
6,975	7,843	8,400	Equipment - O&M	20,000		
698	691	4,800	Building - O&M	4,500		
11,540	11,100	12,000	Utilities	12,500		
-	-	500	Education/Training/Dues	400		
4,173	1,557	7,500	Insurance	2,500		
-	180	1,000	Professional Services	1,000		
315	204	3,100	Uniforms & Protective Gear	1,500		
11,127	17,436	9,500	Intergovernmental Services	16,000		
-	-	350	Equipment	-		
455	55	12,000	Miscellaneous	2,500		
-	52,966	-	Assistance to Firefighters Grant	90,000	-	-
-	-	-	Adjust to Audited Financial Statement	-	-	-
36,098	94,193	61,350	MATERIALS AND SERVICES	152,900	-	-
5,975	5,816	5,000	Fire Truck Loan Principal	5,000		
-	-	876	Fire Truck Loan Interest	876	-	-
5,975	5,816	5,876	DEBT SERVICE	5,876	-	-
51,804	113,440	71,006	Program Total	162,556	-	-

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Parks and Cemeteries

Mission Statement

To provide safe, attractive cemeteries and enjoyable parks and open spaces for the citizens of Falls City.

Service Provided

The major categories of service provided are parks maintenance and parks development.

Parks Maintenance: Primary duties and responsibilities include: coordinating and administering the parks reservation system, turf care, tree pruning, mulching around plants/trees, playground equipment repair, building maintenance, painting, and preparation for special events. In addition, we provide supervision for court appointed community service workers and support to volunteer groups such as the Parks Committee, SOLV, and other community groups.

Parks Development: Primary duties and responsibilities include: review of proposed plans for park improvements, recommends maintenance enhancement projects, oversee new development projects, and provide recommendations for the Parks Committee.

Objectives

- Maintain basic park maintenance at current levels.
- Continue to support the Parks and Cemeteries Committee

BUDGET NARRATIVE

General Park and cemetery maintenance is performed by our public works staff that is funded in the utility funds. Costs for staff time are allocated to the General Fund. Weekly general maintenance includes mowing, edging, blowing-off

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sidewalks, raking and seasonal leaf and fallen debris management. Facility maintenance includes play equipment safety checks, restroom cleaning and garbage pick-up. Equipment is shared with public works. With the limited number of Public Works staff and increased infrastructure projects there is a need for volunteer help to keep our City Parks in good condition.

Revenue

Parks rentals were infrequent and revenue has not been realized from the Parks Rental fees. Parks rental fees help recover the cost of frequently used maintenance supplies such as toilet paper, paper towels, and floor paint. The City has set aside funds and applied for a grant to expand the Michael Harding Park and consolidate with property that is already owned by the City. If we are successful on obtaining the grant this will create a Park that spans both sides of the Luckiamute Falls and will help consolidate land for creating a nature trail system. The City is also exploring applying for State Park status on the Michael Harding Park and creating a short stay camp ground at the upper park. One change within the department is we moved the 3rd of July from other/debt to a line in Parks.

Parks and Cemeteries						
869	1,636	1,200	3rd of July	2,000		
6,507	-	2,000	Operational Supplies	1,000		
555	1,613	1,000	Equipment - O&M	1,000		
514	399	1,500	Building - O&M	1,500		
4,210	4,271	6,000	Utilities	5,000		
675	4,206	1,250	Professional Services	2,500		
-	-	100	Uniforms & Protective Gear	100		
-	50	-	Education/Training /Dues	-		
-	388	-	Worker Comp Insurance	600	-	-
13,330	12,563	13,050	Program Total	13,700	-	-

Administration

Mission Statement

The mission of the department is to provide consistent, efficient, and professional leadership and administrative services to the Falls City Council, city staff, and the citizens of our community.

Service Provided

The Administration Department has experienced major personnel changes through the year, interim Manager, Jon Hanken, resigned and the Council appointed Mayor Ungricht as acting manager as a volunteer. The City hired an assistant clerk and she is trained on the utility billing system and is taking on added duties. This has freed up time for the City clerk to accomplish long needed job tasks; records retention, changing the City work order process for our wastewater, most importantly she has taken on land use applications.

The Administration Department proposed budget provides funding at the same levels as the 2015–2016. The budget will retain two City Clerks, necessary materials, supplies, and capital equipment to support the activities noted above and budget for a City Manager for 6 months. The following list provides an overview of the Department’s activities and services for City affairs and intergovernmental cooperation:

- Provide leadership and support to City government operations and the City Council.
- Directs the accomplishment of City Council goals.
- Provide information, support, and advice to the Mayor and City Council.

- Continue to modify programs, policies, and procedures to ensure they work towards facilitating appropriate development and sustainability of our community.
- The City Manager serves as the Recorder and acts as the custodian of records, charged with the maintenance of master files, and ensuring proper record retention complies with state statute.
- The Administration Department fulfills all the accounting obligations of the City including: preparation of all financial reports, maintenance of the City's general ledger, and the accurate and timely development of the City's annual audit.
- Coordinates the preparation of the annual budget.
- Provides financial management services for the City including cash and investment management, grant accounting and insurance administration.
- Ensures the accurate and timely processing of the City's payroll obligations, payment of payroll taxes, and accurate reporting to regulatory agencies.
- Coordinates the City current debt payments and debt compliance.
- City Manager serves as Budget Officer, Elections Officer, Finance Director, Court Clerk and Public Works Director.
- The City Clerk serves as the Operations Manager, Utility Billing Manager, election clerk and Special Events Coordinator.
- Supports Committees and Commissions
- Supports building permits, planning and business licensing.

The Administration Department is charged with all utility billing responsibilities, including: generating and mailing utility bills (currently approximately 445) on a monthly basis, generating and posting past due notices to delinquent customers, collection of bad accounts, and coordinating work orders with the Public Works Department.

Objectives 2016–2017

The primary focus of this department in the coming year will be the continuing to re-channel and re-focus the City's energies and resources towards accomplishing its Mission Statement and Goals. To this end, the primary objectives of the department will be to:

- Improve communications and website maintenance.
- Continue to examine bank fees and services
- Continue improving reporting capabilities, particularly internal reports, which help to increase personnel efficiency for operating departments.
- Create a five-year Capital Improvement Program (CIP).
- Examine feasibility of contracting operation of municipal court
- Continue the process to “Re-brand” Falls City as a place to live, shop, invest, play and go to school.
- Record of Past records per State retention laws.
- Efficient Administration

REQUIREMENTS

Personnel Services

Administration is a department in the General Fund comprised of 2 full-time employees, the City Clerk and the assistant clerk. Portions of the time for these positions are charged to other funds in the form of cost allocations for the amount of time spent working in each area.

Materials and Services

Education, Training and Dues include continuing education requirements for the City Manager and City Clerk such as:

- International City/ County Management Association (ICMA)
- Oregon City/County Management Association (OCCMA)
- Government Finance Officer Association (GFOA)

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- Oregon Municipal Finance Officer Association (OMFOA)
- International Institute Municipal Clerks (IIMC)
- Oregon Association Municipal Recorder (OAMR)
- Other Dues:
- League of Oregon Cities (LOC)
- Local Government Personnel Institute (LGPI)
- Mid-Willamette Valley Council of Governments (COG)

The Professional Services account provides funding for an array of consultants and contracted services essential to the administration of the city. These include auditors, city attorney, and software vendor. Attorney services are budgeted at the same level as the past year to be sure legal advice is available when needed.

