

BUDGET
FOR THE
CITY OF GARIBALDI
FISCAL YEAR 2013-2014

GARIBALDI CITY COUNCIL MEMBERS

Suzanne McCarthy - Mayor + Terry Kandle, Council President
Jerry Bartolomucci, Council Vice President + Marline Westerfield, Council Member
John Foulk, Council Member

BUDGET COMMITTEE MEMBERS

Emmy Lou Orahood + Denise Harrington + Richard Harrison
Michelle Aeder + James Jensen

John O'Leary, City Manager / Budget Officer

Garibaldi City Budget Document for FY 2013-2014

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CITY BUDGET COMMITTEE MEETING AGENDA NOTES

Monday, May 6, 2013, 6:00 p.m. - (or when the GURA meeting ends, Tuesday, May 8, 6:00 p.m. if necessary)
Community Hall - Garibaldi City Hall, 107 6th Street, Garibaldi

I. CALL TO ORDER

The Mayor will call the meeting to order and then ask for a motion to elect a Chair. Only free-holders (not council members) may be elected to these three positions.

II. ELECTION OF CHAIR

Someone will need to make a **MOTION** TO ELECT _____ AS CHAIR OF THE 2013-14 GARIBALDI BUDGET COMMITTEE. A second and vote will fulfill the election. At this time, the Chair takes over the meeting. The Chair will then ask for a motion to elect a Secretary.

III. ELECTION OF SECRETARY

Someone will need to make a **MOTION** TO ELECT _____ AS SECRETARY OF THE 2013-14 GARIBALDI BUDGET COMMITTEE. A second and vote will fulfill the election. Mary DeLoria will take minutes as the Recorder Pro-Tem.

IV. PUBLIC HEARING FOR STATE REVENUE SHARING

The newly elected Chair will need to call the Public Hearing to order for the purpose of determining where state revenue sharing money should be spent. Chair should note the time the hearing begins. The Chair should ask any public in attendance if they have any comments on the proposed use of these funds.

This agenda item is required by state law in order for the City to receive the state revenue sharing dollars. This money is used for general operation of the City, which includes Fire, Police, Planning, etc... What I've done is budget receipt of the Liquor Tax, Cigarette Tax and General Revenue Sharing funds into General Fund to offset operational costs, and budgeted in the receipt of Gas Tax funds into the Street Fund for those operational costs. If there are any requests made at the meeting for this money we should discuss it after public comment. I'm not going to recommend that we disperse these funds outside of the City, but it is the decision of the Budget Committee and ultimately the Council. After input from the Committee and the public, the Chair can close the hearing again noting the time for the record.

V. PUBLIC COMMENT ON THE PROPOSED BUDGET

The Chair should ask if there is anyone from the public interested in making a statement on the proposed budget. Past practice has been to allow the public to comment during the proceedings, but there should be a formal invitation of the public to make comment.

VI. REVIEW OF BUDGET MESSAGE AND PROPOSED BUDGET

This is where we begin the page-by-page review of the budget. This will take the majority of the meeting. Traditionally we skip the TRT and General funds until the end; however, recent years' budgets have gone rather quickly. I would suggest that the Chair poll the Committee for concerns and find out what particular

funds may need significant discussion. The other possibility is a general discussion regarding personnel issues that may take precedent over a specific section of the budget.

Wherever the Committee decides to start, I'd like to see what people want to talk about. Assuming we start with the General Fund, I'll start by noting the departments, what they do, and then state the amount of money the fund is going to receive and expend in total. At that point I'll go through each department and discuss details briefly, and then ask if there are any questions. If questions about Personnel Costs come up at the beginning of the meeting, I'd like to get the whole discussion out of the way at once. If there aren't too many questions I'll pick up the pace on my presentation, but I would like to at least state what each fund is going to start out with, what it should receive, what I've budgeted for it to expend, and then state what I expect the ending fund balance to be.

Normally, the Budget Committee will review and approve/amend each fund. Once it appears that the Committee has finished discussion on an individual fund, the Chair should ask for a **MOTION** TO APPROVE THE (GENERAL/WATER/WASTEWATER/ETC.) FUND BY CATEGORY AS (PRESENTED OR AMENDED). After review and discussion of the entire budget, and it appears that the Committee has a budget that it can support, the Chair should ask for a **MOTION** TO APPROVE THE FISCAL YEAR 2013-14 BUDGET BY CATEGORY AS (PRESENTED OR AMENDED). Once the motion is made, we'll need a second and a vote. This motion and the one approving the taxes need approval by a majority of the entire Budget Committee. In other words, six out of the ten members will need to approve the motion. If only six people arrive for the meeting, then all six need to approve the motion.

VII. BUDGET COMMITTEE WORK SCHEDULE

If it looks like the Committee will need more time to consider the budget then, before you recess, the group will need to schedule additional meetings. This is the time to do it and we can meet Tuesday night (May 7th) if you'd like. You can spend as much time as you like, but a budget must be approved by May 15th to give the budget officer time to prepare the budget for publication and distribution. If you need more time than this evening, then the Chair can declare a recess and then state a time to reconvene.

VIII. TAX APPROVAL

Before adjourning the Committee also needs to approve the tax base. The Chair should ask for a **MOTION** TO APPROVE TAXES FOR THE 2013-14 FISCAL YEAR AT THE RATE OF \$2.8468 PER \$1,000 ASSESSED VALUE FOR OPERATING PURPOSES IN THE GENERAL FUND, AND IN THE AMOUNT OF \$43,300 FOR PAYMENT OF GENERAL OBLIGATION BOND PRINCIPAL AND INTEREST IN THE WASTEWATER DEBT FUND. Once the motion is made, we'll need a second and a vote.

IX. ADJOURNMENT

Upon completion of the Committee's work, the Chair can simply adjourn the meeting and note the time for the record.

Please take the papers that you would like to keep and leave the binders on the table. I'll use them for next year. And, again, thank you for your involvement in this year's budget Committee.

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FISCAL YEAR 2013-2014 BUDGET MESSAGE

Honorable Mayor Suzanne McCarthy, members of the Garibaldi City Council and citizen free-holders of the Budget Committee, it is my privilege to submit for your consideration the Fiscal Year (FY) 2013-2014 Budget for the City of Garibaldi.

BUDGET DOCUMENT PRESENTATION

This year's budget message will present a narrative overview of how the City performed in the current fiscal year, expectations for next year, and information on issues relevant to next year's budget. Following the budget message you will find a review of each fund followed by the budget document. The budget document used here is the very similar to the State of Oregon's LB format. This document provides actual numbers from FY 10/11, FY 11/12, the budgeted and projected numbers for the current FY 12/13, and finally the proposed numbers for FY 13/14. The City presently has twelve funds, and the budget for each fund is presented a line-item style with notes at the bottom of each page addressing significant information. The City's budget will be adopted by category, which means that over spending in a specific line item does not violate budget law. Please note the following information:

- There is a difference between what we budget and what we actually spend. As you look at actual amounts spent in previous years, keep in mind that amounts budgeted nearly always exceeded the amounts spent. Remember that staff's policy is to try and spend conservatively, budget safely and operate transparently. Please ask if you have questions about differences between what was budgeted and what was spent.
- Categories within a fund are identified by a **C**. This is found in front of the total budgeted amount at the bottom of each category. These categories are what the Budget Committee approves and the Council adopts. As long the total amount spent in a category is at or less than the budgeted amount, spending within the category complies with Oregon budget law.
- For the purpose of meeting the Governmental Accounting Standards Board (GASB) 54 standard, some Ending Fund Balances are identified by one of five categories; Non-spendable, Restricted, Committed, Assigned, and Unassigned/Unappropriated. Not all five categories apply to every fund, so you will see Ending Fund Balances broken out into one or more of these categories at the bottom of each fund's budget.

- New line items will be identified and explained, and the item number and description will be **bolded** on the actual budget page.
- Over-spending or under-spending in specific line items may or may not be explained in the budget document – if you have specific concerns please ask.
- The amount of supplemental information has been reduced from past years. Experience with this process has shown that some of this information is not relevant to Committee members. Please let me know **prior to the meeting** if you need additional information on certain appropriations, revenue or expenditure projections, or details on service or project costs.
- I've excluded the Appendix on water and wastewater revenue calculations. It's very convoluted information that I don't believe has any meaning to the Budget Committee. If you want this information please let me know ahead of time – I'd be delighted to share it with you in great detail.
- In the narrative of each fund you will find tables that summarize information from past years and the proposed budget. **FTE, or Full Time Equivalent**, references a percentage of City staff time allocated to a department. These numbers are meant to provide a relationship between Personnel Costs and actual staff time.
- **This budget is balanced.** "Balanced" means that in no situation is any fund expending monies that exceed the combination of its beginning cash balance and its projected revenues. In all situations, projected revenues and recommended expenditures are based on reasonable and defensible information at hand. You may notice receipts from prior years that are not expected to be received next year, and I can explain what this means on a case by case basis.
- The council will adopt the final budget on June 17, 2013, during their regular meeting. Some adjustments to the budget may be made between the Budget Committee meeting and the Council's adoption, but in no case can the Council increase appropriations in the budget more than 10% without reconvening the Budget Committee.

BUDGET PREPARATION

The FY 13-14 Budget has been prepared with the use of spending data, material and supply inventories and historical spending analysis. Whenever possible, line items have been determined through the use of actual spending patterns from previous years. Throughout the budget, most appropriations have been deliberately rounded up or down.

FY 12/13 PERFORMANCE – CURRENT ISSUES

As of April 2013, expenditures and estimated revenues are generally within projections. Significant under-spending is usually associated with grants that the City has either not been awarded or has been unable to spend in the current fiscal year. Some expenditures have exceeded budgeted amounts, and in most cases this will be explained in the narrative for the relevant fund. Ending Fund Balances in some funds will grow slightly on June 30, 2013, as a result of operational spending being less than actual revenues. However, carry-over balances in the General and Street Fund will decrease this year. This is going to be associated with Capital Outlay, and will be explained later. The following items are specifically relevant to the current year's performance:

Personnel: Wayne Schultz resigned from his position as Public Works Director this past October, and we have recently hired Blake Lettenmaier into this position. Blake comes to the City with an impressive public/private sector background, and has performed excellently since starting to work in January. This transition has changed requirements for salary and benefits associated with this position. Combined with this transition, a health issue with another Public Works employee in the current year has required some temporary staffing in Public Works. Extra Labor line items in the Water and Wastewater funds have been utilized where necessary, and anywhere that these categories are expected to exceed budgeted amounts contingencies will likely be used.

Utility Rates: In July of 2011 the Council passed a resolution that changed water utility rates throughout the City to align commercial and residential rates with those found in other coastal cities in Oregon. This rate adjustment increased residential water utility revenue by reducing the residential base-gallon amount from 6,000 to 4,000. In reviewing the effect that this has had, the budgetary impact has resulted in a nominal increase. From 2011 to 2012 total residential water consumption dropped from 3.03 to 2.83 million gallons, or about 6.6%. Total commercial water consumption increased from 2.35 to 2.48 million gallons, or about 5.6%. The net effect is about a 5.5% increase in water revenues over last year.

12th Street and Hwy 101 Improvement Project: This project, consisting of storm water, sidewalk and bike lane improvements along Hwy 101 from 10th Street to 12th Street, was originally planned to be completed in 2011. The project was postponed in 2011 after initial bids on the work exceeded available funds, which primarily consisted of a \$100,000 ODOT Quick Fix grant. In 2012 the City advertised for new bids based on an amended scope of work and received a low bid of \$130,000 for construction that was determined to be affordable to the City. Without going into a lot of detail here, the project encountered issues that drove the final cost of the project to just over \$200,000. The project was completed and the City was able to afford the final cost through use of Contingencies in the Street and Water Funds.

Seismic Rehabilitation of City Hall / Fire Department: The City was awarded a grant from the Oregon Department of Emergency Management almost eighteen months ago for seismically rehabilitating the Fire Department/City Hall building. This was a fortunate opportunity to structurally strengthen this building against an earthquake hazard, and in the final scoping of the project allowed for some aesthetic improvements to the building itself. The amount of the grant was \$270,000, and this was based on preliminary engineering that proved to be short of the actual amount needed – but not by very much. Total cost of the seismic retrofit work amounted to \$249,406, and engineering for the seismic portion of the project totaled \$55,780. Because of the intrusive nature of the work, it was in the City’s best interest to have the contractor simply replace the exterior siding. This had the effect of keeping the actual cost of the seismic work lower than it could have been, and giving the City a discounted cost for re-siding the building by combining this with the seismic project. As a result, City Hall will be mostly re-sided for a construction cost of \$111,804, with an additional engineering cost of \$17,500. Re-siding will consist of the north, east and south sides of the building. All of the aluminum-frame windows left on the building will be replaced with new vinyl windows, and the building’s exterior lighting will be replaced with new LED lighting. The City hired ZCS Engineering out of Klamath Falls, Oregon, to perform the engineering and architecture work for the project. The City used the Construction Management/General Contractor (CM/GC) procurement method for contracting the actual construction work, and hired O’Brien & Company as the City’s CM/GC. This appears to have saved the City in actual construction costs, and has certainly alleviated many of the potential issues by using a pre-construction investigative process that significantly refined the final engineering and architectural scope. The final cost on this project will be just around \$430,000, and should be completed by this June. You may recall from the Committee meeting last year where I speculated on total project costs, and the actual budgeted amount for construction of the project was reduced to \$395,000 from my original request of \$470,000. Because the total, engineering and construction, will exceed the approved amount, Council approved the use of \$30,000 out of General Fund Contingency to afford the final project price.

FISCAL YEAR 2013-2014 OVERVIEW

Watseco-Barview Water District: This year the City will be providing personnel services to our neighboring water district to the North. Watseco-Barview Water District is a small water supplier for just over 200 residential homes, Camp Magruder, Shorewood RV Park and Barview Jetty Park. This water system is supplied by a ground water source located in the County’s park, and the District controls its own water source and distribution system. The District employed a system operator until that person had to resign recently for health reasons. The District and City staff had been discussing a

water system intertie for over a year, and it seemed practical and intuitive that the City should provide the personnel services that the District requires to operate their current system until the intertie can be constructed. This relationship requires our Public Works staff to operate their water treatment facility and manage their distribution system. We've estimated that this service equates to roughly a three-quarter time position. Our current PW staff amounts to three full-time employees, and for the City to effectively provide this service to the District we need to hire an additional full-time employee. The agreement to provide service to the District will equate to about \$40,000 for next fiscal year. This agreement may be in place for an additional year or more; however, the District's long term objective is to merge with the City. This would essentially make all the consumers in the District customers of the City. There are a lot of elements to this concept, but the budgetary point here is that we have effectively expanded our water customer base and need to increase staff to accommodate this new service requirement.

Review of the D-1 Zone: This was placed high on the Council's to-do list with the goal setting process this year. Council is directing staff and the Planning Commission to review the existing requirements of the D-1 Zone and recommend changes that reduce architectural and design requirements within the zone. This will require the use of the City Planner's time and will eat up staff-hours with meetings and other functions. You'll see a disproportionate relationship between anticipated land use fees and the Contracted Planner cost in the budget this year to accommodate for this.

Increases in Costs: You'll find a few changes in the budget this year that are associated with expenditure trends from last year. The other thing you'll find is static numbers where you might expect to see increases. I've used budget numbers this year that are intended to keep the use of reserves down. Certain increases in expenditures next year are unavoidable, and until we explore increasing revenues in the four operating funds (General, Street, Wastewater and Water) I'm going to keep expenditures budgeted low and in-line with past practices. In some cases you're looking at numbers that should be higher, but will stay deliberately low until revenues can be increased. Costs such as electricity, fuel, insurance, treatment chemicals and other services and materials will increase where quantities of materials or services cannot be reduced or eliminated.

Personnel: Total personnel costs in this budget have been increased over last year's budgeted numbers. Experience has taught me that discussing personnel costs at the Budget Committee level is very much like talking about the "elephant in the room" - it's on everyone's mind in one way or another. Since most of the increases in costs are unavoidable, and the rest are strongly recommended to maintain stability within the organization, the Budget Committee needs to be aware of the issues to ensure that the fiduciary requirement of public oversight has been met. There are few points that I'll

make here, and if there's further discussion at the meeting we will have to work through it then. Here are the main points:

- The cost of PERS is absolutely beyond the City's control. We are a PERS member, and the only way to detach ourselves from PERS would be to offer a better retirement plan than what PERS offers – this is simply not cost effective. While this has been a political hot-button issue across the State, I want to remind the Committee that we are legally committed to providing this benefit to our employees and we need to accept this as a cost of doing business. The actual increase in PERS is roughly 30% over last year's rates.
- This year the City will need a fourth position in Public Works to adequately provide service to Watseco-Barview Water District, and still meet our own water system's service needs. I've budgeted funds adequate to hire a Utility Worker I, and set the wage at the mid-step of the AFSCME-agreed wage scale to keep the City's hiring options open. A portion of this cost is recaptured by the payments that the District will make to the City for the personnel services that we provide to them.
- Staff changes in Public Works over the last year have highlighted the need to redefine our employee expectations. In reviewing the job requirements in Public Works, the qualifications needed to hold these jobs, and the salaries offered for similar positions in other cities, it's clear to me that the current salaries for some of these positions need to be adjusted if we intend to hire and keep employees that can do these jobs. I've increased the salary for the Public Works Director position, and have budgeted for a new position called System Operator to accommodate the current division of job duties among Public Works Staff.
- Administrative salaries need to be adjusted to keep them in line with other positions in our area. I've budgeted in salary increases for Admin staff to address longevity and increased skill sets, and I've budgeted in an increase for my own salary for similar reasons; however, I'll remind the Budget Committee that any increase in salary for the City Manager position is decided by the Council – the amount budgeted is not necessarily the amount of salary paid to this position.
- It's been brought the City's attention that it has to make PERS contributions for some of its Fire Department volunteers that are paid for calls and training. The requirement is that if we pay a volunteer on an hourly or per-call basis, which we do, we have to make PERS contributions for that volunteer, if that volunteer is collectively employed more than half-time by a combination of PERS-member entities. In other words, if they work for another government entity that makes PERS contributions, we have to make PERS contributions as well. This isn't very

intuitive compared to most fair-labor practices, but it is law. We have a few volunteers that fall into this situation, so this year we have to make contributions to PERS on their behalf. I've also budgeted in an 8.5% increase for the Fire Chief's part-time salary to accommodate his 6% contribution and to provide a modest increase in pay associated with the recognized inflation index used with all other positions in the City.

The Budget Committee is not required to discuss these increases or their reasons. I've provided some explanation for my recommendations here, and in more detail in the Personnel Costs Appendix. The Committee can accept that these recommendations are valid and justifiable without having a detailed conversation. If there is a discussion, I would recommend that we keep it focused on the costs and not the employees.

Recommended Reserves: I've noted recommended reserves for each fund in the past, and have noted dollar amounts that represent cash balances necessary to operate a fund for a period of time without receiving any revenue. In the case of the General Fund, 65% of Operations & Maintenance expenditures would mean that all services provided through the General Fund would be able to operate from July 2013, until February 2014, without any money received from any revenue source. Since the primary source of revenue to the General Fund is property tax, which is remitted to the City in November, the designated reserve would ensure sufficient cash is available to operate until those monies are received. In the case of the other three funds, revenues are received on a monthly basis, and each one has a suggested reserve adequate for four months of operation without any cash receipts. This year I've excluded budgeted contingencies from the calculations. I feel comfortable with this change by realizing that contingencies are intended for extraordinary expenditures as opposed to minimum operational cash requirements. While cash carry-over balances are not directly required, this practice ensures continuity in service and reflects a responsible approach to business management for the City. The table on the next page shows the recommend cash balances to maintain in FY 2013-2014.

	General Fund	Street Fund	Wastewater Fund	Water Fund
Ending Fund Balance *	\$ 287,807.00	\$ 65,643.00	\$ 401,276.00	\$ 90,869.00
Recommended Reserve	\$ 237,900.00	\$ 41,100.00	\$ 404,422.57	\$ 93,200.00
Surplus	\$ 49,907.00	\$ 24,543.00		
Deficit			\$ 3,146.57	\$ 2,331.00

General Fund = 65% of Operations & Maintenance

Street Fund = 33% of Operation & Maintenance

Wastewater Fund = 33% of Operation & Maintenance, and 100% of Debt Requirement

Water Fund = 33% of Operation & Maintenance

* This amount assumes that contingency is not used

Budgeted figures will push the Water and Wastewater fund balances down past my own recommended amounts at the end of FY 13-14. What this means is that if the budget is passed as presented, and expenditures and revenues behave the way I predict next year, I will be having a discussion with Council about increasing water and wastewater rates before the end of next year. While this is never popular, cuts to expenditures over the last four years have staved off significant rate increases in both utilities. Because these systems have minimum requirements for operation and maintenance, and because we've made short term cuts that cannot be sustained, raising utility rates will quickly transition from an option to a requirement.

Grants: As always, staff will pursue grants that match operational objectives for the City. In the past, this pursuit has occasionally detoured the City from established objectives to accomplish somewhat unintended projects; the seismic retrofit of City Hall would be an example. While there isn't anything necessarily wrong with this, staff is going to limit its grant pursuit this year to the projects at hand. I've noted two of the grants that staff intend to pursue next year:

- This year the Fire Department will be looking at a grant to replace radio equipment and other tools through the State's VFA program. This would be a \$20,000 expenditure with a 50% grant match, equating to \$10,000 out of General Fund reserves for Fire Department purchases. The bulk of the purchases would replace aging equipment and tools, and is directly relatable to volunteer safety; although, nearly all purchases in the Fire Department can fall into that category. We've applied for this grant in the past and have not received it, so this is really just another attempt that may or may not be successful.
- We may be applying for a technical assistance grant through the State for the engineering of an intertie between Watseco-Barview and Garibaldi. At this point, I'm budgeting a \$20,000 grant receipt and expenditure; however, we may be able to utilize some level of in-kind contribution with Blake Lettenmaier. Blake is a licensed civil engineer and surveyor, and may be able to provide a significant

amount of the necessary engineering for this project. In any event, I've budgeted to accommodate the need to hire an engineer if necessary.

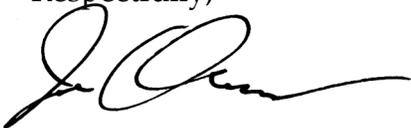
Police Car and Street Sweeper Purchase: Over the last few years the City has budgeted funds for the replacement of vehicles and equipment without an actual expectation that purchases would occur. As we've discussed in the past, this provides a safety-net in case a vehicle or piece of equipment fails to the point that replacement is more cost effective than repair. Because I have intentions to actually purchase vehicles this year, I would like to share those intentions with the Committee. I feel that our safety-net budgeting policy is very responsible, and I don't want surprise Committee members by not mentioning expected purchases.

- This year I expect to replace the City's police car for a cost of around \$35,000. The car was purchased and put into operation in 2006, and projected to be replaced in 2011. However, in working with Deputy Bob Pippenger we've managed to gain a few more years of useful life out of the vehicle than expected. I plan to replace the vehicle this year to avoid major mechanical failure, as well as to maximize its surplus value. As long as the vehicle runs, we could expect to get two thousand or so in surplus value. Also, new vehicle prices are also unusually low this year. Not that I haven't enjoyed telling Bob "just make it last one more year" for the last three years, I just believe that at this point replacement will provide the best value to the City.
- This year staff will be researching the costs of a new street sweeper. I'm having Director Lettenmaier look into this, and it may be possible to obtain a best-fit street sweeper for the City for around \$60,000 or less. To put this in perspective, it's not unusual for a new street sweeper to cost over \$100,000. We are still looking at the cost vs. benefit; however, keeping our streets properly swept is going to cut down on long term street replacement and generally improve the visual appearance of Garibaldi.

THANK YOU

I would like to thank the Budget Committee and City Council for your consideration of this budget and willingness to participate in this process. If you have any questions or need any additional information at all please contact me at your convenience.

