

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, Toozee Store, Furniture Store, Bakery, Skating Rink, Newspaper, Bank. Note the very wide dirt street.

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City of Falls City

FY 2017-2018 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.

2017–2018 BUDGET COMMITTEE

COUNCIL MEMBERS

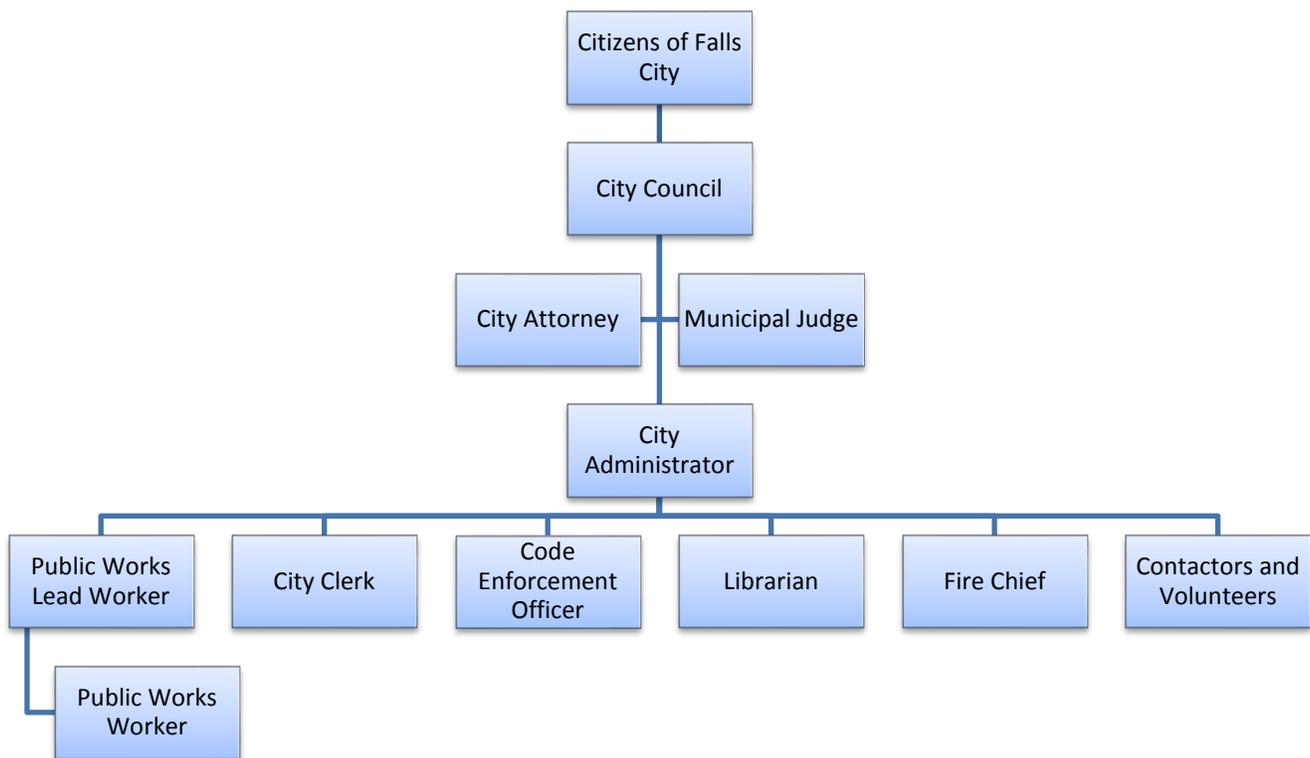
Member	Appointed	Expires
Terry Ungricht, Mayor	Elected January 2017	(Serve 2017–2018)
Tony Meier, President	Elected January 2015	(Serve 2015–2018)
Lori J. Sickles, Councilor	Elected January 2015	(Serve 2015–2018)
Dennis Sickles, Councilor	Elected January 2017	(Serve 2017–2020)
Jennifer Drill, Councilor	Elected January 2015	(Serve 2015–2018)
Cliff Lauder, Councilor	Elected January 2017	(Serve 2017–2020)
Charlie Flynn, Councilor	Elected January 2017	(Serve 2017–2020)

CITIZEN MEMBERS

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

Budget Officer: Terry Ungricht, Mayor/Manager

ORGANIZATION CHART



City of Falls City

FY 2017-2018 PROPOSED BUDGET

BUDGET MESSAGE

DATE: April 10, 2017
TO: Falls City Councilors, Budget Committee Members, Staff, and Citizens:
FROM: Terry Ungricht, Mayor/City Manager
SUBJ: FY '17-18 BUDGET MESSAGE

I am happy to report that we were able to close out all but one of Council's 2016 goals, the one not closed was an affordable Code Enforcement Program and we should have that accomplished before September of 2017. We were successful in the audit of the 2015-16 budget, which was my first as budget officer, developer of the budget, and procedure coordinator. We are starting this budget in better shape than last years' budget, so we are moving in the right direction.

Some of the City's accomplishments for the last budget cycle in securing grant funding are;

- 1) Land use planning grant of \$1,000.00, closed and collected.
- 2) FEMA and IFA funding for the Dutch Creek Mitchell Street crossing and entered into an IGA with the County to take all the responsibility of the work to be performed. The new crossing replacement will be a bridge and will cost in excess of \$350,000.00, all covered through grant money. We received a \$260,000.00 award which is in the process of being upgraded to \$370,000.00 to reflect the approved bridge design. We have collected \$48,210 from FEMA and \$16,270 from IFA for Engineering that is being performed.

- 3) IFA funding of \$20,000.00 to use towards our Master Water Plan, this project will end up costing the Water users around \$30,000.00 above the grant and I will close out the grant as soon as the State approves the final plan. This will remove one deficiency that was identified by the State on our water system audit; the other item is having a cross connection specialist.
- 4) We received an IFA grant of \$2,360.00 to perform the income survey to meet the requirements of the CDBG funding, total cost of this project was \$5,905.00 and thanks to volunteers helping collect the information it only cost the wastewater users \$3545.00.
- 5) We received the 50,000.00 allotment grant and laid pavement on South Main, the first non-timber road to receive new pavement in decades. The project came in under what was expected and total cost to our Street Fund was under \$9,000.00 after successfully closing the grant.
- 6) With the help of Parks and Recreation Committee Chair Jill Anzalone we were awarded a \$85,000.00 grant for land acquisition and invasive species removal for the Falls Property. We were successful in purchasing the property and have closed out \$76,500.00 of the award to help finance the land purchase. Councilor Dennis Sickles has volunteered to head up the invasive species removal this Spring, then we will plant some native plants and close out the remaining \$8500.00.