Administration						
<u>2.0</u>	<u>2.0</u>	<u>2.0</u>	Full Time Equivalent Employees	<u>2.5</u>	<u>2.5</u>	<u>2.5</u>
88,856	85,246	97,126	Salaried	100,000		
23,707	22,108	34,272	Benefits	35,600		
14,420	12,046	18,672	Employer Costs	19,300	-	-
126,983	119,400	150,070	PERSONNEL SERVICES	154,900	-	-
2,258	4,747	5,500	Operational Supplies	5,500		
3,293	846	5,000	Equipment - O&M	4,000		
6,388	2,487	7,000	Building Maintenance and Repair	5,500		
8,216	6,503	11,500	Utilities	11,500		
4,282	5,782	6,500	Education/Training/Dues	8,000		
33,826	35,467	45,000	Professional Services	45,000		
209	434	-	Council Projects	-	-	-
-	-	-	Adjust to Audited Financial Statement	-	-	-
58,472	56,266	80,500	MATERIALS AND SERVICES	79,500	-	-
185,455	175,666	230,570	Program Total	234,400	-	-

Other/Debt

Mission Statement

The mission of this section of the budget to present the non-departmental expenses associated with the General Fund in a common location

Service Provided

This is a minor portion of the General Fund used merely to account for a contingency account, transfers and other expenses not classified elsewhere.

Objectives

The aim of the year is to keep the amount transferred for overhead at a minimum while not burdening other funds.

BUDGET NARRATIVE

The General Fund provides overhead and administrative support for the other funds and departments. It covers the supervision of the General Fund Departments by the City Administrator, services of the Finance office, insurance, utilities and buildings maintenance.

Revenue

This is an element of the General Fund without specific funding sources.

Materials and Services

These are expenses not readily classified elsewhere and include the land and City Hall payment to the revolving loan fund and the contingency. The 3rd of July celebration was removed from this fund, but there is a line in the Parks fund to make a donation to a citizen organization if one steps up to host the event. Last year the grants were line itemed in this area, but they have been located in the Department where the grant will be applied for.

			Other			
-	-	121,500	Building and Improvements			
-	-	-	Equipment- Operations	-	-	-
-	-	121,500	Capital	-	-	-
2,519	1,953	1,944	Revolving Loan Principal	1,950		
-	565	575	Revolving Loan Interest	575	-	-
2,519	2,518	2,519	Debt	2,525	-	-
7,167	-	-	Allocated Expense - Water Fund			
7,781	-	-	Allocated Expense - Sewer Fund			
12,694	-	-	Allocated Expense - Street Fund	-	-	-
-	-	-	Allocated Expense - General Fund	-	-	-
27,642	-	-	Transfers	-	-	-
-	-	4,550	Reserved For Cemetery Land Purchase			
-	-	15,000	Contingency	11,949		
160,709	161,131	-	Unappropriated Fund Balance	-	-	-
160,709	161,131	19,550	Ending Fund Balance	11,949	-	-
426,343	420,736	538,355	Total Requirements	516,480	-	-

WATER

Mission Statement

To provide 24-hour domestic and fire flow water service at a high degree of reliability to all customers within the Falls City and to a few customers outside the city limits.

The major categories of services provided are: system development, system maintenance, and system construction of capital projects.

System Development:

Primary duties and responsibilities include:

- Design review for all developments and businesses
- Inspection of water line construction
- Locate water lines for designers and developers.



System Maintenance:

Primary duties and responsibilities include: repairing water leaks, removing and replacing old water lines, removing and replacing old water meters, monthly meter reading, monthly utility billing, and water quality samples and monitoring water disinfection. Additionally, Public Works conducts valve and hydrant maintenance, notification postings, water meter shutoffs and turn on, maintains maintenance records, tests and calibrates large meters.

Additional duties and responsibilities include:

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- Maintaining maps of the city's water system
- Identifying existing problem areas in system and developing plans and specs for projects to correct the problems
- Identifying future hydraulic restrictions due to anticipated growth, and scope and cost for anticipated required projects
- Maintain and update the water capital improvement program
- Assist City Manager in evaluating and implementing new maintenance technologies.

Accomplishments

- Repaired multiple leaks.
- Repaired many long time leakage problems, such as the abandoned pump station on Parry Road.
- Meet or exceeded all state required water quality testing and reporting mandates, which include: lead/copper testing, asbestos testing, and HAA and THM monitoring.

Objectives 2016–2017

- Revise and update Operations Manuals for Water activities.
- Continue with leak detection program to reduce water loss due to aging water infrastructure.
- Revive monitoring of cross-connection program to insure excellent water quality.
- Revise Water ordinance and update procedures.
- Assist engineers in completing a new Master Water Plan.

REVENUE

Rates and system development charges should be adjusted annually to meet the needs of operations. Historically Water rates have not been reviewed annually to ensure they meet financial obligations related to providing service. Over time maintenance of the system increase as the system ages and the cost

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of operations have also increased due to increases in the cost of supplies. This year this year staff will be working with Council and the Public Works committee to develop a rate increase that is based on the Cost of Living Index and will see yearly COLA increases. This will keep rates equal to inflation and is proposed to bring the rates closer to meeting our operational needs. The City was successful in negotiating and signing a new bulk water agreement with Luckiamute Domestic Water Cooperative which resulted in added revenues.

Water Fund						
Actual 2013- 2014	Actual 2014- 2015	Adopted 2015- 2016	Resources	Proposed 2016- 2017	Approved 2016-2017	Adopted 2016-2017
<u>38,441</u>	<u>133,669</u>	<u>165,000</u>	Beginning Fund Balance	<u>210,000</u>	<u>210,000</u>	<u>210,000</u>
-	-	-	Interest	-		
247,531	260,577	265,000	Water	267,592		
4,352	4,045	4,000	Late Fees	4,639		
9,543	11,969	10,800	Backflow Testing Fee	10,800		
-	-	-	Intergovernmental Grants	50,000		
-	-	60,000	Transfer from Utility Reserve Fund	-		
65,473	-	-	Transfer from Water Debt	-		
8,065	-	-	Transfer from Equipment Fund	-		
34,909	-	-	Allocated Revenue	-		
-	-	-	Adjust to Audited Financial Statement	-	-	-
<u>369,873</u>	<u>276,591</u>	<u>339,800</u>	Revenue	<u>333,031</u>	-	-
<u>408,314</u>	<u>410,260</u>	<u>504,800</u>	Total Resources	<u>543,031</u>	<u>210,000</u>	<u>210,000</u>

Personnel Services

This recommended budget continues to fund the same level of services. There is 1.25 employees budgeted, we need to move forward on hiring another public works employee to start certification training. Our other utility staff person is funded in the Sanitary Sewer Fund. Other staff that assists with water services includes the City Clerks and City Manager and engineering support whose primary costs are also budgeted in the Water Fund.

Materials and Services

General Price increases are driving up operational costs such as fuel, pipe, and other related materials.