Respectfully,



John O'Leary
City Manager/Budget Officer

GENERAL FUND

General Fund	Actual Revenues Received					Projected	Budgeted
	FY 07/08	FY 08/09	FY 09/10	FY 10/11	FY 11/12	FY 12/13	FY 13/14
Property Tax	202,667	210,801	209,213	215,346	218,179	215,500	219,500
GRFPD Contract Revenues	36,342	39,069	41,795	41,052	45,953	43,422	44,600
Land Use Revenue	3,740	5,660	5,364	1,550	2,215	1,200	2,500
Land Use Planning Grants	4,000	1,500	4,000	3,000	4,000	6,850	2,700
All Other Revenues	109,198	117,391	49,521	45,916	45,504	38,625	42,780
Grants for Capital Expenditures	13,384	141,289	14,012	36,682	0	284,741	10,000
Transfers	6,000	6,000	6,000	21,304	15,725	17,400	20,000
Total	375,332	521,709	329,905	364,849	331,576	607,738	342,080

General Fund revenues will perform much as they have the last several years. Property taxes are expected to increase 1.9% in 13/14. The reason we aren't expecting the statutory limit of 3% is a combination of the impact the City's urban renewal district has on the available tax base and reassessments of commercial and residential property over the last two years. Other revenues will vary slightly from last year. I'm anticipating one grant for Fire Department purchases. Any unanticipated grants received next year do not need to be budgeted in revenue, and can be expended through a supplemental budget that can be approved by the Council if necessary.

In any given year, there are a many different revenues and expenditures that cloud the basic question of whether or not the long term revenues will support long term expenditures. The table below represents total expense for the General Fund. In the grey section of this table are revenues and expenditures that can be considered typical from one year to the next. While the budgeted figures for next year show a deficit, it's important to note that budget figures usually predict total revenues lower and total expenditures higher than actual numbers.

Total General Fund	Actual Amounts Spent					Projected	Budgeted
	FY 07/08	FY 08/09	FY 09/10	FY 10/11	FY 11/12	FY 12/13	FY 13/14
Personnel Services	103,756	106,965	84,047	102,389	95,272	109,615	124,083
Materials and Services	216,337	230,447	195,240	214,225	203,136	197,217	241,767
Capital Outlay	26,058	139,432	0	0	12,162	430,000	12,000
Total	346,151	476,844	279,287	316,614	310,570	736,832	377,850
FTE Equivalent Units				2.31	2.20	2.22	2.16
Typical Operating Revenues	361,947	380,420	315,893	328,167	331,576	322,997	332,080
Typical Operating Expenditures	320,093	337,412	279,287	316,614	298,408	306,832	365,850
Surplus/Deficit	41,854	43,008	36,606	11,553	33,168	16,165	-33,770

Total expenses in the General Fund are budgeted higher than past years. While I've shifted a small percentage of Personnel Costs out of the General Fund and into the other operating funds, overall increases in these costs will push actual expenditures up.

There is more budgeted in for Materials & Services than previous years, and \$12,000 budgeted in for Capital Outlay. Amounts in Capital Outlay are for sidewalk and landscape improvements to City Hall next year. Increases in contracted services with the Sheriff's Office and other service providers are pushing up total operating costs in most areas. Also, given the nature of the seismic retrofit project, I expect to spend more in total building maintenance next year as we clean up little details from the project.

General Fund	Actual Change in Balance					Projected	Budgeted
	FY 07/08	FY 08/09	FY 09/10	FY 10/11	FY 11/12	FY 12/13	FY 13/14
Beginning Fund Balance	296,542	323,414	340,874	391,360	436,349	454,294	325,986
Income	375,332	521,709	329,906	364,849	331,576	611,738	342,080
Expenditures	348,460	504,252	279,420	319,860	313,632	740,046	380,259
Ending Fund Balance	323,414	340,871	391,360	436,349	454,294	325,986	287,807

	ACTUAL 2 Years Ago FY 10-11	ACTUAL 1 Year Ago FY 11-12	BUDGETED THIS YEAR FY 12-13	PROJECTED FY 12-13 COMMITTEE	GENERAL FUND REVENUE	PROPOSED BY BUDGET OFFICER TO BUDGET COMMITTEE
1	391,360.00	436,349.00	431,674.00	454,294.00	BEGINNING FUND BALANCE	325,986.00
2	21,304.00	15,725.00	17,400.00	17,400.00	TRANSFERS IN	20,000.00
3	0.00	0.00	0.00	0.00	130.072 From TRT for Fire	0.00
4	1,750.00	0.00	0.00	0.00	130.073 From TRT for Fire Grants	0.00
5	19,554.00	8,424.00	4,500.00	4,500.00	130.074 From TRT for Police	6,000.00
6	0.00	0.00	0.00	0.00	130.075 From TRT for Grants	0.00
7		7,301.00	12,900.00	12,900.00	A 130.078 From TRT for Promotional Costs	14,000.00
8	343,545.00	315,851.00	602,156.00	594,338.00	TOTAL RECEIPTS	322,080.00
9	203,666.24	206,303.44	205,000.00	205,000.00	130.011 Current Year's Taxes	209,200.00
10	11,679.56	11,875.41	11,000.00	10,500.00	130.012 Prior Years' Taxes	10,300.00
11	4,895.98	5,527.27	4,000.00	2,500.00	130.021 Fines & Forfeitures	3,500.00
12	0.00	0.00	0.00	200.00	130.022 Police Vehicle Impounds	0.00
13	596.37	0.00	0.00	0.00	130.031 Building Permit Fees	0.00
14	1,549.58	2,214.63	10,000.00	1,200.00	B 130.032 Planning Fees	2,500.00
15	7,720.00	8,640.00	7,500.00	8,000.00	130.034 Business & Licenses	8,000.00
16	0.00	0.00	8,156.00	5,530.00	C 130.039 GURA Contract	3,280.00
17	41,052.00	45,953.21	43,000.00	43,422.00	130.039 Rural Fire District Contract	44,600.00
18	1,282.13	1,154.27	1,100.00	1,000.00	130.041 State Cigarette Taxes	1,100.00
19	11,299.60	9,707.26	9,600.00	9,600.00	130.042 State Liquor Revenue	11,300.00
20	6,898.80	6,908.11	7,000.00	7,000.00	130.043 State Revenue Sharing	7,000.00
21	3,000.00	2,500.00	3,000.00	2,850.00	130.051 DLCD Planning Grant	2,700.00
22	3,022.00	1,549.00	1,800.00	1,600.00	130.060 Hall Rental	1,600.00
23	0.00	0.00	0.00	0.00	130.061 Donations	0.00
24	8,378.17	11,372.92	5,000.00	5,400.00	130.062 Misc. Revenue	5,000.00
25	72.00	0.00	0.00	95.00	130.063 Reimbursements	0.00
26	1,750.94	2,145.57	2,000.00	1,700.00	130.071 Interest	2,000.00
27	36,682.00	0.00	284,000.00	288,741.00	D 130.090 Other Grants	10,000.00
28	756,209.00	767,925.00	1,051,230.00	1,066,032.00	TOTAL GENERAL FUND RESOURCES	668,066.00

NOTES FOR COUNCIL BUDGET HEARING:

- A Increase associated with more time spent by staff on Tourism Commission Functions
- B Adjusted to reflect realistic revenues for next year
- C Amount received in 12-13 includes contract amounts from 10-11 and 11-12
- D This amount is a 50% match for the VFA Grant being applied for by the Fire Department

	ACTUAL 2 Years Ago FY 10-11	ACTUAL 1 Year Ago FY 11-12	BUDGETED THIS YEAR FY 12-13	PROJECTED FY 12-13 COMMITTEE	GENERAL FUND EXPENSES	PROPOSED BY BUDGET OFFICER TO BUDGET COMMITTEE
189	44,989.00	17,944.50	-118,509.00	-128,308.00	TOTAL NET CHANGE IN FUND	-38,179.00
190	0.00	12,161.50	395,000.00	430,000.00	TOTAL GENERAL FUND CAPITAL OUTLAY	12,000.00
191	316,614.00	298,408.00	339,851.00	306,832.00	TOTAL GENERAL FUND O&M	365,850.00
192	316,614.00	310,569.50	734,851.00	736,832.00	TOTAL GENERAL FUND EXPENSES	377,850.00
193					INTERFUND TRANSFERS	
194	3,246.00	3,062.00	3,214.00	3,214.00	149.491 To Payroll Liabilities Fund	2,409.00
195	1,504.00	1,713.00	1,960.00	1,960.00	for Admin.	1,466.00
196	0.00	0.00	0.00	0.00	for Fire	0.00
197	1,517.00	701.00	726.00	726.00	for Planning	577.00
198	225.00	648.00	528.00	528.00	for Property	366.00
199	0.00	0.00	0.00	0.00	149.412 To PSE Reserve (Fire)	0.00
200	0.00	0.00	0.00	0.00	149.415 To PSE Reserve (Police)	0.00
201	3,246.00	3,062.00	3,214.00	3,214.00	C TOTAL INTERFUND TRANSFERS	2,409.00
202						
203	53,243.00	48,937.00	50,978.00	15,978.00	C GENERAL FUND CONTINGENCY	54,878.00
204	436,349.00	454,294.00	262,187.00	325,986.00	C Components of Ending Fund Balance	232,929.00
205					Unassigned/Unappropriated	232,929.00
206	756,209.00	767,925.00	1,051,230.00	1,066,032.00	TOTAL GENERAL FUND	668,066.00

NOTES FOR COUNCIL BUDGET HEARING:

A Equals 15% of operating costs -- \$35,000 was appropriated in the current year

B Assuming that contingency is not spent the unappropriated ending fund balance will be \$287,807

ADMINISTRATIVE

Administrative Department	Actual Amounts Spent					Projected	Budgeted
	FY 07/08	FY 08/09	FY 09/10	FY 10/11	FY 11/12	FY 12/13	FY 13/14
Personnel Services	36,858	34,420	28,245	29,919	36,643	43,195	45,430
<i>Percent Change From Previous Year</i>		-7.08%	-21.86%	5.60%	18.35%	15.17%	4.92%
Materials and Services	51,631	44,033	42,575	31,187	34,758	30,454	45,333
<i>Percent Change From Previous Year</i>		-17.26%	-3.42%	-36.52%	10.27%	-14.13%	32.82%
Capital Outlay	0	0	0	0	0	0	0
Total	88,489	78,453	70,820	61,106	71,401	73,649	90,763
FTE Equivalent Units				0.47	0.59	0.55	0.51

The Administrative department of the City functions as a cooperative management service for all operating funds and departments. Admin provides all meeting administration for all public bodies such as the Council, Planning Commission, Tourism Commission, Urban Renewal Board and Budget Committees. Admin is also responsible for all municipal record management (Recorder’s Office), personnel management, financial management, budget development, accounts payable, accounts receivable, public reception, risk management, and many other functions. The department consists of the City Manager, Assistant City Manager and a part-time Office Specialist. This department oversees legal consultation services to the City and reports to the Council on all business and City management issues. All salaries and major expenditures associated with Admin are shared between the General, Street, Wastewater and Water Funds. Costs within the department are either allocated to the City’s operational Funds based on actual services provided, or through a ratio based on a Fund’s projected revenue for the fiscal year. The ratio of these costs this year is based on the calculations below:

	General	Street	Wastewater	Water	Total All Funds
<i>Revenue By Fund</i>	332,080	138,280	440,180	273,280	1,183,820
	28%	12%	37%	23%	

No significant cost changes have been made to this department from last year. This year we are reducing the Office Specialist position from 70% time to 65% time, resulting in a slight decrease in total FTE. We’re continuing to expend funds on computer equipment and software each year to keep the technology in the office up to date and consistently functional. Experience has shown that changing out one program, computer or other device each year reduces lag in productivity by allowing staff to make gradual adjustments to new equipment and software. I have slightly reduced the Travel/Training item for next year just to balance some costs in this department, and have increased contracted services to accommodate online publishing costs for anticipated municipal code amendments.

ACTUAL 2 Years Ago FY 10-11	ACTUAL 1 Year Ago FY 11-12	BUDGETED THIS YEAR FY 12-13	PROJECTED FY 12-13 COMMITTEE	GENERAL FUND EXPENSES	PROPOSED BY BUDGET OFFICER TO BUDGET COMMITTEE
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29					
30					
31	18,381.00	23,635.00	27,529.00	26,955.00	
32	7,627.53	7,780.73	10,877.00	10,877.00	
33	10,167.53	13,050.19	14,298.00	13,583.10	
34		2,804.08	2,354.00	2,495.24	
35	585.52	0.00	0.00	0.00	
36	11,538.00	13,008.00	15,649.00	16,240.00	
37	10,790.05	12,178.93	14,580.00	15,120.00	
38	748.11	829.16	1,069.00	1,120.28	
39	29,919.00	36,643.00	43,178.00	43,195.00	
40					
41	16,139.00	17,132.00	18,850.00	13,800.00	
42	4,766.41	5,758.85	4,500.00	5,600.00	
43	2,887.36	3,563.02	3,400.00	1,200.00	
45	3,365.51	3,800.17	3,600.00	3,300.00	
46	3,344.58	2,144.78	750.00	3,100.00	
50	925.96	90.99	1,000.00	100.00	
51	840.32	597.41	600.00	200.00	
52	9.26	1,176.37	5,000.00	300.00	
53	1,470.00	2,657.00	3,000.00	2,500.00	
54	1,469.98	2,657.38	3,000.00	2,500.00	
55	0.00	0.00	0.00	0.00	

ADMINISTRATIVE DEPT.		
PERSONAL SERVICES		
Admin. Personnel		28,318.00
144.102	Finance Officer/Assn. City Manager	11,565.00
146.111	City Manager	14,760.00
146.115	Office Specialist	1,993.00
146.131	Admin. Extra Labor	0.00
Admin. Dept. Personnel Costs		17,112.00
146.190	Admin. Personnel Costs	15,898.00
146.191	Admin/Vol. Worker's Comp.	1,214.00
C	TOTAL PERSONNEL	45,430.00
MATERIALS & SERVICES		
Supplies & Services		26,200.00
146.214	Printing, Advertising & Notices	5,600.00
146.217	Admin. Travel & Training	3,400.00
146.219	Admin. Dues, Licenses & Subs.	3,600.00
146.220	Admin. Contracted Services	7,000.00
146.234	Council Expense	1,000.00
146.239	Meeting Expenses / Admin Supplies	600.00
146.279	Admin. Refunds	5,000.00
Maint. & Repair		3,000.00
146.255	Office Minor Equipment	3,000.00
146.260	Office Equipment Repair	0.00

	ACTUAL 2 Years Ago FY 10-11	ACTUAL 1 Year Ago FY 11-12	BUDGETED THIS YEAR FY 12-13	PROJECTED FY 12-13 COMMITTEE	GENERAL FUND EXPENSES	PROPOSED BY BUDGET OFFICER TO BUDGET COMMITTEE
56	13,578.00	14,969.00	15,654.00	14,154.00	Shared Expenses	16,133.00
57	2,861.38	2,846.64	1,780.00	2,047.00	146.212 Telephone	2,104.00
58	866.02	2,560.66	2,818.00	2,536.20	146.215 IT Services	3,086.00
59	252.07	375.33	415.00	518.75	146.218 Bank Charges	505.00
60	2,020.33	2,858.34	4,271.00	2,135.50	146.221 Legal Services	3,647.00
61	1,816.86	1,118.59	949.00	1,423.50	146.271 Office Supplies	1,206.00
62	3,879.78	3,267.16	3,560.00	3,560.00	146.272 Audit	3,366.00
63	934.37	858.84	971.00	945.18	146.273 Insurance	957.00
64	946.71	1,082.97	890.00	987.90	146.275 Postage & Shipping	1,262.00
65	31,187.00	34,758.00	37,504.00	30,454.00	C TOTAL MATERIALS & SERVICES	45,333.00
66	61,106.00	71,401.00	80,682.00	73,649.00	TOTAL OPERATION & MAINTENANCE	90,763.00
67					CAPITAL OUTLAY	
68	0.00	0.00	0.00	0.00	146.320 Equipment / Software	0.00
69	0.00	0.00	0.00	0.00	146.340 System Improvements	0.00
70	0.00	0.00	0.00	0.00	C TOTAL CAPTIAL OUTLAY	0.00
71	61,106.00	71,401.00	80,682.00	73,649.00	TOTAL ADMINISTRATIVE DEPT.:	90,763.00

NOTES FOR COUNCIL BUDGET HEARING:

- A Increased to accommodate Newsletter production
- B Increased for online code publishing costs and City website update

FIRE

Fire Department	Actual Amounts Spent					Projected FY 12/13	Budgeted FY 13/14
	FY 07/08	FY 08/09	FY 09/10	FY 10/11	FY 11/12		
Personnel Services	37,933	38,570	35,219	35,912	36,222	37,914	49,672
<i>Percent Change From Previous Year</i>		1.65%	-9.51%	1.93%	0.86%	4.46%	23.67%
Materials and Services	32,383	62,325	41,592	71,515	39,695	32,489	51,040
<i>Percent Change From Previous Year</i>		48.04%	-49.85%	41.84%	-80.16%	-22.18%	36.35%
Capital Outlay	0	139,432	0	0	0	0	0
Total	70,316	240,328	76,810	107,427	75,916	70,403	100,713
<i>Tax Ratio (\$2.8468 Per \$1,000)</i>	\$0.4772	\$0.3414	\$0.4765	\$0.4710	\$0.3910	\$0.3564	\$0.5980
FTE Equivalent Units				1.26	1.26	1.26	1.30

Our Fire Department provides fire suppression, technical rescue and some limited medical first response services. The department consists of a part-time salaried Fire Chief that is responsible for operational management, service delivery and compliance with State regulations. The current year's salary is \$12,775, and I've budgeted in an 8.5% increase for next year. The Department is staffed by volunteers who get paid a small amount per hour for calls and drills. Total expenditures for volunteer compensation each year range between \$20,000 and \$25,000.

Operational costs are generally the same as last year, with increases in personnel costs associated with meeting the PERS requirement for certain volunteers. There is a \$20,000 expenditure budgeted in for minor equipment to accommodate the City's application for the State's VFA grant program. I've also increased vehicle maintenance to address increasing costs associated with our 1997 rescue vehicle. An important difference between actual numbers for past years and what is budgeted for next year is volunteer pay. Since the amount budgeted is based on potential calls, it's very difficult to anticipate the amount that will actually be spent. The amount normally budgeted can range anywhere from 5% to 15% more than actual.

When looking at the ratio of expenditures to property tax, it is interesting to note what our fire protection service actually costs. The bottom of the table above shows the cost per thousand in property taxes, with grant revenues and expenditures backed out. This ratio also backs out the Garibaldi Rural Fire Protection District's payments to the City for contracted services as well, and expresses the amount of property tax that is being allocated to fire protection services within the City. This does not account for purchases out of the PSE fund, or contributions made to the PSE out of TRT.

ACTUAL 2 Years Ago FY 10-11	ACTUAL 1 Year Ago FY 11-12	BUDGETED THIS YEAR FY 12-13	PROJECTED FY 12-13 COMMITTEE	GENERAL FUND EXPENSES	PROPOSED BY BUDGET OFFICER TO BUDGET COMMITTEE
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72					
73					
74	28,127.00	28,188.00	31,775.00	28,775.00	
75	12,385.49	12,397.26	12,775.00	12,775.00	
76	15,741.75	15,790.50	19,000.00	16,000.00	
77	7,785.00	8,034.00	8,953.00	9,139.00	
78	4,725.50	4,800.56	5,074.00	5,074.00	
79	3,059.55	3,233.83	3,879.00	4,065.37	
80	35,912.00	36,222.00	40,728.00	37,914.00	
81					
82	15,297.00	20,607.00	31,920.00	14,074.00	
83	0.00	0.00	0.00	0.00	
84	101.79	226.15	600.00	400.00	
85	85.00	285.00	100.00	285.00	
86	8,184.31	4,816.08	5,000.00	5,000.00	
87	1,351.13	1,463.84	1,200.00	2,215.35	
88	1,689.67	1,402.17	4,520.00	600.00	
89	376.40	75.31	500.00	0.00	
90	3,508.24	12,338.23	20,000.00	5,573.28	
91	45,671.00	8,568.00	5,600.00	6,443.00	
92	75.18	0.00	0.00	0.00	
93	7,871.18	813.42	2,600.00	2,480.48	
94	1,410.32	7,754.12	3,000.00	3,962.48	
95	36,314.24	0.00	0.00	0.00	

FIRE DEPT.

PERSONAL SERVICES

Fire Personnel

- 142.110 Fire Chief
- 142.141 Fire Dept. Call Persons

Fire Dept. Personnel Costs

- 142.190 Fire Personnel Costs
- 142.191 Fire Worker's Comp.

C TOTAL PERSONNEL

MATERIALS & SERVICES

Supplies & Services

- 142.214 Fire Printing, Ads' & Notices
- 142.217 Fire Travel & Training
- 142.219 Fire Dues, Licenses & Subscriptions
- 142.220 Fire Contracted Services
- 142.230 Fire Dept. Supplies
- 142.235 Fire Dept. Protective Clothing
- 142.236 Community Emergency Response Supplies
- 142.245 Fire Dept. S&S Grant Share

Maint. & Repair

- 142.251 Fire Hall Bldg. & Grounds
- 142.255 Fire Minor Equipment
- 142.260 Fire Equipment Repair
- 142.265 Fire Dept. M&R Grant Share

	ACTUAL 2 Years Ago FY 10-11	ACTUAL 1 Year Ago FY 11-12	BUDGETED THIS YEAR FY 12-13	PROJECTED FY 12-13 COMMITTEE	GENERAL FUND EXPENSES	PROPOSED BY BUDGET OFFICER TO BUDGET COMMITTEE
96	10,547.00	10,520.00	12,675.00	11,972.00	Shared Expenses	12,540.00
99	8,823.93	8,588.33	9,705.00	9,001.72	142.273 Insurance	9,570.00
100	1,722.88	1,931.33	2,970.00	2,970.00	142.274 Fuel & Oil	2,970.00
102	71,515.00	39,695.00	50,195.00	32,489.00	C TOTAL MATERIALS & SERVICES	51,040.00
103	107,427.00	75,917.00	90,923.00	70,403.00	TOTAL OPERATION & MAINTENANCE	100,712.00
104					CAPITAL OUTLAY	
105	0.00	0.00	0.00	0.00	142.310 Engineering	0.00
106	0.00	0.00	0.00	0.00	142.320 Equipment	0.00
107	0.00	0.00	0.00	0.00	142.335 Fire Dept. Grant Share	0.00
108	0.00	0.00	0.00	0.00	C TOTAL CAPTIAL OUTLAY	0.00
109	107,427.00	75,917.00	90,923.00	70,403.00	TOTAL FIRE DEPT.:	100,712.00

NOTES FOR COUNCIL BUDGET HEARING:

- A Projected VFA grant was not awarded last year. We are reapplying this year
- B increased to address increased maintenance on FD vehicles

PLANNING

Planning Department	Actual Amounts Spent					Projected FY 12/13	Budgeted FY 13/14
	FY 07/08	FY 08/09	FY 09/10	FY 10/11	FY 11/12		
Personnel Services	26,142	31,030	20,257	31,328	14,970	16,573	18,703
<i>Percent Change From Previous Year</i>		15.75%	-53.18%	35.34%	-109.27%	9.67%	11.39%
Materials and Services	23,244	16,849	22,125	14,301	16,321	14,405	15,457
<i>Percent Change From Previous Year</i>		-37.95%	23.85%	-54.71%	12.38%	-13.30%	6.81%
Capital Outlay	0	0	0	0	0	0	0
Total	49,386	47,879	42,382	45,629	31,290	30,978	34,160
<i>Tax Ratio (\$2.8468 Per \$1,000)</i>	\$0.5850	\$0.5499	\$0.4493	\$0.5431	\$0.3272	\$0.3029	\$0.3756
FTE Equivalent Units				0.50	0.22	0.21	0.21

The Planning Department is responsible for regulating the City's land use code. Departmental functions include land use permitting within the City, land use code development, and Planning Commission administration. This department is staffed by a contract land use planner who serves in the position of City Planner, and is supported by the City's administrative personnel for permit processing, scheduling and meeting administration.

Total operational costs in Planning are budgeted slightly higher next year than what has been expended in the past. This is mostly due to increase in Personnel Costs. I have not changed the amount of staff time budgeted to this department from last year, so increases in staff costs this year are impacting this department. I've reduced the amount for our contracted planner by \$500 to match recent cost trends.