We brought in a total of \$194,340 in grant funds for the 2016/2017 budget cycle and still have \$184,160 to collect once projects are completed for a total of \$378,500 in grant funds.

The City was able to qualify for Community Development Block Grant for our wastewater project; we applied for \$2,500,000 on the \$3,450,000 project but did not receive the award. The City will reapply for the funding in October and will try to move forward on an engineering/land acquisition loan/grant funding to start the project. Once the Water Master Plan is approved by the State, we will set up a grant/loan meeting with the Public Works lending agencies to start construction in the 2018 season of major upgrades to our water distribution system, we expect the package to be between 1.2 and 1.7 million dollars.

Last year we experienced an increase in land use applications and we were able to add some new homes to our tax rolls. We expect a high volume of land use applications this

through this budget year. The City added an Economics and Development Committee to encourage new business development and staff is actively encouraging business development. We hope that the old Doctor's office will be donated to the City this year and will seek to develop either a medical clinic or another type of business for this location. The Parks and Recreation Committee and staff are in the final stages of drafting a Parks Master Plan and hope to present to Council in September.

The Council decided to stay focused on Infrastructure in their 2017 goals and staff will keep moving forward on the projects that have been developed and looking for new funding opportunities on other projects. We are still focused on moving forward on our City vision to make Falls City a better place to live, work, and play. This budget will move us closer to that long term goal.

As required by State Law, staff has submitted a balanced budget for your consideration and approval. The budget anticipates \$2,265,070 in revenues with \$1,695,170 in spending an increase of \$129,063 over last budget year and with \$569,900 in contingency funds increased \$216,012 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 did not show anticipated grant funding as last year, instead a resolution will be put before Council to approve awarded grants, as allowed under Oregon Budget Law. This way we will not be showing a larger budget in hopes of receiving the awards, but will track them by resolution. Another major change is I changed the Wagner library funds; you will notice that the 20% fund is all transferred to the 80%; we will start closing out that fund over the next three years per budget law. The 80% Wagner Library Fund is now a major fund and library expenses will be paid out of it, this will create an easier tracking process.

One other change that is spread over different funds is we have increased personnel cost from \$335,120 in 2016/17 to \$400,515 in this budget. This reflects an increase in benefit costs, a possible 3% wage increase, and the need to hire a City Manager and a Public Works employee.

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, 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 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 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 Mayor currently serves as City Manager.

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 71% of housing is owner occupied. The City has seen an increase in building permits and staff is working on zoning code text changes that will encourage development. The assessed value of real property was \$39,089,080 on 654 properties in 2016.

City Tax Rate

\$2.9202 per \$1,000 assessed valuation (2017)

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 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.

2017–2018 Budget Calendar

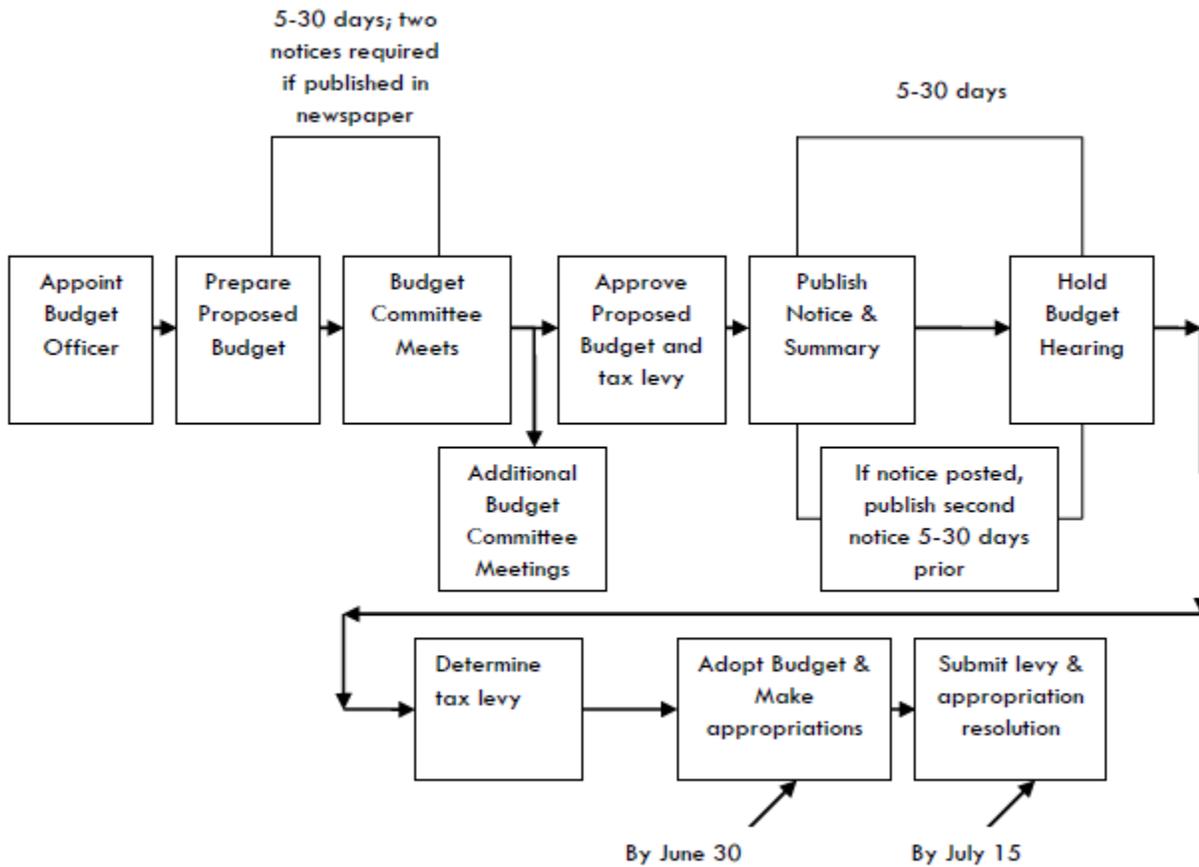
February 2	City Council goal setting
April 18	City Manager prepares the budget message
April 20, May 4, 18	Budget Committee meetings, Budget Public Hearing and Budget Committee approval
June 8	City Council meeting with budget public hearing
No later than June 30	City Council adopts FY 2017–2018 Budget