Unaccounted water can be attributed to several sources such as theft, unmetered services, firefighting, leakage, individual meter inaccuracies, and municipal uses (hydrant flushing, street cleaning, etc.). A typical target value for unaccounted water loss is usually 15–20% and unaccounted water loss below 10 % is considered to be exceptional for a municipality. Our water loss is higher than the target value, fixing leaks and proactive system maintenance can improve this percentage. The Master Water plan should help identify and target areas of water loss.

Capital Outlay

This year's capital outlay will mainly be driven by the cost of the Master Water Plan. Staff will also be decommissioning two old pump stations that were left over from before the City built the treatment plant.

			Requirements			
<u>1.0</u>	<u>1.0</u>	<u>1.25</u>	FTE	<u>1.5</u>		
39,812	55,814	56,000	Salaried	58,240		
14	-	-	Overtime			
15,110	20,886	20,000	Benefits	21,000		
7,610	8,518	13,500	Payroll Tax	14,200	-	-
62,546	85,218	89,500	PERSONNEL SERVICES	93,440	-	-
20,561	26,100	30,000	Operational Supplies	30,000		
6,725	12,000	15,000	Equipment - O&M	15,000		
308	1,000	1,500	Education/Training/Dues	1,500		
39,551	35,190	100,000	Professional Services	100,000		
4,388	5,000	6,500	Utilities	6,500		
82	250	300	Uniforms & Protective Gear	1,500		
-	100	100	Utility Rebates & Incentives	200		
122	100	-	Miscellaneous	362		
-	(27,588)	-	Adjust to Audited Financial Statement	-	-	-
71,737	52,152	153,400	MATERIALS AND SERVICES	155,062	-	-
134,283	137,370	242,900	Water Program	248,502	-	-
-	-	7,500	Building & Improvements - Oper	15,000		
-	-	10,000	Equipment - Operations	14,000	-	-
-	-	-	Grant Project	50,000	-	-
-	-	17,500	Capital	79,000	-	-
19,962	20,860	21,760	Water Bond Principal	20,860		
45,511	44,613	43,713	Water Bond Interest	44,613	-	-
65,473	65,473	65,473	Debt	65,473	-	-
44,769	-	50,000	Allocated Expense - General Fund	50,000		
29,175	-	20,000	Allocated Expense - Sewer	20,000		
-	-	10,000	Allocated Expense - Street Fun	12,000	-	-
73,944	-	80,000	Transfers	82,000	-	-
-	-	33,454	Contingency	2,583		
-	65,473	65,473	Reserved for Water Debt	65,473		
-	141,944	-	Ending Fund Balance, unrestricted	-	-	-
-	-	-	Ending Fund Balance	68,056	-	-
273,700	202,843	504,800	Total Requirements	543,031	-	-

SANITARY SEWER

Mission Statement

Provide highly dependable 24-hour sanitary wastewater services for all houses and buildings on the system by efficiently operating and maintaining sanitary sewerage facilities consistent with the requirements the Department of Environmental Quality (DEQ).

The major categories of services provided are: system development, system maintenance, system operations and the construction of capital projects.

System Development:

Primary duties and responsibilities include:

- Design review for all developments and businesses with assistance from COG or peer review form other local service providers.
- Inspection of sanitary sewer construction.
- Providing sanitary sewer line locates service to designers and developers.

System Maintenance:

Primary duties and responsibilities include: cleaning approximately 1 / 4 of service tanks each year, monitoring the discharge and the dosing system at the wastewater treatment facility. Additionally, Public Works provides emergency response to backed up or failed sanitary systems, maintains maintenance records for tank pumping and effluent testing.

The Council set a goal of upgrading the capacity of the wastewater system following option 3 and option 1 of the 2014 wastewater facility plan. Staff will be moving forward on an income study of the current users in order to qualify for CDBG funding. If we qualify for the CDBG funding the majority of the project will be funded with grant money. Staff is trying to keep rate increases as low as possible; the goal is to keep the rates around \$60.00 a month. The goal is with the increase of capacity to have the whole town on the system in a decade.

Sanitary Sewer Fund						
Actual 2013- 2014	Actual 2014- 2015	Adopted 2015- 2016	Resources	Proposed 2016-2017	Approved 2016-2017	Adopted 2016-2017
<u>38,441</u>	<u>61,389</u>	<u>61,389</u>	Beginning Fund Balance	<u>55,000</u>	<u>55,000</u>	<u>55,000</u>
105,405	104,123	90,000	Sewer Fees	103,610		
12	-	-	Interest	-		
4,747	4,045	4,000	Late Fees	4,639		
410	441	-	Miscellaneous	-		
-	-	-	Intergovernmental Grants	50,000		
-	-	-	Transfer From Utility Reserve Fund	-		
1,965	-	-	Transfer from Equipment Fund	-		
49,922	-	20,000	Allocated Revenue	20,000	-	-
-	-	-	Adjust to Audited Financial Statement	-	-	-
<u>162,461</u>	<u>108,609</u>	<u>114,000</u>	Revenue	<u>178,249</u>	-	-
<u>200,902</u>	<u>169,998</u>	<u>175,389</u>	Total Resources	<u>233,249</u>	<u>55,000</u>	<u>55,000</u>

Personnel Services

This recommended budget continues to fund the same level of services as we offer currently, including 1.25 utility staff positions and supportive equipment, materials and services, Our other utility staff person is funded in the Water Fund. Other staff that assists with water services includes the City Clerk and

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City Manager and engineering support primary costs are budgeted in the Water Fund. The amount budgeted for Personal Services is reflected the same way as last year with budgeting whole employees in a fund and charging for their shared services through allocations.

			Requirements			
			<u>1.25</u> FTE			
35,360	37,154	46,000	Salaried	48,000		
17,859	18,754	20,000	Benefits	23,000		
5,655	5,291	15,000	Payroll Tax	12,000	-	-
58,874	61,199	81,000	PERSONNEL SERVICES	83,000	-	-
6,925	3,624	15,000	Operational Supplies	11,000		
3,809	6,475	9,500	Equipment - O&M	10,000		
441	213	500	Education/Training/Dues	500		
5,793	4,943	7,500	Utilities	6,500		
24,996	25,048	30,100	Professional Services	30,000		
82	-	250	Uniforms & Protective Gear	250		
-	-	-	Tank Pumping	20,000		
121	99	150	Miscellaneous	150	-	-
-	301	-	Adjust to Audited Financial Statement	-	-	-
42,167	40,703	63,000	MATERIALS AND SERVICES	78,400	-	-
101,041	101,902	144,000	Sanitary Sewer Program	161,400	-	-
-	-	5,000	Equipment - Operations	-	-	-
-	-	-	Grant Project	50,000	-	-
-	-	5,000	Capital	50,000	-	-
214	-	-	Transfer to Sewer Debt			
23,660	-	-	Allocated Expense - General Fund			
14,598	-	-	Allocated Expense - Water Fund	-	-	-
38,472	-	-	Transfers	-	-	-
-	-	26,389	Contingency	21,849		
-	-	-	Ending Fund Balance, unrestricted	-	-	-
-	-	26,389	Ending Fund Balance	21,849	-	-
139,513	101,902	175,389	Total Requirements	233,249	-	-

STREETS AND PATHWAYS

Mission Statement

Design, construction and maintenance to ensure safe and dependable streets for Falls City, that includes paved and gravel roads using modern technology, standards, and cooperative contracting.