As I point out costs of services and associated revenue sources this year, it's significant to note that our contracted planner costs consistently exceed revenues for land use regulation services. This isn't a new development, and the only issue here is transparency of cost. I want the Budget Committee to be aware that our Planning Department is, and has been, partially funded through property taxes.

ACTUAL 2 Years Ago FY 10-11	ACTUAL 1 Year Ago FY 11-12	BUDGETED THIS YEAR FY 12-13	PROJECTED FY 12-13 COMMITTEE	GENERAL FUND EXPENSES	PROPOSED BY BUDGET OFFICER TO BUDGET COMMITTEE
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110				
111				
112	19,932.00	9,570.00	10,903.00	10,583.00
113	9,522.24	3,422.06	4,090.00	4,090.00
114	9,824.54	5,811.86	6,571.00	6,242.45
115		336.50	242.00	251.00
116	585.52	0.00	0.00	0.00
117	11,396.00	5,400.00	5,795.00	5,990.00
118	11,356.72	5,381.64	5,770.00	5,965.00
119	39.06	18.52	25.00	24.90
120	31,328.00	14,970.00	16,698.00	16,573.00
121				
122	13,414.00	15,462.00	15,000.00	13,500.00
123	218.20	6.00	500.00	500.00
124	2,120.29	0.00	0.00	0.00
125	0.00	0.00	0.00	0.00
126	9,250.00	15,456.25	14,500.00	13,000.00
127	1,825.80	0.00	0.00	0.00
128	0.00	0.00	0.00	0.00
129	0.00	0.00	0.00	0.00
130	0.00	0.00	0.00	0.00
131	0.00	0.00	0.00	0.00
132	0.00	0.00	0.00	0.00
133	887.00	859.00	971.00	905.00
134	887.12	858.84	971.00	904.68

PLANNING DEPT.

PERSONAL SERVICES

Planning Personnel

144.102	Finance Officer/Assn. City Manager	
144.111	City Manager	
144.115	Office Specialist	
144.131	Planning Extra Labor	

Planning Personnel Costs

144.190	Planning Personnel Costs	
144.191	Planning Worker's Comp.	

C TOTAL PERSONNEL

MATERIALS & SERVICES

Supplies & Services

144.214	Printing, Advertising & Notices	
144.217	Planning Travel & Training	
144.219	Planning Dues, Licenses & Subs.	
144.223	Contr. Services (Planner)	
144.224	Contr. Services (Bldg. Inspections)	
144.225	Contr. Services (Other)	
144.230	Planning Supplies	
144.255	Planning Minor Equipment	
144.260	Demolition/Abatement	
144.265	Planning S&S Grant Share	

Shared Expenses

144.273	Insurance	
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	11,972.00
	4,581.00
	7,146.00
	245.00
	0.00
	6,731.00
	6,695.00
	36.00
	18,703.00
	14,500.00
	500.00
	0.00
	0.00
	14,000.00
	0.00
	0.00
	0.00
	0.00
	0.00
	0.00
	0.00
	957.00
	957.00

	ACTUAL 2 Years Ago FY 10-11	ACTUAL 1 Year Ago FY 11-12	BUDGETED THIS YEAR FY 12-13	PROJECTED FY 12-13 COMMITTEE	GENERAL FUND EXPENSES	PROPOSED BY BUDGET OFFICER TO BUDGET COMMITTEE
135	14,301.00	16,321.00	15,971.00	14,405.00	C TOTAL MATERIALS & SERVICES	15,457.00
136	45,629.00	31,291.00	32,669.00	30,978.00	TOTAL OPERATION & MAINTENANCE	34,160.00
137					CAPITAL OUTLAY	
138	0.00	0.00	0.00	0.00	144.320 Equipment	0.00
139	0.00	0.00	0.00	0.00	C TOTAL CAPITAL OUTLAY	0.00
140	45,629.00	31,291.00	32,669.00	30,978.00	TOTAL PLANNING DEPT.:	34,160.00

NOTES FOR COUNCIL BUDGET HEARING:

POLICE

Police Department	Actual Amounts Spent					Projected	Budgeted
	FY 07/08	FY 08/09	FY 09/10	FY 10/11	FY 11/12	FY 12/13	FY 13/14
Materials and Services	98,279	96,898	76,973	78,762	97,149	104,867	108,868
<i>Percent Change From Previous Year</i>		-1.43%	-25.89%	2.27%	18.93%	7.36%	3.68%
Capital Outlay	0	0	0	0	0	0	0
Total	98,279	96,898	76,973	78,762	97,149	104,867	108,868
<i>Tax Ratio (\$2.8468 Per \$1,000)</i>	\$1.3805	\$1.3086	\$1.0474	\$1.0412	\$1.2676	\$1.3853	\$1.4120

The City's Police Department is funded and operated by the City, and is staffed with a contract employee provided by the Tillamook County Sheriff's Department. Prior to 2001, the City employed sworn officers in this department. Staffing of this department was reduced from 1.5 FTEs to 1 FTE in 2009. Total appropriations to this department are increasing slightly from last year as a result of the contracted hourly cost. The Sheriff's Office provides service with no other markup in cost beyond wages and benefit compensation, making this one of the more valuable contracted services provided to the City. The notable effect of this arrangement is that increases in wages and benefits must be completely passed on to the City, and cost of service can be expected to increase between 3% and 5% annually. No other significant changes can be noted.

	ACTUAL 2 Years Ago FY 10-11	ACTUAL 1 Year Ago FY 11-12	BUDGETED THIS YEAR FY 12-13	PROJECTED FY 12-13 COMMITTEE	GENERAL FUND EXPENSES	PROPOSED BY BUDGET OFFICER TO BUDGET COMMITTEE
141					POLICE DEPT.	
142					MATERIALS & SERVICES	
143	72,051.00	91,182.00	97,800.00	97,500.00	Supplies & Services	101,300.00
144	72,050.50	90,817.59	97,500.00	97,500.00	145.220 Police Contracted Services	101,000.00
145	0.00	363.99	300.00	0.00	145.230 Police Supplies	300.00
146	2,175.00	2,059.00	2,500.00	1,634.00	Maint. & Repair	1,800.00
147	91.49	0.00	0.00	597.62	145.255 Police Minor Equipment	300.00
148	2,083.75	2,059.15	2,500.00	1,036.62	145.260 Police Equipment Repair	1,500.00
149	4,536.00	3,908.00	5,777.00	5,733.00	Shared Expenses	5,768.00
150	591.41	572.55	647.00	602.82	145.273 Insurance	638.00
151	3,944.71	3,335.94	5,130.00	5,130.00	145.274 Fuel & Oil	5,130.00
152	78,762.00	97,149.00	106,077.00	104,867.00	C TOTAL MATERIALS & SERVICES	108,868.00
153					CAPITAL OUTLAY	
154	0.00	0.00	0.00	0.00	145.320 Equipment	0.00
155	0.00	0.00	0.00	0.00	C TOTAL CAPITAL OUTLAY	0.00
156	78,762.00	97,149.00	106,077.00	104,867.00	TOTAL POLICE DEPT.:	108,868.00

NOTES FOR COUNCIL BUDGET HEARING:

A This is the not-to-exceed contracted amount for next year

PROPERTY

Property Department	Actual Amounts Spent					Projected FY 12/13	Budgeted FY 13/14
	FY 07/08	FY 08/09	FY 09/10	FY 10/11	FY 11/12		
Personnel Services	2,823	2,945	326	5,230	7,437	11,933	10,278
<i>Percent Change From Previous Year</i>		4.14%	-803.37%	93.77%	29.68%	37.68%	-16.10%
Materials and Services	10,800	10,342	11,975	18,460	15,213	15,002	21,069
<i>Percent Change From Previous Year</i>		-4.43%	13.64%	35.13%	-21.34%	-1.41%	28.80%
Capital Outlay	26,058	0	0	0	12,162	430,000	12,000
Total	39,681	13,287	12,293	23,691	34,812	456,935	43,347
FTE Equivalent Units				0.08	0.13	0.20	0.14

This department manages the maintenance and operations of property and structures owned by the General Fund. This includes City Hall, the two gateway signs into town and a few undeveloped lots owned by the City. The primary expense is City Hall, and this fund is responsible for all costs associated with its maintenance and operating costs. Future refinement of the City's budget will probably result in an allocation of some operating and maintenance costs associated with other funds (administrative space utilized by the Street, Water, Wastewater and possibly the TRT Funds), but this year I'm following our traditional practice of allocating all costs to the General Fund.

Costs in this department include janitorial services, utilities, insurance and some labor from the Public Works Department for building maintenance and upkeep. In the current year, the City is investing a significant amount in seismic retrofitting and re-siding of the building. With a depleted reserve in the General Fund, I don't feel comfortable expending too much more on building upgrades next year. However, staff intends to do what we can with what's available. Some upgrades may include landscaping around the north and east side of the building, new signage and basic improvements to building entrances and public spaces. The Council has mixed feelings about significant investment into the building, but since it's the only one we have we need to make necessary improvements wherever possible.

In the current year we are utilizing a portion of contingency to afford increased costs in the seismic retrofit of City Hall/Fire Station. The total project will include new siding on the building to clean up the aesthetic effects of the seismic reinforcement of the building. This will also result in the replacement of windows and exterior lighting that have exceeded their useful life. The cost of all work and engineering will run about \$430,000. With a subsidized amount of \$270,000 through our OEM grant for seismically upgrading the Fire Station, the City's actual expense is going to be roughly \$160,000. As I've pointed out in the past, this is a reasonable and valid investment of the City's General Fund reserves.

ACTUAL 2 Years Ago FY 10-11	ACTUAL 1 Year Ago FY 11-12	BUDGETED THIS YEAR FY 12-13	PROJECTED FY 12-13 COMMITTEE	GENERAL FUND EXPENSES	PROPOSED BY BUDGET OFFICER TO BUDGET COMMITTEE
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157				
158				
159	3,408.00	4,684.00	7,764.00	7,764.00
160	1,373.84	3,772.80	7,764.00	7,764.00
161	1,448.85	911.68	0.00	0.00
162				
163	585.52	0.00	0.00	0.00
164	1,822.00	2,753.00	4,217.00	4,169.00
165	1,698.09	2,413.36	3,740.00	3,670.00
166	124.18	339.94	477.00	499.15
167	5,230.00	7,437.00	11,981.00	11,933.00
168				
169	7,556.00	3,442.00	3,800.00	3,750.00
170	3,224.61	2,918.27	3,300.00	3,700.00
171	4,331.52	523.98	500.00	50.00
172	1,361.00	1,944.00	2,000.00	1,000.00
173	1,358.25	1,943.75	2,000.00	1,000.00
174	0.00	0.00	0.00	0.00
175	3.00	0.00	0.00	0.00
176	9,543.00	9,827.00	11,719.00	10,252.00
177	6,290.00	6,678.25	8,160.00	6,936.00
178	3,252.76	3,149.06	3,559.00	3,315.94

PROPERTY DEPT.

PERSONAL SERVICES		
City Hall Personnel		6,006.00
141.101	Utility Worker I	4,568.00
141.108	Utility Worker II	0.00
141.109	Public Works Director	1,438.38
141.131	Property Extra Labor	0.00
City Hall Payroll Expenses		4,272.00
141.190	Property Dept. Personnel Costs	3,956.00
141.191	Property Dept. Worker's Comp.	316.00
C	TOTAL PERSONNEL	10,278.00
MATERIALS & SERVICES		
Supplies & Services		4,400.00
141.220	Property Dept. Contracted Services	3,900.00
141.230	Property Dept. Supplies	500.00
Maint. & Repair		5,000.00
141.251	City Hall Bldg. & Grounds	5,000.00
141.255	Property Minor Equipment	0.00
141.260	Equipment Repair	0.00
Shared Expenses		11,669.00
141.211	City Hall Utilities	8,160.00
145.273	Insurance	3,509.00

	ACTUAL 2 Years Ago FY 10-11	ACTUAL 1 Year Ago FY 11-12	BUDGETED THIS YEAR FY 12-13	PROJECTED FY 12-13 COMMITTEE	GENERAL FUND EXPENSES	PROPOSED BY BUDGET OFFICER TO BUDGET COMMITTEE
179	18,460.00	15,213.00	17,519.00	15,002.00	C TOTAL MATERIAL & SERVICES	21,069.00
180	23,690.00	22,650.00	29,500.00	26,935.00	TOTAL OPERATION & MAINTENANCE	31,347.00
181					CAPITAL OUTLAY	
182	0.00	12,161.50	40,000.00	70,000.00	141.310 Engineering	0.00
183	0.00	0.00	0.00	0.00	141.320 Equipment	0.00
184	0.00	0.00	355,000.00	360,000.00	B 141.330 Land & Buildings	12,000.00
185	0.00	0.00	0.00	0.00	141.331 Entrance Signs	0.00
186	0.00	0.00	0.00	0.00	141.340 System Replacement	0.00
187	0.00	12,161.50	395,000.00	430,000.00	C TOTAL CAPTIAL OUTLAY	12,000.00
188	23,690.00	34,811.50	424,500.00	456,935.00	TOTAL PROPERTY DEPT.:	43,347.00

NOTES FOR COUNCIL BUDGET HEARING:

- A This covers the cost of two Utility Workers next year
- B This is intended to cover costs associated with landscape and sidewalk improvements around City Hall

STREET FUND

Street Fund	Actual Revenues Received					Projected	Budgeted
	FY 07/08	FY 08/09	FY 09/10	FY 10/11	FY 11/12	FY 12/13	FY 13/14
Gas Tax	39,720	34,570	36,966	41,665	42,599	43,360	44,900
Franchise Fees	28,783	25,682	77,941	81,365	82,603	79,000	80,000
Grants	0	0	25,000	0	25,000	100,000	0
All Other Revenues	4,924	8,692	1,331	412	435	1,330	1,380
Transfers	0	0	0	7,596	8,500	9,000	12,000
Total	73,427	68,944	141,238	131,037	159,137	232,690	138,280

The Street Department is responsible for the maintenance and reconstruction of streets, sidewalks, storm water infrastructure and traffic control devices. This Department also maintains unimproved right of ways, parking lots and other properties owned by the City used for transportation purposes. The City has a little over seven miles of paved road surface and another couple of miles of gravel road. In addition, the City has about three miles of unimproved right of way that is any condition from open grass land to heavily timbered. System maintenance includes patching and sealing asphalt, maintaining storm water systems, and mowing and managing vegetation in unimproved right of ways. Services are not mandated through specific funding sources, but are traditionally provided by the City and are generally expected by the public. Funding for these services includes the allocation of State fuel tax revenues and franchise fees collected by the City from public and private utilities that use the City's right of ways to provide their services. There are typically grant funds available to cities through ODOT for capital construction projects, and the City has received and expended State grants in the past.

Next year's revenues will be consistent with current and past years. Franchise revenues can be expected to increase slightly as utility companies increase rates and fees in the next year. Fuel tax projections were underestimated last year, and projections for next year are based on a percentage that is less than the State's estimate to accommodate for this effect. While we are planning to apply for grants in the coming year, we are not expecting to receive any.

Street Department	Actual Amounts Spent					Projected	Budgeted
	FY 07/08	FY 08/09	FY 09/10	FY 10/11	FY 11/12	FY 12/13	FY 13/14
Personnel Services	14,280	14,596	39,456	48,399	66,010	69,737	78,975
<i>Percent Change From Previous Year</i>		2.16%	63.01%	18.48%	26.68%	5.34%	11.70%
Materials and Services	30,656	28,528	25,115	33,670	31,135	31,508	45,559
<i>Percent Change From Previous Year</i>		-7.46%	-13.59%	25.41%	-8.14%	1.18%	30.84%
Capital Outlay	0	1,545	52,934	20,450	57,334	171,665	0
Total	44,936	44,669	117,505	102,519	154,479	272,910	124,534
FTE Equivalent Units				0.72	0.93	0.89	0.96
Typical Operating Revenues	73,427	68,944	116,238	123,441	125,637	123,690	126,280
Typical Operating Expenditures	44,936	43,124	64,571	82,069	97,145	101,245	124,534
Surplus/Deficit	28,491	25,820	51,667	41,372	28,492	22,445	1,746

The City completed the 12th to 10th Street - Hwy 101 Improvement project in the current year. This project was funded with \$100,000 from ODOT for improvements within their right of way, and the final construction cost was estimated to be around \$130,000. The lowest bid came in at this number, and the project was awarded in August of 2012. Complications with the project were encountered, and the final cost of the project ran just over \$200,000. A portion of these overruns were absorbed by the Water and Wastewater Funds to accommodate issues associated with utilities within the scope of the project. There were components of the project that generated costs that could be described as corrective or reconstructive; however, the vast majority of additional costs were unavoidable and valid to the completion of the project as it was intended. The Council and staff have reviewed the issues associated with the overruns and staff has taken appropriate steps to avoid these experiences in the future. The effect of these overruns is \$37,000 depletion in Street Fund reserves that was not expected, and I've avoided budgeting significant expenditures in this department next year so reserve balances can be rebuilt.

This year we are budgeting \$15,000 into system maintenance - \$5,000 more than last year. This is to afford more materials for patching and crack sealing in the street system. There is an increase in personnel costs associated with increased FTE allocation and general increases in Personnel Costs.

Street Fund	Actual Change in Balance					Projected	Budgeted
	FY 07/08	FY 08/09	FY 09/10	FY 10/11	FY 11/12	FY 12/13	FY 13/14
Beginning Fund Balance	26,038	48,409	63,574	81,867	100,309	100,390	55,706
Income	73,427	68,944	141,238	131,037	159,137	232,690	138,280
Expenditures	51,056	53,779	122,945	112,595	159,056	277,374	128,343
Ending Fund Balance	48,409	63,574	81,867	100,309	100,390	55,706	65,643

	ACTUAL 2 Years Ago FY 10-11	ACTUAL 1 Year Ago FY 11-12	BUDGETED THIS YEAR FY 12-13	PROJECTED FY 12-13 COMMITTEE	STREET FUND REVENUE	PROPOSED BY BUDGET OFFICER TO BUDGET COMMITTEE
207	81,867.00	100,309.00	97,198.00	100,390.00	BEGINNING FUND BALANCE	55,706.00
208	7,596.00	8,500.00	9,000.00	9,000.00	TRANSFERS IN	12,000.00
209	7,596.00	8,500.00	9,000.00	9,000.00	A 230.072 From TRT for Street Improvements	12,000.00
210	123,441.00	150,637.00	226,030.00	223,690.00	TOTAL RECEIPTS	126,280.00
211	81,364.68	82,602.88	79,000.00	79,000.00	B 230.033 Franchise Fees	80,000.00
212	0.00	0.00	0.00	0.00	230.035 Machinery Rent/Matls. Sale	0.00
213	41,664.61	42,599.32	45,650.00	43,360.00	230.044 State Highway Fund Revenue Sharing	44,900.00
214	0.00	0.00	0.00	0.00	230.062 Misc. Revenue	0.00
215	0.00	0.00	1,080.00	1,080.00	230.063 Reimbursements	1,080.00
216	412.18	435.23	300.00	250.00	230.071 Interest	300.00
217	0.00	25,000.00	100,000.00	100,000.00	230.090 Grants	0.00
218	212,904.00	259,446.00	332,228.00	333,080.00	TOTAL STREET FUND REVENUE:	193,986.00

NOTES FOR COUNCIL BUDGET HEARING:

A This a transfer in from TRT for street reconstruction - this amount will be reserved this year

B This is the fifth year that 100% of Franchise Fees will received to the Street fund

	ACTUAL 2 Years Ago FY 10-11	ACTUAL 1 Year Ago FY 11-12	BUDGETED THIS YEAR FY 12-13	PROJECTED FY 12-13 COMMITTEE	STREET FUND EXPENSES	PROPOSED BY BUDGET OFFICER TO BUDGET COMMITTEE
246	12,036.00	12,588.00	15,181.00	12,492.00	Shared Expenses	16,384.00
247	1,061.51	944.25	1,171.00	995.35	241.211 Utilities	1,171.00
247	916.92	1,217.96	676.00	777.40	241.212 Telephone	876.00
248	278.39	909.76	1,071.00	1,071.00	241.215 IT Services	1,285.00
249	78.06	133.82	158.00	197.50	241.218 Bank Charges	210.00
250	647.30	1,015.75	1,623.00	811.50	241.221 Legal Services	1,519.00
251	582.41	378.22	361.00	541.50	241.271 Office Supplies	502.00
252	1,242.57	1,160.69	1,352.00	1,352.00	241.272 Audit	1,402.00
253	2,069.93	2,003.92	2,265.00	2,110.31	241.273 Insurance	2,233.00
254	3,483.85	2,106.90	3,240.00	3,240.00	241.274 Fuel & Oil	3,240.00
255	303.27	385.20	338.00	371.80	241.275 Postage & Shipping	526.00
256	1,371.53	2,331.74	2,926.00	1,024.10	241.276 Shop Supplies, Tools, etc.	3,420.00
257	33,670.00	31,135.00	39,356.00	31,508.00	C TOTAL MATERIALS & SERVICES	45,559.00
258	82,069.00	97,145.00	108,606.00	101,245.00	TOTAL OPERATION & MAINTENANCE	124,534.00
259					CAPITAL OUTLAY	
260	4,203.70	20,712.05	10,000.00	4,981.53	241.310 Engineering	0.00
261	0.00	0.00	0.00	0.00	241.320 Equipment	0.00
262	0.00	0.00	0.00	0.00	241.340 System Replacement	0.00
263	16,246.21	36,622.26	130,000.00	166,683.63	241.341 Street Re/Construction	0.00
264	20,450.00	57,334.00	140,000.00	171,665.00	C TOTAL CAPITAL OUTLAY	0.00

	ACTUAL 2 Years Ago FY 10-11	ACTUAL 1 Year Ago FY 11-12	BUDGETED THIS YEAR FY 12-13	PROJECTED FY 12-13 COMMITTEE	STREET FUND EXPENSES	PROPOSED BY BUDGET OFFICER TO BUDGET COMMITTEE
265	102,519.00	154,479.00	248,606.00	272,910.00	TOTAL STREET OPERATIONS DEPT.:	124,534.00
266						
267					INTERFUND TRANSFERS	
268	8,603.00	2,367.00	2,432.00	2,432.00	241.422 To PWE Res. Fund	3,152.00
269	1,473.00	2,210.00	2,032.00	2,032.00	241.491 To Payroll Liabilities Fund	657.00
270	10,076.00	4,577.00	4,464.00	4,464.00	C TOTAL INTERFUND TRANSFERS	3,809.00
271						
272	38,965.00	39,296.00	37,291.00	0.00	C STREET FUND CONTINGENCY	18,680.00
273	100,309.00	100,390.00	41,867.00	55,706.00	C Components of Ending Fund Balance	46,963.00
274					Restricted	12,000.00
275					Committed	34,963.00
276	212,904.00	259,446.00	332,228.00	333,080.00	TOTAL STREET FUND:	193,986.00

NOTES FOR COUNCIL BUDGET HEARING:

- A Increased to allow for more maintenance next year
- B Equals 15% of operating costs -- 100% of Contingency was appropriated in the current year
- C Assuming that contingency is not spent the unappropriated ending fund balance will be \$65,816

SEWER DISCOUNT FUND

The City created this Low Income Senior Citizen Sewer Discount Program in 2002. The fund receives donations and issues subsidies - there are no significant changes in operation from prior years.

