

Falls City Main Street 1919 - Left: Wagner dance hall, livery stable with notched roof, real estate office, Falls City Hotel operated by Tom Hollowell, Ford-Tyson Grocery Co., other store, Toole Store, Furniture Store, Bakery, Skating Rink, Newspaper, Bank. Note the very wide dirt street.

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City of Falls City

FY 2018-2019 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.

2018-2019 BUDGET COMMITTEE

COUNCIL MEMBERS

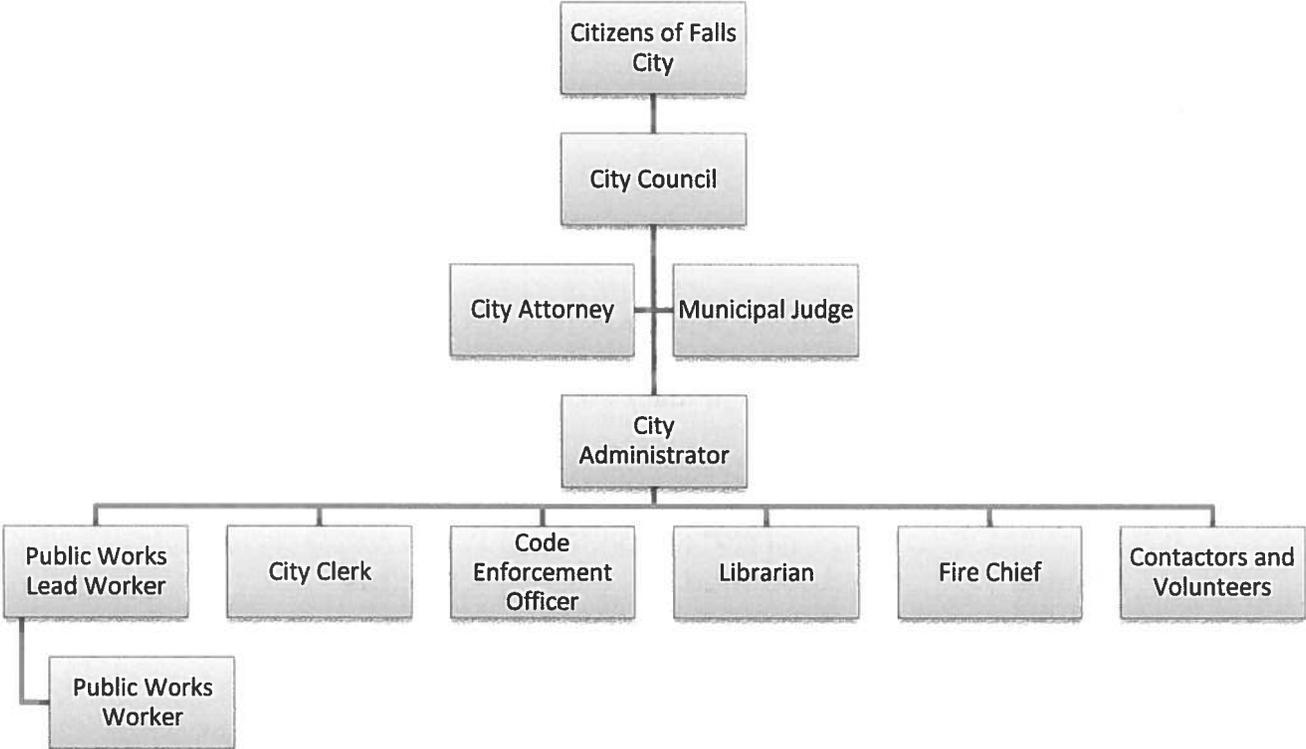
Member	Appointed	Expires
Jeremy Gordon, Mayor	Appointed Nov. 2017	(Serve 2017-2018)
Lori J. Sickles, Councilor	Elected January 2015	(Serve 2015-2018)
Dennis Sickles, Councilor	Elected January 2017	(Serve 2017-2020)
Jennifer Drill, Councilor	Elected January 2015	(Serve 2015-2018)
Tony Meier, Councilor	Elected January 2015	(Serve 2015-2018)
Cliff Lauder, Councilor	Elected January 2017	(Serve 2017-2020)
Charlie Flynn, Councilor	Elected January 2017	(Serve 2017-2020)

CITIZEN MEMBERS

Member	Appointed	Expires
Nick Backus	Appointed 2018	2021
Karla Kind	Appointed 2018	2021
Alan Kind	Appointed 2018	2021
Guy Mack	Appointed 2014	2021
Amy Houghtailing	Appointed 2015	2018
Patti Sample	Appointed 2016	2019

Budget Officer: Terry Ungricht

ORGANIZATION CHART



City of Falls City

FY 2018-2019 PROPOSED BUDGET

BUDGET MESSAGE

DATE: April 10, 2018
TO: Falls City Councilors, Budget Committee Members, Staff, and Citizens:
FROM: Terry Ungricht, Budget Officer
SUBJ: FY '18-19 BUDGET MESSAGE

The Falls City Budget Audit for 2016/17 showed gains in all Departments except for Water. Water revenue was slightly down with Luckiamute Water District not using as much water as the prior year and spending was up to replace all of the treatment plant turbidity devices. We are still happy to report that the City's finances are still moving in a positive direction.

Some of the City's accomplishments for the last budget cycle are;

1. We were able to take ownership of the North side of the Falls property and to rezone as a Public Park. It will take us years to improve, but we now own both sides of the Falls. This was accomplished by an \$85,000.00 Oregon Parks and Recreation Department grant through funds provided by the lottery.
2. We took ownership of the old Doctor's Office property through a generous donation from the Steele Family. The goal is to seek out a contract with a medical provider to offer their services to our residents, lease the property to a business to add money for the General Fund, or as a last resort offer sale the property. Council has set the development of the property as; revenue neutral, make

money, or provide a needed resource to the City. Mayor Gordon is in charge of an advisory board to help advise Council.