Service Provided

Services include development, maintenance, system operations, and capital projects.

System Development

Primary duties include:

- Maintenance of existing paved and gravel roads.
- Street sweeping
- Drainage maintenance
- Pothole patching
- Crack sealing
- Maintenance of street signage
- Maintenance of street markings (crosswalks, railroad crossings, curbs, and barricades).
- Additionally, Public Works provides emergency street closures, maintains maintenance records, manages street maintenance program.
- Development and maintenance of pathways

Accomplishments 2015–2016

- Maintained Street sweeping and graded all gravel roads.
- Additional gravel was applied to several gravel roads.
- Brush cutting was accomplished in several areas, especially those affecting visibility or bus clearance.

BUDGET NARRATIVE

In the future we will continue to transfer revenues to this fund as a method of assigning personnel costs within the Water and Sanitary Sewer Funds to the Street Fund. This system allows better tracking of personnel for worker's compensation rate payments and multiple other advantages. State fuel tax revenues fund this department and are projected to be \$53,000.00, there is also an allocation from the water fund of \$12,000 to cover repairs from main breaks and the 3rd Street water line replacement.

Materials and Services

Typical increases in fuel prices will affect both vehicle and material costs. In this budget we anticipate providing the same level of service provided last fiscal year.

Streets and Pathway Fund						
Actual 2013- 2014	Actual 2014- 2015	Adopted 2015- 2016	Resources	Proposed 2016-2017	Approved 2016-2017	Adopted 2016-2017
24,721	-	-	Beginning Fund Balance	54,139	-	-
54,428	54,028	54,775	State Gas Tax	53,000		
-	-	-	Small City Allotment Grant	50,000		
-	-	-	Transfer from General Fund			
1,965	-	-	Transfer from Equipment Fund	-		
-	-	10,000	Allocated Revenue	12,000	-	-
56,393	54,028	64,775	Revenue	115,000	-	-
81,114	54,028	64,775	Total Resources	169,139	-	-

Streets and Pathway Fund

Actual 2013-2014	Actual 2014-2015	Adopted 2015-2016	Resources	Proposed 2016-2017	Approved 2016-2017	Adopted 2016-2017
<u>24,721</u>	<u>13,905</u>	-	Beginning Fund Balance	<u>54,139</u>	-	-
54,428	54,028	54,775	State Gas Tax	53,000		
-	-	-	Small City Allotment Grant	50,000		
-	-	-	Transfer from General Fund			
1,965	-	-	Transfer from Equipment Fund	-		
-	-	10,000	Allocated Revenue	12,000	-	-
<u>56,393</u>	<u>54,028</u>	<u>64,775</u>	Revenue	<u>115,000</u>	-	-
<u>81,114</u>	<u>67,933</u>	<u>64,775</u>	Total Resources	<u>169,139</u>	-	-
			Requirements			
7,441	4,108	12,000	Operational Supplies	10,000		
4,743	6,261	6,500	Equipment - O&M	6,000		
7,628	7,437	9,000	Utilities	8,500		
275	-	300	Education/Training/Dues	-		
6,509	9,855	8,000	Professional Services	115,000		
81	-	50	Uniforms & Protective Gear	250		
-	563	50	Miscellaneous	250		
-	1,432	-	Workers Comp Insurance	2,000	-	-
<u>26,677</u>	<u>29,656</u>	<u>35,900</u>	Streets & Pathway Program	<u>142,000</u>	-	-
-	13	8,000	Building & Improvements - Oper			
-	-	5,000	Equipment - Operations	-	-	-
-	<u>13</u>	<u>13,000</u>	Capital	-	-	-
2,178	-	-	Allocated Expense -General Fund			
25,388	-	-	Allocated Expense -Water Fund			
12,966	-	-	Allocated Expense -Sewer Fund	-	-	-
<u>40,532</u>	-	-	Transfers	-	-	-
-	-	15,875	Contingency	27,139		
-	-	-	Ending Fund Balance, unrestricted	-	-	-
-	-	<u>15,875</u>	Ending Fund Balance	<u>27,139</u>	-	-
<u>67,209</u>	<u>29,669</u>	<u>64,775</u>	Total Requirements	<u>169,139</u>	-	-

COMMUNITY DEVELOPMENT REVOLVING LOAN FUND

Mission Statement

To provide financial accounting for the Community Development Revolving Loan funds and to provide Falls City home and business owners with low interest loans for renovation projects.

Service Provided

Low interest loans for building repairs, renovations and construction activities in Falls City are provided through Polk County Development Corporation for low income households. The loans can be used for foundations, painting, windows, roofing, weatherization, plumbing, electrical, ADA accessibility and more.

BUDGET NARRATIVE

Revenue for this fund is generated from interest earnings on the principal balance of the fund and from interest earnings from loans that are issued. Requirements in this fund are for the administration of the funds, review and processing of loan applications and lending and legal fees. This fund is managed by Polk County Community Development Corporation.

Community Development Fund

Actual 2013- 2014	Actual 2014- 2015	Adopted 2015- 2016	Resources	Proposed 2016-2017	Approved 2016-2017	Adopted 2016-2017
<u>225,864</u>	<u>58,070</u>	<u>58,070</u>	Beginning Fund Balance	<u>78,545</u>	-	-
-	-	350	Interest	553		
-	13,000	18,500	Interest- Revolving Loan	4,675		
-	11,570	6,250	Principal	9,660		
55,818	-	-	Miscellaneous	-	-	-
<u>55,818</u>	<u>24,570</u>	<u>25,100</u>	Revenue	<u>14,888</u>	-	-
<u>281,682</u>	<u>82,640</u>	<u>83,170</u>	Total Resources	<u>93,433</u>	-	-
			Requirements			
-	-	6,000	Professional Services	2,000		
223,612	4,095	77,170	Loans/ Obligations	91,433		
-	-	-	Grants Funded	-	-	-
<u>223,612</u>	<u>4,095</u>	<u>83,170</u>	Community Development Program	<u>93,433</u>	-	-
-	-	-	Contingency	-	-	-
58,070	78,545	-	Ending Fund Balance, unrestricted	-	-	-
<u>58,070</u>	<u>78,545</u>	-	Ending Fund Balance	-	-	-
<u>281,682</u>	<u>82,640</u>	<u>83,170</u>	Total Requirements	<u>93,433</u>	-	-

WAGNER LIBRARY RESERVE TRUST FUNDS

MISSION STATEMENT

To provide clear accounting for funds held in trust for the Wagner Community Library.

Service Provided

The City petitioned the Wagner Trust Fund trustees to abolish the trust and turn over the funds to operate the Library while the Library Board sets up a Library District. The City had to do this or the Library was going to be closed, the school could no longer budget for their portion of the operating agreement.