	ACTUAL 2 Years Ago FY 10-11	ACTUAL 1 Year Ago FY 11-12	BUDGETED THIS YEAR FY 12-13	PROJECTED FY 12-13 COMMITTEE	SEWER DISCOUNT FUND REVENUE	PROPOSED BY BUDGET OFFICER TO BUDGET COMMITTEE
277	4,979.00	4,858.00	4,858.00	4,786.00	BEGINNING FUND BALANCE	4,711.00
278	1,514.00	1,608.00	1,535.00	1,825.00	TOTAL RECEIPTS	1,825.00
279	1,488.00	1,582.37	1,500.00	1,800.00	320.061 Donations	1,800.00
280	26.00	25.27	35.00	25.00	320.071 Interest	25.00
281	6,493.00	6,466.00	6,393.00	6,611.00	TOTAL SEWER DISCOUNT FUND REVENUE:	6,536.00

	ACTUAL 2 Years Ago FY 10-11	ACTUAL 1 Year Ago FY 11-12	BUDGETED THIS YEAR FY 12-13	PROJECTED FY 12-13 COMMITTEE	SEWER DISCOUNT FUND FUND EXPENSES	PROPOSED BY BUDGET OFFICER TO BUDGET COMMITTEE
282					SPECIAL PAYMENTS	
283	1,635.50	1,680.00			321.250 Discounts Applied	
284	1,635.50	1,680.00			C TOTAL SPECIAL PAYMENTS:	
285						
286					INTERFUND TRANSFERS	
287			2,000.00	1,900.00	341.491 To Wastewater Fund	2,100.00
288			2,000.00	1,900.00	C TOTAL INTERFUND TRANSFERS	2,100.00
289						
290	4,858.00	4,786.00	4,393.00	4,711.00	C Components of Ending Fund Balance	4,436.00
291					Restricted	4,436.00
292	6,493.00	6,466.00	6,393.00	6,611.00	TOTAL SEWER DISCOUNT FUND:	6,536.00

NOTES FOR COUNCIL BUDGET HEARING:

WASTEWATER FUND

Wastewater Fund	Actual Revenues Received					Projected	Budgeted
	FY 07/08	FY 08/09	FY 09/10	FY 10/11	FY 11/12	FY 12/13	FY 13/14
Sewer System Charges	361,764	388,979	406,280	427,806	428,549	424,144	438,600
All Other Revenues	120,970	53,851	5,917	3,816	3,825	2,989	1,580
Total	482,734	442,830	412,197	431,622	432,374	427,133	440,180

The Wastewater Department is responsible for the management and reconstruction of the City's municipal wastewater collection and treatment system. This includes just over eight miles of sanitary sewer mains, five sewage pump stations and a wastewater treatment plant. The City's wastewater system is regulated by the Oregon Department of Environmental Quality (DEQ), and the system and its employees must meet minimum operating standards established by that agency. Operational functions included treatment, testing and disposal of wastewater by-products; inspection and cleaning of the collection system, testing for infiltration of ground and surface water into the collection system, permitting and inspection of new connections to the system, reporting to the State, and infrastructure replacement when necessary.

The Department is operated out of its own fund and is normally funded through user fees for service. The City finished construction of a new Wastewater Treatment Plant in 2007, and revenues at that time included loan and grants for construction. Wastewater System Charges will come in about 2% below projections in the current year. Projections for next year are up slightly based on commercial rate data, and I've modified the amount to account for a small amount of uncollectable revenue. All other revenues are expected to behave the same.

Wastewater Department	Actual Amounts Spent					Projected	Budgeted
	FY 07/08	FY 08/09	FY 09/10	FY 10/11	FY 11/12	FY 12/13	FY 13/14
Personnel Services	155,994	163,189	147,829	157,105	154,308	166,817	205,415
<i>Percent Change From Previous Year</i>		4.41%	-10.39%	5.90%	-1.81%	7.50%	18.79%
Materials and Services	94,304	99,511	89,385	104,552	104,500	99,335	114,813
<i>Percent Change From Previous Year</i>		5.23%	-11.33%	14.51%	-0.05%	-5.20%	13.48%
Capital Outlay	1,045	7,961	6,541	1,200	5,235	23,235	15,000
Debt Service	143,226	142,632	147,034	146,183	145,311	144,414	143,092
Total	394,569	413,293	390,789	409,040	409,354	433,801	478,320
FTE Equivalent Units				2.33	2.23	2.19	2.36
Typical Operating Revenues	482,734	442,830	412,197	431,622	432,374	427,133	440,180
Typical Operating Expenditures	393,524	405,332	384,248	407,840	404,119	410,566	463,320
Surplus/Deficit	89,210	37,498	27,949	23,782	28,255	16,567	-23,140

Expenditures in Personnel Services are increasing \$38,598 over last year. This is a result of increasing Public Works staff, as well as increased personnel costs associated with salary and benefit costs. Total expenditures in the fund are increasing next year, and budgeted amounts will result in a depletion of reserves by \$44,344. This deficit amount assumes that we will spend 100% of budgeted amounts, and that we will not use any contingency. Expenditures suggest that we on track for 95% of budgeted expenditures in current fiscal year, and this will reduce fund reserves in the current year by roughly \$15,000. While we generally do not expend 100% of budgeted amounts, refining costs and budget data over the last few years has narrowed the margin between budgeted and actual expenditures.

Wastewater Fund	Actual Change in Balance					Projected FY 12/13	Budgeted FY 13/14
	FY 07/08	FY 08/09	FY 09/10	FY 10/11	FY 11/12		
Beginning Fund Balance	378,944	412,848	422,928	436,497	444,542	459,951	445,620
Income	482,734	442,830	412,197	431,622	432,374	427,133	440,180
Expenditures	535,214	432,750	398,628	423,577	416,965	441,464	484,524
Ending Fund Balance	326,464	422,928	436,497	444,542	459,951	445,620	401,276

Debt Service in the Wastewater Fund is responsible for the repayment of three loans made to the City for infrastructure upgrades dating back to 1996. The tables below show abbreviated debt service schedules and relevant totals:

DEQ Rev Loan for \$431k -- for Infrastructure upgrades

Fiscal Year	Acc Principal	Principal	Acc Interest	Interest	Total Payment
12/13	\$ 244,041.00	\$ 21,449.00	\$ 155,773.13	\$ 6,671.00	\$ 28,120.00
13/14	\$ 266,307.00	\$ 22,266.00	\$ 161,627.13	\$ 5,854.00	\$ 28,120.00
14/15	\$ 289,421.00	\$ 23,114.00	\$ 166,633.13	\$ 5,006.00	\$ 28,120.00
15/16	\$ 313,414.00	\$ 23,993.00	\$ 170,760.13	\$ 4,127.00	\$ 28,120.00
16/17	\$ 338,320.00	\$ 24,906.00	\$ 173,974.13	\$ 3,214.00	\$ 28,120.00
17/18	\$ 364,174.00	\$ 25,854.00	\$ 176,240.13	\$ 2,266.00	\$ 28,120.00
18/19	\$ 391,012.00	\$ 26,838.00	\$ 177,522.13	\$ 1,282.00	\$ 28,120.00
19/20	\$ 404,831.00	\$ 13,819.00	\$ 177,763.13	\$ 241.00	\$ 14,060.00
Principal Paid to Date	\$ 244,041.00		Principal Debt on July 1, 2013		\$ 160,790.00
Interest Paid to Date	\$ 155,773.13		Interest Debt on July 1, 2013		\$ 21,990.00
Total Amount Paid	\$ 399,814.13		Total Debt on July 1, 2013		\$ 182,780.00

OECD Water/Wastewater Revolving Loan: For WWTP

Fiscal Year	Acc Principal	Principal	Acc Interest	Interest	Total Payment
12/13	\$ 167,812.00	\$ 17,997.00	\$ 282,826.35	\$ 18,979.22	\$ 36,976.22
13/14	\$ 185,967.00	\$ 18,155.00	\$ 300,860.73	\$ 18,034.38	\$ 36,189.38
14/15	\$ 204,287.00	\$ 18,320.00	\$ 317,941.97	\$ 17,081.24	\$ 35,401.24
15/16	\$ 222,782.00	\$ 18,495.00	\$ 334,061.41	\$ 16,119.44	\$ 34,614.44
16/17	\$ 246,461.00	\$ 23,679.00	\$ 349,200.61	\$ 15,139.20	\$ 38,818.20
17/18	\$ 270,338.00	\$ 23,877.00	\$ 363,072.99	\$ 13,872.38	\$ 37,749.38
18/19	\$ 294,424.00	\$ 24,086.00	\$ 375,656.01	\$ 12,583.02	\$ 36,669.02
19/20	\$ 318,730.00	\$ 24,306.00	\$ 386,938.38	\$ 11,282.37	\$ 35,588.37
20/21	\$ 343,269.00	\$ 24,539.00	\$ 396,908.23	\$ 9,969.85	\$ 34,508.85
21/22	\$ 373,058.00	\$ 29,789.00	\$ 405,528.43	\$ 8,620.20	\$ 38,409.20
22/23	\$ 403,110.00	\$ 30,052.00	\$ 412,510.24	\$ 6,981.81	\$ 37,033.81
23/24	\$ 433,441.00	\$ 30,331.00	\$ 417,839.19	\$ 5,328.95	\$ 35,659.95
24/25	\$ 464,066.00	\$ 30,625.00	\$ 421,499.94	\$ 3,660.75	\$ 34,285.75
25/26	\$ 500,000.00	\$ 35,934.00	\$ 423,476.31	\$ 1,976.37	\$ 37,910.37
Principal Paid to Date	\$ 167,812.00		Principal Debt on July 1, 2013	\$ 332,188.00	
Interest Paid to Date	\$ 282,826.35		Interest Debt on July 1, 2013	\$ 140,649.96	
Total Amount Paid	\$ 450,638.35		Total Debt on July 1, 2013	\$ 472,837.96	

USDA Loan for WWTP - 2006

Fiscal Year	Acc Principal	Principal	Acc Interest	Interest	Total Payment
12/13	\$ 121,132.00	\$ 19,472.00	\$ 417,469.00	\$ 57,471.00	\$ 76,943.00
13/14	\$ 141,407.00	\$ 20,275.00	\$ 474,137.00	\$ 56,668.00	\$ 76,943.00
14/15	\$ 162,518.00	\$ 21,111.00	\$ 529,969.00	\$ 55,832.00	\$ 76,943.00
15/16	\$ 184,300.00	\$ 21,702.00	\$ 584,730.00	\$ 54,301.00	\$ 76,943.00
16/17	\$ 207,303.00	\$ 22,007.00	\$ 638,704.00	\$ 54,034.00	\$ 76,943.00
17/18	\$ 231,222.00	\$ 23,033.00	\$ 692,074.00	\$ 53,110.00	\$ 76,943.00
44/45	\$ 1,421,452.00	\$ 70,985.00	\$ 1,579,325.00	\$ 5,958.00	\$ 76,943.00
45/46	\$ 1,494,900.00	\$ 73,448.00	\$ 1,582,354.00	\$ 3,029.00	\$ 76,477.00
Principal Paid to Date	\$ 121,132.00		Principal Debt on July 1, 2013	\$ 1,373,768.00	
Interest Paid to Date	\$ 417,469.00		Interest Debt on July 1, 2013	\$ 1,164,885.00	
Total Amount Paid	\$ 538,601.00		Total Debt on July 1, 2013	\$ 2,538,653.00	

	ACTUAL 2 Years Ago FY 10-11	ACTUAL 1 Year Ago FY 11-12	BUDGETED THIS YEAR FY 12-13	PROJECTED FY 12-13 COMMITTEE	WASTEWATER FUND REVENUE	PROPOSED BY BUDGET OFFICER TO BUDGET COMMITTEE
293	436,497.00	444,542.00	470,889.00	459,951.00	BEGINNING FUND BALANCE	445,620.00
294	323,082.00	319,697.00	323,184.00	323,676.00	Unrestricted	297,915.00
295	113,415.00	124,845.00	147,705.00	136,275.00	Loan Reserves	147,705.00
296	431,622.00	432,374.00	436,050.00	427,133.00	TOTAL RECEIPTS	440,180.00
297	111.69	0.00	1,000.00	0.00	330.032 Planning Surcharges (Wastew.)	0.00
298	0.00	0.00	0.00	0.00	330.035 Machinery Rent/Matls. Sale	0.00
299	427,806.00	428,548.64	432,800.00	424,144.00	330.036 Sewer System Charges	438,600.00
300	682.49	682.49	0.00	354.33	330.037 Connection Fees	0.00
301	0.00	0.00	0.00	0.00	330.061 Donations	0.00
302	0.00	43.75	0.00	184.25	330.062 Misc. Revenue	0.00
303	0.00	0.00	0.00	0.00	330.063 Reimbursements	0.00
304	2,121.54	2,330.70	1,600.00	1,800.00	330.071 Interest	920.00
305	899.81	768.58	650.00	650.00	330.076 Finance/Late Fees	660.00
306	0.00	0.00	0.00	0.00	330.080 Other Borrowings	0.00
307	0.00	0.00	0.00	0.00	330.090 Other Grants	0.00
308	868,119.00	876,916.00	906,939.00	887,084.00	TOTAL WASTEWATER FUND REVENUE:	885,800.00

NOTES FOR COUNCIL BUDGET HEARING:

A Loan Reserve needs to be increase to accommodate the conditions of the USDA WWTP Loan

ACTUAL 2 Years Ago FY 10-11	ACTUAL 1 Year Ago FY 11-12	BUDGETED THIS YEAR FY 12-13	PROJECTED FY 12-13 COMMITTEE	WASTEWATER FUND EXPENSES	PROPOSED BY BUDGET OFFICER TO BUDGET COMMITTEE
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309				
310				
311	96,886.00	97,237.00	105,277.00	108,850.00
312	11,333.95	13,582.08	10,094.00	10,093.20
313	10,631.82	14,452.22	16,466.00	16,466.00
314	24,324.57	26,239.13	27,011.00	29,712.10
315				
316	14,488.46	1,732.20	0.00	0.00
317	23,602.06	18,141.89	19,621.00	16,826.38
318	11,919.70	18,714.90	21,047.00	19,994.65
319		4,374.08	11,038.00	11,038.00
320	585.52	0.00	0.00	4,720.00
321	60,219.00	57,071.00	61,555.00	57,967.00
322	57,535.10	54,592.32	58,909.00	55,194.00
323	2,683.99	2,478.76	2,646.00	2,773.32
324	157,105.00	154,308.00	166,832.00	166,817.00
325				
326	26,160.00	27,270.00	33,730.00	27,921.00
327	12,859.90	12,880.78	13,300.00	12,635.00
328	0.00	0.00	0.00	35.88
329	1,319.99	1,660.00	1,700.00	1,700.00
330	456.80	1,534.10	1,480.00	200.00
331	3,315.07	3,118.85	5,900.00	3,200.00
332	132.00	521.00	850.00	700.00
333	8,076.41	7,555.60	10,500.00	9,450.00
334	24,446.00	18,560.00	8,360.00	11,760.00
335	18,562.51	15,579.57	5,260.00	5,260.00
336	1,012.30	539.30	100.00	400.00
337	400.00	0.00	0.00	1,500.00
338	4,471.48	2,440.72	3,000.00	4,600.00

WASTEWATER OPERATIONS DEPT.

PERSONAL SERVICES

Wastewater Personnel

341.101	Utility Worker I	
341.102	Finance Officer/Assn. City Manager	
341.106	Wastewater Treatment Plant Operator	
341.107	Systems Operator	
341.108	Utility Worker II	
341.109	Public Works Director	
341.111	City Manager	
341.115	Office Specialist	
341.131	Wastewater Extra Labor	

Wastewater Personnel Costs

341.190	Wastewater Personnel Costs	
341.191	Wastewater Worker's Comp.	

C TOTAL PERSONNEL

MATERIALS & SERVICES

Supplies & Services

341.213	Wastewater Franchise Fees	
341.214	Wastewater Printing, Ads' & Notices	
341.216	Wastewater Testing & Sampling	
341.217	Wastewater Travel & Training	
341.219	Wastewater Dues, Licenses & Subs.	
341.220	Wastewater Contracted Services	
341.233	Wastewater Treatment Chemicals	

Maintenance & Repair

341.250	Wastewater System Maintenance	
341.251	Wastewater Bldg. & Grounds Expense	
341.255	Wastewater Minor Equipment	
341.260	Wastewater Equipment Repair	

126,824.00
18,269.00
17,875.00
0.00
26,327.00
0.00
29,976.00
22,162.00
11,215.00
1,000.00
78,591.00
75,493.00
3,098.00
205,415.00
34,410.00
14,310.00
0.00
1,700.00
1,200.00
5,900.00
800.00
10,500.00
8,000.00
3,500.00
500.00
0.00
4,000.00

	ACTUAL 2 Years Ago FY 10-11	ACTUAL 1 Year Ago FY 11-12	BUDGETED THIS YEAR FY 12-13	PROJECTED FY 12-13 COMMITTEE	WASTEWATER FUND EXPENSES	PROPOSED BY BUDGET OFFICER TO BUDGET COMMITTEE
339	53,946.00	58,670.00	70,491.00	59,654.00	Shared Expenses	72,403.00
340	18,606.20	18,856.21	23,040.00	19,584.00	341.211 Utilities	23,040.00
341	3,581.74	3,488.82	2,337.00	2,687.55	341.212 Telephone	2,789.00
342	1,084.41	3,268.42	3,700.00	3,330.00	341.215 IT Services	4,090.00
343	310.96	478.92	545.00	681.25	341.218 Bank Charges	669.00
344	2,528.55	3,648.94	5,608.00	2,804.00	341.221 Legal Services	4,834.00
345	2,274.66	1,490.06	1,246.00	1,869.00	341.271 Office Supplies	1,599.00
346	4,855.37	4,170.34	4,673.00	4,673.00	341.272 Audit	4,462.00
347	9,758.28	9,447.12	10,676.00	9,946.90	341.273 Insurance	10,527.00
348	5,478.77	6,671.86	10,260.00	10,260.00	341.274 Fuel & Oil	10,260.00
349	1,185.05	1,382.42	1,168.00	1,284.80	341.275 Postage & Shipping	1,673.00
350	4,282.33	5,767.10	7,238.00	2,533.30	341.276 Shop Supplies, Tools, etc.	8,460.00
351	104,552.00	104,500.00	112,581.00	99,335.00	C TOTAL MATERIALS & SERVICES	114,813.00
352	261,657.00	258,808.00	279,413.00	266,152.00	TOTAL OPERATION & MAINTENANCE	320,228.00
353					CAPITAL OUTLAY	
354	0.00	125.00	5,000.00	0.00	341.310 Engineering	0.00
355	0.00	0.00	0.00	0.00	341.320 Equipment	0.00
356	0.00	0.00	0.00	0.00	341.330 Land & Buildings	0.00
357	0.00	0.00	0.00	0.00	341.340 System Replacement	0.00
358	0.00	0.00	0.00	0.00	341.342 Main Extension	0.00
359	1,200.00	5,110.31	25,000.00	23,235.24	341.343 Inflow & Infiltration Control	15,000.00
360	1,200.00	5,235.00	30,000.00	23,235.00	C TOTAL CAPITAL OUTLAY	15,000.00
361						
362	262,857.00	264,043.00	309,413.00	289,387.00	TOTAL WASTEWATER OPERATING DEPT.:	335,228.00

NOTES FOR COUNCIL BUDGET HEARING:

ACTUAL 2 Years Ago FY 10-11	ACTUAL 1 Year Ago FY 11-12	BUDGETED THIS YEAR FY 12-13	PROJECTED FY 12-13 COMMITTEE	WASTEWATER FUND EXPENSES	PROPOSED BY BUDGET OFFICER TO BUDGET COMMITTEE
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				WASTEWATER DEBT DEPT.	
363					
364				DEBT SERVICE	
365	30,708.00	30,604.00	30,495.00	DEQ I&I Loan Payment	29,960.00
366	20,911.00	21,707.00	22,532.00	342.297 DEQ Loan Repmt.--Principal	23,390.00
367	8,627.00	7,831.00	7,006.00	342.298 DEQ Loan Repmt.--Interest	6,148.00
368	1,170.00	1,066.00	957.00	342.299 DEQ Loan Repmt.--Fees	422.00
369	38,531.84	37,764.00	36,977.00	WWTP - OECDD Loan Payment	36,189.38
370	17,708.00	17,847.00	17,997.00	342.293 Principal	18,155.00
371	20,823.84	19,917.00	18,980.00	342.294 Interest	18,034.38
372	76,943.00	76,943.00	76,943.00	WWTP - USDA Loan Payment	76,943.00
373	16,565.00	18,700.00	19,472.00	342.295 Principal	20,275.00
374	60,378.00	58,243.00	57,471.00	342.296 Interest	56,668.00
375	146,183.00	145,311.00	144,415.00	C TOTAL WASTEWATER DEBT DEPT.:	143,092.00

	ACTUAL 2 Years Ago FY 10-11	ACTUAL 1 Year Ago FY 11-12	BUDGETED THIS YEAR FY 12-13	PROJECTED FY 12-13 COMMITTEE	WASTEWATER FUND EXPENSES	PROPOSED BY BUDGET OFFICER TO BUDGET COMMITTEE
376	409,040.00	409,354.00	453,828.00	433,801.00	TOTAL WASTEWATER EXPENSES:	478,320.00
377						
378					INTERFUND TRANSFERS	
379	4,855.00	4,947.29	4,926.00	4,926.00	341.491 To Payroll Liabilities Fund	2,656.00
380	9,682.00	2,664.00	2,737.00	2,737.00	341.422 To PWE Res. Fund	3,548.00
381	14,537.00	7,611.00	7,663.00	7,663.00	C TOTAL INTERFUND TRANSFERS	6,204.00
382						
383	44,272.00	45,026.00	46,412.00	46,412.00	A C WASTEWATER FUND CONTINGENCY	50,284.00
384	124,845.00	136,275.00	147,705.00	147,705.00	B Loan Reserve	155,622.57
385	444,542.00	459,951.00	445,448.00	445,620.00	C C Components of Ending Fund Balance	350,992.00
386					Restricted	155,622.57
387					Committed	195,369.43
388	868,119.00	876,916.00	906,939.00	887,084.00	TOTAL WASTEWATER FUND:	885,800.00

NOTES FOR COUNCIL BUDGET HEARING:

- A Equals 15% of operating costs
- B Loan Reserve needs to be increase to accommodate the conditions of the USDA WWTP Loan
- C Assuming that contingency is not spent the unnapropriated ending fund balance will be \$401,276, not including the \$155,623 Debt Reserve

WATER FUND

Water Fund	Actual Revenues Received					Projected	Budgeted
	FY 07/08	FY 08/09	FY 09/10	FY 10/11	FY 11/12	FY 12/13	FY 13/14
Water System Charges	206,209	221,176	209,035	217,606	217,930	231,735	228,000
Contracted Service Revenues	0	0	0	0	0	10,000	40,000
Grants/Transfers	0	109,000	0	0		0	20,000
All Other Revenues	16,489	11,519	7,388	9,521	5,790	6,494	5,280
Total	222,698	341,695	216,423	227,127	223,720	248,229	293,280

The City's Water Department is responsible for the treatment and distribution of the City's municipal water supply. There is roughly thirteen and a half miles of water mains in the City's system, along with an assortment of valves, reservoirs, booster pumps and fire hydrants. There are currently 547 metered connections to our water system.

The City sold about 5.3 million gallons of water last year. Operation of the Water Department is regulated by the Oregon Health Division – Drinking Water Program. This means the system and its employees must meet minimum requirement established by OHD. Department functions include treating, testing and distributing the City's municipal drinking water, inspecting and repairing water leaks in the system, permitting and inspecting water system connections, reporting to the State, and infrastructure replacement as necessary. The Department is operated out of its own fund and is generally dependent on user fees for water service.

In FY 08/09 the City transferred \$25,000 from the General Fund into the Water Fund to stabilize carry-over balances that had been depleting since 2005. The City also received a grant that year to replace mainline along the Miami River Road that had been compromised during a storm event in 2007. In addition to traditional revenues, contracted services that are now provided to Watseco-Barview Water District are expected to generate \$40,000 or more in new revenue next year.

Water system fee revenue is expected to be roughly \$11,000 over projections this year. Based on new overage-to-base gallon ratios it looks like this is more than what we can expect next year with the current water rates. Other revenues are slightly above projections for the current year, and we are receiving unexpected revenues in the current year for providing operational services to Watseco-Barview Water District. Projections for next year are relatively static, and staff is not expecting development fees or planning on new connections.