3. The City was able to close out the \$20,000 Business Oregon grant to update our Master Water Plan. The plan was approved by the State and we are back in compliance with this requirement.
4. The City was able to complete closing off access to vehicles at the Michael Harding Park. This project will keep cars away from the River to help protect our Luckiamute drainage water quality.
5. The City added a Host site at the upper park. We will now have a person on site to help keep the Park bathroom clean and to deter vandalism.
6. The City was able to receive a variance from the Planning Commission to install a reader board on the Community Center that will be used to post meeting times and advise residents of events.
7. The Falls City Fire Department received a hit when the Southwest Fire District decided to withdraw the long standing contract to provide Fire response to their District. This resulted in a loss of \$28,000 a year in revenue and the loss of two Fire Engines. We have been able to enter into a contract with a Doctor to oversee our Medical services and we have received donations of two Fire Engines that will get us by. Council is asking for a levy on the May Ballot to help the Department get fully restored.
8. Falls City was able to reach out to the City of Independence and enter into an agreement to operate our Municipal Court. This allowed us to set up a new code enforcement program and we were able to enter an agreement with the Polk County Sheriff's Office to enforce parts of our nuisance code.
9. The City was successful on receiving a grant from the Oregon Department of Transportation to overlay 5th Street and this project will be scheduled for the summer of 2018.
10. We were successful in receiving the Community Development Block Grant for the final engineering to our Wastewater project. The award was for \$330,000 and at the completion of the project we will have biddable documents to go out for bids on the project, this is the number 1 priority of Council.

We are still experiencing an increase in land use applications, which is great news to be able to add customers to our utility system. Each application is a challenge in helping the applicant be successful and shows the deviancies in our wastewater. Council adopted some changes to our development code to try and make some of the land use processes easier. This is one of the tougher issues for our limited staff.

The Council goals are staying focused on infrastructure and staff will keep trying to develop projects that improve our City, make it easier to develop, and searching for funding opportunities to keep costs affordable for our residents.

As required by State Law, staff is submitting a balanced budget for your consideration and approval. The budget anticipates \$2,504,500 in revenues with \$2,014,917 in spending an increase of \$319,747 over last budget year and with \$489,583 in contingency funds a decrease of \$80,317 over last budget year, with the majority of those in the Utility Reserve Fund.

The Budget is similar to last years with the exception of I added a Fire Equipment/Operations levy fund in case the voters approve the May 15th ballot measure.

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. Maintain and 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.

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.

Housing

Falls City Housing: Much of the housing in Falls City has been designed with family life in mind. Approximately 82% of housing is owner occupied. The City has seen an increase in building permits and staff has been working to help create zoning changes that will encourage development. The assessed value of real property was \$39,089,080 in 2016, compared to \$40,411,551 in 2017 an increase of \$1,322,471.

City Tax Rate

\$2.9202 per \$1,000 assessed valuation is the permanent tax rate as set by Measure 50 in 1997. Falls City is seeking vote approval for a \$1.00, 5 year Fire Department levy at the May 2018 election.

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.

2018–2019 Budget Calendar

January 29	City Council goal setting
April 17	Budget Officer prepares the budget message
April 19, 26, May 3	Budget Committee meetings, Budget Hearing and Budget Committee approval
June 14	City Council meeting with public hearing for budget

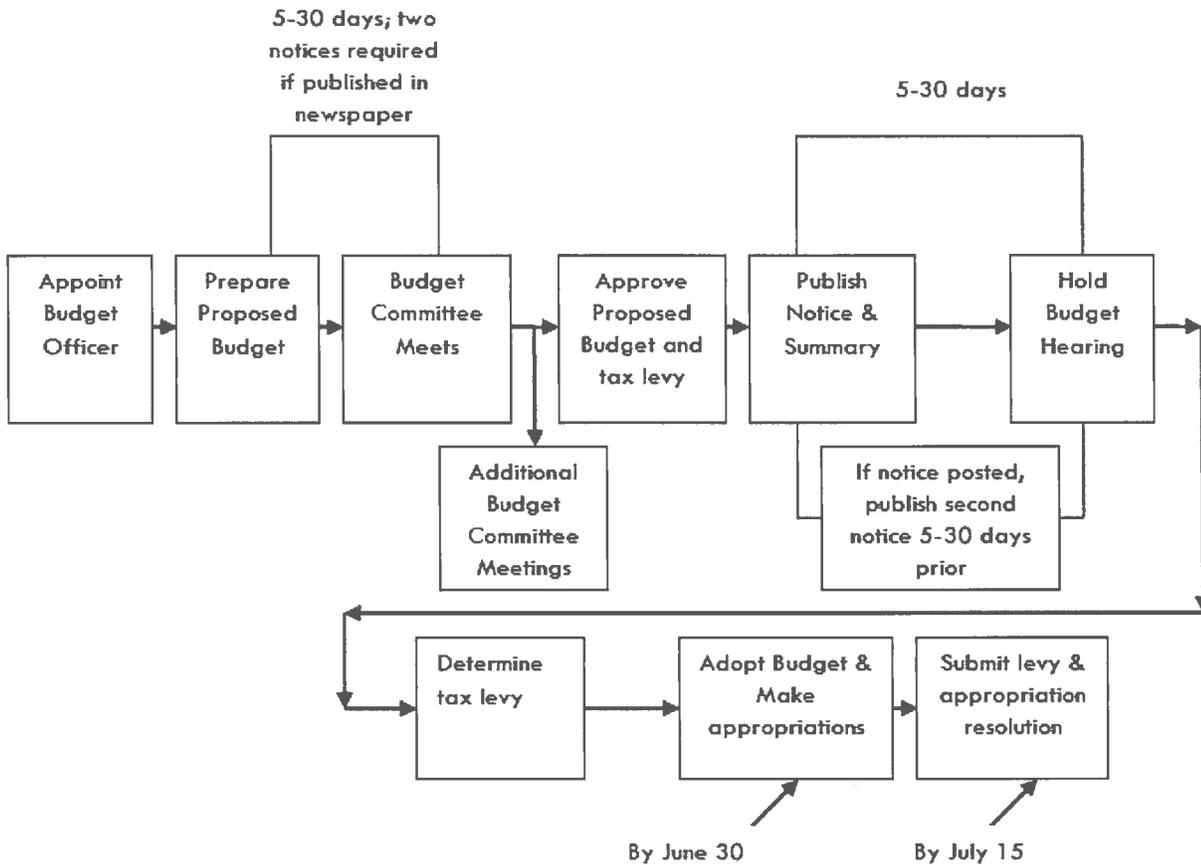
No later than June 30 City Council adopts FY 2018–2019 Budget