Wagner Reserve 20% Fund						
Actual 2013- 2014	Actual 2014- 2015	Adopted 2015- 2016	Resources	Proposed 2016-2017	Approved 2016-2017	Adopted 2016-2017
27,603	28,571	34,635	Beginning Fund Balance	34,635	-	-
968	121	-	Interest			
-	5,943	-	Miscellaneous	-	-	-
968	6,064	-	Revenue	-	-	-
28,571	34,635	34,635	Total Resources	34,635	-	-
			Requirements			
-	-	34,635	Building Improvement-Ops	34,635	-	-
-	-	34,635	Capital	34,635	-	-
-	-	-	Contingency	-		
28,571	34,635	-	Fund Balance Ending	-	-	-
28,571	34,635	-	Ending Fund Balance	-	-	-
28,571	34,635	34,635	Total Requirements	34,635	-	-

Wagner Reserve 80% Fund

Actual 2013- 2014	Actual 2014- 2015	Adopted 2015- 2016	Resources	Proposed 2016-2017	Approved 2016-2017	Adopted 2016-2017
<u>164,385</u>	<u>168,258</u>	<u>124,773</u>	Beginning Fund Balance	<u>54,593</u>	-	-
3,873	484	-	Interest			
-	<u>23,772</u>	-	Miscellaneous	-	-	-
<u>3,873</u>	<u>24,256</u>	-	Revenue	-	-	-
<u>168,258</u>	<u>192,514</u>	<u>124,773</u>	Total Resources	<u>54,593</u>	-	-
Requirements						
-	<u>67,741</u>	<u>70,180</u>	Transfer to General Fund	<u>54,593</u>	-	-
-	<u>67,741</u>	<u>70,180</u>	Transfers	<u>54,593</u>	-	-
-	-	54,593	Contingency			
<u>168,258</u>	<u>124,773</u>	-	Fund Balance Ending	-	-	-
<u>168,258</u>	<u>124,773</u>	<u>54,593</u>	Ending Fund Balance	-	-	-
<u>168,258</u>	<u>192,514</u>	<u>124,773</u>	Total Requirements	<u>54,593</u>	-	-

CITY UTILITY RESERVE FUND

Mission Statement

To provide a reserve for future utility development and major utilities repair, and grant matching funds for the Water and Sanitary Sewer utilities.

Service Provided

Historically this fund has been used to collect Capital Fees and the late fees for all utility types. Late fees were then divided and transferred to the corresponding utility fund.

BUDGET NARRATIVE

In 2015/2016 the fee was increased to \$10.00. This fund is used for major projects in water, waste water, and as a reserve for grant funds. We do not expect any major projects out of this fund this year, but we budgeted \$25,000 for both the Water and Wastewater for emergency repairs.

Utility Reserve Fund

Actual 2013- 2014	Actual 2014- 2015	Adopted 2015- 2016	Resources	Proposed 2016-2017	Approved 2016-2017	Adopted 2016-2017
<u>253,330</u>	<u>269,069</u>	<u>294,600</u>	Beginning Fund Balance	<u>231,395</u>	-	-
2	-	-	Interest			
34,359	35,219	36,000	Utility Capital improvement Fee	43,500		
1,671	1,776	1,250	Utility Users Late Fee	-		
<u>8,065</u>	<u>-</u>	<u>-</u>	Transfer from Equipment Fund	<u>-</u>	<u>-</u>	<u>-</u>
<u>44,097</u>	<u>36,995</u>	<u>37,250</u>	Revenue	<u>43,500</u>	<u>-</u>	<u>-</u>
<u>297,427</u>	<u>306,064</u>	<u>331,850</u>	Total Resources	<u>274,895</u>	<u>-</u>	<u>-</u>
			Requirements			
21,326	1,919	25,000	Water Projects	25,000	-	-
-	-	25,000	Wastewater Projects	25,000	-	-
<u>7,032</u>	<u>-</u>	<u>-</u>	Equipment -Operations	<u>-</u>	<u>-</u>	<u>-</u>
<u>28,358</u>	<u>1,919</u>	<u>50,000</u>	Capital	<u>50,000</u>	<u>-</u>	<u>-</u>
-	-	-	General Fund Transfer			
-	-	60,000	Transfer to Water Fund	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	Transfer to Sewer Fund	<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>60,000</u>	Transfers	<u>-</u>	<u>-</u>	<u>-</u>
-		221,850	Contingency	224,895		
<u>269,069</u>	<u>304,145</u>	<u>-</u>	Fund Balance Ending	<u>-</u>	<u>-</u>	<u>-</u>
<u>269,069</u>	<u>304,145</u>	<u>221,850</u>	Ending Fund Balance	<u>224,895</u>	<u>-</u>	<u>-</u>
<u>297,427</u>	<u>306,064</u>	<u>331,850</u>	Total Requirements	<u>274,895</u>	<u>-</u>	<u>-</u>

CLOSED FUNDS

Information Reflected

This section of the budget has been reserved for funds that are already closed or will close during the 2013–2014 fiscal year due to retirement of the purpose of the fund, lack of receipt of grant funds, or changes in the way the revenues and expenses will be reported.

Sewer Master Plan Fund

The Sewer master Plan Fund was developed to allow for the receipt of the grant and as a place to track the expenses relating to the development of the Wastewater Facilities Plan. The plan has now been completed and the grant has been closed. This fund is being closed in the 2014–2015 budget process and the numbers below are for historical reference.

Sewer Master Plan Fund			
Actual 2013-2014	Actual 2014-2015	Adopted 2015- 2016	Resources
5,092	-	-	- Beginning Fund Balance
7,321			CDBG Grant
-			Professional Services
-	-	-	Transfer to Sewer Fund
<u>12,413</u>	<u>-</u>	<u>-</u>	Ending Fund Balance

Cemetery Fund

This fund was historically used to track the revenue and expenses of the Cemeteries. A separate fund is not required to track the expenses and with very little revenue being generated by plot sales it has become more appropriate to track these expenses as a department within the General Fund. The cemeteries require very similar activities as the parks and the expenses for parks and cemeteries will be combined into one department in the General Fund. The remaining balance will be transferred to the General Fund where the department activity will be reflected and the fund will be closed with a zero balance.

Cemetery Fund			
Actual 2013-2014	Actual 2014-2015	Adopted 2015-2016	Resources
7,656	-	-	- Beginning Fund Balance
-	-	-	Transfer to General Fund
<u>7,656</u>	<u>-</u>	<u>-</u>	Ending Fund Balance

Court Fund

This fund was historically used to track the revenue and expenses of the Municipal Court. A separate fund is not required to track the expenses and when there is no history of revenue being generated by court activities. It has become more appropriate to track these expenses as a department within the General Fund. The remaining balance will be transferred to the General Fund

where the department activity and the salary of the Code enforcement officer will be reflected. The fund will be closed with a zero balance.

Court Fund			
Actual 2013-2014	Actual 2014-2015	Adopted 2015-2016	Resources
13,424	-	-	Beginning Fund Balance
-	-	-	Transfer to General Fund
<u>13,424</u>	<u>-</u>	<u>-</u>	Ending Fund Balance

State Revenue Sharing Fund

This fund has historically been used to receive State Revenue Sharing funds which were then transferred to the Court fund for funding court activities. This revenue source will now be tracked in the General Fund with its own line item and will still be used to support the Court which is now a department within the General Fund. This will reduce the number of transfers needed and add transparency in the accounting of these activities. The remaining balance of the State Revenue Sharing Fund will be transferred to the General Fund to allow the fund to close with a zero balance.