Water Department	Actual Amounts Spent					Projected	Budgeted
	FY 07/08	FY 08/09	FY 09/10	FY 10/11	FY 11/12	FY 12/13	FY 13/14
Personnel Services	159,660	166,782	136,185	124,876	120,838	128,158	211,737
<i>Percent Change From Previous Year</i>		4.27%	-22.47%	-9.06%	-3.34%	5.71%	39.47%
Materials and Services	61,736	61,383	65,596	57,304	68,234	65,888	70,518
<i>Percent Change From Previous Year</i>		-0.58%	6.42%	-14.47%	16.02%	-3.56%	6.57%
Capital Outlay	33,335	94,008	0	0	8,000	41,935	55,000
Total	254,731	322,173	201,781	182,180	197,072	235,981	337,255
FTE Equivalent Units				1.91	1.71	1.71	2.53
Typical Operating Revenues	222,698	232,695	216,423	227,127	223,720	248,229	273,280
Typical Operating Expenditures	221,396	228,165	201,781	182,180	189,072	194,046	282,255
Surplus/Deficit	1,302	4,530	14,642	44,947	34,648	54,183	-8,975

Personnel Costs have been increased by \$83,579 from the current year resulting from salary and benefit increases and increased Public Works staffing. Increasing staff in the Water Department has a direct relationship to providing operating services to Watseco-Barview, and revenues result from actual staff time spent providing service to the District. Expenditures budgeted in Materials and Services are comparable to the current year. \$35,000 has been budgeted for Capital Outlay for a combination of mainline projects next year.

Water Fund	Actual Change in Balance					Projected	Budgeted
	FY 07/08	FY 08/09	FY 09/10	FY 10/11	FY 11/12	FY 12/13	FY 13/14
Beginning Fund Balance	93,676	61,643	71,700	78,006	112,774	133,200	139,847
Income	222,698	341,695	216,423	227,127	223,720	248,229	293,280
Expenditures	254,731	331,638	210,117	192,359	203,294	241,582	342,258
Ending Fund Balance	61,643	71,700	78,006	112,774	133,200	139,847	90,869

	ACTUAL 2 Years Ago FY 10-11	ACTUAL 1 Year Ago FY 11-12	BUDGETED THIS YEAR FY 12-13	PROJECTED FY 12-13 COMMITTEE	WATER FUND REVENUE	PROPOSED BY BUDGET OFFICER TO BUDGET COMMITTEE
389	78,006.00	112,774.00	95,802.00	133,200.00	BEGINNING FUND BALANCE	139,847.00
390	227,127.00	223,720.00	225,170.00	248,229.00	TOTAL RECEIPTS	293,280.00
391	55.00	0.00	0.00	0.00	430.032 Planning Surcharges (Water)	0.00
392	0.00	0.00	0.00	0.00	430.035 Machinery Rent/Matls. Sale	0.00
393	217,606.27	217,929.90	220,700.00	231,735.00	430.036 Water System Charges	228,000.00
394	1,527.51	0.00	0.00	0.00	430.037 Connection Fees	0.00
395	997.72	600.00	500.00	650.00	430.038 Shutoff/Turn-on Fees	500.00
396				10,000.00	430.060 Contract Service - WB	40,000.00
397	0.00	0.00	0.00	0.00	430.061 Donations	0.00
398	1,974.28	0.00	0.00	978.78	430.062 Misc. Revenue	0.00
399	0.00	0.00	0.00	0.00	430.063 Reimbursements	0.00
400	589.02	762.45	650.00	715.00	430.071 Interest	670.00
401	4,377.37	4,428.13	3,320.00	4,150.00	430.076 Finance & Late Charges	4,110.00
402	0.00	0.00	0.00	0.00	430.081 Borrowings	0.00
403	0.00	0.00	0.00	0.00	430.091 Grants	20,000.00
404	305,133.00	336,494.00	320,972.00	381,429.00	TOTAL WATER FUND REVENUE:	433,127.00

NOTES FOR COUNCIL BUDGET HEARING:

A Contract proceeds for services provided

ACTUAL 2 Years Ago FY 10-11	ACTUAL 1 Year Ago FY 11-12	BUDGETED THIS YEAR FY 12-13	PROJECTED FY 12-13 COMMITTEE	WATER FUND EXPENSES	PROPOSED BY BUDGET OFFICER TO BUDGET COMMITTEE
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405				
406				
407	77,195.00	75,213.00	81,725.00	84,207.00
408	17,516.01	10,591.27	10,870.00	10,869.60
409	5,362.20	9,426.17	9,608.00	9,608.00
410	14,686.42	13,862.19	14,270.00	15,697.00
411				
412	15,937.31	5,014.27	0.00	0.00
413	17,209.90	23,477.74	25,392.00	21,775.32
414	5,898.92	10,261.31	12,032.00	11,430.40
415		2,579.55	9,553.00	9,553.00
416	584.59	0.00	0.00	5,273.80
417	47,681.00	45,625.00	47,076.00	43,951.00
418	45,179.61	43,040.87	44,814.00	41,580.00
419	2,501.73	2,584.44	2,262.00	2,371.26
420	124,876.00	120,838.00	128,801.00	128,158.00
421				
422	15,071.00	15,929.00	14,376.00	15,510.00
423	6,617.60	6,690.17	6,736.00	7,072.80
424	500.00	623.10	200.00	200.00
425	3,616.00	1,064.00	1,480.00	1,702.00
426	706.40	167.38	1,480.00	1,110.00
427	978.50	2,006.75	1,120.00	1,000.00
428	688.68	466.00	860.00	2,300.00
429	1,963.44	4,911.11	2,500.00	2,125.00
430	12,498.00	19,782.00	15,840.00	17,412.00
431	8,726.50	17,954.01	13,840.00	11,072.00
432	394.54	0.00	0.00	100.00
433	425.40	0.00	0.00	3,061.91
434	2,951.50	1,828.40	2,000.00	3,177.64

WATER OPERATIONS DEPT.

PERSONAL SERVICES

Water Personnel

441.101	Utility Worker I	
441.102	Finance Officer/Assn. City Manager	
441.106	Wastewater Treatment Plant Operator	
341.107	Systems Operator	
441.108	Utility Worker II	
441.109	Public Works Director	
441.111	City Manager	
441.115	Office Specialist	
441.131	Extra Labor	

Water Dept. Personnel Costs

441.190	Water Personnel Costs	
441.191	Water Worker's Comp.	

C TOTAL PERSONNEL

MATERIALS & SERVICES

Supplies & Services

441.213	Water Franchise Fees	
441.214	Water Printing, Ads' & Notices	
441.216	Water Testing & Sampling	
441.217	Water Travel & Training	
441.219	Water Dues, Licenses & Subscriptions	
441.220	Water Contracted Services	
441.233	Water Treatment Chemicals	

Maintenance & Repair

441.250	Water System Maintenance	
441.251	Water Bldg. & Grounds Expense	
441.255	Water Minor Equipment	
441.260	Water Equipment Repair	

128,868.00
34,253.00
12,062.00
0.00
26,327.00
0.00
30,268.00
14,745.00
10,213.00
1,000.00
82,869.00
78,798.00
4,071.00

211,737.00

15,160.00
7,560.00
200.00
1,700.00
1,400.00
1,000.00
1,000.00
2,300.00
12,000.00
10,000.00
0.00
0.00
2,000.00

	ACTUAL 2 Years Ago FY 10-11	ACTUAL 1 Year Ago FY 11-12	BUDGETED THIS YEAR FY 12-13	PROJECTED FY 12-13 COMMITTEE	WATER FUND EXPENSES	PROPOSED BY BUDGET OFFICER TO BUDGET COMMITTEE
435	29,735.00	32,523.00	39,997.00	32,966.00	Shared Expenses	43,358.00
436	14,101.65	12,805.08	15,840.00	13,464.00	441.211 Utilities	15,840.00
437	1,781.69	1,725.08	1,207.00	1,388.05	441.212 Telephone	1,731.00
438	539.94	1,607.52	1,912.00	1,720.80	441.215 IT Services	2,539.00
439	151.95	235.80	282.00	352.50	441.218 Bank Charges	416.00
440	1,257.50	1,793.47	2,898.00	1,449.00	441.221 Legal Services	3,001.00
441	1,131.88	787.27	644.00	966.00	441.271 Office Supplies	993.00
442	2,415.28	2,050.31	2,415.00	2,415.00	441.272 Audit	2,770.00
443	3,252.76	3,149.03	3,559.00	3,313.18	441.273 Insurance	3,509.00
444	2,588.01	3,511.50	5,400.00	5,400.00	441.274 Fuel & Oil	5,400.00
445	589.57	685.07	604.00	664.40	441.275 Postage & Shipping	1,039.00
446	1,924.51	4,172.47	5,236.00	1,832.60	441.276 Shop Supplies, Tools, etc.	6,120.00
447	57,304.00	68,234.00	70,213.00	65,888.00	C TOTAL MATERIALS & SERVICES	70,518.00
448	182,180.00	189,072.00	199,014.00	194,046.00	TOTAL OPERATION & MAINTENANCE	282,255.00
449					CAPITAL OUTLAY	
450	0.00	3,000.00	3,000.00	2,681.50	441.310 Engineering	20,000.00
451	0.00	0.00	0.00	0.00	441.320 Equipment	0.00
452	0.00	0.00	0.00	0.00	441.330 Land & Buildings	0.00
453	0.00	0.00	0.00	0.00	441.331 Treatment Plant Project	0.00
454	0.00	4,999.96	20,000.00	39,253.75	441.340 System Replacement	35,000.00
455	0.00		0.00	0.00	441.342 Main Extension	0.00
456	0.00	8,000.00	23,000.00	41,935.00	C TOTAL CAPITAL OUTLAY	55,000.00

	ACTUAL 2 Years Ago FY 10-11	ACTUAL 1 Year Ago FY 11-12	BUDGETED THIS YEAR FY 12-13	PROJECTED FY 12-13 COMMITTEE	WATER FUND EXPENSES	PROPOSED BY BUDGET OFFICER TO BUDGET COMMITTEE
457	182,180.00	197,072.00	222,014.00	235,981.00	TOTAL WATER OPERATING DEPT.:	337,255.00
458						
459					INTERFUND TRANSFERS	
460	6,383.00	1,756.00	1,804.00	1,804.00	441.422 To PWE Res. Fund	2,339.00
461	3,796.00	4,466.00	3,797.00	3,797.00	441.491 To Payroll Liabilities Fund	2,664.00
462	10,179.00	6,222.00	5,601.00	5,601.00	C TOTAL INTERFUND TRANSFERS:	5,003.00
463						
464	31,368.00	34,480.00	33,302.00	8,302.00	B C WATER FUND CONTINGENCY	50,588.00
465	112,774.00	133,200.00	93,357.00	139,847.00	C C Components of Ending Fund Balance	40,281.00
466					Committed	40,281.00
467	305,133.00	336,494.00	320,972.00	381,429.00	TOTAL WATER FUND:	433,127.00

NOTES FOR COUNCIL BUDGET HEARING:

- A Equals 15% of operating costs -- \$25,000 was appropriated in the current year
- B Assuming that contingency is not spent the unappropriated ending fund balance will be \$90,869

SYSTEM DEVELOPMENT FUND

SDC Fund	Actual Revenues Received					Projected	Budgeted
	FY 07/08	FY 08/09	FY 09/10	FY 10/11	FY 11/12	FY 12/13	FY 13/14
SDC's Collected	108,890	76,026	45,612	15,656	150	2,597	0
All Other Revenues	21,692	6,938	2,496	2,245	2,120	2,000	2,120
Total	130,582	82,964	48,108	17,901	2,270	4,597	2,120

The System Development Fund is a capital asset reserve fund for the construction of projects identified in various infrastructure and public improvement plans adopted by the City. In most cases, the funds are only available for the construction of projects that have been identified on the City's Capital Improvement Lists, which were used to develop the charge methodology.

The City received some revenues in the current year. I'm not expecting any development next year, so no revenues are expected. All available balances are appropriated for next year to allow for the construction of projects associated with potential development. The budget committee recommended this practice to the council in prior years, and does facilitate immediate development resources if the City were to approve a significant land use application next fiscal year. While this is unlikely, there isn't any risk in making the funds available – actual appropriations can only occur with Council authorization.

SDC Fund	Actual Change in Balance					Projected	Budgeted
	FY 07/08	FY 08/09	FY 09/10	FY 10/11	FY 11/12	FY 12/13	FY 13/14
Beginning Fund Balance	442,877	359,209	391,973	430,825	410,085	399,774	404,371
Income	130,582	82,964	48,108	17,901	2,270	4,597	2,120
Expenditures	214,250	50,199	9,256	38,642	12,580	0	406,491
Ending Fund Balance	359,209	391,974	430,825	410,084	399,775	404,371	0

	ACTUAL 2 Years Ago FY 10-11	ACTUAL 1 Year Ago FY 11-12	BUDGETED THIS YEAR FY 12-13	PROJECTED FY 12-13 COMMITTEE	SYSTEM DEV. FUND REVENUE	PROPOSED BY BUDGET OFFICER TO BUDGET COMMITTEE
468	430,825.00	410,085.00	399,555.00	399,774.00	BEGINNING FUND BALANCE	404,371.00
469	180,749.00	187,883.00	183,281.00	183,332.00	for Water	186,830.00
470	124,761.00	88,943.00	82,435.00	82,484.00	for Wastewater	82,934.00
471	67,756.00	71,569.00	71,880.00	71,944.00	for Streets	72,290.00
472	40,702.00	43,644.00	43,834.00	43,873.00	for Storm Sewer	44,082.00
473	16,857.00	18,046.00	18,125.00	18,141.00	for Parks	18,235.00
474	17,901.00	2,270.00	1,910.00	4,597.00	TOTAL RECEIPTS	2,120.00
475	2,486.00	0.00	0.00	2,576.00	530.001 Water SDC	0.00
476	3,693.76	150.00	0.00	20.90	530.005 Water Improvement Fee	0.00
477	2,198.00	0.00	0.00	0.00	530.021 Sewer SDC	0.00
478	1,099.00	0.00	0.00	0.00	530.041 Parks SDC	0.00
479	3,455.00	0.00	0.00	0.00	530.061 Streets SDC	0.00
480	2,725.00	0.00	0.00	0.00	530.081 Storm Drainage SDC	0.00
481	2,244.52	2,119.75	1,910.00	2,000.00	530.998 INTEREST	2,120.00
482	954.59	969.32	860.00	901.00	for Water	950.00
483	625.67	451.95	430.00	450.00	for Wastewater	480.00
484	357.99	375.14	330.00	346.00	for Streets	370.00
485	216.63	228.76	200.00	209.00	for Storm Sewer	220.00
486	89.64	94.58	90.00	94.00	for Parks	100.00
487	0.00	0.00	0.00	0.00	530.999 MISCELLANEOUS	0.00
488	448,726.00	412,355.00	401,465.00	404,371.00	TOTAL FUND REVENUE:	406,491.00

NOTES FOR COUNCIL BUDGET HEARING:

ACTUAL 2 Years Ago FY 10-11	ACTUAL 1 Year Ago FY 11-12	BUDGETED THIS YEAR FY 12-13	PROJECTED FY 12-13 COMMITTEE	SYSTEM DEV. FUND EXPENSES	PROPOSED BY BUDGET OFFICER TO BUDGET COMMITTEE
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489					WATER DEPT.	
					CAPITAL OUTLAY	
490						
491	0.00	5,670.00	0.00	0.00	544.310 Engineering	0.00
492	0.00	0.00	0.00	0.00	544.320 Equipment	0.00
493	0.00	0.00	0.00	0.00	544.330 Land & Buildings	0.00
494	0.00	0.00	184,141.00	0.00	544.340 System Improvements	187,780.00
495	0.00	0.00	0.00	0.00	544.342 Main Extension	0.00
496	0.00	5,670.00	184,141.00	0.00	C TOTAL WATER DEPT.:	187,780.00
497					WASTEWATER DEPT.	
					CAPITAL OUTLAY	
498						
499	0.00	5,759.55	0.00	0.00	543.310 Engineering	0.00
500	0.00	0.00	0.00	0.00	543.320 Equipment	0.00
501	0.00	0.00	0.00	0.00	543.330 Land & Buildings	0.00
502	38,641.80	1,150.91	82,865.00	0.00	543.340 System Improvements	83,414.00
503	0.00	0.00	0.00	0.00	543.342 Main Extension	0.00
504	38,641.80	6,910.46	82,865.00	0.00	C TOTAL WASTEWATER DEPT.:	83,414.00
505					STREET DEPT.	
					CAPITAL OUTLAY	
506						
507	0.00	0.00	0.00	0.00	542.310 Engineering	0.00
508	0.00	0.00	0.00	0.00	542.320 Equipment	0.00
509	0.00	0.00	0.00	0.00	542.330 Land & Buildings	0.00
510	0.00	0.00	72,210.00	0.00	542.340 System Improvements	72,660.00
511	0.00	0.00	72,210.00	0.00	C TOTAL STREET DEPT.:	72,660.00
512					STORMWATER DEPT.	
					CAPITAL OUTLAY	
513						
514	0.00	0.00	0.00	0.00	545.310 Engineering	0.00
515	0.00	0.00	0.00	0.00	545.320 Equipment	0.00
516	0.00	0.00	0.00	0.00	545.330 Land & Buildings	0.00
517	0.00	0.00	44,034.00	0.00	545.340 System Improvements	44,302.00
518	0.00	0.00	0.00	0.00	545.342 Main Extension	0.00
519	0.00	0.00	44,034.00	0.00	C TOTAL STORMWATER DEPT.:	44,302.00

	ACTUAL 2 Years Ago FY 10-11	ACTUAL 1 Year Ago FY 11-12	BUDGETED THIS YEAR FY 12-13	PROJECTED FY 12-13 COMMITTEE	SYSTEM DEV. FUND EXPENSES	PROPOSED BY BUDGET OFFICER TO BUDGET COMMITTEE
520					PARKS DEPT.	
521					CAPITAL OUTLAY	
522	0.00	0.00	0.00	0.00	541.310 Engineering	0.00
523	0.00	0.00	0.00	0.00	541.320 Equipment	0.00
524	0.00	0.00	0.00	0.00	541.330 Land & Buildings	0.00
525	0.00	0.00	18,215.00	0.00	541.340 System Improvements	18,335.00
526	0.00	0.00	18,215.00	0.00	C TOTAL PARKS DEPT.:	18,335.00
527	38,641.80	12,580.46	401,465.00	0.00	TOTAL SDC FUND EXPENSES:	406,491.00
528						
529	0.00	0.00	0.00	0.00	C SDC FUND CONTINGENCY	0.00
530	187,883.00	183,332.00	0.00	186,830.00	544.399 UEFB Water	0.00
531	88,943.00	82,484.00	0.00	82,934.00	543.399 UEFB Wastewater	0.00
532	71,569.00	71,944.00	0.00	72,290.00	542.399 UEFB Street	0.00
533	43,644.00	43,873.00	0.00	44,082.00	545.399 UEFB Storm	0.00
534	18,046.00	18,141.00	0.00	18,235.00	541.399 UEFB Parks	0.00
535	410,085.00	399,774.00	0.00	404,371.00	C Components of Ending Fund Balance	0.00
536					Restricted	0.00
537	448,726.00	412,355.00	401,465.00	404,371.00	TOTAL SYSTEMS DEVEL. FUND:	406,491.00

NOTES FOR COUNCIL BUDGET HEARING:

A As established in past budgets, all available funds are being appropriated for use. Any use of these funds will require Council action.

HOUSING REHABILITATION FUND

You'll notice that I've budgeted in a revenue amount this year. The reason for this is that the City received a notice from the State's Infrastructure Finance Authority (IFA) in March that essentially notified the City that we have to turn over our Housing Rehab Loan funds to Community Action Team (CAT) out of Astoria. What I know at this point is that the Federal Government changed some rules relating to the funds they provided the State years ago for Community Development Block Grants (CDBGs). One of these grants was the initial funding source of our Housing Rehab Loan Fund. The IFA has decided that, based on the rule changes, individual cities can no longer manage CDBG funds for subsidized rehabilitation loans. At this point, I'm not sure if that includes all cities or specific cities. I'm not sure if this decision was made at the legislative level or by the IFA acting as the regulator. At the moment, they insist that we turn the funds over to CAT. We were not actually aware of this requirement until we received and reviewed a letter dated March 28, 2012 that notified us that they expected us to turn the funds over this year. In order to comply we need to form a new agreement with CAT for management of these funds, and then cut a check to CAT. I can expend most of the funds this year, but I've got a small amount that's accrued in interest that wasn't budgeted for expenditure. The other issue is the outstanding loans that could potentially be paid to the City next year. What I've done in the budget is show the loans as a receivable and then budget their expenditure for next fiscal year. This generally accommodates any financial requirements of the City in regards to these funds and the outstanding loans. None of this may be necessary, but until this matter is resolved I want to leave options for the City to work with CAT and the IFA. What the Committee needs to be aware of is that this is most likely beyond our control, and we'll have to do what IFA tells us to do whether we like it not. The funds residing in the Housing Rehab Loan Fund are either CDBG funds or interest and fees associated with the management of those funds. Regardless of how the Committee or the Council feels about it, the State has the right to tell us what they want done with those funds. At this point I've got our Auditor, City Attorney and CAT all working on this with staff to make sure we understand exactly what the City's options are.

	ACTUAL 2 Years Ago FY 10-11	ACTUAL 1 Year Ago FY 11-12	BUDGETED THIS YEAR FY 12-13	PROJECTED FY 12-13 COMMITTEE	HOUSING REHAB FUND REVENUE	PROPOSED BY BUDGET OFFICER TO BUDGET COMMITTEE
538	58,461.00	98,475.00	98,900.00	98,991.00	BEGINNING FUND BALANCE	99,491.00
539	40,014.00	516.00	425.00	500.00	TOTAL RECEIPTS	141,690.00
540	37,605.00	0.00	0.00	0.00	630.067 Loans Repaid	133,990.00
541	409.03	516.19	425.00	500.00	630.071 Interest	700.00
542	2,000.00	0.00	0.00	0.00	630.075 Reconveyance Fees	7,000.00
543	98,475.00	98,991.00	99,325.00	99,491.00	TOTAL FUND REVENUE:	241,181.00

	ACTUAL 2 Years Ago FY 10-11	ACTUAL 1 Year Ago FY 11-12	BUDGETED THIS YEAR FY 12-13	PROJECTED FY 12-13 COMMITTEE	HOUSING REHAB FUND EXPENSES	PROPOSED BY BUDGET OFFICER TO BUDGET COMMITTEE
544					MATERIALS & SERVICES	
545	0.00	0.00	9,932.00	0.00	641.229 Program Administration	24,118.10
546	0.00	0.00	9,932.00	0.00	C TOTAL MATERIALS & SERVICES	24,118.00
547						
548					LOANS MADE	
549	0.00	0.00	89,393.00	0.00	641.350 Loans Made	217,062.90
550	0.00	0.00	89,393.00	0.00	C TOTAL LOANS MADE	217,063.00
551						
552	0.00	0.00	99,325.00	0.00	TOTAL PROGRAM EXPENSES:	241,181.00
553						
554	98,475.00	98,991.00	0.00	99,491.00	C Components of Ending Fund Balance	0.00
555					Restricted	0.00
556	98,475.00	98,991.00	99,325.00	99,491.00	TOTAL HOUSING REHAB. FUND:	241,181.00

TRANSIENT ROOM TAX

TRT Fund	Actual Revenues Received					Projected	Budgeted
	FY 07/08	FY 08/09	FY 09/10	FY 10/11	FY 11/12	FY 12/13	FY 13/14
Tax Collected	87,455	58,104	55,425	81,509	98,770	56,595	58,800
All Other Revenues	24,339	35,113	620	11,880	13,924	72,625	87,000
Total	111,794	93,217	56,045	93,389	112,694	129,220	145,800

TRT revenues have exceeded expectations again this year. This appears to be a steady trend for right now, and revenues can be expected to increase next year as well. Expenditures associated with this fund are on track for the current year, and expenditures and transfers budgeted for next year are consistent with recent trends and Council and Tourism Commission goals. Event Expenses is balanced against Event Revenue. All other expenses are out of actual tax revenue and subject to Garibaldi Municipal Code Section 3.05.150. Appropriations this year are consistent with this section of code.