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:

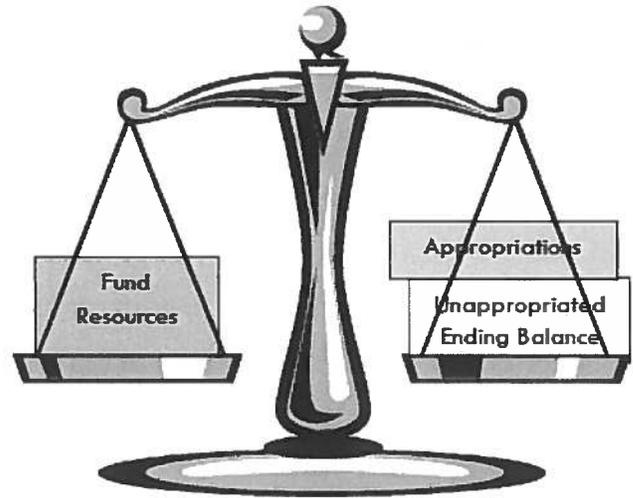
- Must live in the City of Falls City,
- Cannot be officers, agents, or employees of the local government,
- Serve four-year terms that are staggered so that approximately one-third of the terms end each year, and
- Can be spouses of officers, agents, or employees of the Municipality.

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 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:

- City Council
- Administration
- Fire
- 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.

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 include repair, construction and maintenance of streets and pathways. No public 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
 - Admin
 - Fire
 - Court
 - 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 (Major Fund)
7. Wagner Library 80% Fund (Major Fund)
8. Fire Equipment/Operations Levy (Major Fund)

Closed Funds

Wagner Library 20% Fund

Changes in Personnel City Levels

This year the City Manager position will be budgeted as a full time position and Council will fill the position on the resignation of Volunteer City Manager Ungricht. The City also experienced the retirement of City Clerk Protheroe. Administration staffing will be budgeted for one (1) full time City Manager, one (1) full time utility clerk, and .5 FTE for a part time clerk for a total 2.5 FTE.

Falls City experienced a medical retirement of Public Works worker Wagner and hired a new worker to replace him. We will be budgeting for Three (3) FTE positions, 2 out of Water and 1 out of sewer. The City recognizes the need for three (3) positions to start training for possible retirements; it takes 2000 hours in water and sewer to become certified under State regulations.

We contracted for court services with an Intergovernmental agreement with the City of Independence to provide Municipal Court for Falls City and hired a .20 FTE code enforcement officer.

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, Inter-fund 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, although Council moved to add a \$1.00/\$1,000 on the May 2018 ballot for Fire Services.

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. This transfer will be contingent on the May 15, 2018 Ballot measure passing.

Transfers		
<u>From</u>	<u>To</u>	
Fire Levy	General	\$ 15,000
	Total	\$ 15,000

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.

Staff Allocation and shared costs			
From		To	
Water Fund	\$ 80,000	Water to Gen	\$ 50,000
		Water to Sewer	\$ 20,000
		Water to Street	\$ 10,000
			<u>\$ 80,000</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 2018/2019

Falls City will keep looking at ways to bring economic development, affordable housing, and the efficient spending of the General Fund limited revenue. Our goal is to provide friendly staff to assist citizens and operate the City in the most efficient manner possible.

Budget Narrative

The General Fund has an estimated beginning balance of \$210,000.00 and anticipates revenue of \$259,300; this sets total resources of \$469,300.00. The General fund budgets \$469,300 in spending and is the source of income for the City Council, Court, Fire, Administration, and Parks Funds. The funds that make up the General Fund are unrestricted funds and can be spent on all operations of the City of Falls City.

Property taxes are limited by a 3% cap on the assessed value of existing property plus new construction. We have seen property tax revenue increase this year with the addition of some completed developments and we still have permits out that will further raise this revenue in future budget years.

We do have a grant submitted for new self-contained breathing units for the Fire Department, if awarded we will submit a Resolution on unforeseen funds to Council for approval to spend the award, I have budgeted the \$5,000.00 portion of funds that we would need to match.

The Robert Steel Family LLC donated the old Doctors office and small building at 304 and 306 North Main. Mayor Gordon is heading a group to clean up the property and to submit for proposals on leasing the property. When we have this property leased the revenue will be budgeted in the General Fund.

The City is currently advertising for a City Manager, when that position is filled it is recommended that we at least hire a part time clerk to help cover utility billing, filing, and special projects assigned by the Manager.

General Fund						
Actual 2015- 2016	Actual 2016- 2017	Adopted 2017- 2018		Proposed 2018- 2019	Approve d 2018- 2019	Adopted 2018- 2019
			Resources			
			Non Departmental			
161,131	233,921	205,000	Beginning Fund Balance	210,000	210,000	210,000
6,418	13,325	10,000	Interest	14,000	0	0
13,655	14,285	14,000	OLCC	15,000	0	
6,750	11,213	9,000	Revenue Share	7,500	0	
1,164	1,283	1,100	Cigarette Tax	1,100	0	
-	-	-	911 tax			
107,755	110,750	104,000	Property Tax - Current	108,000	0	
-	-	1,000	Property Tax - Prior Year	1,000	0	
1,015	1,125	400	Lien Search	500	0	0
1,402	1,988	1,200	Licenses and Fees	1,200	0	0
142	347	200	Copies and Faxes	50	0	0
210	140	50	Parks User fees	50	0	0
50	250	-	Community Center Use Fee	200	0	0
-	-	-	Nuisance Fines			
1,904	1,223	600	Business License Permits	600	0	0
1,994	6,358	2,000	Planning Permits	1,000	0	0
22,400	22,400	21,000	Rural Fire	-		
44,245	44,492	35,000	Electric-Franchise Fees Pacific Power	35,000	0	0
-	79		Electric -Franchise Fees Consumer Power	-	0	
2,839	3,008	2,600	Garbage-Franchise Fees Republic	3,000	0	0
4,199	6,578	4,000	Cable-Franchise Fees Charter	5,000	0	0
-	1,732		Phone-Franchise Fees Quest			
1,000	-	-	Planning Grants			
-	-	-	Reimbursements			
610	520	150	Donations	100	0	0
5,136	14,516	-	Miscellaneous	1,000	0	0
2,580	76,500	8,500	Intergovernmental Grants			
			Transfer from Fire Levy	15,000	0	
70,180	-	-	Transfer From Library Reserve			
50,000	50,000	50,000	Allocated Revenue	50,000	-	-
-	-		Transfer in' per Audited Financial Statement			
-	-		Adjust to Audited Financial Statement		-	-
345,648	382,112	264,800	Non-Departmental Revenue	259,300	-	-
506,779	616,033	469,800	Total Resources	469,300	210,000	210,000