State Revenue Sharing Fund			
Actual 2013-2014	Actual 2014-2015	Adopted 2015-2016	Resources
9,741	-	-	Beginning Fund Balance
-	-	-	Transfer to General Fund
<u>9,741</u>	<u>-</u>	<u>-</u>	Ending Fund Balance

Water Debt

Historically this fund was used to account for the Water Debt. Since this is a single expense and does not have its own revenue source this debt is now reflected in the Water Fund. This will eliminate the need to transfer from the Water Fund to simply make the annual debt payment. The reserve balance in this account will be transferred to the Water Fund and held in reserve as required by the terms of the debt agreement. This fund will no longer be needed and will close with a zero balance.

Water Debt Fund			
Actual 2013-2014	Actual 2014-2015	Adopted 2015-2016	Resources
65,473	-	-	Beginning Fund Balance
-	-	-	Transfer to Water Fund
<u>65,473</u>	<u>-</u>	<u>-</u>	Ending Fund Balance

Sewer Debt

This debt was paid off in the 2012–2013 fiscal year in order to save money on interest charges. This fund will no longer be needed to account for the sewer debt. The remaining balance will be transferred to the Sewer Fund so the money is still used for sewer system activities and consistent with the intent of the tax levy. Late payments are a result of property owners not paying their property taxes in the year they are due, these late payments are turned over by Polk County upon payment of the delinquent taxes. Any late payments of tax relating to this bond will be deposited to the Sewer Fund. This allows for the closure of this fund with a zero balance.

Sewer Debt Fund			
Actual 2013-2014	Actual 2014-2015	Adopted 2015-2016	Resources
(214)	-	-	Beginning Fund Balance
214	-	-	Transfer from Sewer Fund
-	-	-	Ending Fund Balance

Equipment Fund

This fund was created to form a common place to pool resources and fund equipment. Purchased from a common fund creates additional challenges in tracking the ownership of equipment and assets and making entries for depreciation. The transfers reflected in the 2013–2014 fiscal year represent returning the pooled resources to their respected funds based on historical contributions.

The resources are reflected in the respective funds as revenue and have been placed in a capital equipment line item separate from other expenditures to allow for clear accounting for equipment purchases. This is a first step towards having each utility purchase and account for its own equipment or share of pooled equipment and allows for clearer tracking of depreciated expenses. This was an area the City Auditors noted as a deficiency in our past practices.

Making the transfers back to the donating funds allows this fund to close with a zero balance.

Equipment Fund			
Actual 2013-2014	Actual 2014-2015	Adopted 2015-2016	Resources
28,125	-	-	Beginning Fund Balance
(8,065)			Transfer to General Fund
(8,065)			Transfer to Water Fund
(1,965)			Transfer to Sewer Fund
(1,965)			Transfer to Street Fund
(8,065)	-	-	Transfer to Utility Reserve Fund
-	-	-	Ending Fund Balance

Small City Allotment Grant Fund

The Small Cities Allotment Grant Fund was developed to allow for the receipt of the grant and as a place to track the expenses relating to the repaving of a portion of Bridge Street. The grant was awarded in early 2013 and construction was delayed due to availability of contractors and weather conditions. The project is expected to be completed in June 2014. With the completion of the project we are closing this fund.

Small City Allotment Grant Fund			
Actual 2013-2014	Actual 2014-2015	Adopted 2015-2016	Resources
-	-	-	Beginning Fund Balance
25,000			Grant
-	-	-	Street Project
25,000	-	-	Ending Fund Balance

ACRONYMS

ADA	Americans with Disabilities Act
AFSCME Union	American Federation of State County and Municipal Employees
AV	Assessed Value
CAD	Computer Aided Dispatch
CAD	Computer Aided Drafting
CAFR	Comprehensive Annual Financial Report
CART	Crash Analysis Reconstruction Team
CCI	Construction Cost Index
CCIS	City County Insurance Services
CSO	Community Service Officer
CD	Community Development
CD	Compact Disk
CEP	Capital Equipment and Projects
CIP	Capital Improvement Program or Plan
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CMFR	Comprehensive Monthly Financial Reports
CPR	Cardiopulmonary Resuscitation
COLA	Cost of Living Adjustment
COP	Certificates of Participation
CPA	Certified Public Accountant
CPI	Consumer Price Index
DEQ	Department of Environmental Quality
DLCD	Department of Land Conservation and Development
DUI	Driving Under the Influence
DVD	Digital Video Disk
EMS	Emergency Management Services
EPA	Environmental Protection Agency
EOP	Emergency Operations Plan
FASB	Financial Accounting Standards Board
FICA	Federal Insurance Contributions Act
FTE	Full-Time Equivalent
FY	Fiscal Year
GAAP	Generally Accepted Accounting Principles

GASB	Governmental Accounting Standards Board
GFOA	Government Finance Officers Association
GIS	Geographic Information Systems
GISSP	Geographic Information Systems Strategic Plan
HP	Horse Power
HR	Human Resources
HVAC	Heating, Ventilation, and Cooling Equipment
IGA	Intergovernmental Agreement
IGET	Interagency Gang Enforcement Team
IS	Information Systems
ISO	International Organization for Standardization
ISP	Internet Service Provider
IT	Information Technology
ITS	Intelligent Transportation System
LCDC	Land Conservation and Development Board of Commissioners
LID	Local Improvement District
LSTA	Library Services and Technology Act
MAV	Maximum Assessed Value

MG	Million Gallons
NFPA	National Fire Protection Association
NIIMS	National Inter–Agency Incident Management System
NPDES	National Pollutant Discharge Eliminating System
OAA	Older Americans Act
ODOT	Oregon Department of Transportation
OECD	Oregon Economic and Community Development Department
ODOT	Oregon Department of Transportation
OR	Oregon
ORS	Oregon Revised Statutes
OSHA	Occupational Safety and Health Administration
OSU	Oregon State University
PC	Personal Computer
PDA	Personal Digital Assistant
PEG	Public Educational Government
PERS	Public Employees Retirement System
PIO	Public Information Officer
PRV	Pressure Release Valve

RFA	Rural Fire Assistance
RMV	Real Market Value
SCADA	Supervisory Control and Data Acquisition
SDC's	System Development Charges
SRO	School Resource Officer
TDM	Transportation Demand Management
UBG	Urban Growth Boundary
VFA	Volunteer Fire Assistance
VoIP	Voice-over Internet Protocol
WAN	Wide Area Network
WDOT	Washington Department of Transportation
WMD	Weapons of Mass Destruction
WWTP	Waste Water Treatment Plant

GLOSSARY

Actual

Actual, as used in the fund summaries, revenue summaries and department and division summaries within the budget document, represents the actual costs results of operations. This category is presented on a budgetary basis, and thus excludes depreciation and amortization and includes principal payments on debt.

Ad Valorem Tax

A tax based on the assessed value of a property.

Adopted Budget

Adopted, as used in the fund summaries and department and division summaries within the budget document, represents the final budget approved by the City Council. Adopted budget becomes effective July 1st. Subsequent to adoption; Council may make changes throughout the year.