The TRT Fund was originally created by the City to fund equipment reserves, pay for Police equipment and services, fund streets, fund Fire Department operations and equipment replacement, and help offset certain community expenses such as Lumbermen’s Park. Over the years, the City has gradually used more and more of the fund for promoting tourism. Under Oregon law the City cannot reduce the percentage of tax revenues actually expended on tourism promotion or tourism related facilities. Since we have been expending funds on just this sort of thing, the table below shows expenditures since 07-08 associated with tourism promotion:

TRT Department	Actual Amounts Spent					Projected	Budgeted
	FY 07/08	FY 08/09	FY 09/10	FY 10/11	FY 11/12	FY 12/13	FY 13/14
Promotional Services	15,930	16,216	13,810	19,738	41,012	51,900	79,200
Fire Department Transfers	40,300	51,100	30,024	40,750	12,000	27,000	36,000
Police Department Transfers	2,700	2,000	1,900	20,831	14,684	9,000	12,000
Street Department Transfers	0	0	0	7,596	8,500	9,000	12,000
Capital Outlay	1,795	35,982	0	0	0	0	0
All Other Expenditures	25,375	15,301	4,750	12,130	9,295	6,500	15,500
Total	86,100	120,599	50,484	101,045	85,491	103,400	154,700
<i>Promotional Services</i>	19%	13%	27%	20%	48%	50%	51%
<i>Fire Department Transfers</i>	47%	42%	59%	40%	14%	26%	23%
<i>Police Department Transfers</i>	3%	2%	4%	21%	17%	9%	8%
<i>Street Department Transfers</i>	0%	0%	0%	8%	10%	9%	8%
<i>Other Uses</i>	32%	43%	9%	12%	11%	6%	10%
Promotional Use Fund Balance	0.00	6,096.00	6,096.00	14,000.00	14,000.00	14,000.00	14,000.00

One thing is clear – the law was not written by an accountant. ORS 320.350(4) describes components to what should be a simple formula for determining the percentage of what

was spent on tourism promotion. What it neglects to talk about are the inevitable fund carry-over balances from one year to the next, which are the result of unspent or unanticipated revenues. Ratios of revenues to expenditures can create false percentages if you expend more or less than you receive in a given year, so the “percentage” of “revenues” that the law describes can be different depending on how you interpret it. You can also come up with different percentages if you interpret “tourism promotion” and “tourism related facilities” in different ways.

I’ve had a couple of interesting (to me, anyway) conversations about this issue in the past year, and it was pointed out that there is probably a floating balance of funds that should be dedicated to tourism promotion. The table above defines this balance, and the budget presented shows this balance as reserved for tourism promotion. The ratio I’m using is the percentage of tourism promotion appropriations to total expenditures within a fiscal year. I’m doing this to keep the math simple, and the side effect is that the “percentage” of tourism promotion is higher than if I used a percentage of revenue received in any given year. The important thing is that we track these percentages every year to ensure that we follow the law – this is a process that I’ll refine further as time goes on. Last year I recommended that we commit percentage of 51% for tourism promotion activities, and the rest would remain available for other uses not restricted or regulated by State law. The historical appropriations support this percentage, and my recommendation is that appropriations for tourism promotion do not exceed 51% in any given year. I also feel that reserving unspent balances from that 51% for future tourism promotion activities is technically correct, provided the future use of these funds does not inadvertently alter that percentage. I’ll work with the City Auditor this year to develop an appropriation policy that solidifies this concept and keeps the City’s practices in conformance with State law.

The budget presented this year is very much the product of the Garibaldi Tourism Commission. During the current year the Commission sat down and developed refined goals and a budget to accommodate those goals. You’ll notice that total appropriations actually deplete the carry-over balance from last year. The TRT Fund is not a fund that really requires a minimum cash balance during the year as yet. This may change in the future, but for right now I’m confident that a \$9,000 depletion of this fund is not going to negatively affect future purposes.

TRT Fund	Actual Change in Balance					Projected	Budgeted
	FY 07/08	FY 08/09	FY 09/10	FY 10/11	FY 11/12	FY 12/13	FY 13/14
Beginning Fund Balance	70,601	96,295	68,913	74,474	66,818	94,021	119,841
Income	111,794	93,217	56,045	93,389	112,694	129,220	145,800
Expenditures	86,100	120,599	50,484	101,045	85,491	103,400	154,700
Ending Fund Balance	96,295	68,913	74,474	66,818	94,021	119,841	110,941

	ACTUAL 2 Years Ago FY 10-11	ACTUAL 1 Year Ago FY 11-12	BUDGETED THIS YEAR FY 12-13	PROJECTED FY 12-13 COMMITTEE	TRANSIENT ROOM TAX FUND REVENUE	PROPOSED BY BUDGET OFFICER TO BUDGET COMMITTEE
557	74,474.00	66,818.00	59,257.00	94,021.00	BEGINNING FUND BALANCE	119,841.00
558				80,021.00	Non-Committed	80,021.00
559				14,000.00	Committed to Tourism Promotion	14,000.00
560	93,389.00	112,694.00	105,500.00	129,220.00	TOTAL RECEIPTS	145,800.00
561		1,000.00	0.00	420.00	730.061 Donations - Tourism Promotion	0.00
562	81,509.02	98,769.90	44,100.00	56,595.00	730.064 Transient Room Tax - Non-Com. Use (49%)	58,800.00
563			45,900.00	58,905.00	730.065 Transient Room Tax - Com. Tourism (51%)	61,200.00
564	11,236.00	0.00	0.00	0.00	731.067 Loans Repaid	0.00
565	644.07	648.89	500.00	800.00	730.071 Interest	800.00
566	0.00	0.00	0.00	0.00	730.076 Penalties/Fees	0.00
567		12,180.27	15,000.00	12,500.00	730.080 Event Revenue	25,000.00
568	0.00	95.00	0.00	0.00	730.099 Misc. Revenue (Grants, etc.)	0.00
569	167,863.00	179,512.00	164,757.00	223,241.00	TOTAL TRT FUND REVENUE:	265,641.00

	ACTUAL 2 Years Ago FY 10-11	ACTUAL 1 Year Ago FY 11-12	BUDGETED THIS YEAR FY 12-13	PROJECTED FY 12-13 COMMITTEE	TRANSIENT ROOM TAX FUND EXPENSES	PROPOSED BY BUDGET OFFICER TO BUDGET COMMITTEE
570					COMMUNITY EXPENSE DEPT.	
571					MATERIALS & SERVICES	
572					741.220 Contracted Services	5,000.00
573	19,738.07	25,000.00	25,000.00	25,000.00	741.226 Promotional Media Reimbursement Program	25,000.00
574	1,750.00	4,000.00	4,000.00	4,000.00	741.232 Fireworks	4,000.00
575	2,880.00	3,000.00	3,000.00	3,000.00	741.235 Lumbermen's Pk. Expenses	3,000.00
576	7,500.00	6,295.25	7,500.00	3,500.00	741.236 Community Expenses	12,500.00
577					741.238 Community Promotion - Media	16,200.00
578		4,710.40	15,000.00	10,000.00	741.240 Event Expenses	15,000.00
577	31,868.00	43,006.00	54,500.00	45,500.00	C TOTAL MATERIALS & SERVICES	80,700.00
578					CAPITAL OUTLAY	
579	0.00	0.00	0.00	0.00	741.330 Land & Cap. Impr.	0.00
580	0.00	0.00	0.00	0.00	741.342 Street, Parking & Pub. Wks.	0.00
581	0.00	0.00	0.00	0.00	741.399 Grant Matching Funds	0.00
582	0.00	0.00	0.00	0.00	C TOTAL CAPITAL OUTLAY	0.00

	ACTUAL 2 Years Ago FY 10-11	ACTUAL 1 Year Ago FY 11-12	BUDGETED THIS YEAR FY 12-13	PROJECTED FY 12-13 COMMITTEE	TRANSIENT ROOM TAX FUND EXPENSES	PROPOSED BY BUDGET OFFICER TO BUDGET COMMITTEE
583					RESERVES/SPECIAL PAYMENTS (Loans)	
584	0.00	0.00	0.00	0.00	741.350 Loans Made to GURA	0.00
585	0.00	0.00	0.00	0.00	C TOTAL RESERVES/PAYMENTS	0.00
586						
587	31,868.00	43,006.00	54,500.00	45,500.00	TOTAL TRT EXPENSE DEPT.:	80,700.00
588						
589					INTERFUND TRANSFERS	
590	0.00	0.00	0.00	0.00	741.402 General Fund for Fire	0.00
591	1,750.00	0.00	0.00	0.00	741.403 General Fund for Fire Grants	0.00
592	19,554.00	8,424.00	4,500.00	4,500.00	741.404 General Fund for Police O&M	6,000.00
593	0.00	0.00	0.00	0.00	741.405 General Fund for Grants	0.00
594		7,301.00	12,900.00	12,900.00	741.408 General Fund for Promotional Costs	14,000.00
595	7,596.00	8,500.00	9,000.00	9,000.00	741.410 Street Fund for Capital Improvements	12,000.00
596	39,000.00	12,000.00	27,000.00	27,000.00	741.412 PSE Reserve Fund (Fire)	36,000.00
597	1,277.00	6,260.00	4,500.00	4,500.00	741.415 PSE Res. Fund (Police)	6,000.00
598	69,177.00	42,485.00	57,900.00	57,900.00	C TOTAL INTERFUND TRANSFERS	74,000.00
599						
600	0.00	0.00	8,175.00	0.00	C TRT FUND CONTINGENCY	12,100.00
601	66,818.00	94,021.00	52,357.00	119,841.00	C Components of Ending Fund Balance	98,841.00
602					Committed to Tourism Promotion	14,000.00
603					Unassigned/Unappropriated	84,841.00
604	167,863.00	179,512.00	164,757.00	223,241.00	TOTAL TRANSIENT ROOM TAX FUND:	265,641.00

NOTES FOR COUNCIL BUDGET HEARING:

WASTEWATER DEBT SERVICE FUND

This fund services a General Obligation bond (GO bond) issued by the City in 1998 for improvements to the City's wastewater collection system. The reason that this debt is separate from the Wastewater Fund is because it's funded through property taxes. The set rate for this year is \$0.5294 per \$1,000 of assessed value. The rate goes up and down depending on assessed value in the City - for instance, it was \$0.5406 per \$1,000 last year. Because we need to collect an amount equal to the annual payment, the City has the County Assessor levy an amount of \$43,300, which is the amount of the payment with a 9% uncollectable rate for County taxes. The reserve will slowly build from one year to the next as a result of collecting slightly more than we spend, and all that really means is that we will stop collecting the tax somewhere around 2023 and pay off the debt. I've included the debt service schedule below for reference:

GO Sewer bond issued in 1998 - funded by USDA

Principal Amount \$ 670,000.00
 Total Interest \$ 634,047.75 at 5.125% Interest Annualy

Fiscal Year	Reduced Principal	Principal Payment	Acc Interest	Interest	Total Payment
12/13	\$ 386,729.50	\$ 18,928.05	\$ 471,371.56	\$ 20,789.95	\$ 39,718.00
13/14	\$ 366,831.39	\$ 19,898.11	\$ 491,191.45	\$ 19,819.89	\$ 39,718.00
14/15	\$ 345,913.50	\$ 20,917.89	\$ 509,991.55	\$ 18,800.11	\$ 39,718.00
15/16	\$ 323,923.56	\$ 21,989.93	\$ 527,719.62	\$ 17,728.07	\$ 39,718.00
16/17	\$ 300,806.64	\$ 23,116.92	\$ 544,320.70	\$ 16,601.08	\$ 39,718.00
17/18	\$ 276,504.99	\$ 24,301.66	\$ 559,737.04	\$ 15,416.34	\$ 39,718.00
18/19	\$ 250,957.87	\$ 25,547.12	\$ 573,907.92	\$ 14,170.88	\$ 39,718.00
19/20	\$ 224,101.46	\$ 26,856.41	\$ 586,769.51	\$ 12,861.59	\$ 39,718.00
20/21	\$ 195,868.66	\$ 28,232.80	\$ 598,254.71	\$ 11,485.20	\$ 39,718.00
21/22	\$ 166,188.92	\$ 29,679.73	\$ 608,292.98	\$ 10,038.27	\$ 39,718.00
22/23	\$ 134,988.11	\$ 31,200.82	\$ 616,810.17	\$ 8,517.18	\$ 39,718.00
23/24	\$ 102,188.25	\$ 32,799.86	\$ 623,728.31	\$ 6,918.14	\$ 39,718.00
24/25	\$ 67,707.40	\$ 34,480.85	\$ 628,965.45	\$ 5,237.15	\$ 39,718.00
25/26	\$ 31,459.40	\$ 36,248.00	\$ 632,435.46	\$ 3,470.00	\$ 39,718.00
26/27	\$ -	\$ 31,459.40	\$ 634,047.75	\$ 1,612.29	\$ 33,071.69
Principal Paid to Date		\$ 283,270.44	Principal Debt on July 1, 2013		\$ 386,729.50
Interest Paid to Date		\$ 471,371.56	Interest Debt on July 1, 2013		\$ 162,676.19
Total Amount Paid		\$ 754,642.00	Total Debt on July 1, 2013		\$ 549,405.69

	ACTUAL 2 Years Ago FY 10-11	ACTUAL 1 Year Ago FY 11-12	BUDGETED THIS YEAR FY 12-13	PROJECTED FY 12-13 COMMITTEE	WASTEWATER DEBT FUND REVENUE	PROPOSED BY BUDGET OFFICER TO BUDGET COMMITTEE
605	66,604.00	78,965.00	66,576.00	66,604.00	BEGINNING FUND BALANCE	70,736.00
606	52,079.00	47,406.00	46,000.00	43,850.00	TOTAL RECEIPTS	45,680.00
607	2,803.97	3,456.27	2,400.00	3,500.00	830.011 Prior Years' Taxes	2,000.00
608	48,970.60	43,314.52	43,300.00	40,000.00	830.012 Current Year's Taxes	43,300.00
609	304.82	635.64	300.00	350.00	830.071 Interest	380.00
610	0.00	0.00	0.00	0.00	830.099 Miscellaneous	0.00
611	118,683.00	126,371.00	112,576.00	110,454.00	TOTAL W/W DEBT FUND REVENUE:	116,416.00

	ACTUAL 2 Years Ago FY 10-11	ACTUAL 1 Year Ago FY 11-12	BUDGETED THIS YEAR FY 12-13	PROJECTED FY 12-13 COMMITTEE	WASTEWATER DEBT FUND EXPENSES	PROPOSED BY BUDGET OFFICER TO BUDGET COMMITTEE
612					DEBT SERVICE	
613	39,718.00	39,718.00	39,718.00	39,718.00	SEWER BOND (\$609,222, 5.125%, 40y)	39,718.00
614	19,544.00	18,005.28	21,059.00	18,928.05	841.297 Bond Payment--Principal	19,898.11
615	20,174.00	21,712.72	18,659.00	20,789.95	841.298 Bond Payment--Interest	19,819.89
616	39,718.00	39,718.00	39,718.00	39,718.00	C TOTAL W/W DEBT FUND EXPENSES:	39,718.00
617	0.00	0.00	0.00	0.00	C W/W DEBT FUND CONTINGENCY	0.00
618	78,965.00	86,653.00	72,858.00	70,736.00	C Components of Ending Fund Balance	76,698.00
619					Restricted	76,698.00
620	118,683.00	126,371.00	112,576.00	110,454.00	TOTAL WASTEWATER DEBT FUND:	116,416.00

PAYROLL LIABILITIES

The Payroll Liability Fund was established to address the City's existing payroll liability associated with vacation time, sick leave and compensatory time (unpaid overtime). An amount of 3% of the City's total personnel cost is traditionally transferred into this fund each year. As a result of regular transfers and nominal usage, 100% of the City's current liability will be funded next year. The table below shows the proposed transfers into the Payroll Liabilities fund for next year:

	General	Street	Wastewater	Water
Total Liability	17,538.69	4,778.84	19,334.04	19,389.12
Transfer Amount	2,409.15	656.43	2,655.77	2,663.33
Fund Balance	17,631.01	4,804.00	19,435.81	19,491.18
<i>Funded as of June 30, 2014</i>	<i>101%</i>	<i>101%</i>	<i>101%</i>	<i>101%</i>

	ACTUAL 2 Years Ago FY 10-11	ACTUAL 1 Year Ago FY 11-12	BUDGETED THIS YEAR FY 12-13	PROJECTED FY 12-13 COMMITTEE	PAYROLL LIABILITIES FUND REVENUE	PROPOSED BY BUDGET OFFICER TO BUDGET COMMITTEE
621	48,827.00	63,387.00	71,803.00	63,387.00	BEGINNING FUND BALANCE	52,656.00
622	13,370.00	14,686.00	13,969.00	13,969.00	TRANSFERS IN	8,386.00
623	3,246.00	3,062.00	3,214.00	3,214.00	930.021 from General Fund	2,409.00
624	1,473.00	2,211.00	2,032.00	2,032.00	930.022 from Street Fund	657.00
625	4,855.00	4,947.00	4,926.00	4,926.00	930.023 from Waste Fund	2,656.00
626	3,796.00	4,466.00	3,797.00	3,797.00	930.024 from Water Fund	2,664.00
627	1,242.00	1,833.00	250.00	300.00	TOTAL RECEIPTS	320.00
628	988.20	1,526.00	0.00	0.00	930.062 Misc. Revenue	0.00
629	253.72	307.00	250.00	300.00	930.071 Interest	320.00
630	63,439.00	79,906.00	86,022.00	77,656.00	TOTAL PAYROLL LIABILITIES FUND REVENUE:	61,362.00

	ACTUAL 2 Years Ago FY 10-11	ACTUAL 1 Year Ago FY 11-12	BUDGETED THIS YEAR FY 12-13	PROJECTED FY 12-13 COMMITTEE	PAYROLL LIABILITIES FUND EXPENSES	PROPOSED BY BUDGET OFFICER TO BUDGET COMMITTEE
631					PERSONAL SERVICES	
632	52.23	7,239.85	86,022.00	25,000.00	941.194 Avail. to pay Pers. Comp.	61,362.00
633	52.23	7,239.85	86,022.00	25,000.00	C TOTAL PERSONNEL EXPENSES:	61,362.00
634	63,387.00	72,666.00	0.00	52,656.00	C Components of Ending Fund Balance	0.00
635					Committed	0.00
636	63,439.00	79,906.00	86,022.00	77,656.00	TOTAL PAYROLL LIABILITIES FUND:	61,362.00

NOTES FOR COUNCIL BUDGET HEARING:

PUBLIC SAFETY EQUIPMENT RESERVE FUND

PSE Fund	Actual Change in Balance					Projected	Budgeted
	FY 07/08	FY 08/09	FY 09/10	FY 10/11	FY 11/12	FY 12/13	FY 13/14
Beginning Fund Balance	146,367	190,078	255,377	34,750	75,206	93,860	125,864
Income	43,711	67,057	134,575	40,456	18,654	32,004	42,550
Expenditures	0	1,758	355,202	0	0	0	168,414
Ending Fund Balance	190,078	255,377	34,750	75,206	93,860	125,864	0

Transfers into this fund are currently adequate to replace Police Department's patrol car, and this year staff intends to purchase a new car for the Department. The current vehicle has exceeded its planned life, and I'm satisfied that keeping vehicle longer will result in increased maintenance costs and reduced surplus value. At this time staff expects the total replacement cost to be around \$35,000, and we should be able to receive around \$2,000 in surplus for the old vehicle.

The Committee is generally aware that transfers are not adequate to replace fire apparatus. Recent upgrades in Fire Department equipment have resolved the urgency of the issue; however, there is no long term solution. Actual amounts necessary to be reserved on an annual basis are simply unsustainable for the General Fund or the TRT Fund. As equipment nears the age that replacement is necessary, staff will continue to pursue grant opportunities. We will need to replace the Department's rescue vehicle sometime in the near future – this may cost as much as \$100,000. Specific amounts needed are noted in the table below:

PUBLIC SAFETY EQUIPMENT RESERVE FUND AMORTIZATION CHART

Equipment	Purchased On	Replace By	Useful Life	Years Left	Purchase Cost	Projected Replacement	Amortized Value	Savings From Extended Service	Required Fund Balance
2003 Kenworth 3k Tender - 31-21	6/1/2003	6/1/2033	30	21	\$ 129,900.00	\$ 246,900.00	\$ 8,230.00	\$ -	\$ 74,070.00
1997 Spartan Pumper - 31-12	6/1/1998	6/1/2028	30	16	\$ 225,607.00	\$ 428,700.00	\$ 14,290.00	\$ -	\$ 200,060.00
1996 Ford 350 Rescue - 31-49	11/1/1995	11/1/2010	15	0	\$ 26,206.00	\$ 38,000.00	\$ 2,533.33	\$ 7,600.00	\$ 38,000.00
2005 Hum-V - 31-91	2/1/2011	2/1/2026	15	13	\$ 5,000.00	\$ 7,300.00	\$ 486.67	\$ -	\$ 973.33
2008 Crimson Pumper - 31-14	1/1/2010	1/2/2040	30	27	\$ 353,882.00	\$ 672,400.00	\$ 22,413.33	\$ -	\$ 67,240.00
2006 Crown Victoria	2/28/2006	3/1/2011	5	0	\$ 27,174.00	\$ 31,300.00	\$ 6,260.00	\$ 12,520.00	\$ 31,300.00
Totals					\$ 767,769.00	\$ 1,424,600.00	\$ 54,213.33	\$ 20,120.00	\$ 411,643.33

	Total	Fire	Police
Maximum Transfer (Amortized Value + Difference in Fund Balance)	\$ 341,456.00	\$ 341,456.00	\$ -
Basic Transfer (Amortized Value)	\$ 54,213.00	\$ 47,953.00	\$ 6,260.00
Minimum Transfer (modified to accommodate available resources)	\$ 34,093.00	\$ 36,000.00	\$ 6,000.00

Fund Balance as of June 30, 2013 - Fire	\$ 86,841.00	Fund Balance as of June 30, 2013 - Police	\$ 39,023.00
Required Fund Balance as June 30, 2013 - Fire	\$ 380,343.00	Required Fund Balance as June 30, 2013 - Police	\$ 31,300.00
Difference	\$ 293,502.00	Difference	\$ (7,273.00)

Appropriations total the available balance of the Fire and Police reserve funds to accommodate opportunities to replace equipment at a significant value to the City, either through a grant or a special purchase price, of in case of catastrophic equipment failure that makes replace more cost effective than repair.

	ACTUAL 2 Years Ago FY 10-11	ACTUAL 1 Year Ago FY 11-12	BUDGETED THIS YEAR FY 12-13	PROJECTED FY 12-13 COMMITTEE	PUBLIC SAFETY EQUIP. RES. FUND REVENUE	PROPOSED BY BUDGET OFFICER TO BUDGET COMMITTEE
637	34,750.00	75,206.00	93,944.00	93,860.00	BEGINNING FUND BALANCE	125,864.00
638	8,156.00	47,198.00	59,576.00	59,445.00	Dedicated to Fire	86,841.00
639	26,594.00	28,008.00	34,368.00	34,415.00	Dedicated to Police	39,023.00
640	40,277.00	18,260.00	31,500.00	31,500.00	TRANSFERS IN	42,000.00
641	0.00	0.00	0.00	0.00	1130.012 from Gen. Fund (Fire)	0.00
642	0.00	0.00	0.00	0.00	1130.015 from Gen. Fund (Police)	0.00
643	1,277.00	6,260.00	4,500.00	4,500.00	1130.047 from TRT Fund (Police)	6,000.00
644	39,000.00	12,000.00	27,000.00	27,000.00	1130.042 from TRT Fund (Fire)	36,000.00
645	179.00	394.00	560.00	504.00	TOTAL RECEIPTS	550.00
646	0.00	0.00	0.00	0.00	1130.062 Misc. Revenue (Fire)	0.00
647	0.00	0.00	0.00	0.00	1130.072 Surplus Sales (Fire)	0.00
648	0.00	0.00	0.00	0.00	1130.061 GFFA Donations (Fire)	0.00
649	0.00	0.00	0.00	0.00	1130.065 Misc. Revenue (Police)	0.00
650	0.00	0.00	0.00	0.00	1130.075 Surplus Sales (Police)	0.00
651	179.00	394.21	560.00	504.00	1130.071 Interest	550.00
652	42.00	247.39	440.00	396.00	Fire Interest	379.48
653	137.00	146.82	120.00	108.00	Police Interest	170.52
654	75,206.00	93,860.00	126,004.00	125,864.00	TOTAL PSE RESERVE FUND REVENUE:	168,414.00

NOTES FOR COUNCIL BUDGET HEARING:

	ACTUAL 2 Years Ago FY 10-11	ACTUAL 1 Year Ago FY 11-12	BUDGETED THIS YEAR FY 12-13	PROJECTED FY 12-13 COMMITTEE	PUBLIC SAFETY EQUIP. RES. FUND EXPENSE	PROPOSED BY BUDGET OFFICER TO BUDGET COMMITTEE
655					CAPITAL OUTLAY	
656	0.00	0.00	87,016.00	0.00	1141.322 Fire Equipment	123,220.48
657	0.00	0.00	38,988.00	0.00	A 1141.325 Police Equipment	45,193.52
658	0.00	0.00	126,004.00	0.00	C TOTAL CAPITAL OUTLAY	168,414.00
659						
660	0.00	0.00	126,004.00	0.00	TOTAL PSE RESERVE FUND EXPENSES:	168,414.00
661						
662					FUND RESERVES	
663	47,198.00	59,445.00	0.00	86,841.00	Reserved for Future Fire Expend.	0.00
664	28,008.00	34,415.00	0.00	39,023.00	Reserved for Future Police Expend.	0.00
665	75,206.00	93,860.00	0.00	125,864.00	C TOTAL RESERVES	0.00
666					C Components of Ending Fund Balance	
667					Committed	0.00
668	75,206.00	93,860.00	126,004.00	125,864.00	TOTAL PSE RESERVE FUND:	168,414.00

NOTES FOR COUNCIL BUDGET HEARING:

A City staff intend to purchase a new Police car this year

PUBLIC WORKS EQUIPMENT RESERVE FUND

PWE Fund	Actual Change in Balance					Projected	Budgeted
	FY 07/08	FY 08/09	FY 09/10	FY 10/11	FY 11/12	FY 12/13	FY 13/14
Beginning Fund Balance	101,862	121,572	123,758	145,760	171,180	178,864	186,787
Income	19,710	30,649	22,002	25,420	7,684	7,923	10,039
Expenditures	0	28,463	0	0	0	0	196,826
Ending Fund Balance	121,572	123,758	145,760	171,180	178,864	186,787	0

Transfers budgeted into the PWE from the Water, Wastewater and Street Funds are intended to provide for equipment and vehicle purchases for the Public Works Department. As with the PSE, budgeted expenditures total the balance of the fund to accommodate potential opportunities in the year to replace certain equipment at a significant value, or in case replacement of equipment is less expensive than repairs. As I noted in the Budget Message, staff intends to utilize about \$60,000 of this fund this year for the purchase of a street sweeper.