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 2018/2019

Maintain high level of services, 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

This budget anticipates a total of \$1,450.00 of expenditures in this department. The City Council adopted goals in January 2018 for the 2018–2019 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 and reimbursement for travel to meetings or training.

Actual 2015-2016	Actual 2016-2017	Adopted 2017-2018	Requirements	Proposed 2018-2019	Approved 2018-2019	Adopted 2018-2019
			City Council			
-	-	250	Operational Supplies	250		
490	310	800	Council Projects	800		
-	83	300	Education/Training/Dues	300		
-	-	100	Reimbursable Expense	100	-	-
-	-	-	Adjust to Audited Financial Statement		-	-
490	393	1,450	Program Total	1,450	-	-

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 Lead City Clerk, Domenica Protheroe, retired in December of 2017 and City Manager Ungricht will also be returning to retirement as soon as a City Manager is hired.

Once the new City Manager is in place we expect to have to hire a .5 FTE or full time clerk to help with utility billing, filing, and special projects assigned by the City Manager.

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.

BUDGET NARRATIVE

The Administration Department proposed budget anticipates \$276,000.00 in spending a decrease of \$11,000 over last budget cycle. The budget will retain

1.5 FTE for City Clerks, necessary materials, supplies, and capital equipment to support the activities noted above and budget for a City Manager.

Objectives 2018–2019

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.
- 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

Personnel Services

Administration is a department in the General Fund comprised of 2.5 full-time employees, the City Clerk, the assistant clerk, and the City Manager. 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. The major change this year will be the addition of a paid City Manager.

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)

- Government Finance Officer Association (GFOA)
- 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 vendors. Attorney services are budgeted at the same level as the past year to be sure legal advice is available when needed.

Actual 2015-2016	Actual 2016-2017	Adopted 2017-2018	Administration	Proposed 2018-2019	Approved 2018-2019	Adopted 2018-2019
<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>
60,231	66,165	130,000	Salaried	120,000		
20,828	30,214	60,000	Benefits	54,000		
<u>7,835</u>	<u>5,442</u>	<u>24,000</u>	Employer Costs	<u>14,000</u>	<u>-</u>	<u>-</u>
<u>88,894</u>	<u>101,821</u>	<u>214,000</u>	PERSONNEL SERVICES	<u>188,000</u>	<u>-</u>	<u>-</u>
5,197	8,172	5,500	Operational Supplies	6,000		
1,262	619	3,000	Equipment - O&M	2,500		
3,104	1,726	4,000	Building Maintenance and Repair	4,000		
7,529	8,141	9,000	Utilities	9,000		
5,879	5,181	6,500	Education/Training/Dues	6,500		
37,010	45,414	45,000	Professional Services	60,000		
62	850		Council Projects		-	-
-	2,281	-	Adjust to Audited Financial Statemen	-	-	-
<u>60,043</u>	<u>72,384</u>	<u>73,000</u>	MATERIALS AND SERVICES	<u>88,000</u>	<u>-</u>	<u>-</u>
<u>148,937</u>	<u>174,205</u>	<u>287,000</u>	Program Total	<u>276,000</u>	<u>-</u>	<u>-</u>

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 the 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

- Brought the Department into compliance independently of SWRFD after the contract between FCFD and SWRFD was cancelled.
- Provided a full roster of volunteers to serve our City.

Objectives 2018–2019

- 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.
- Seek Ballot Initiative for funds to help purchase equipment and cover partial operating expenses.

BUDGET NARRATIVE

This budget anticipates a total of \$76,800.00 of expenditures in the Fire fund. This year we have applied for a fire assistance grant to update the self-contained breathing units. We will keep searching for grant funds to help equip our department. The majority of emergency calls is for medical aide and the department is busy training the needed first responders.

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

Actual 2015-2016	Actual 2016-2017	Adopted 2017-2018	Fire	Proposed 2018-2019	Approved 2018-2019	Adopted 2018-2019
<u>0.1</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	4,800	4,200	Salaried	4,800		
11,099	4,507	4,815	Employer Costs	4,900	-	-
<u>15,899</u>	<u>9,307</u>	<u>9,015</u>	PERSONNEL SERVICES	<u>9,700</u>	-	-
874	3,915	4,000	Operational Supplies	4,000		
5,805	10,056	15,000	Equipment - O&M	12,000		
2,131	860	4,500	Building - O&M	3,000		
10,971	12,005	12,500	Utilities	13,000		
18	155	500	Education/Training/Dues	500		
5,170	5,090		Insurance	4,800		
180	1,416	5,000	Professional Services	5,000		
-	-	1,000	Uniforms & Protective Gear	500		
16,468	16,778	17,000	Intergovernmental Services	15,000		
-	-	-	Equipment	1,000		
-	484	2,000	Miscellaneous	1,500		
-	-	3,100	Assistance to Firefighters Grant	6,800	-	-
-	-	-	Adjust to Audited Financial Statemen	-	-	-
<u>41,617</u>	<u>50,759</u>	<u>64,600</u>	MATERIALS AND SERVICES	<u>67,100</u>	-	-
5,368	5,000	5,000	Fire Truck Loan Principal			
-	225	600	Fire Truck Loan Interest		-	-
<u>5,368</u>	<u>5,225</u>	<u>5,600</u>	DEBT SERVICE	-	-	-
<u>62,884</u>	<u>65,291</u>	<u>79,215</u>	Program Total	<u>76,800</u>	-	-

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 entered into an Intergovernmental Agreement with the City of Independence to operate all of our Court Services.