Allocated Charges

Funding transferred from one fund to another to recover costs related to providing shared services from other funds for specific administrative functions, which benefit those funds (i.e., City Administrator, City Clerk, insurance, computer systems and software support, etc.).

Approved Budget

Approved, as used in the fund summaries, revenue summaries, and department budgets, represents the proposed budget with changes made by the Budget Committee, if any.

Appropriations

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

Assessed Valuation (AV)

The value set on taxable property as a basis for levying property taxes. A tax initiative passed in 1997 that reduced AV below real market value and set a 3% maximum annual growth rate in the AV, exclusive of certain improvements.

Assets

Resources having a monetary value and that are owned or held by an entity.

Bond or Bond Issue

Bonds are debt instruments that require repayment of a specified principal amount on a certain date (maturity date), together with interest at a stated rate or according to a formula for determining the interest rate.

Bond Funds

Established to account for bond proceeds to be used only for approved bond projects.

Budget

A budget is a plan of financial operation embodying an estimate of proposed expenditures and the means of financing them. Used without any modifier, the term usually indicates a financial plan for a single fiscal year. In practice, the term budget is used in two ways. Sometimes it designates the financial plan presented for adoption and other times it designates the plan finally approved. It is usually necessary to specify whether the budget under consideration is preliminary and tentative, or whether the appropriating body has approved it.

Budget Calendar

The schedule of key dates, which a government follows in the preparation and adoption of the budget.

Budget Committee

A group comprised of the elected officials plus an equal number of concerned citizens for the purpose of reviewing the proposed budget and recommending changes leading to an approved budget.

Budget Document

A written report showing a government's comprehensive financial plan for a specified period, usually one year that includes both the capital and the operating budgets.

Budget Message

Written explanation of the budget and the City's financial priorities for the next fiscal year; prepared by the City Manager.

Budgetary Basis

Budgets are adopted on a basis consistent with Generally Accepted Accounting Principles (GAAP), with the exception that neither depreciation nor amortization is budgeted for proprietary funds and bond principal and interest in the enterprise funds is subject to appropriation.

Capital Budget

The City's budget for projects, major repairs, and improvements or additions to the City's fixed assets (streets, sidewalks, roads, sewers, parks, and buildings).

Capital Expenditures

The City defines a capital expenditure as using the following three criteria: (1) relatively high monetary value (for example: the City financial policies could set an amount equal or greater than \$50,000), (2) long asset life (equal to or

greater than 3 years useful life), and (3) results in the creation of a fixed asset, or the revitalization of a fixed asset.

Capital Improvement

A term defined in the ORS 310.410 (10) to include land, structures, facilities, machinery, equipment, or furnishings having a useful life of longer than one year.

Capital Improvement Project/Capital Project

Any project having assets of significant value and having a useful life of three years or more. Capital projects include the purchase of land, design, engineering and construction of buildings, and infrastructure items such as parks, streets, bridges, drainage, street lighting, water and sewer systems and master planning.

Capital Outlay

Includes the purchase of land, the purchase or construction of buildings, structures, and facilities of all types, plus machinery and equipment. It includes expenditures that result in the acquisition or addition of a fixed asset or increase the capacity, efficiency, span of life, or economy of operating as an existing fixed asset. For an item to qualify as a capital outlay expenditure it must meet all of the following requirements: (1) have an estimated useful life of more than one year; (2) typically have a unit cost of \$1,000 or more; and (3) be a betterment or improvement. Replacement of a capital item is classified as capital outlay under the same code as the original purchase. Replacement or repair parts are classified under materials and services.

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.

Charges for Service

Includes a wide variety of fees charged for services provided to the public and other agencies.

Comprehensive Annual Financial Report

The annual audited results of the City's financial position and activity.

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 that describe the desired form, nature and rate of city development.

Consumer Price Index

A statistical description of price levels provided by the U.S. Department of Labor. The index is used as a measure of the increase in the cost of living (i.e., economic inflation).

Contingency

A budgetary reserve set aside for emergencies or unforeseen expenditures not otherwise budgeted. Contingency may be appropriated for a specific purpose by the City Council upon the approval of a resolution. The City separates contingencies into those that are designated for specific purposes and undesignated. (Also see Designated Contingency and Unappropriated Ending Fund Balance)

Debt Service

Interest and principal on outstanding bonds due and payable during the fiscal year.

Debt Service Fund

Established to account for the accumulation of resources and for the payment

of general long-term debt principle and interest that are not services by the Enterprise funds. It does not include contractual obligations accounted for in the individual funds.

Department

The combination of divisions of the City headed by a general manager with a specific and unique set of goals and objectives (i.e., Police, Fire, Financial Services, Water Resources, etc.).

Depreciation

Expiration in the service life of capital assets attributable to wear and tear, deterioration, action of physical elements, inadequacy or obsolescence.

Designated Contingency

Amounts set aside for anticipated non-recurring cash flow needs. Includes items such as moving and remodeling, major building repairs, emergency management and capital project or equipment purchases.

Direct Debt

General Obligation debt imposed by the City of Falls City on its revenues and not usually bearing on properties outside the city limits.

Employee Benefits

Contributions made by a government to meet commitments or obligations for employee-related expenses. Such as medical and life insurance plans.

Encumbrance

Amount of money committed and set aside, but not yet expended, for the purchases of specific goods or services.

Enterprise Funds

Established to account for operations, including debt service that are financed and operated similarly to private businesses where the intent is the service is self-sufficient, with all costs supported predominantly by user charges. The

City maintains two Enterprise Funds to account for Water, and Sewer, water activities. Enterprise fund revenues are restricted to be spent only on enterprise activities relating to their revenue source. For example water rate revenue can only be spent on water activities and projects.

Estimated Actual

A projection of the revenue or expenditure, as appropriate, to be recognized during the current fiscal period.

Expenditures

Represents decreases in net financial resources. They include current operating expenses, which require the current or future use of net current assets, debt services, and capital outlays.

Fees

Charges for specific services levied by local government in connection with providing a service, permitting an activity or imposing a fine or penalty. Major types of fees include business and non-business license, fines, and user charges.

Fiscal Management

A government's directive with respect to revenues, spending, reserves and debt management as these relate to governmental services, programs and capital investment. Financial policy provides an agreed upon set of principles for the planning and programming of governmental budgets and its funding.

Fiscal Year

A twelve-month period designated as the operating year for accounting and budgeting purposes in an organization. Falls City's fiscal year is July 1 through June 30.

Five-Year Financial Plan

An estimation of revenues and expenses required by the City to operate for the next five-year period.

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Fixed Assets

Includes equipment, infrastructure, buildings, land, vehicles, furniture and fixtures, computer hardware and software with a cost basis in excess of \$5,000.

Franchise Fee

Charged to utilities operating within the City and is a reimbursement to the general fund for the utility's use of City streets and right-of-ways.

Full-Time Equivalent

A calculation used to convert part-time hours to equivalent full-time positions. Full time employee salaries are based on 2,080 hours per year. The full-time equivalent of a part-time employee is calculated by dividing the number of hours budgeted by 2,080.

Fund

A fiscal and accounting entity with a self-balancing set of accounts. Records cash and other financial resources together with all related liabilities and residual equities or balances and changes therein. These are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.