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:

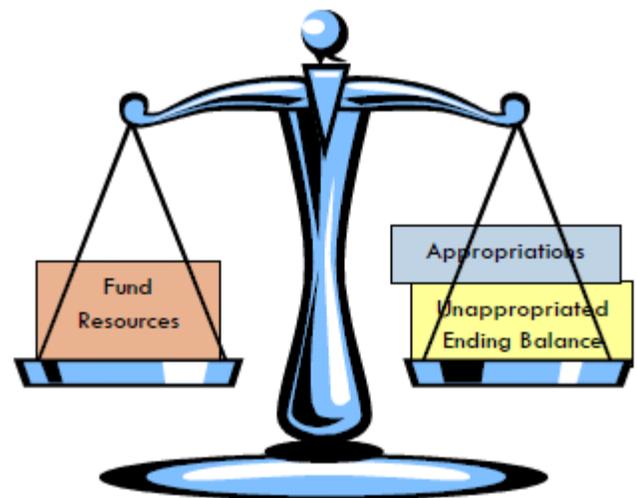
- Must live in the City of Falls City,
- Cannot be officers, agents, or employees of the local government,
- Serve four-year terms that are staggered so that approximately one-third of the terms end each year, and
- Can be spouses of officers, agents, or employees of the Municipality.

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.

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 for three years then they roll off the budget document, per State Budget Law.

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/Debt

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

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

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

Requirements are for personnel services.

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

Street and Pathways Fund (Major Fund): The Street and Pathways Fund provide the accounting for Streets and Pathways programs. The Streets and Pathways programs

includes repair, construction and maintenance of streets and pathways. No public 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. Wagner Library 20% Fund (closing)

Closed Funds

Library Fund

Use of Funds by Department

Department or Division

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

Changes in Personnel City Levels

This year the City Manager position will be budgeted as a full time position,

This year there is an increase in FTE, .75 in the water and .25 in the sewer fund to create a full time position in Public Works.

We are negotiating an Intergovernmental agreement with the City of Independence to provide Municipal Court for Falls City and we will seek a contract Code Enforcement Officer.

A Librarian position of .75 FTE is contracted with the Falls City School District. Staff performed an audit on the Wagner Trust funds and identified money that had been transferred for Library services but not spent and was carried over in the General Fund. Falls City used General Funds to pay for Librarian services in the 2016/17 budget cycle to bring the Wagner Trust funds back in line with the attended purpose.

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.

Other Taxes: Taxes other than property taxes are the base of this revenue source. This includes excise taxes, per capita state shared revenues which include cigarette, liquor, and state revenue sharing.

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 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 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. There were no transfers in this budget.

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

GENERAL FUND REVENUE

Mission Statement

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

Service Provided

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

Objectives 2017/2018

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 \$205,000.00 and anticipates revenue of \$264,800.00; this sets total resources of \$469,800.00. The General fund budgets \$469,800 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.

A goal set by the Budget Committee and budget document in 2016/2017 was to bring networking capitol up to the desired standard of 25% of the funds resources, we were successful and the estimated networking capitol for this budget is estimated at 40% of the budgeted amount. I will note that in the audit of 2015/2016 the City received an exception because we did not spend enough of the general tax funds; I think we can all live with an exception that says we do not spend enough. I believe that we will be more in line with State expectations in the 2016/2017 audit.

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.

One major change on this budget over last year is that we have made the Wagner Funds a major fund, which means that it has its own revenue and we will pay out for Library services out of the newly created major fund. We have also limited the amount of Grant revenue, this year we only show \$8,500.00, which is for an Oregon Parks and Recreation Grant that we have been awarded and expect to close out before September.

We do have a grant submitted for new self-contained breathing apparatus 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 \$3,000.00 portion of funds that we would need to match.

General Fund						
Actual 2014-2015	Actual 2015-2016	Adopted 2016-2017		Proposed 2017-2018	Approved 2017-2018	Adopted 2017-2018
			Resources			
			Non Departmental			
160,709	161,131	124,050	Beginning Fund Balance	205,000	205,000	205,000
4,438	6,418	3,000	Interest	10,000	10,000	10,000
13,684	13,655	15,732	OLCC	14,000	14,000	14,000
8,942	6,750	7,000	Revenue Share	9,000	9,000	9,000
1,274	1,164	1,130	Cigarette Tax	1,100	1,100	1,100
-	-	-	911 tax	-	-	-
101,424	107,755	101,000	Property Tax - Current	104,000	104,000	104,000
958	-	2,000	Property Tax - Prior Year	1,000	1,000	1,000
1,120	1,015	200	Lien Search	400	400	400
-	1,402	-	Licenses and Fees	1,200	1,200	1,200
186	142	100	Copies and Faxes	200	200	200
217	210	100	Parks User fees	50	50	50
-	50	100	Community Center Use Fee	-	-	-
-	-	-	Nuisance Fines	-	-	-
3,037	1,904	1,000	Business License Permits	600	600	600
2,507	1,994	2,000	Planning Permits	2,000	2,000	2,000
21,400	22,400	21,000	Rural Fire	21,000	21,000	21,000
37,855	44,245	37,000	Electric-Franchise Fees Pacific Power	35,000	35,000	35,000
80	-	-	Electric -Franchise Fees Consumer Power			
2,738	2,839	2,450	Garbage-Franchise Fees Republic	2,600	2,600	2,600
-	4,199	4,000	Cable-Franchise Fees Charter	4,000	4,000	4,000
-	-	-	Phone-Franchise Fees Quest			
-	1,000	-	Planning Grants	-	-	-
-	-	-	Reimbursements	-	-	-
-	610	25	Donations	150	150	150
511	5,136	-	Miscellaneous	-	-	-
59,656	2,580	90,000	Intergovernmental Grants	8,500	8,500	8,500
-	70,180	54,593	Transfer From Library Reserve	-	-	-
-	50,000	50,000	Allocated Revenue	50,000	50,000	50,000
67,136	-	-	Transfer in' per Audited Financial Statement			
19,218	-	-	Adjust to Audited Financial Statement			
346,381	345,648	392,430	Non-Departmental Revenue	264,800	264,800	264,800
507,090	506,779	516,480	Total Resources	469,800	469,800	469,800

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 2017–2018

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 February 2017 for the 2017–2018 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.