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 from the City of Independence offers customer service, maintenance of all records, accounts receivables, and support in the process of all court and judicial matters.

BUDGET NARRATIVE

This budget anticipates a total of \$19,450.00 of expenditures in the Court fund. This will be the first year of the Council desired process of a contracted Court and Code Officer, if there are more funds needed for the operation of this department we will use part of the \$77,383 contingency that is budgeted. 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 contracted with the City of Independence to operate all aspects of our

Municipal Court except for actual code enforcement. This agreement will have the inconvenience of having cited citizens' travel to Independence to attend Court, but this agreement should accomplish our goal of having an affordable Municipal Court. The City has hired a 20 hour a month code enforcement officer and has been issuing violations. The Enforcement program is following the mandate from Council to develop cases through complaints and to help violators bring their property into compliance through compliance agreements that gives property owners extra time to resolve the complaint.

Actual 2015-2016	Actual 2016-2017	Adopted 2017-2018	Court	Proposed 2018-2019	Approved 2018-2019	Adopted 2018-2019
<u>0.20</u>	<u>0.20</u>	-	Full Time Equivalent Employees	<u>0.20</u>	-	-
-	-	-	Salaried	8,500		
<u>128</u>	<u>66</u>	-	Employer Costs	<u>200</u>	-	-
<u>128</u>	<u>66</u>	-	PERSONNEL SERVICES	<u>8,700</u>	-	-
-	-	1,000	Operational Supplies	500		
<u>13</u>	-	-	Utilities	-		
-	-	400	Education/Training/Dues	250		
<u>399</u>	<u>348</u>	<u>20,000</u>	Professional Services	<u>10,000</u>		
-	-	-	Uniforms & Protective Gear		-	-
-	-	-	Adjust to Audited Financial Statemen	-	-	-
<u>412</u>	<u>348</u>	<u>21,400</u>	MATERIALS AND SERVICES	<u>10,750</u>	-	-
<u>540</u>	<u>414</u>	<u>21,400</u>	Program Total	<u>19,450</u>	-	-

Parks and Cemeteries

Mission Statement

To provide attractive cemeteries, enjoyable safe 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

This budget anticipates a total of \$10,450.00 of expenditures in the Parks and Cemeteries fund. This is an increase of \$520.00 over last year. The Parks Committee is exploring other funding options in their creation of a Master Parks Plan, so if the citizens approve the developed funding stream we will be adding revenue dedicated to the operations and development of our Parks.

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 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.

The City added a Park Host at the Upper Falls City Park. It is Council's hopes that this will help reduce vandalism and provide Public Works with help in keeping the Park's clean and ready for visitors.

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 is exploring applying for State Park status on the Michael Harding Park and creating a short stay camp ground at the upper park.

Actual 2015-2016	Actual 2016-2017	Adopted 2017-2018	Parks and Cemeteries	Proposed 2018-2019	Approved 2018-2019	Adopted 2018-2019
-	680	2,000	3rd of July	1,200		
158	617	1,000	Operational Supplies	1,000		
666	856	1,000	Equipment - O&M	1,000		
83	83	1,000	Building - O&M	1,000		
2,985	2,593	2,500	Utilities	3,500		
2,108	2,671	2,200	Professional Services	2,500		
-	-		Uniforms & Protective Gear			
-	-		Education/Training /Dues			
510	198	220	Worker Comp Insurance	250	-	-
6,510	7,698	9,920	Program Total	10,450	-	-

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, debt, 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

This fund anticipates \$85,150.00 in expenditures an increase of \$14,335.00. The main increase is in the contingency fund it went from \$64,798.00 to

\$80,383. The increased contingency funds are insurance with operating a new code enforcement program and seeking a full time Manager.

Revenue

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

Actual 2015-2016	Actual 2016-2017	Adopted 2017-2018	Other	Proposed 2018-2019	Approved 2018-2019	Adopted 2018-2019
-	-	-	Building and Improvements			
-	-	-	Equipment- Operations	-	-	-
-	-	-	Capital	-	-	-
1,953	-	1,950	Revolving Loan Principal	1,950		
565	-	575	Revolving Loan Interest	575		
-	-	2,242	M/H Park Loan Principal	1,686		
-	-	-	M/H Park Loan Interest	556	-	-
2,518	-	4,767	Debt	4,767	-	-
-	-	-	Allocated Expense - Water Fund			
-	-	-	Allocated Expense - Sewer Fund			
-	-	-	Allocated Expense - Street Fund	-	-	-
-	-	-	Allocated Expense - General Fund	-	-	-
-	-	-	Transfers	-	-	-
-	-	1,250	Reserved For Cemetery Land Purchas	3,000		
-	-	64,798	Contingency	77,383		
-	-	-	Unappropriated Fund Balance	-	-	-
-	-	66,048	Ending Fund Balance	80,383	-	-

Total Requirements for the General Fund are;

271,656	293,647	469,800	Total Requirements	469,300	-	-
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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.

Budget Narrative

The Street Fund will be starting with a carryover of \$90,000 this year compared to \$120,000 last year. The main reason for the drop in carryover is the city is negotiating on replacing our 1963 Road Grader and other Public Works equipment, which was budgeted in the equipment fund line item last budget. The carryover could change if we are unsuccessful in purchasing the grader.

Total expenditures is budgeted at \$463,000.00 and increase over last budget of \$7,000.00. The increase is due to the award of the Small Cities Allotment Grant provided by Oregon Department of Transportation, which will overlay 5th Street. We have not received the agreement from O-DOT; as soon as the agreement is received we are prepared to submit the project for bids. It is our hope we will be able to finish this project in the 2018 construction season, but will depend on when we are able to get the agreement.

The FEMA project for A Dutch Creek Bridge that is paid through City funds but is contracted to Polk County should see work start this year and be completed by 2019.