PUBLIC WORKS EQUIPMENT RESERVE FUND AMORITIZATION CHART

Equipment	Purchased On	Replace By	Useful Life	Years Left	Purchase Cost	Projected Replacement	Amortized Value	Savings From Extended Service	Required Fund Balance
BIG EQUIPMENT									
Chevy Silverado 3500	Jun-06	Jun-21	15	8	\$ 30,766.00	\$ 42,000.00	\$ 2,800.00	\$ -	\$ 19,600.00
Sludge Tank	Feb-06	Mar-31	25	18	\$ 31,827.00	\$ 48,000.00	\$ 1,920.00	\$ -	\$ 13,440.00
Kubota M8540 Tractor	Jun-06	Jun-26	20	13	\$ 25,462.00	\$ 36,000.00	\$ 1,800.00	\$ -	\$ 12,600.00
Backhoe	Oct-04	Oct-19	15	6	\$ 68,959.00	\$ 90,000.00	\$ 6,000.00	\$ -	\$ 54,000.00
1994 Hook-lift International (used)	Jan-01	Jan-16	15	3	\$ 85,000.00	\$ 110,500.00	\$ 7,366.67	\$ -	\$ 88,400.00
Jet rodder (used)	Apr-92	Apr-07	15	0	\$ 30,900.00	\$ 40,170.00	\$ 2,678.00	\$ 16,068.00	\$ 40,170.00
Chevy Silverado	Jan-09	Jan-24	15	11	\$ 28,000.00	\$ 36,400.00	\$ 2,426.67	\$ -	\$ 9,706.67
SMALL EQUIPMENT									
Leroy 150 Air Compressor/Trailer	Jan-95	Jan-10	15	0	\$ 9,030.00	\$ 17,500.00	\$ 1,166.67	\$ 4,666.67	\$ 17,500.00
1974 Ford Flail mower (used)	Jul-94	Jul-09	15	0	\$ 9,698.00	\$ 18,798.00	\$ 1,253.20	\$ 5,012.80	\$ 18,798.00
Submersible pumps (2)	Oct-95	Oct-10	15	0	\$ 5,946.00	\$ 11,536.00	\$ 769.07	\$ 2,307.20	\$ 11,536.00
Chipper & trailer (used)	Apr-94	Apr-09	15	0	\$ 6,571.00	\$ 12,731.00	\$ 848.73	\$ 3,394.93	\$ 12,731.00
Joint knuckle-boom unit	Jan-03	Jan-18	15	5	\$ 15,940.00	\$ 30,900.00	\$ 2,060.00	\$ -	\$ 20,600.00
Pickup Sweeper Attachment	Jul-06	Jul-16	10	3	\$ 4,621.00	\$ 8,961.00	\$ 896.10	\$ -	\$ 6,272.70
Case Skid Steer/Loader* (used)	Jan-04	Jan-19	15	6	\$ 15,940.00	\$ 30,900.00	\$ 2,060.00	\$ -	\$ 18,540.00
Boring Equipment	Dec-06	Dec-21	15	9	\$ 15,450.00	\$ 15,450.00	\$ 1,030.00	\$ -	\$ 6,180.00
Kubota Meter Reader	Feb-08	Feb-18	10	5	\$ 10,815.00	\$ 10,815.00	\$ 1,081.50	\$ -	\$ 5,407.50

	Total	Street	Wastewater	Water
Maximum Transfer (Amortized Value + Difference in Fund Balance)	\$ 204,852.00	\$ 71,442.00	\$ 80,404.00	\$ 53,005.00
Basic Transfer (Amortized Value)	\$ 36,157.00	\$ 12,610.00	\$ 14,192.00	\$ 9,356.00
Recommended Transfer (25% of Basic Transfer)	\$ 9,039.00	\$ 3,152.00	\$ 3,548.00	\$ 2,339.00

Percentage of equipment ownership by fund not shown

Total Purchase Cost	\$ 394,925.00
Total Projected Replacement Cost	\$ 560,661.00
Fund Balance as of June 30, 2013	\$ 186,787.00
Required Fund Balance As of June 30, 2013	\$ 355,482.00
Difference	\$ 168,695.00
Savings From Extended Service	\$ 31,450.00

	ACTUAL 2 Years Ago FY 10-11	ACTUAL 1 Year Ago FY 11-12	BUDGETED THIS YEAR FY 12-13	PROJECTED FY 12-13 COMMITTEE	PUBLIC WORKS EQUIP. RES. FUND REVENUE	PROPOSED BY BUDGET OFFICER TO BUDGET COMMITTEE
669	145,760.00	171,180.00	178,710.00	178,864.00	BEGINNING FUND BALANCE	186,787.00
670	24,668.00	6,787.00	6,973.00	6,973.00	TRANSFERS IN	9,039.00
671	8,603.00	2,367.00	2,432.00	2,432.00	1230.082 from Street Fund	3,152.00
672	9,682.00	2,664.00	2,737.00	2,737.00	1230.083 from Waste Fund	3,548.00
673	6,383.00	1,756.00	1,804.00	1,804.00	1230.084 from Water Fund	2,339.00
674	752.00	897.00	800.00	950.00	TOTAL RECEIPTS	1,000.00
675	0.00	0.00	0.00	0.00	1230.062 Misc. Revenue	0.00
676	751.78	897.26	800.00	950.00	1230.071 Interest	1,000.00
677	0.00	0.00	0.00	0.00	1230.079 Surplus Sales	0.00
678	171,180.00	178,864.00	186,483.00	186,787.00	TOTAL PWE RESERVE FUND REVENUE:	196,826.00

	ACTUAL 2 Years Ago FY 10-11	ACTUAL 1 Year Ago FY 11-12	BUDGETED THIS YEAR FY 12-13	PROJECTED FY 12-13 COMMITTEE	PUBLIC WORKS EQUIP. RES. FUND EXPENSE	PROPOSED BY BUDGET OFFICER TO BUDGET COMMITTEE
679					CAPITAL OUTLAY	
680	0.00	0.00	186,483.00	0.00	1241.320 Equipment	196,826.00
681	0.00	0.00	186,483.00	0.00	C TOTAL CAPITAL OUTLAY	196,826.00
682						
683	171,180.00	178,864.00	0.00	186,787.00	C FUND RESERVES	0.00
684					C Components of Ending Fund Balance	
685					Committed	0.00
686	171,180.00	178,864.00	186,483.00	186,787.00	TOTAL PWE RESERVE FUND:	196,826.00

NOTES FOR COUNCIL BUDGET HEARING:

A City staff intend to purchase a street sweeper next year

APPENDIX I

SHARED EXPENSES

<i>FY 13/14</i>	TOTAL	Admin	Fire	Planning	Police	Property	Street	Wastewater	Water
Audit (000.272)	12,000	3,366					1,402	4,462	2,770
Insurance (000.273)	31,900	957	9,570	957	638	3,509	2,233	10,527	3,509
Office Supplies (000.271)	4,300	1,206					502	1,599	993
Postage & Shipping (000.275)	4,500	1,262					526	1,673	1,039
Fuel & Oil (000.274)	27,000		2,970		5,130		3,240	10,260	5,400
Shop Supplies, etc. (000.276)	18,000						3,420	8,460	6,120
IT Services (000.215)	11,000	3,086					1,285	4,090	2,539
Utilities (000.211)	48,000					8,160	1,171	23,040	15,840
Telephone (000.212)	7,500	2,104					876	2,789	1,731
Bank Fees (000.218)	1,800	505					210	669	416
Legal Service (000.221)	13,000	3,647					1,519	4,834	3,001
Total		16,133	12,540	957	5,768	11,669	16,384	72,403	43,358

<i>FY 12/13</i>	TOTAL	Admin	Fire	Planning	Police	Property	Street	Wastewater	Water
Audit (000.272)	12,000	3,560					1,352	4,673	2,415
Insurance (000.273)	32,350	971	9,705	971	647	3,559	2,265	10,676	3,559
Office Supplies (000.271)	3,200	949					361	1,246	644
Postage & Shipping (000.275)	3,000	890					338	1,168	604
Fuel & Oil (000.274)	27,000		2,970		5,130		3,240	10,260	5,400
Shop Supplies, etc. (000.276)	15,400						2,926	7,238	5,236
IT Services (000.215)	9,500	2,818					1,071	3,700	1,912
Utilities (000.211)	48,000					8,160	1,171	23,040	15,840
Telephone (000.212)	6,000	1,780					676	2,337	1,207
Bank Fees (000.218)	1,400	415					158	545	282
Legal Service (000.221)	14,400	4,271					1,623	5,608	2,898
Total		15,654	12,675	971	5,777	11,719	15,181	70,491	39,997

This table shows the total budgeted dollar breakdown for shared expenses this year and next year.

Shared Expenses is a category of items that impacts multiple funds by a ratio. Different items are placed in Shared Expenses for different reasons. When an item is placed in this category, the actual expense incurred will be split by a predetermined percentage. These percentages are determined through various methods that are explained below.

Revenue-Share Split: Administrative expenses are difficult to accurately associate with a department or fund. Tracking these expenses generally requires more staff time than is practical for the amount of the expense. A simple way to split some of these expenses among the four operating funds is to base the split on a percentage of total revenues. The table below shows the projected revenues for each operating fund, less grants, and the percentage of each fund’s revenue to the total of all four.

	General	Street	Wastewater	Water	Total All Funds
<i>Revenue By Fund</i>	332,080	138,280	440,180	273,280	1,183,820
	28%	12%	37%	23%	

Most grants are excluded from these calculations because they are generally for capital improvement purposes and therefore don’t have an effect on actual operations. Most transfers are excluded since they are generally reallocations of true resources for capital expenditures. Aside from the exclusions noted, these calculations show the primary resources for each fund and their relative percentage of all four.

EXPENSE DESCRIPTIONS

Audit: This is a contracted service with additional fees to the Secretary of State and Tillamook County. This has always been split between the four operating funds. A description of this service as it is contracted can be found in Appendix II.

Insurance: This is a combination of property, vehicle, general liability and personnel bond insurance. The City insures through City/County Insurance Services (CCIS), and we are brokered through Hudson Insurance of Tillamook. Vehicle and property insurance have been broken out by a percentage based on department ownership or use. General liability and personnel bonds have been allocated using the Revenue-Share Split. The total amount budgeted is actually a decrease from the current year. Actual amounts are expected to be slightly less than budgeted.

Office Supplies: This includes the copy paper, pens, binder supplies, labels, etc.... City Hall keeps a stock of just over \$4,000 in Office Supplies – this is based on inventories that are checked each year. Other departments keep a nominal stock around \$200. Amounts have been increased for next year to match current spending trends. Since the purchases typically made from this line item are administrative in nature, allocation is based on the Revenue-Share Split.

Postage & Shipping: This is a general cost for all postage and shipping for the City. Adjustments have been made this year to accommodate postage increases. The split on this item is also based on the Revenue-Share Split.

Fuel & Oil: This split was recalculated last year on actual usage by department. Past budget numbers have been higher than actual expenditures; however, I’m inclined to keep the total

budgeted costs the same as last year. It's unclear what fuel costs will be at next year, but an increase of at least 10% is probably a conservative guess.

Shop Supplies, Tools, Etc.: Shop Supplies include paper towels, latex gloves, soap, building paint, light bulbs, etc.... This line item also includes tools purchased by Public Works valued under \$5,000. Supplies and tools get used where they are needed, and tracking usage would waste time and effort. Public Works inventories supplies and tools periodically, and the amount budgeted is based on a potential replacement cost for next year.

IT Services: This was the **Internet** line item three years ago. The amount budgeted in is based on past purchase trends and expected service costs. This covers internet services and technical support for all City computers. Increases in this cost over the last few years have been associated with increased security and off-site back up services. Allocation is based on the Revenue-Share Split.

Utilities: This is just electricity - no other utilities are associated with this line item. Amounts are determined by reviewing past consumption at different facilities and using that data to create a percentage-split. I'm leaving the amount that was budgeted last year the same as this year, even though we haven't experienced the increase that I've projected we would in the last two years. I'm not sure what happened, but we are being charged less. I'll try and research this further next year, but in the meantime I would recommend we leave the amount the same as last year.

Telephone: This is another administrative cost that is difficult to associate with any specific department or purpose. The total cost was reduced last year, but the reduction amount didn't turn out to be as much as I had projected. I've increased budgeted amounts to account for the new trend. Allocation is based on the Revenue-Share Split.

Bank Fees: This was originally only associated with the Administrative department. Bank fees and charges are incurred by all the operational departments and these costs need to be allocated equitably. Allocation is based on the Revenue-Share Split.

Legal Service: All the operating funds benefit from the City's legal counsel. Allocation is based on the Revenue-Share Split. A description of this service as it is contracted can be found in Appendix II.

APPENDIX II

VALUES

The following is a summary of how specific revenue and expense values were determined. To keep the size of this document small I excluded the supporting documents (contracts, notices, letters, etc...) from the budget document. Any supporting document referenced here can be inspected at City Hall at any time, and staff will provide copies of any document upon request.

TAXES

County Assessor Denise Vandecoevering will be given a copy of our budget this year with a form that certifies we want her to collect tax on our behalf. The rate is set at \$2.8468 per \$1,000 of assessed tax value for general operations, and general obligation bond of \$670,000 is collected at a rate of roughly \$0.52 per thousand. State law allows the permanent tax rate to increase 3% each year until it hits compression. The compression rate for local governments is \$10 per thousand. Garibaldi's taxing district has not reached compression as yet. Taxes collected by the Assessor are a combination of real property, personal property and public/private utility taxes. Personal property and utility infrastructure taxes can reduce or increase tax revenues for the City depending on how they are being taxed in a given year. This year we are still seeing reduced tax revenue as a result of depreciation on both of these values, and property tax revenues are estimated to increase 1.9% next year.

State taxes for fuel, liquor, cigarettes, and a portion of their general appropriations are shared with all the cities and counties in Oregon. These are calculated by taking what the State collects and dividing it by the population of all the cities and counties. Our population, according to Portland State University, is 785 last year. This is the revised number from the official 2010 census. I have projected revenues based on calculations provided by the League of Oregon Cities.

CONTRACTS FOR SERVICE PROVIDED (REVENUE)

GURA contract for administrative services: This value is 7% of the amount of taxes that GURA will collect next year.

Garibaldi Rural Fire Protection District (GRFPD) for fire protection service: Based on the current year's tax revenues the City is projecting \$46,000 in potential revenue from the GRFPD. Service needs, department costs and the agreement with the GRFPD aren't expected to change considerably next year.

Watseco-Barview Water District: The City will receive approximately \$40,000 next year for providing treatment, operation and maintenance services to the District. The amount is based on a flat rate of \$60 per staff hour spent to providing these services. Staff has calculated that providing this service will range between 650 and 700 hours annually. This agreement is perpetual for right now, but in the long term this relationship may become a merger between the City and the District.

CONTRACTS FOR SERVICE (EXPENSE)

Legal: The City currently contracts with Joan S. Kelsey for legal services. This agreement is for a comprehensive legal consultation service at a rate of \$175 per hour as needed. The amount budgeted for next year would allow for roughly 75 hours for the next year, or an average of 6 hours a month. This is less time than I've budgeted for in the past, but trends have shown that this service isn't utilized as much as anticipated. This amount should still provide flexibility to the Council in legal counsel.

Planning: The City is contracting with Jay Sennewald for his services as City Planner. Services are at a rate of \$65 per hour plus travel expenses, and are incurred as needed. For FY 13-14 I have budgeted in 215 hours associated with actual land use permits and to accommodate research and work for the Planning Commission. We should be receiving a \$2,700 Coastal Zone Management Grant from DLCD to help offset these costs. Because revenues associated with land use permits have been flat for the last two years, I'm not anticipating revenues to offset Planner costs. In all, the City can expect anywhere from \$5,000 to \$10,000 of General Fund revenues to afford these services.

Police: The City is currently contracting with Tillamook County Sheriff for one full time deputy to provide police service. Next year the cost is projected to be \$42.75 per regular hour, and 64.12 per overtime hour (which they usually don't charge us for). The agreement has not-to-exceed amounts for each year, and the budgeted figure of \$101,000 is the maximum amount that the City can be charged for service in FY 2013-2014.

Audit: The City requested proposals for a new auditor three years ago. After years of excellent auditing service with Edison Hurley P.C., the City accepted an offer from Koontz & Purdue P.C. out of Albany, Oregon. A little over a year ago Koontz & Purdue P.C. split with Glen Kearns, who was the person that primarily performed our audit work. He formed Accuity, LLC, and this is the current auditing firm performing the City's municipal audits. The contracted amount is for \$11,000 next year, and is another cost that is in Shared Expenses.

Janitorial Service: The City is contracting with Marie Mills Center, Inc. in Tillamook for janitorial services at City Hall. This is for weekly cleaning of the City Hall building at a rate of \$247.47 a month. I have calculated a cost of \$275.00 a month into the budget for next year these services plus some minor landscape work that is charged on an hourly basis. Oregon law requires public entities to use a Qualified Rehabilitation Facility (QRF) for services like these if a QRF is available. Marie Mills Inc. is the only QRF that provides janitorial services in our area.

Ladder and Hose Testing: The City contracts with National Hose Testing Specialties, Inc. to test and certify all the hose and ladders in the Fire Department each year.

News Letter: The City's news letter is currently being produced by NW Media Consultants out of Tillamook. This cost average between \$1,000 and \$1,500 per issue, and the cost is primarily allocated to the *Printing, Advertising & Notices* line item in the Administrative Department. A small portion of one issue is funded through the same line item in the Water fund for the annual consumer confidence report.

APPENDIX III

PERSONNEL

Background on Public Works for 2012-2013: In September of 2011 the Utility Worker II position was vacated, and management made the decision not to refill the position at that time. This decision was a response to significant revenue loss in the Water Fund since 2007. Since reducing Public Works staff, the Department's ability to handle workload was observed and evaluated. From September of 2011 until October of 2012 the Department appeared to manage the typical work demands of the Department. An inability to process workload occurred after the Public Work Director position was vacated in October of 2012. At that time the City hired temporary employees to help keep up on operations; however, this was not an effective solution. With staff reduced from three to two full time experienced employees, the two remaining employees were required to work constantly to ensure operational and regulatory compliance in the Water and Wastewater utility systems. This has resulted in over 80 hours of accrued overtime in the last six months within the Department. While this situation was unintended, and somewhat unavoidable, it has pointed out a serious issue associated with the reduction in Public Works staff.

Both the Wastewater and Water system require operators to hold certain certifications established by the Oregon Department of Environmental Quality and the Oregon Health Division Drinking Water Program. These certifications are difficult to acquire, require work-experience with a licensed public system, and make temporary and/or immediate replacement of an operator for either system incredibly difficult. In attempting to recruit a new Public Works Director with the appropriate Water certifications last November/December, it became apparent that there is a very small pool of qualified individuals along the North Oregon Coast, and that qualified individuals from other parts of the State seem to be uninterested in relocating here. It's also notable that our Water system requires less qualifications and experience compared to our Wastewater system. Based on this experience and some additional research, if we were to lose an operator in either system it could take months to fill either position. There is little flexibility in State regulation of these systems in terms of having a certified operator, and being unable to hire a qualified operator for either system in a matter of weeks would require contracting for services from other agencies or organizations, which will most likely cost more than keeping an employee.

When the Public Works Director position was vacated in October, the City lost its only certified Water system operator. The City was fortunate enough to find a qualified operator that was willing to provide operational services to the City through a personal services contract. Larry Clifton contracted with the City to provide operational oversight and act as our operator from November to February. At that point, Martin McCormick was able to obtain the necessary certifications to act as the City's Water System Operator. Larry had also been Watseco-Barview Water District's operator at that point, but resigned from the District for health reasons in February. Almost immediately after Martin was certified, the District began contracting with the City to have us operate their system. At the moment, Blake Lettenmaier is working towards his own certification in water operations, and should be fully qualified to operate both systems by the end of the year. This will leave the City with two qualified Water System Operators in 2013. At the moment, Martin is the only employee

certified to operate our Wastewater system, and this condition is probably not going to change for several years.

Based on this information I feel it is very important that we re-hire a fourth Public Works employee. This year I'm budgeting in a Utility Worker I position at maximum cost of \$70,416. Our new agreement to provide service to Watseco-Barview will generate \$40,000 or more to the Water Fund, and this will help offset the impact of bringing this position back. I feel that the stability of the Department requires having redundantly certified employees for both systems, and that the only way we can accomplish this is to hire a new employee into the Department that can be certified in both Water and Wastewater operations. Because of our system size and available resources, we cannot provide salaries and benefits that would enable us to compete with other utility providers for experienced or certified employees. The most practical approach for the City is to hire entry level employees and maintain a salary and benefit package that encourages professional growth and organizational retention.

Personnel for 2013-2014: The City of Garibaldi currently has five full-time employees, one part-time employee, one part time *Fire Chief* and approximately eighteen volunteer firefighters that are classified as paid-on-call employees. With changes in staffing this year, I've redistributed duties and roles in Public Works to accommodate specific qualifications and experience within the Public Works Department.

Blake Lettenmaier – Public Works Director: Blake was hired in January of this year. Blake is a certified civil engineer and licensed land surveyor. Blake has an extensive background in engineering and construction management, as well as an exceptional background for running a Public Works Department. Blake lacks some operational experience with water and wastewater utilities, but possesses the knowledge base to operate our water system within a year, and to become a backup operator for the wastewater system within the next four years. With an impending water system intertie between Watseco-Barview and Garibaldi, as well as various transportation projects on the horizon, there is a distinct advantage to having a licensed surveyor and professional engineer on staff at this point. This year I'll be refocusing this position on employee management, project management, project development and in-house engineering and surveying services. I've increases the budgeted salary for this position to a modest amount compared to similar positions in other cities.

Martin McCormick - Systems Operator: Martin currently holds the title of Wastewater Treatment Plant Operator, and has worked for the City since April of 1987. Martin was originally hired to run the City's Wastewater Treatment Plant, and has just over 26 years of experience with our Wastewater and Water systems. Martin acquired his OHD Water Treatment Level 1 and Distribution Level 1 last February and currently holds a DEQ Wastewater Treatment Level 3 and Collection Level 2. Currently, Martin is recognized as the City's operator by the State for both systems. Because of Martin's extensive training and experience, I feel it is more practical to have Martin continue as the recognized operator for both systems, and this year I will be working with Martin and AFSCME to augment Martin's current job description to include Water System operations. I've proposed an increased salary for this new position that is comparable to positions in other cities with similar duties and functions.