			City Council			
-	-	250	Operational Supplies	250	250	250
490	490	800	Council Projects	800	800	800
2	-	300	Education/Training/Dues	300	300	300
-	-	100	Reimbursable Expense	100	100	100
-	-	-	Adjust to Audited Financial Statement			
492	490	1,450	Program Total	1,450	1,450	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 City hired an Assistant Clerk and she is trained on the utility billing system and is taking on added duties. This has freed up time for the City Clerk to accomplish long needed job tasks; records retention, Parks Master Plan, Zoning Code text amendments, changing the City work order process for our wastewater, most importantly she has taken on land use applications.

Currently Mayor Ungricht is serving as a volunteer City Manager but plans are to hire a full time City Manager this fiscal year.

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 officer and Special Events Coordinator.
- Supports Committees and Commissions
- Supports building permits, planning and business licensing.

BUDGET NARRATIVE

The Administration Department proposed budget anticipates \$287,000.00 in spending and increase of \$52,600 over last budget cycle. The increase is a result of budgeting for a full time manager. The budget will retain two City

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

Objectives 2017-2018

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

- Improve communications and website maintenance.
- Continue to examine bank fees and services.
- Continue improving reporting capabilities, particularly internal reports, which help to increase personnel efficiency for operating departments.
- Create a five-year Capital Improvement Program (CIP).
- 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 full-time employees, the City Clerk and the Assistant Clerk. Portions of the time for these positions are charged to other funds in the form of cost allocations for the amount of time spent working in each area. 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)
- Oregon City/County Management Association (OCCMA)
- Government Finance Officer Association (GFOA)
- Oregon Municipal Finance Officer Association (OMFOA)
- Oregon Association Municipal Recorder (OAMR)
- Other Dues:
- League of Oregon Cities (LOC)
- Local Government Personnel Institute (LGPI)
- Mid-Willamette Valley Council of Governments (COG)

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

			Administration			
<u>2.0</u>	<u>2.0</u>	<u>2.0</u>	Full Time Equivalent Employees	<u>3.0</u>	<u>3.0</u>	<u>3.0</u>
88,856	60,231	100,000	Salaried	130,000	130,000	130,000
23,707	20,828	35,600	Benefits	60,000	60,000	60,000
14,420	7,835	19,300	Employer Costs	24,000	24,000	24,000
126,983	88,894	154,900	PERSONNEL SERVICES	214,000	214,000	214,000
2,258	5,197	5,500	Operational Supplies	5,500	5,500	5,500
3,293	1,262	4,000	Equipment - O&M	3,000	3,000	3,000
6,388	3,104	5,500	Building Maintenance and Repair	4,000	4,000	4,000
8,216	7,529	11,500	Utilities	9,000	9,000	9,000
4,282	5,879	8,000	Education/Training/Dues	6,500	6,500	6,500
33,826	37,010	45,000	Professional Services	45,000	45,000	45,000
209	62	-	- Council Projects			
-	-	-	Adjust to Audited Financial Statement	-	-	-
58,472	60,043	79,500	MATERIALS AND SERVICES	73,000	73,000	73,000
185,455	148,937	234,400	Program Total	287,000	287,000	287,000

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

- Continued and increased cooperation with Dallas and Polk County Rural Fire Departments in training and response.
- Provided a full roster of volunteers to serve our City.

Objectives 2017-2018

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

BUDGET NARRATIVE

This budget anticipates a total of \$79,215.00 of expenditures in the Fire fund. This year we will pay off the Fire Truck loan and we have applied for a fire assistance grant to update the self-contained breathing apparatus. We will

City of Falls City Proposed Budget 2017-2018

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 a volunteer fire department with the exception of the Fire Chief as a minimal part time employee with a minimal salary.

			Fire			
-	<u>0.1</u>	<u>0.1</u>	Full Time Equivalent Employees	<u>0.1</u>	<u>0.1</u>	<u>0.1</u>
-	4,800	3,780	Salaried	4,200	4,200	4,200
9,731	11,099	-	Employer Costs	4,815	4,815	4,815
9,731	15,899	3,780	PERSONNEL SERVICES	9,015	9,015	9,015
815	874	2,000	Operational Supplies	4,000	4,000	4,000
6,975	5,805	20,000	Equipment - O&M	15,000	15,000	15,000
698	2,131	4,500	Building - O&M	4,500	4,500	4,500
11,540	10,971	12,500	Utilities	12,500	12,500	12,500
-	18	400	Education/Training/Dues	500	500	500
4,173	5,170	2,500	Insurance			
-	180	1,000	Professional Services	5,000	5,000	5,000
315	-	1,500	Uniforms & Protective Gear	1,000	1,000	1,000
11,127	16,468	16,000	Intergovernmental Services	17,000	17,000	17,000
-	-	-	Equipment	-	-	-
455	-	2,500	Miscellaneous	2,000	2,000	2,000
-	-	90,000	Assistance to Firefighters Grant	3,100	3,100	3,100
-	-	-	Adjust to Audited Financial Statement	-	-	-
36,098	41,617	152,900	MATERIALS AND SERVICES	64,600	64,600	64,600
5,975	5,368	5,000	Fire Truck Loan Principal	5,000	5,000	5,000
-	-	876	Fire Truck Loan Interest	600	600	600
5,975	5,368	5,876	DEBT SERVICE	5,600	5,600	5,600
51,804	62,884	162,556	Program Total	79,215	79,215	79,215

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 \$21,400.00 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 \$64,798 contingency that is budgeted. 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 is hoping to enter into a contract with a Code Enforcement Officer by September of 2017.