Streets and Pathway Fund						
Actual 2015-2016	Actual 2016-2017	Adopted 2017-2018	Resources	Proposed 2018-2019	Approved 2018-2019	Adopted 2018-2019
<u>38,264</u>	<u>79,641</u>	<u>140,000</u>	Beginning Fund Balance	<u>90,000</u>	-	-
56,323	56,925	54,000	State Gas Tax	63,000		
-	50,000		Small City Allotment Grant	50,000		
-	65,080	250,000	FEMA Grant	250,000		
-	-		Transfer from General Fund			
-	-		Transfer from Equipment Fund			
<u>10,000</u>	<u>12,000</u>	<u>12,000</u>	Allocated Revenue	<u>10,000</u>	-	-
<u>66,323</u>	<u>184,005</u>	<u>316,000</u>	Revenue	<u>373,000</u>	-	-
<u>104,587</u>	<u>263,646</u>	<u>456,000</u>	Total Resources	<u>463,000</u>	-	-

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.
- Cost of Street Lights.
-

Accomplishments 2017/2018

- 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.

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.

			Requirements			
7,934	8,832	15,000	Operational Supplies	14,000		
2,520	10,554	8,000	Equipment - O&M	8,000		
7,446	7,594	9,000	Utilities	9,000		
	51,129	-	Small City Allotment grant	85,000		
-	24,472	290,000	Fema Grant	280,000		
-	-	-	Education/Training/Dues	-		
4,549	4,346	30,000	Professional Services	24,000		
-	88	500	Uniforms & Protective Gear	500		
27	-		Miscellaneous			
1,870	728	850	Workers Comp Insurance	900	-	-
24,346	107,743	353,350	Streets & Pathway Program	421,400	-	-
600	5,273	-	Building & Improvements - Oper			
-	-	65,000	Equipment -fund	20,000	-	-
600	5,273	65,000	Capital	20,000	-	-
-	-	-	Allocated Expense -General Fund	-		
-	-	-	Allocated Expense -Water Fund			
-	-	-	Allocated Expense -Sewer Fund	-	-	-
-	-	-	Transfers	-	-	-
-	-	37,650	Contingency	21,600		
-	-	-	Ending Fund Balance, unrestricted	-	-	-
-	-	37,650	Ending Fund Balance	21,600	-	-
24,946	113,016	456,000	Total Requirements	463,000	-	-

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.

Budget Narrative

The Water Fund anticipates \$190,000 in carry over funds and \$291,000 in revenue for a total of \$481,000. The changes over last budget are an increase of \$26,000 in Personnel cost to reflect increased costs in benefits, and to cover a new employee.



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:

- 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.
- Performed a Master Water Plan that is in front of State Agencies for approval, this will bring the City into compliance with OHA.
- 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 2018–2019

- 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.
- Repaint the top of the Water Reservoir.
- Seal and repair cracks and covers at treatment plant.

- Coordinate with City Engineer for receiving funding and bids for replacement of a third of our water distribution pipes.
- Hired a Public Works employee to start building the required 2000 hours in water to qualify for certification.

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 of operations have also increased due to increases in the cost of supplies. 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.

When we seek funding on the Water Distribution project there is good chance we will be required to perform a full rate study to guarantee loan payments. This will also help us to implement a fair rate based on usage to our customers.

The City was successful on restructuring the bond debt for the Water Treatment Plant. We were able to shorten the terms by 3 years while keeping the yearly payment a bit lower than the USDA bond. We are no longer required to reserve the next year's payment, but we decided it is a good practice and helps insure that we will always meet our debt obligation, so the 2019/2020 payment is budgeted.

Water Fund						
Actual 2015-2016	Actual 2016-2017	Adopted 2017-2018	Resources	Proposed 2018-2019	Approved 2018-2019	Adopted 2018-2019
207,417	257,407	230,000	Beginning Fund Balance	190,000	190,000	190,000
-	-	-	Interest	-		
289,515	279,835	270,000	Water	275,000		
4,281	4,426	5,000	Late Fees	5,000		
10,956	10,985	10,800	Backflow Testing Fee	11,000		
-	-	-	Intergovernmental Grants			
60,000	-	-	Transfer from Utility Reserve Fund	-		
-	-	-	Transfer from Water Debt	-		
-	-	-	Transfer from Equipment Fund	-		
-	-	-	Allocated Revenue	-		
-	7,631	-	Adjust to Audited Financial Statement	-	-	-
<u>364,752</u>	<u>302,877</u>	<u>285,800</u>	Revenue	<u>291,000</u>	-	-
<u>572,169</u>	<u>560,284</u>	<u>515,800</u>	Total Resources	<u>481,000</u>	<u>190,000</u>	<u>190,000</u>

Personnel Services

This recommended budget continues to fund the same level of services. There are 2 employees budgeted. 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 identified areas that we can lower our unaccounted water loss.

Capital Outlay

This year's capital outlay will mainly focus on repairing the reservoir and sealing concrete cracks at the treatment plant. We will also install an air conditioner at the plant, since they logged the timber around the plant the temperatures are exceeding what is safe for our telemetry devices.

We will also be working on funding and bids for the upgrades to our distribution system, this will also help in limiting unaccounted water loss.

		Requirements				
<u>1.0</u>	<u>1.0</u>	<u>1.25</u>	FTE	<u>2.0</u>	<u>2.0</u>	<u>2.0</u>
41,265	47,228	58,000	Salaried	65,000		
-	-	-	Overtime	-		
22,342	24,075	25,000	Benefits	49,000		
7,500	5,021	15,000	Payroll Tax	10,000	-	-
71,107	76,324	98,000	PERSONNEL SERVICES	124,000	-	-
22,489	28,623	30,000	Operational Supplies	30,000		
11,461	14,245	16,000	Equipment - O&M	16,000		
770	1,910	1,500	Education/Training/Dues	3,000		
55,062	59,720	80,000	Professional Services	60,000		
4,314	4,674	6,000	Utilities	4,800		
208	273	1,500	Uniforms & Protective Gear	1,500		
130	1,500	250	Utility Rebates & Incentives	300		
-	236	200	Miscellaneous	500		
-	-	-	Adjust to Audited Financial Statemen	-	-	-
94,434	111,181	135,450	MATERIALS AND SERVICES	116,100	-	-
165,541	187,505	233,450	Water Program	240,100	-	-
1,885	3,395	12,000	Building & Improvements - Oper	12,000		
1,905	23	10,000	Equipment - Operations	10,000	-	-
-	-		Grant Project		-	-
3,790	3,418	22,000	Capital	22,000	-	-
21,799	20,860	20,860	Water Bond Principal	50,000		
43,674	44,613	44,613	Water Bond Interest	15,000	-	-
65,473	65,473	65,473	Debt	65,000	-	-
50,000	50,000	50,000	Allocated Expense - General Fund	50,000		
20,000	20,000	20,000	Allocated Expense - Sewer	20,000		
10,000	12,000	12,000	Allocated Expense - Street Fun	10,000	-	-
80,000	82,000	82,000	Transfers	80,000	-	-
-	-	47,404	Contingency	8,900		
65,473	65,473	65,473	Reserved for Water Debt	65,000		
-	-	-	Ending Fund Balance, unrestricted	-	-	-
-	-	112,877	Ending Fund Balance	73,900	-	-
314,804	338,396	515,800	Total Requirements	481,000	-	-

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.