All other position duties and descriptions will remain the same with salary increases associated with performance steps and cost of living adjustments. I've increased the City

Manager's budgeted salary as well, but I'll remind the Committee that any increase in actual salary for the City Manager has to be made by the Council. Other personnel costs such as PERS and health insurance are increasing next year, and this year we will be paying PERS on volunteer firefighters who concurrently work for other PERS member entities.

The following table shows total personnel costs changes since FY 07/08

Increases in Personnel Costs Since FY 07/08	Actual Amounts Spent					Projected	Budgeted
	FY 07/08	FY 08/09	FY 09/10	FY 10/11	FY 11/12	FY 12/13	FY 13/14
Personnel Services	433,690	451,532	407,517	432,769	436,428	474,327	620,210
Percentage Change from Previous Year		3.95%	-10.80%	5.83%	0.84%	7.99%	23.52%
Average increase in total personnel costs since FY 07/08							4.30%

COST COMPONENTS

City staff has been continually evaluating time spent on services and tasks. Time-data was reviewed this year and some changes in staffing have been made to adjust for how staff time is actually being used. This data analysis also gives management the ability to see where more time needs to be spent based on operational requirements and funding restrictions for services. Percentages of staff time are budgeted this year based on where staff time is primarily going to be spent. The following table shows percentages of personnel costs:

True Wage Allocation By Fund	Admin	Planning	Fire	Police	Property	Street	Wastewater	Water
City Manager	23%	11%				9%	34%	23%
Finance Officer/Asst Mgnr	23%	9%				9%	35%	24%
PW Director					2%	14%	42%	42%
Fire Chief			100%					
Systems Operator						10%	45%	45%
Utility Worker I					6%	25%	24%	45%
Utility Worker I					6%	25%	24%	45%
Firefighters			100%					
Office Specialist	8%	1%				3%	46%	42%

The table below shows the actual costs allocated by position. These values include all personnel costs including wages, benefits, workers comp, and employer taxes:

Position	Admin	Planning	Fire	Police	Property	Street	Wastewater	Water	Total
City Manager	22,796	10,982				9,427	34,003	22,625	99,833
Finance Officer/Asst Mgnr	18,620	7,340				7,702	28,596	19,300	81,559
PW Director					2,251	16,021	46,910	47,365	112,547
Fire Chief			17,302						17,302
Systems Operator						10,101	45,456	45,456	101,014
Utility Worker I					3,800	15,835	15,201	28,502	63,338
Utility Worker I					4,225	17,604	16,900	31,687	70,416
Firefighters			32,369						32,369
Office Specialist	3,098	379				1,281	17,344	15,797	37,900
Totals	44,514	18,701	49,671		10,276	77,972	204,411	210,733	617,192
\$	914.06	GENERAL FUND - Additional Workers Comp for Non-Fire Department Volunteers (i.e. Council), Not shown in the above table.							

The tables above accounts for established staff time by position. In addition to these amounts, \$3,000 has been budgeted into extra labor line items for the Street, Wastewater and Water Funds. This is intended to address temporary labor needs for special projects and circumstances for Public Works.

Many administrative tasks such as general accounting and human resource functions are too difficult to associate with any single service or department. In these cases the task is allocated between all four operational funds using a ratio of each fund’s revenue to the total revenue of all four operating funds. The following table shows the ratio used for FY 13-14:

	General	Street	Wastewater	Water	Total All Funds
<i>Revenue By Fund</i>	332,080	138,280	440,180	273,280	1,183,820
	28%	12%	37%	23%	

Most grants are excluded from these calculations because they are generally for capital improvement purposes, and therefore don’t represent a consistent operational demand. Most transfers are excluded since they are generally reallocations of resources from one fund to another.

SALARIES AND OTHER PERSONNEL COSTS

There are two classes of wages in the City of Garibaldi for employees; represented and non-represented. The represented employees are the Utility Work I, System Operator (formerly the Wastewater Treatment Plant Operator), and Office Specialist. The non-represented employees are the City Manager, Finance Officer/ Assistant City Manager, and the Public Works Director. Wages for the represented employees are established through negotiations with the American Federation of State, County and Municipal Employees (AFSCME). The current wages for these employees are established in a six-step scale, and are agreed to increase each year between 2.5% and 5% of the Portland Consumer Price Index – Urban (CPI-U). This year the cost of living (COLA) increase was 2.3%, so we are using the minimum increase of 2.5% per the agreement. The non-represented employees negotiate their salaries with the City Manager, and the City Manager’s salary is negotiated with the Council. Salary ranges are based on a combination of data that includes the City of Manzanita’s 2011 Northern Oregon Coast Salary & Benefits Survey as well as information solicited directly from other cities in our area. In comparing salaries and benefits between Garibaldi and other cities, budgeted figures are intended to compensate City employees based on comparable averages for other positions with similar duty and skill requirements. The tables on the next pages show the proposed wages and other relevant data for next year.

The following table shows wage and benefit calculations for next year:

Position	Annual Hours	Annual Salary	Hourly Rate	Hourly Rate Last year	Employer Cost	Workers Comp	Total Hourly	Total Hourly Last year	Total Cost
City Manager	2080	64,956	31.23	28.72	34,684	193	47.90	43.24	99,833
Finance Officer/Asst Mgrn	2080	50,897	24.47	21.85	30,510	151	39.14	34.29	81,559
PW Director	2080	71,919	34.58	27.74	38,636	1,992	53.15	42.92	112,547
Fire Chief	480	13,861	28.88	26.61	3,195	246	35.53	33.18	17,302
Systems Operator	2080	58,504	28.13	24.50	40,016	2,495	47.37	40.72	101,014
Utility Worker I	2080	39,792	19.13	18.66	21,142	2,404	29.30	27.65	63,338
Utility Worker I	2080	36,324	17.46	0.00	31,898	2,194	32.80	0.00	70,416
Firefighters	2228	19,000	8.53	8.84	5,715	7,654	11.09	9.73	32,369
Office Specialist	1456	24,494	16.82	15.47	13,333	73	25.98	23.07	37,900
Totals	16,644	379,747			219,129	17,402			617,192

The following table shows changes in actual wages from 06/07, the proposed wages for next year, and comparable averages from sources:

Position	FY 06/07	FY 07/08	FY 08/09	FY 09/10	FY 10/11	FY 11/12	FY 12/13	Proposed for FY 12/13	Comparable Highest Salary
City Manager	50,344	51,804	52,449	40,500	40,983	52,805	56,747	64,956	69,422
<i>Increase Over Previous Year</i>		2.90%	1.25%	-22.78%	1.19%	28.85%	7.47%	14.47%	94% of comparable wage
Finance Officer/Asst Mgrn	33,000	34,884	37,471	33,638	35,759	38,023	45,443	50,897	53,306
<i>Increase Over Previous Year</i>		5.71%	7.42%	-10.23%	6.31%	6.33%	19.51%	12.00%	95% of comparable wage
PW Director	43,700	48,470	48,996	48,996	49,171	53,359	49,489	71,919	89,878
<i>Increase Over Previous Year</i>		10.92%	1.09%	0.00%	0.36%	8.52%	-7.25%	45.32%	80% of comparable wage
Fire Chief	11,413	11,682	12,108	12,108	12,385	12,397	12,775	13,861	Not Applicable
<i>Increase Over Previous Year</i>		2.36%	3.65%	0.00%	2.29%	0.10%	3.05%	8.50%	
Systems Operator*	42,660	43,836	45,534	45,434	45,895	49,508	56,062	58,504	61,629
<i>Increase Over Previous Year</i>		2.76%	3.87%	-0.22%	1.02%	7.87%	13.24%	4.36%	95% of comparable wage
Utility Worker I	31,980	33,024	34,223	34,223	34,345	37,755	38,821	39,792	38,169
<i>Increase Over Previous Year</i>		3.26%	3.63%	0.00%	0.36%	9.93%	2.82%	2.50%	104% of comparable wage
Utility Worker I								36,324	38,169
<i>Increase Over Previous Year</i>									95% of comparable wage
Office Specialist						11,216	24,290	24,494	23,605
<i>Increase Over Previous Year</i>							116.57%	0.84%	104% of comparable wage
Total Difference From Prior Year In Wages City Wide		10,602.76	7,082.01	-15,882.59	3,639.83	25,308.13		105,684.33	

* This position was formerly the Wastewater Treatment Plant Operator position - actual employee remains the same

The following table shows comparable salaries for City positions in other cities along the North Oregon Coast. Be aware that most of this data is from 2011 and 2012, and has been adjusted according to our own cost of living standards, so deviations from current salaries in these cities can be expected.

Survey of top-step salaries for municipalities in our area. Some numbers are based on salary data from 2011, and have been adjusted by COLA increases for 2011 and 2012												
Position	Manzanita	Cannon Beach	Garibaldi	Gearhart	Nehalem	Rockaway Beach	Seaside	Tillamook	Wheeler	Bay City	Average	Closest Comparison
City Manager	<u>75,460</u>	100,386	64,956	<u>76,942</u>	<u>66,121</u>	<u>73,780</u>	107,994	104,990	<u>54,808</u>		80,604	<u>69,422</u>
Finance Officer	<u>42,180</u>	<u>44,088</u>	52,443		<u>45,316</u>	<u>65,682</u>	<u>67,304</u>	<u>55,269</u>			53,183	<u>53,306</u>
PW Director	64,980	<u>89,227</u>	62,754	61,121	56,825	65,792	<u>86,970</u>	<u>93,437</u>		66,162	71,919	<u>89,878</u>
Water System Operator	<u>46,806</u>	<u>54,282</u>			<u>36,348</u>	<u>50,862</u>	<u>55,685</u>	<u>65,879</u>			51,644	<u>51,644</u>
WWTP Operator			52,236			<u>47,089</u>				<u>57,915</u>	52,413	<u>52,502</u>
Utility Worker I	<u>36,333</u>		39,792	<u>37,949</u>	<u>36,348</u>	<u>37,474</u>			41,873	<u>42,738</u>	38,930	<u>38,169</u>
Utility Worker II	<u>42,180</u>	<u>49,173</u>	46,428			<u>49,810</u>	<u>45,819</u>	<u>49,195</u>		<u>49,605</u>	47,459	<u>47,631</u>
Office Specialist	<u>34,222</u>	45,359	38,280	42,158			<u>32,556</u>	<u>43,802</u>	<u>34,683</u>		38,723	<u>36,316</u>
Systems Operator *						<u>61,219</u>				<u>62,038</u>	61,629	<u>61,629</u>

* the System Operator position is based on job functions and duties similar to those found in some PW Director positions



Accuity, LLC
CERTIFIED PUBLIC ACCOUNTANTS

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE
AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

The Honorable Suzanne McCarthy, Mayor
and Members of the City Council
City of Garibaldi
Garibaldi, Oregon 97118

We have audited the basic financial statements of the City of Garibaldi as of and for the year ended June 30, 2012 and have issued our report thereon dated December 12, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Garibaldi's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the basic financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Garibaldi's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Garibaldi's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

We consider the deficiencies described in the accompanying schedule of findings and management's response as items 12-01 through 12-03 to be significant deficiencies in internal control over financial reporting.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Garibaldi's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion.

The City of Garibaldi's response to the findings identified in our audit is described in the accompanying schedule of findings and management's response. We did not audit the City's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, the city council, and others within the City, and is not intended to be, and should not be used by anyone other than these specified parties.

A handwritten signature in blue ink that reads "Accuity, LLC". The signature is written in a cursive, flowing style.

Accuity, LLC

Albany, Oregon
December 12, 2012

CITY OF GARIBALDI
Tillamook County, Oregon

SCHEDULE OF FINDINGS AND MANAGEMENT'S RESPONSE

For the Year Ended June 30, 2012

<u>Finding Number</u>	<u>Finding</u>
12-01	Due to the limited number of available personnel, it is not always possible for the City to adequately segregate certain incompatible duties so that no one employee has access to both physical assets and the related accounting records or to all phases of a transaction.
12-02	The City lacks personnel with the ability to prepare financial statements in accordance with the accounting method selected by the City (modified cash).
12-03	The City's current accounting program is inadequate to meet the needs of an entity with as much diversity as the City; as such, it creates inefficiencies in conducting day-to-day operations of the City, as well as requiring additional man hours during the annual budget process.
Management's response:	Management concurs with the findings described above.



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THE CITY OF GARIBALDI IS AN EQUAL OPPORTUNITY PROVIDER

CITY OF GARIBALDI BUDGET COMMITTEE MEETING MINUTES

Monday, May 7, 2012, 6:00 p.m.

Meeting Room, Garibaldi Fire Hall

ATTENDEES:

Emmy Lou Orahoad, Budget Committee Member
Michelle Aeder, Budget Committee Member
Denise Harrington, Budget Committee Member
Richard Harrison, Budget Committee Member
James Jensen, Budget Committee Member
Herb Dorn, GURA Budget Committee Member
Chris Miller, GURA Budget Committee Member

Suzanne McCarthy, Mayor
Terry Kandle, Council President
Jerry Bartolomucci, Council Vice President
Roberta Bettis, Council Member
John Foulk, Council Member
Everett Brown, Chair, Urban Renewal Agency
Valerie Folkema, Urban Renewal Agency
Joe Wrabek, Urban Renewal Agency

City Manager John O'Leary
Assistant City Manager Mary DeLoria
Fire Chief Jay Marugg
Tourism Commissioner Eugene Tish

I. CALL TO ORDER

Mayor Suzanne McCarthy called the meeting to order at 6:30 pm.

II. ELECTION OF CHAIR

Mayor McCarthy opened the floor for motion for Chair of the Garibaldi Budget Committee. **MOTION made by Denise Harrington to elect Emmy Lou Orahoad as Chair. Seconded by Michelle Aeder. AYES: Emmy Lou Orahoad, Michelle Aeder, Denise Harrington, Richard Harrison, James Jensen, Suzanne McCarthy, Terry Kandle, Jerry Bartolomucci, Roberta Bettis, John Foulk. NAYS: None. MOTION PASSED.**

III. ELECTION OF SECRETARY

Chair opened the floor for motion for Secretary of the Garibaldi Budget

Committee. Mary DeLoria to act as Recorder Pro-Tem for the purpose of taking minutes. **MOTION made by Michelle Aeder to elect Denise Harrington as Secretary. Seconded by Cn Jerry Bartolomucci. AYES: Emmy Lou Orahod, Michelle Aeder, Denise Harrington, Richard Harrison, James Jensen, Suzanne McCarthy, Terry Kandle, Jerry Bartolomucci, Roberta Bettis, John Foulk. NAYS: None. MOTION PASSED.**

IV. PUBLIC HEARING ON STATE REVENUE SHARING

Chair opened the hearing at 6:16 p.m. and asked if anyone present wished to comment on the proposed use of State Revenues. O'Leary recommended that the Committee continue to allocate this revenue for Fire Department expenses as it has in the past. Hearing no comments made by the public, the Chair closed Hearing at 6:17 p.m.

V. PUBLIC COMMENT ON THE PROPOSED BUDGET

None.

VI. REVIEW OF THE BUDGET MESSAGE AND PROPOSED BUDGET

O'Leary gave an overview of the proposed budget and discussed the budget document's appendices. O'Leary discussed the Twelfth Street and Seismic Rehabilitation projects and noted continuing pursuit of grant funds. He further noted that personnel costs continue to increase, primarily due to increases in health insurance and PERS retirement and that city-wide the staffing level is balanced against resources.

General Fund - O'Leary noted that the property re-assessments are negatively impacting property tax revenue. O'Leary also noted 16% drop in state revenue sharing associated with the decrease in population. Regarding expenses in the Property Department, O'Leary stated that the personnel costs associated with the Utility Worker II position vacated in September, 2011 have been reallocated to the Utility Worker I position, and that the engineering costs shown in Line 141.310 and Line 141.330 are appropriated for the Fire Department seismic rehabilitation project together. O'Leary noted that these appropriations include \$270,000 of grant funds, combined with \$200,000 of fund reserves. O'Leary discussed this appropriation with the committee, noting that this was the most significant expenditure in the budget. Committee member Harrington asked if depleting the reserves by this much was advisable, and O'Leary said that the project would most likely not require the entire amount budgeted. O'Leary said that this was an amount that he was comfortable with, but that the committee needed to decide what the rest of the community would be comfortable with. After discussion Harrington recommended that the amount be reduced by \$75,000.

Change: Adjust Line No. 141.330 to \$355,000.00.

MOTION made by Cn Terry Kandle to approve the General Fund Budget with Line No. reduced to \$355,000.00. Seconded by Michelle Aeder. AYES: Emmy Lou Orahod, Michelle Aeder, Denise Harrington, James Jensen, Suzanne McCarthy, Terry Kandle, Jerry Bartolomucci, Roberta Bettis, John Foulk. NAYS: Richard Harrison. MOTION PASSED.

Street Fund - O'Leary noted that Line No. 241.341 includes \$30,000 as contingency

funding for the 12th Street project.

MOTION made by Michelle Aeder to approve the Street Fund Budget by category as presented. Seconded by Denise Harrington. AYES: Emmy Lou Orahod, Michelle Aeder, Denise Harrington, Richard Harrison, James Jensen, Suzanne McCarthy, Terry Kandle, Jerry Bartolomucci, Roberta Bettis, John Foulk. NAYS: None. MOTION PASSED.

Sewer Discount Fund - O'Leary reported that the fund is operating as designed. Staff confirmed that ten recipients are receiving monthly sewer discount during the current fiscal year.

MOTION made by Denise Harrington to approve the Sewer Discount Fund Budget by category as presented. Seconded by Emmy Lou Orahod. AYES: Emmy Lou Orahod, Michelle Aeder, Denise Harrington, Richard Harrison, James Jensen, Suzanne McCarthy, Terry Kandle, Jerry Bartolomucci, Roberta Bettis, John Foulk. NAYS: None. MOTION PASSED.

Wastewater Fund -- No changes.

MOTION made by Michelle Aeder to approve the Wastewater Fund Budget by category as presented. Seconded by Denise Harrington. AYES: Emmy Lou Orahod, Michelle Aeder, Denise Harrington, Richard Harrison, James Jensen, Suzanne McCarthy, Terry Kandle, Jerry Bartolomucci, Roberta Bettis, John Foulk. NAYS: None. MOTION PASSED.

Water Fund - O'Leary noted that there was a slight unexpected increase in water usage in the current fiscal year. Resident Thomas Ellwood asked to talk about an issue regarding timing of water meter reading and was directed by Mayor McCarthy to bring the question to the City Council meeting on Monday, May 21.

MOTION made by Cn Jerry Bartolomucci to approve the Water Fund Budget by category as presented. Seconded by Denise Harrington. AYES: Emmy Lou Orahod, Michelle Aeder, Denise Harrington, Richard Harrison, James Jensen, Suzanne McCarthy, Terry Kandle, Jerry Bartolomucci, Roberta Bettis, John Foulk. NAYS: None. MOTION PASSED.

System Development Fund - O'Leary noted that the budget amount is in consideration of potential development.

MOTION made by Cn Roberta Bettis to approve the System Development Fund Budget by category as presented. Seconded by Michelle Aeder. AYES: Emmy Lou Orahod, Michelle Aeder, Denise Harrington, Richard Harrison, James Jensen, Suzanne McCarthy, Terry Kandle, Jerry Bartolomucci, Roberta Bettis, John Foulk. NAYS: None. MOTION PASSED.

Housing Rehab Fund - Discussion regarding lack of loan applicants and qualifying conditions that may be restricting the applicant pool.

MOTION made by Denise Harrington to approve the Street Fund Budget by category as presented. Seconded by Richard Harrison. AYES: Emmy Lou Orahod, Michelle Aeder, Denise Harrington, Richard Harrison, James Jensen, Suzanne McCarthy, Terry Kandle, Jerry Bartolomucci, Roberta Bettis, John Foulk. NAYS: None. MOTION PASSED.

Transient Room Tax Fund - O'Leary noted that 51% of revenues are used for tourism promotion and credited local businesses with the increase in revenue.

MOTION made by Cn John Foulk to approve the Transient Room Tax Fund Budget by category as presented. Seconded by Cn Terry Kandle. AYES: Emmy Lou Orahoad, Michelle Aeder, Denise Harrington, Richard Harrison, James Jensen, Suzanne McCarthy, Terry Kandle, Jerry Bartolomucci, Roberta Bettis, John Foulk. NAYS: None. MOTION PASSED.

Wastewater Debt Fund - No Change requested.

MOTION made by Denise Harrington to approve the Wastewater Debt Fund Budget by category as presented. Seconded by Roberta Bettis. AYES: Emmy Lou Orahoad, Michelle Aeder, Denise Harrington, Richard Harrison, James Jensen, Suzanne McCarthy, Terry Kandle, Jerry Bartolomucci, Roberta Bettis, John Foulk. NAYS: None. MOTION PASSED.

Payroll Liabilities Fund - O'Leary stated that the city is close to funding the actual liability, which is used to cash out vacation accrual when an employee leaves the city, and credited previous City Administrator Joe Wrabek with development of the fund.

MOTION made by Roberta Bettis to approve the Payroll Liabilities Fund Budget by category as presented. Seconded by Roberta Bettis. AYES: Emmy Lou Orahoad, Michelle Aeder, Denise Harrington, Richard Harrison, James Jensen, Suzanne McCarthy, Terry Kandle, Jerry Bartolomucci, Roberta Bettis, John Foulk. NAYS: None. MOTION PASSED.

Public Safety Equipment Reserve Fund - O'Leary noted that the city is not funding 100% of depreciated value on equipment and credited the Fire Chief with reducing the total asset value with the purchase of the Humvee and obtaining grants for purchasing equipment. When asked whether the police cruiser is due for replacement, O'Leary reported that although Deputy Pippenger is doing a good job of making the car last beyond its expected lifespan, the city needs to continue transferring funds into this fund for a future purchase. O'Leary further noted that should the need arise, the current contract with the Tillamook County Sheriff's Office provides the loan of a vehicle if needed.

MOTION made by Denise Harrington to approve the Public Safety Equipment Reserve Fund Budget by category as presented. Seconded by Roberta Bettis. AYES: Emmy Lou Orahoad, Michelle Aeder, Denise Harrington, Richard Harrison, James Jensen, Suzanne McCarthy, Terry Kandle, Jerry Bartolomucci, Roberta Bettis, John Foulk. NAYS: None. MOTION PASSED.

Public Works Equipment Reserve Fund - No Change.

MOTION made by Denise Harrington to approve the Public Works Equipment Reserve Fund Budget by category as presented. Seconded by Michelle Aeder. AYES: Emmy Lou Orahoad, Michelle Aeder, Denise Harrington, Richard Harrison, James Jensen, Suzanne McCarthy, Terry Kandle, Jerry Bartolomucci, Roberta Bettis, John Foulk. NAYS: None. MOTION PASSED.

MOTION made by Richard Harrison to approve the Fiscal Year 2012-2013

Budget as amended. Seconded by Cn Bartolomucci. AYES: Emmy Lou Orahod, Michelle Aeder, Denise Harrington, Richard Harrison, James Jensen, Suzanne McCarthy, Terry Kandle, Jerry Bartolomucci, Roberta Bettis, John Foulk. NAYS: None. MOTION PASSED.

VII. TAX APPROVAL

MOTION made by Richard Harrison to approve taxes for the 2012-13 fiscal year at the rate of \$2.8468 per \$1,000 assessed value for operating purposes in the General Fund, and in the amount of \$42,900 for payment of general obligation bond principal and interest in the Wastewater Debt Fund. Seconded by Cn Bartolomucci. AYES: Emmy Lou Orahod, Michelle Aeder, Denise Harrington, Richard Harrison, James Jensen, Suzanne McCarthy, Terry Kandle, Jerry Bartolomucci, Roberta Bettis, John Foulk. NAYS: None. MOTION PASSED.

VIII. ADJOURNMENT

Chair adjourned at 7:45 p.m.

Hon. Suzanne McCarthy, Mayor

ATTEST:

John O'Leary, City Manager/ Budget Officer