			Court			
<u>0.13</u>	<u>0.20</u>	<u>-</u>	Full Time Equivalent Employees	<u>-</u>	<u>-</u>	<u>-</u>
2,868	-	-	Salaried			
493	128	-	Employer Costs	-	-	-
<u>3,361</u>	<u>128</u>	<u>-</u>	PERSONNEL SERVICES	<u>-</u>	<u>-</u>	<u>-</u>
341	-	1,000	Operational Supplies	1,000	1,000	1,000
152	13	400	Utilities	-	-	-
-	-	500	Education/Training/Dues	400	400	400
127	399	18,000	Professional Services	20,000	20,000	20,000
40	-	-	Uniforms & Protective Gear			
-	-	-	Adjust to Audited Financial Statement	-	-	-
<u>660</u>	<u>412</u>	<u>19,900</u>	MATERIALS AND SERVICES	<u>21,400</u>	<u>21,400</u>	<u>21,400</u>
<u>4,021</u>	<u>540</u>	<u>19,900</u>	Program Total	<u>21,400</u>	<u>21,400</u>	<u>21,400</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 \$9,920.00 of expenditures in the Parks and Cemeteries fund. This is a reduction of \$3,080.00 over last year, but when the land acquisition payments are factored in of \$4,767.00 it is actually an increase. 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 add 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.

Revenue

Parks rentals are 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 was successful in receiving a grant award from Oregon Parks and Recreation to expand the Michael Harding Park and consolidate with property that is already owned by the City. We now own both sides of the Luckiamute Falls and are in the land use process of creating the expansion of the Park. The City is also exploring applying for State Park status on the Michael Harding Park and creating a short stay camp ground at the George Kitchen upper park.

Parks and Cemeteries						
869	-	2,000	3rd of July	2,000	2,000	2,000
6,507	158	1,000	Operational Supplies	1,000	1,000	1,000
555	666	1,000	Equipment - O&M	1,000	1,000	1,000
514	83	1,500	Building - O&M	1,000	1,000	1,000
4,210	2,985	5,000	Utilities	2,500	2,500	2,500
675	2,108	2,500	Professional Services	2,200	2,200	2,200
-	-	100	Uniforms & Protective Gear			
-	-	-	Education/Training /Dues			
-	510	600	Worker Comp Insurance	220	220	220
13,330	6,510	13,700	Program Total	9,920	9,920	9,920

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 \$66,048 in expenditures an increase of \$ 54,099. The increases are due to the land payment on the expanded Michael Harding Park from \$2,525to \$4,767and an increase from \$11,949to \$64,798 in our

contingency. The increased contingency funds are insurance with operating a new code enforcement program and seeking a full time Manager.

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

			Other			
-	-	-	- Building and Improvements			
-	-	-	- Equipment- Operations	-	-	-
-	-	-	Capital	-	-	-
2,519	1,953	1,950	Revolving Loan Principal	1,950	1,950	1,950
	565	575	Revolving Loan Interest	575	575	575
	-	-	M/H Park Loan Principal	2,242	2,242	2,242
-	-	-	M/H Park Loan Interest			
2,519	2,518	2,525	Debt	4,767	4,767	4,767
7,167	-	-	- Allocated Expense - Water Fund			
7,781	-	-	- Allocated Expense - Sewer Fund			
12,694	-	-	- Allocated Expense - Street Fund	-	-	-
-	-	-	- Allocated Expense - General Fund	-	-	-
27,642	-	-	Transfers	-	-	-
-	-	-	- Reserved For Cemetery Land Purchase	1,250	1,250	1,250
-	-	11,949	Contingency	64,798	64,798	64,798
160,709	-	-	- Unappropriated Fund Balance	-	-	-
160,709	-	11,949	Ending Fund Balance	66,048	66,048	66,048

Total Requirements for the General Fund are;

449,418	271,656	516,480	Total Requirements	469,800	469,800	469,800
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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

This fund has seen the largest increase in funding, in the past the budget officer was moving the networking capitol (starting fund number) to the General Fund. This is legal, gas tax funds are mandated to be budgeted in a street fund but if they are not expended they can carry over to any fund desired. By this happening we have not been able to build up a reserve for major street projects outside of grant funded projects and we have not been proactive on replacing needed equipment for Public Works.

I am still getting a handle on this major change and will spend less until after the audit to make sure my figures are correct. We anticipate a starting balance of \$140,000 with revenues of \$316,000 for a total of \$456,000. This figure is misleading because we were awarded the FEMA grant to repair the Mitchell Street Dutch River crossing, so \$250,000 is to cover the portion of the grant monies we have not collected and reflects \$40,000 dollars of grant money collected but not yet spent. We are transferring \$12,000 from the water plant to cover the cost of gravel on line repairs and to cover the share on the lease payment for the new public works truck.

Streets and Pathway Fund						
Actual 2014-2015	Actual 2015-2016	Adopted 2016-2017	Resources	Proposed 2017-2018	Approved 2017-2018	Adopted 2017-2018
<u>13,905</u>	<u>38,264</u>	<u>54,139</u>	Beginning Fund Balance	<u>140,000</u>	<u>140,000</u>	<u>140,000</u>
54,028	56,323	53,000	State Gas Tax	54,000	54,000	54,000
-	-	50,000	Small City Allotment Grant			
-	-	-	FEMA Grant	250,000	250,000	250,000
-	10,000	12,000	Allocated Revenue	12,000	12,000	12,000
<u>54,028</u>	<u>66,323</u>	<u>115,000</u>	Revenue	<u>316,000</u>	<u>316,000</u>	<u>316,000</u>
<u>67,933</u>	<u>104,587</u>	<u>169,139</u>	Total Resources	<u>456,000</u>	<u>456,000</u>	<u>456,000</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 2016-2017

- 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.

- We added a new storm drain and re-surfaced South Main Street, this is the first pavement laid on a non-timber corridor in over a decade.

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 and starting an equipment fund to start replacing and upgrading needed equipment for Public Works.