Budget Narrative

There is anticipated carryover of \$135,000, an increase of \$12,000. We anticipate \$455,000 in revenues and the \$135,000.00 in networking funds gives us a total of \$590,00 in revenues. The majority of revenue is the City successfully receiving a Community Development Block Grant for final engineering on the lagoon project of \$330,000, fees of \$105,000 and a transfer from Water of \$15,000.00 to cover the employee costs spent in the water department.

Falls City is in the process of hiring a Public Works Worker for the sewer. This spot needs to be filled due to our long time employee Karl is off medical. We need to fill this spot so that the new employee can start building time and taking classes for certification.

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.

Sanitary Sewer Fund						
Actual 2015-2016	Actual 2016-2017	Adopted 2017-2018	Resources	Proposed 2018-2019	Approved 2018-2019	Adopted 2018-2019
<u>70,595</u>	<u>98,628</u>	<u>123,000</u>	Beginning Fund Balance	<u>135,000</u>	<u>135,000</u>	<u>135,000</u>
102,888	105,221	104,520	Sewer Fees	105,000		
-	-	-	Interest	-		
5,647	4,426	5,000	Late Fees	5,000		
-	2,820		Miscellaneous			
-	2,360		Intergovernmental Grants	330,000		
-	-		Transfer From Utility Reserve Fund			
-	-		Transfer from Equipment Fund			
20,000	20,000	15,000	Allocated Revenue	15,000	-	-
-	-	-	Adjust to Audited Financial Statement		-	-
<u>128,535</u>	<u>134,827</u>	<u>124,520</u>	Revenue	<u>455,000</u>	-	-
<u>199,130</u>	<u>233,455</u>	<u>247,520</u>	Total Resources	<u>590,000</u>	<u>135,000</u>	<u>135,000</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 wastewater services includes the City Clerk and 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>1.0</u>		<u>1.25</u>	FTE	<u>1.5</u>	<u>1.5</u>	<u>1.5</u>
36,282	38,871	49,500	Salaried	50,000		
19,446	18,672	23,000	Benefits	28,000		
5,050	3,326	7,000	Payroll Tax	7,000	-	-
60,778	60,869	79,500	PERSONNEL SERVICES	85,000	-	-
5,721	2,033	11,000	Operational Supplies	12,000		
5,918	2,959	10,000	Equipment - O&M	12,000		
122	-	600	Education/Training/Dues	2,000		
4,399	4,977	6,500	Utilities	6,500		
23,077	20,265	25,000	Professional Services	30,000		
-	88	500	Uniforms & Protective Gear	500		
-	8,694	20,000	Tank Pumping	35,000		
120	137	500	Miscellaneous	1,000	-	-
-	-	-	Adjust to Audited Financial Statemen	-	-	-
39,357	39,153	74,100	MATERIALS AND SERVICES	99,000	-	-
100,135	100,022	153,600	Sanitary Sewer Program	184,000	-	-
366	-	5,000	Equipment - Operations	15,000	-	-
-	-	50,000	Grant Project	330,000	-	-
366	-	55,000	Capital	345,000	-	-
-	-	-	Transfer to Sewer Debt			
-	-	-	Allocated Expense - General Fund			
-	-	-	Allocated Expense - Water Fund			
-	-	-	Transfers	-	-	-
21,849	-	38,920	Contingency	61,000		
-	-	-	Ending Fund Balance, unrestricted	-	-	-
-	-	38,920	Ending Fund Balance	61,000	-	-
100,501	100,022	247,520	Total Requirements	590,000	-	-

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, we now budget the late fees to the Water and Sewer Fund.

BUDGET NARRATIVE

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. We budgeted \$30,000.00 for Wastewater for emergency repairs and possible unforeseen costs with the Lagoon project and \$50,000.00 for Water projects. These funds are budgeted in case of breakdowns, but they are not always spent, it is our insurance policy.

Utility Reserve Fund						
Actual 2015-2016	Actual 2016-2017	Adopted 2017-2018	Resources	Proposed 2018-2019	Approved 2018-2019	Adopted 2018-2019
<u>304,145</u>	<u>242,531</u>	<u>260,000</u>	Beginning Fund Balance	<u>280,000</u>	-	-
-	-	-	Interest			
38,014	48,892	46,151	Utility Capital improvement Fee	48,000		
16	-	-	Utility Users Late Fee	-		
-	-	-	Transfer from Equipment Fund	-	-	-
<u>38,030</u>	<u>48,892</u>	<u>46,151</u>	Revenue	<u>48,000</u>	-	-
<u>342,175</u>	<u>291,423</u>	<u>306,151</u>	Total Resources	<u>328,000</u>	-	-
			Requirements			
22,108	13,614	40,000	Water Projects	50,000	-	-
17,520	6,215	25,000	Wastewater Projects	30,000	-	-
16	-	-	Equipment -Operations	-	-	-
<u>39,644</u>	<u>19,829</u>	<u>65,000</u>	Capital	<u>80,000</u>	-	-
-	-	-	General Fund Transfer			
60,000	-	-	Transfer to Water Fund	-	-	-
-	-	-	Transfer to Sewer Fund	-	-	-
<u>60,000</u>	-	-	Transfers	-	-	-
-		241,151	Contingency	248,000		
242,530	271,594	-	Fund Balance Ending	-	-	-
<u>242,530</u>	<u>271,594</u>	<u>241,151</u>	Ending Fund Balance	<u>248,000</u>	-	-
<u>342,174</u>	<u>291,423</u>	<u>306,151</u>	Total Requirements	<u>328,000</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 Falls City council after months of deliberation motioned to close the Wagner Public Library. This is a hard decision for our representatives and citizens, but funds could not be found to help keep this service available.