Fund Balance

The balance of net financial resources that are spendable or available for appropriation.

General Fund

Primary operating fund of the City. It exists to account for the resources devoted to finance the services traditionally associated with local government. Included in these services are police protection, fire protection and prevention, emergency medical service, parks and recreation, library and any other activity for which a special fund has not been created.

General Long-term Debt

Represents any unmatured debt not considered to be a fund liability.

General Obligation Bonds (G.O. Bonds)

Bonds secured by the full faith and credit of the issuer. G.O. bonds issued by local units of government are secured by a pledge of the issuer's property taxing power (secondary portion). They are usually issued to pay for general capital improvements such as parks and City facilities.

Grant

A contribution by one government unit to another. The contribution is usually made to aid in the support of a specified function (i.e., library, parks or capital projects).

Infrastructure

Public domain fixed assets such as roads, bridges, streets, sidewalks and similar assets that are immovable.

Interfund Transfers

Appropriation category used in the City's budget resolution which includes amounts distributed from one fund to another fund. Transfers from the other funds appear as non-departmental expenditures called "Transfers".

Intergovernmental Revenues

Levied by one government but shared on a predetermined basis with another government or class of governments.

Internal Services Fund

The cost of the general administration of the City plus planning, engineering, building and grounds maintenance.

Levy

Gross amount of property taxes imposed on taxable property. The net amount received by a government will be less than the gross levy as a result of

City of Falls City Proposed Budget 2016-2017

delinquent or uncollectible payments or early payment discounts. Budgets are developed on the basis of the projected amount of property taxes receivable.

Line Item Budget

The traditional form of budget, where proposed appropriations are based on individual objects of expense within a department or program.

Local Budget Law

Oregon Revised Statutes (ORS) dictates local budgeting practices. ORS Chapter 294 contains Local Budget Law provisions.

Local Improvement District

Consists of property owners desiring improvements to their property. Bonds are issued to finance these improvements, which are repaid by assessments on their property. Local Improvement District debt is paid for by a compulsory levy (special assessment) made against certain properties to defray all or part of the cost of a specific capital improvement or service deemed to benefit primarily those properties.

Local Option Levy

Under Measure 50, local governments and special districts were given the ability to ask voters for temporary authority to increase taxes through approval of a local option levy. The maximum length of time for a local option levy is 10 years, depending on the purpose of the levy. A local option levy must be approved by a majority of voters at a general election or an election with a 50% voter turnout.

Materials and Services

Expendable items purchased for delivery and city services. This classification includes supplies, repair and replacement parts, small tools, and maintenance and repair materials that are not of a capital nature.

Measure 5

A constitutional limit on property taxes passed by voters in the State of Oregon in November 1990. The new law sets a maximum \$10 tax rate on individual properties for the aggregate of all non-school taxing jurisdictions. Schools' maximum rate is \$5.00 after FY 1995–96.

Measure 50

A 1997 voter approved initiative which rolled back assessed values to 90 percent of their levels in fiscal year FY 1995–96 and limits future annual increases to three percent, except for major improvements. Tax rates are now fixed and not subject to change. Voters may approve local initiatives above the fixed rates provided a majority approves at either (i) a general election in an even numbered year; or (ii) at any other election in which at least 50 percent of registered voters cast a ballot.

Mission

Defines the primary purpose of the City and is intended to guide all organizational decisions, policies and activities (internal and external) on a daily basis.

Net Working Capital

The net working capital is the residual non-restricted funds brought forward from the previous financial year (ending balance).

Objective

Something to be accomplished in specific, well-defined and measurable terms, and that is achievable within a specific time frame.

Operating Budget

The plan for current expenditures and the proposed means of financing them. The annual operating budget is the primary means by which most of the financing, acquisition, spending and service delivery activities of a government are controlled.

Operating Revenue

Funds that the government receives as income to pay for ongoing operations. It includes such items as taxes, fees from specific services, interest earnings and grant revenues. Operating revenues are used to pay for day-to-day services.

Ordinance

A formal legislative or policy enactment by the governing body of a municipality. If it is not in conflict with any higher form of law, such as the charter, a state statute or a constitutional provision, it has the full force and effect of the law within the boundaries of the municipality to which it applies.

Outstanding Debt

The balance due at any given time resulting from the borrowing of money or from the purchase of goods and services.

Overlapping Debt

The proportionate share of bonds outstanding and owed to other taxing jurisdictions attributable to city property owners. (e.g. Forest Grove School District, Hillsboro School District, Port of Portland)

Permanent Tax Rate

Under Measure 50, each school district, local government, and special district was assigned a permanent tax rate limit in Fiscal Year 1998. This permanent rate applies to property taxes for operations. The permanent tax rate for the City of

Falls City is \$2.9202 per \$1,000 of assessed value.

Personal Services

Includes the salaries and wages paid to employees plus the City's contribution for fringe benefits such as retirement, social security, health and workers' compensation insurance.

Property Tax

Based according to assessed value of property and is used as the source of monies to pay general obligation debt and to support the General Fund.

Project Manager

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

Proposed Budget

Combined operating, non-operating, and resource estimates prepared by the City Manager and submitted to the public and the Budget Committee for review and approval.

Real Market Value

The estimated value of property if sold. Within Cornelius, the average real market value exceeds the assessed value by 41%. This disparity is the result of voter approved tax initiative 50 passed in 1997.

Resolution

A special or temporary order of a legislative body requiring City Council action.

Resources

Total of revenues, interfund transfers in and beginning fund balance.

Retained Earnings

An equity account that reflects the accumulated earning of an enterprise or internal service fund.

Revenue

Funds received by the City from either tax or non-tax sources.

Revenue Bonds

Bonds payable from a specific source of revenue, which does not pledge the taxing authority of the issuer. Pledged revenues may be derived from

operation of the financed project, utilities, grants, excise or other specified non-property tax.

Special Assessment

A compulsory levy made against certain properties to defray all or part of the cost of a capital improvement or service deemed to benefit primarily those properties. (Also see Local Improvement District)

Special Assessment Bond

A bond issue payable from the payments on special assessments imposed against properties that have been specially benefited by the construction of public improvements such as sidewalks, roads, or sewer systems.

Special Revenue Funds

Established to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

Supplemental Budget

Appropriations established to meet needs not anticipated at the time the budget was originally adopted. A supplemental budget cannot increase the tax levy.

System Development Charges

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

Taxes

Compulsory charges levied by a government for the purpose of financing services performed for the common benefit. This term does not include specific charges made against particular persons or property for current or permanent benefits such as special assessments. Neither does the term

include charges for services rendered only to those paying such charges, such as water service.

Tax Levy

The total amount of property taxes needed to pay for General Fund operations and for principal and interest on bonds.

Tax Rate

The amount of tax levied for each \$1,000 of assessed valuation.

Tax Revenue

Includes property taxes.

Tax Roll

The official list showing the amount of taxes levied against each property. Maintained by the Polk County Assessment and Taxation Department.

Transfers

The authorized exchange of cash or other resources between funds.

Unappropriated Ending Fund Balance

An account which records a portion of the fund balance. It must be segregated for future use and is not available for current appropriation or expenditure.

User Fees

The fee charged for services to the party or parties who directly benefits. Also called Charges for Service.