			Requirements			
4,108	7,934	10,000	Operational Supplies	15,000	15,000	15,000
6,261	2,520	6,000	Equipment - O&M	8,000	8,000	8,000
7,437	7,446	8,500	Utilities	9,000	9,000	9,000
			- Small City Allotment grant	-	-	-
-	-	-	- Fema Grant	290,000	290,000	290,000
-	-	-	- Education/Training/Dues	-	-	-
9,855	4,549	115,000	Professional Services	30,000	30,000	30,000
-	-	250	Uniforms & Protective Gear	500	500	500
563	27	250	Miscellaneous			
1,432	1,870	2,000	Workers Comp Insurance	850	850	850
29,656	24,346	142,000	Streets & Pathway Program	353,350	353,350	353,350
13	600	-	Building & Improvements - Oper			
-	-	-	Equipment -fund	65,000	65,000	65,000
13	600	-	Capital	65,000	65,000	65,000
-	-	-	Allocated Expense -General Fund	-	-	-
-	-	-	Allocated Expense -Water Fund			
-	-	-	Allocated Expense -Sewer Fund	-	-	-
-	-	-	Transfers	-	-	-
-	-	27,139	Contingency	37,650	37,650	37,650
-	-	-	Ending Fund Balance, unrestricted	-	-	-
-	-	27,139	Ending Fund Balance	37,650	37,650	37,650
29,669	24,946	169,139	Total Requirements	456,000	456,000	456,000

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 \$230,000 in carry over funds and \$285,000 in revenue for a total of \$515,800. The changes over last budget are an increase of \$4,560 in Personnel cost to reflect increased costs in benefits, and a increase of \$44,000 in contingency funds.



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

reconnections, 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 line breaks and system leaks.
- Performed a Master Water Plan that is in front of State Agencies for approval, this will bring the City into compliance with OHA for this item.
- 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 2017-2018

- 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.
- Work with City Engineer to replace sand medium in the number 1 and 2 filters.
- 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, work expected to start in summer of 2018 at a expected cost of 1.3 million.
- Hire 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.

Water Fund						
Actual 2014-2015	Actual 2015-2016	Adopted 2016-2017	Resources	Proposed 2017-2018	Approved 2017-2018	Adopted 2017-2018
133,669	207,417	210,000	Beginning Fund Balance	230,000	230,000	230,000
-	-	-	Interest	-	-	-
260,577	289,515	267,592	Water	270,000	270,000	270,000
4,045	4,281	4,639	Late Fees	5,000	5,000	5,000
11,969	10,956	10,800	Backflow Testing Fee	10,800	10,800	10,800
-	-	50,000	Intergovernmental Grants			
-	60,000	-	Transfer from Utility Reserve Fund	-	-	-
-	-	-	Transfer from Water Debt	-	-	-
-	-	-	Transfer from Equipment Fund	-	-	-
-	-	-	Allocated Revenue	-	-	-
-	-	-	Adjust to Audited Financial Statement	-	-	-
276,591	364,752	333,031	Revenue	285,800	285,800	285,800
410,260	572,169	543,031	Total Resources	515,800	515,800	515,800

Personnel Services

This recommended budget continues to fund the same level of services. There is 1.5 employees budgeted, we need to move forward on hiring another public works employee to start certification training. Our other utility staff person is funded in the Sanitary Sewer Fund. Other staff that assists with water services includes the City Clerks and City Manager and engineering support whose primary costs are also budgeted in the Water Fund.

Materials and Services

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

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

can improve this percentage. The Master Water plan 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 a air conditioner at the plant, since they logged the timber around the plant the temperatures are exceeding what is save 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>1.5</u>	<u>1.5</u>	<u>1.5</u>
55,814	41,265	58,240	Salaried	58,000	58,000	58,000
-	-	-	Overtime	-	-	-
20,886	22,342	21,000	Benefits	25,000	25,000	25,000
8,518	7,500	14,200	Payroll Tax	15,000	15,000	15,000
85,218	71,107	93,440	PERSONNEL SERVICES	98,000	98,000	98,000
26,100	22,489	30,000	Operational Supplies	30,000	30,000	30,000
12,000	11,461	15,000	Equipment - O&M	16,000	16,000	16,000
1,000	770	1,500	Education/Training/Dues	1,500	1,500	1,500
35,190	55,062	100,000	Professional Services	80,000	80,000	80,000
5,000	4,314	6,500	Utilities	6,000	6,000	6,000
250	208	1,500	Uniforms & Protective Gear	1,500	1,500	1,500
100	130	200	Utility Rebates & Incentives	250	250	250
100	-	362	Miscellaneous	200	200	200
(27,588)	-	-	Adjust to Audited Financial Statement	-	-	-
52,152	94,434	155,062	MATERIALS AND SERVICES	135,450	135,450	135,450
137,370	165,541	248,502	Water Program	233,450	233,450	233,450
-	1,885	15,000	Building & Improvements - Oper	12,000	12,000	12,000
-	1,905	14,000	Equipment - Operations	10,000	10,000	10,000
-	-	50,000	Grant Project			
-	3,790	79,000	Capital	22,000	22,000	22,000
20,860	21,799	20,860	Water Bond Principal	20,860	20,860	20,860
44,613	43,674	44,613	Water Bond Interest	44,613	44,613	44,613
65,473	65,473	65,473	Debt	65,473	65,473	65,473
-	50,000	50,000	Allocated Expense - General Fund	50,000	50,000	50,000
-	20,000	20,000	Allocated Expense - Sewer	20,000	20,000	20,000
-	10,000	12,000	Allocated Expense - Street Fun	12,000	12,000	12,000
-	80,000	82,000	Transfers	82,000	82,000	82,000
-	-	2,583	Contingency	47,404	47,404	47,404
-	65,473	65,473	Reserved for Water Debt	65,473	65,473	65,473
-	-	-	Ending Fund Balance, unrestricted	-	-	-
-	-	68,056	Ending Fund Balance	112,877	112,877	112,877
202,843	314,804	543,031	Total Requirements	515,800	515,800	515,800

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 \$123,000, this is a substantial increase over what was budgeted in 2016/17, but the majority of that is due to the fact that I only budgeted starting funds of \$55,000.00 when they were actually \$98,000.00. We anticipate \$124,520 in revenues and the \$123,000.00 in networking funds gives us a total of \$247,520 in revenues. The majority of revenue is in fees of \$104,520 and a transfer from Water of \$15,000.00 to cover the employee costs spent in the water department.