This fund will be kept as a standalone fund to provide funds for restoration of a Public Library or to donate to a District that will provide Library service to Falls City.

Budget Narrative

We are anticipating a beginning balance in the fund of \$41,600 with no other revenue. We anticipate expending \$24,000 to operate the Library through August 31, 2018 per Council direction.

Wagner Reserve 80% Fund						
Actual 2015-2016	Actual 2016-2017	Adopted 2017-2018	Resources	Proposed 2018-2019	Approved 2018-2019	Adopted 2018-2019
<u>124,773</u>	<u>54,593</u>	<u>54,593</u>	Beginning Fund Balance	<u>41,600</u>	-	-
-	-	-	Interest			
			Miscellaneous			
-	-	34,635	Transfer from Wagner Trust 20%		-	-
-	-	<u>34,635</u>	Revenue	-	-	-
<u>124,773</u>	<u>54,593</u>	<u>89,228</u>	Total Resources	<u>41,600</u>	-	-
			Requirements			
-	-	60,000	Professional Services	24,000	-	-
70,180	-	-	Transfer to General Fund	-	-	-
<u>70,180</u>	-	-	Transfers		-	-
-		29,228	Contingency	17,600		
54,593	54,593	-	Fund Balance Ending	-	-	-
<u>54,593</u>	<u>54,593</u>	<u>29,228</u>	Ending Fund Balance	<u>17,600</u>	-	-
<u>124,773</u>	<u>54,593</u>	<u>89,228</u>	Total Requirements	<u>41,600</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 Community 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.

This fund is the hardest to draft the numbers for and has the most changes when audited. It adds to the total of our budget but is not administered by the City and the funds are not kept within the City accounts. So the numbers are rough estimates and we do not control the spending of these funds other than the through the agreement we have with Polk Community Development Corporation.

Community Development Fund						
Actual 2015-2016	Actual 2016-2017	Adopted 2017-2018	Resources	Proposed 2018-2019	Approved 2018-2019	Adopted 2018-2019
<u>78,545</u>	<u>164,119</u>	<u>137,434</u>	Beginning Fund Balance	<u>80,000</u>	-	-
-	-	236	Interest	600		
-	8,263	2,283	Interest- Revolving Loan	9,000		
-	-	5,983	Principal			
85,574	146,185		Miscellaneous		-	-
<u>85,574</u>	<u>154,448</u>	<u>8,502</u>	Revenue	<u>9,600</u>	-	-
<u>164,119</u>	<u>318,567</u>	<u>145,936</u>	Total Resources	<u>89,600</u>	-	-
			Requirements			
-	8,005	1,628	Professional Services	2,500		
-	218,677	33,559	Loans/ Obligations	35,000		
-	-	-	Grants Funded	-	-	-
-	<u>226,682</u>	<u>35,187</u>	Community Development Program	<u>37,500</u>	-	-
-	-	-	Contingency	-	-	-
164,119	-	110,749	Ending Fund Balance, unrestricted	52,100	-	-
<u>164,119</u>	<u>-</u>	<u>110,749</u>	Ending Fund Balance	<u>52,100</u>	-	-
<u>164,119</u>	<u>226,682</u>	<u>145,936</u>	Total Requirements	<u>89,600</u>	-	-

FIRE EQUIPMENT/OPERATIONAL LEVY

BUDGET NARRATIVE

This is a new fund to budget funds that are received from the May 15, 2018 ballot initiative for equipment and operational funds for the City Fire Department. Council resolved to include a ballot measure of \$1.00 per thousand dollar property valuation tax for 5 years to fund the Fire Department.

We estimate to receive \$42,000.00 in the first year, if the measure is approved by our residents. If received we have budgeted \$15,000 to be transferred to the General Fund to help cover operational expenses, and \$27,000.00 for purchasing needed equipment for the safe operations of our Fire Department.

Fire equipment/operations levy						
Actual 2015-2016	Actual 2016-2017	Adopted 2017-2018	Resources	Proposed 2018-2019	Approved 2018-2019	Adopted 2018-2019
-	-	-	Beginning Fund Balance	-	-	-
-	-	-	Property tax levy	42,000		
-	-	-	Miscellaneous			
-	-	-	Revenue	42,000	-	-
-	-	-	Total Resources	42,000	-	-
			Requirements			
-	-	-	Equipment	27,000	-	-
-	-	-	Transfer to General Fund	15,000	-	-
-	-	-	Transfers		-	-
-	-	-	Contingency	-		
-	-	-	Fund Balance Ending	-	-	-
-	-	-	Ending Fund Balance	-	-	-
-	-	-	Total Requirements	42,000	-	-

CLOSED FUNDS

Information Reflected

This section of the budget has been reserved for funds that are already closed or will close during the 2017–2018 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.

Wagner 20% fund revenue was transferred to the Wagner 80% in 2017/2018.

Wagner Reserve 20% Fund						
Actual 2015-2016	Actual 2016-2017	Adopted 2017-2018	Resources	Proposed 2018-2019	Approved 2018-2019	Adopted 2018-2019
34,653	34,635	34,635	Beginning Fund Balance	-	-	-
-	-	-	Interest	-	-	-
-	-	-	Miscellaneous	-	-	-
-	-	-	Revenue	-	-	-
34,653	34,635	34,635	Total Resources	-	-	-
Requirements						
-	-	-	Building Improvement-Ops	-	-	-
-	-	34,635	Transfer to Wagner Reserve 80%	-	-	-
-	-	34,635	Capital	-	-	-
-	-	-	Contingency	-	-	-
34,635	34,635	-	Fund Balance Ending	-	-	-
34,635	34,635	-	Ending Fund Balance	-	-	-
34,635	34,635	34,635	Total Requirements	-	-	-

ACRONYMS

ADA	Americans with Disabilities Act
AFSCME	American Federation of State County and Municipal Employees Union
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
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
OECDD	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.

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 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
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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.