We have also been able to keep employee costs down with a volunteer Manager. This fund is still the main one of concern and we will need to move forward on upgrades before we are out of compliance with our permit. We will need to develop the project, which will result in a rate increase, or raise the rates to keep up with the maintenance on the aging system.

System Development:

Primary duties and responsibilities include:

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

System Maintenance:

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

The Council set a goal of upgrading the capacity of the wastewater system following option 3 and option 1 of the 2014 wastewater facility plan. Staff moved forward on the income survey and was successful in qualifying for Community Development Block Grants. We submitted an application for 2.5 million dollars on a 3.45 million dollar lagoon upgrade project but were not successful in the award. We will reapply for this year's round of funding, but with the new Administration in Washington the funding partners do not know what the funds will be this year. We hope to know after July, but this project might be delayed for another year until the status of CDBG funding is known. If that happens and there is funding in other types of grants and loans we will try to move forward on final engineering and land acquisition. Staff is trying to keep rate increases as low as possible; the goal is to keep the rates around \$60.00 a month.

Sanitary Sewer Fund						
Actual 2014-2015	Actual 2015-2016	Adopted 2016-2017	Resources	Proposed 2017-2018	Approved 2016-2017	Adopted 2016-2017
<u>61,389</u>	<u>70,595</u>	<u>55,000</u>	Beginning Fund Balance	<u>123,000</u>	<u>123,000</u>	<u>123,000</u>
104,123	102,888	103,610	Sewer Fees	104,520	104,520	104,520
-	-	-	Interest	-	-	-
4,045	5,647	4,639	Late Fees	5,000	5,000	5,000
441	-	-	Miscellaneous			
-	-	50,000	Intergovernmental Grants			
-	-	-	Transfer From Utility Reserve Fund			
-	-	-	Transfer from Equipment Fund			
-	20,000	20,000	Allocated Revenue	15,000	15,000	15,000
-	-	-	Adjust to Audited Financial Statement			
<u>108,609</u>	<u>128,535</u>	<u>178,249</u>	Revenue	<u>124,520</u>	<u>124,520</u>	<u>124,520</u>
<u>169,998</u>	<u>199,130</u>	<u>233,249</u>	Total Resources	<u>247,520</u>	<u>247,520</u>	<u>247,520</u>

Personnel Services

This recommended budget continues to fund the same level of services as we offer currently, including 1.25 utility staff positions and supportive equipment, materials and services, Our other utility staff person is funded in the Water Fund. Other staff that assists with water services includes the City Clerk and 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			
		1.25	FTE		1.3	1.3	1.3
37,154	36,282	48,000	Salaried	49,500	49,500	49,500	49,500
18,754	19,446	23,000	Benefits	23,000	23,000	23,000	23,000
5,291	5,050	12,000	Payroll Tax	7,000	7,000	7,000	7,000
61,199	60,778	83,000	PERSONNEL SERVICES	79,500	79,500	79,500	79,500
3,624	5,721	11,000	Operational Supplies	11,000	11,000	11,000	11,000
6,475	5,918	10,000	Equipment - O&M	10,000	10,000	10,000	10,000
213	122	500	Education/Training/Dues	600	600	600	600
4,943	4,399	6,500	Utilities	6,500	6,500	6,500	6,500
25,048	23,077	30,000	Professional Services	25,000	25,000	25,000	25,000
-	-	250	Uniforms & Protective Gear	500	500	500	500
-	-	20,000	Tank Pumping	20,000	20,000	20,000	20,000
99	120	150	Miscellaneous	500	500	500	500
301	-	-	Adjust to Audited Financial Statement	-	-	-	-
40,703	39,357	78,400	MATERIALS AND SERVICES	74,100	74,100	74,100	74,100
101,902	100,135	161,400	Sanitary Sewer Program	153,600	153,600	153,600	153,600
-	366	-	Equipment - Operations	5,000	5,000	5,000	5,000
-	-	50,000	Grant Project	50,000	50,000	50,000	50,000
-	366	50,000	Capital	55,000	55,000	55,000	55,000
-	-	-	Transfer to Sewer Debt				
-	-	-	Allocated Expense - General Fund				
-	-	-	Allocated Expense - Water Fund	-	-	-	-
-	-	-	Transfers	-	-	-	-
-	-	21,849	Contingency	38,920	38,920	38,920	38,920
-	-	-	Ending Fund Balance, unrestricted	-	-	-	-
-	-	21,849	Ending Fund Balance	38,920	38,920	38,920	38,920
101,902	100,501	233,249	Total Requirements	247,520	247,520	247,520	247,520

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 \$25,000.00 for Wastewater for emergency repairs and \$40,000.00 for Water projects as a backup incase the PC Boards that regulate the plant keep malfunctioning. We believe we have the PC Board issue resolved, but this will cost over \$30,000 if we do need to replace. These funds are budgeted in case of breakdowns, but they are not always spent, it is our insurance policy.

Utility Reserve Fund						
Actual 2014-2015	Actual 2015-2016	Adopted 2016-2017	Resources	Proposed 2017-2018	Approved 2017-2018	Adopted 2017-2018
269,069	304,145	231,395	Beginning Fund Balance	260,000	260,000	260,000
-	-	-	Interest			
35,219	38,014	43,500	Utility Capital improvement Fee	46,151	46,151	46,151
1,776	16	-	Utility Users Late Fee	-	-	-
-	-	-	Transfer from Equipment Fund	-	-	-
36,995	38,030	43,500	Revenue	46,151	46,151	46,151
306,064	342,175	274,895	Total Resources	306,151	306,151	306,151
			Requirements			
1,919	22,108	25,000	Water Projects	40,000	40,000	40,000
-	17,520	25,000	Wastewater Projects	25,000	25,000	25,000
-	16	-	Equipment -Operations	-	-	-
1,919	39,644	50,000	Capital	65,000	65,000	65,000
-	-	-	General Fund Transfer			
-	60,000	-	Transfer to Water Fund	-	-	-
-	-	-	Transfer to Sewer Fund	-	-	-
-	60,000	-	Transfers	-	-	-
-	-	224,895	Contingency	241,151	241,151	241,151
304,145	242,531	-	Fund Balance Ending	-	-	-
304,145	242,531	224,895	Ending Fund Balance	241,151	241,151	241,151
306,064	342,175	274,895	Total Requirements	306,151	306,151	306,151

WAGNER LIBRARY RESERVE TRUST FUNDS

MISSION STATEMENT

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

Service Provided

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

Falls City Council, the Library Advisory Board, and the Falls City School District have been having joint meetings to try and establish a secure source of funding for our Library, but so far we have not developed a funding source. If it does not come together I recommend closing the Library before we expend all of the Wagner Funds. This will allow us to keep a source of funding to open a library at a later date if funding is secured.

Budget Narrative

We are changing this to a major Fund to better track the expenditure of these funds. We will be closing the 20% fund this year and transferring those funds to the 80% fund and we will pay contracted Librarian fees out of the 80% fund.

We are anticipating a beginning balance in the 20% fund of \$34,635 and will transfer those funds to the 80% fund. We anticipate a beginning fund balance of \$54,593.00 in the 80% fund and with the transfer a total of \$89,228.00 in

resources. This is enough to operate the Library for a year and a half before the fund is zeroed out.

Wagner Reserve 20% Fund						
Actual 2014-2015	Actual 2015-2016	Adopted 2016-2017	Resources	Proposed 2017-2018	Approved 2017-2018	Adopted 2017-2018
28,571	34,635	34,635	Beginning Fund Balance	34,635	34,635	34,635
121	-	-	Interest			
5,943	-	-	Miscellaneous	-	-	-
6,064	-	-	Revenue	-	-	-
34,635	34,635	34,635	Total Resources	34,635	34,635	34,635
			Requirements			
-	-	34,635	Building Improvement-Ops	-	-	-
-	-	-	Transfer to Wagner Reserve 80%	34,635	34,635	34,635
-	-	-	Capital	34,635	34,635	34,635
-	-	-	Contingency	-	-	-
34,635	34,635	-	Fund Balance Ending	-	-	-
34,635	34,635	-	Ending Fund Balance	-	-	-
34,635	34,635	-	Total Requirements	34,635	34,635	34,635
Wagner Reserve 80% Fund						
Actual 2014-2015	Actual 2015-2016	Adopted 2016-2017	Resources	Proposed 2017-2018	Approved 2017-2018	Adopted 2017-2018
124,773	124,773	54,593	Beginning Fund Balance	54,593	54,593	54,593
484	-	-	Interest			
			Miscellaneous			
23,772	-	-	Transfer from Wagner Trust 20%	34,635	34,635	34,635
24,256	-	-	Revenue	34,635	34,635	34,635
149,029	124,773	54,593	Total Resources	89,228	89,228	89,228
			Requirements			
-	-	54,593	Professional Services	60,000	60,000	60,000
67,741	70,180	54,593	Transfer to General Fund	-	-	-
67,741	70,180	54,593	Transfers			
-	-	-	Contingency	29,228	29,228	29,228
124,773	54,593	-	Fund Balance Ending	-	-	-
124,773	54,593	-	Ending Fund Balance	29,228	29,228	29,228
192,514	124,773	54,593	Total Requirements	89,228	89,228	89,228

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 2014-2015	Actual 2015-2016	Adopted 2016-2017	Resources	Proposed 2017-2018	Approved 2017-2018	Adopted 2017-2018
<u>58,070</u>	<u>78,545</u>	<u>78,545</u>	Beginning Fund Balance	<u>137,434</u>	<u>137,434</u>	<u>137,434</u>
-	-	553	Interest	236	236	236
13,000	-	4,675	Interest- Revolving Loan	2,283	2,283	2,283
11,570	-	9,660	Principal	5,983	5,983	5,983
-	85,574	-	Miscellaneous			
<u>24,570</u>	<u>85,574</u>	<u>14,888</u>	Revenue	<u>8,502</u>	<u>8,502</u>	<u>8,502</u>
<u>82,640</u>	<u>164,119</u>	<u>93,433</u>	Total Resources	<u>145,936</u>	<u>145,936</u>	<u>145,936</u>
			Requirements			
-	-	2,000	Professional Services	1,628	1,628	1,628
4,095	-	91,433	Loans/ Obligations	33,559	33,559	33,559
-	-	-	Grants Funded	-	-	-
<u>4,095</u>	<u>-</u>	<u>93,433</u>	Community Development Program	<u>35,187</u>	<u>35,187</u>	<u>35,187</u>
-	-	-	Contingency	-	-	-
78,545	164,119	-	Ending Fund Balance, unrestricted	110,749	110,749	110,749
<u>78,545</u>	<u>164,119</u>	<u>-</u>	Ending Fund Balance	<u>110,749</u>	<u>110,749</u>	<u>110,749</u>
<u>82,640</u>	<u>164,119</u>	<u>93,433</u>	Total Requirements	<u>145,936</u>	<u>145,936</u>	<u>145,936</u>

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.

Library Fund

This fund was used to transfer money in from the Wagner Trust Fund and to pay the contracted costs for a Librarian at the Library and for incidental costs. The Wagner was changed to a major fund to budget these payments directly out of the Wagner Fund to be able to better track any Library associated costs.

			Library			
-	0.75	0.75	Full Time Equivalent Employees	-	-	-
-	-	-	Salaried	-	-	-
-	-	-	Benefits	-	-	-
-	-	-	Employer Costs	-	-	-
-	-	-	PERSONNEL SERVICES	-	-	-
-	-	6,000	Operational Supplies	-	-	-
-	49,777	61,880	Professional Services	-	-	-
1,716	-	2,000	Utilities	-	-	-
1,730	-	120	Miscellaneous	-	-	-
-	-	-	Adjust to Audited Financial Statement	-	-	-
3,446	49,777	70,000	MATERIALS AND SERVICES	-	-	-
3,446	49,777	70,000	Program Total	-	-	-

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 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.

