

# AMITY BUDGET COMMITTEE

## AGENDA

### ZOOM INFO:

Meeting ID: 8200 0040 0363

Pass code: 149749

May 11, 2022

6:00 p.m.

City Hall  
109 Maddox Avenue  
Amity, Oregon

*CALL TO ORDER/FLAG SALUTE 6:00 p.m.*

**BUDGET COMMITTEE ROLL CALL:** Sean Fitzgerald, Rose Lorenzen, Richard Lorenzen, Melissa Bojorquez, Cody Goings, Sandy McArthur, Napua Rich, April Dyché, Denis Saucier, Acie Dunlap and Rachel King

1. **ELECT CHAIRPERSON**
2. **PUBLIC HEARING – STATE REVENUE SHARING POSSIBLE USE:**  
State Revenue Sharing Law, ORS 221.770, requires cities to annually pass an ordinance or resolution requesting state revenue sharing money. In order to receive state revenue sharing in 2022-23, a city must have levied property taxes in the preceding year and hold a public hearing before the Budget Committee to discuss possible uses of the funds and hold a public hearing before the City Council on the proposed uses of the funds in relation to the entire budget.
3. **DELIVER OF BUDGET MESSAGE**
4. **REVIEW BUDGET**
5. **POSSIBLE BUDGET COMMITTEE MOTIONS**
  - a. Move to approve an ad valorem rate of 3.6105 per \$1,000 of assessed valuation to be certified for collection to Yamhill County
  - b. Move to approve the budget and recommend to the City Council for adoption.
  - c. Confirm meeting date for continued deliberations (if necessary) to

\_\_\_\_\_ at \_\_\_\_\_.  
Date Time

### ADJOURNMENT

*ACCOMMODATION OF PHYSICAL IMPAIRMENTS: In order to accommodate persons with physical impairments, please notify the City Administrator's office of any special physical or language accommodations you may need as far in advance of the meeting as possible and no later than 48 hours prior to the meeting. To request these arrangements, please contact Natasha Johnson, City Recorder, at 503-835-3711*

## Budget Message

To: Budget Committee Members and Citizens

From: Michael D. Thomas, Budget Officer and City Administrator

Date: June 2, 2022

Memorandum: Budget Message for the **Proposed** Budget for Fiscal Year 2022-23

We are pleased to present to you the **proposed** budget for fiscal year (FY) 2022-23 for your consideration. The purpose of the budget message is to provide a summary of the next fiscal year's budget proposal and to advise the Council and Budget Committee of the City's state of fiscal affairs. This proposal was composed after completing a thorough evaluation of the City's projected expenses and revenue for the current fiscal year as well as analyzing the estimates for proposed projects and services for FY 2022-23. As required by Chapter 294, Sections 294.305 to 294.565 of Oregon Revised Statutes, the 2022-2023 Budget is presented. Below is a guide to the budget.

### EXPLANATION OF BUDGET DOCUMENT

A budget as defined by Oregon State Law is a "financial plan containing estimates of revenues and requirements for a single fiscal year." Local governments have the option of budgeting on a 24-month biennial budget period, or by fiscal year. The City of Amity operates on a fiscal year beginning on July 1 and ending the following June 30. Budgeting is critical to cities because it requires local governments to evaluate plans and establish priorities in relation to available financial resources. Also, under ORS, a legally adopted budget is necessary to establish and justify a given rate and or amount of property taxes to be levied on a property within the city.

It is important to note that while past budgets were audited using a "modified cash" method of accounting, the City plans its budgets and runs its finances on a modified accrual basis. This budget and all of those going forward will be on a modified accrual basis and audited as such. This aligns the City with the most current accounting practices and will make the audit and budget cycle smoother in the long-term.

The City's budget is an annual business plan. It organizes the City's activities according to costs and allocates available resources among those activities. The overall purpose of a budget is to communicate and document how the city intends to use the financial resources entrusted to it by the people. The budget consists of 5 funds: General Funds (General and Streets), Enterprise Funds (Water and Sewer), and System Development Charge Funds, also known as, SDC Funds.

Enterprise funds are funds established to account for operations that are financed and operated similarly to private businesses where the intent is the service is self-sufficient, with all costs supported predominantly by user charges. The City maintains two enterprise funds established for Water and Sewer activities. Enterprise fund revenues are restricted to be spent only on enterprise activities relating to their revenue source. For example, water rate revenue can only be spent on water activities and projects. Fiscal requirements for these funds include operation, administration, maintenance, system betterments and expansion of the system.

The City's basic budget structure is organized into the following programs:

**GENERAL FUND:** The General Fund comprises one fund, and provides for expenditures of general government, including Administration, Law Enforcement through the County, Municipal Court, Parks, Library, Community Development and Building. The General Fund has multiple revenue sources, but it is the only fund which includes property taxes.

**STREET FUND:** This fund provides for the maintenance, repair or reconstruction of streets, sidewalks, streetlights, and street sweeping. Its primary source of revenue is the State gasoline tax distribution.

**WATER FUND:** The Water Fund is our main enterprise fund; handling expenditures for the City's water infrastructure. This includes the treatment, storage and distribution system, daily operations, maintenance, regulatory compliance, facility expansion and replacement, and capital reserves pertaining to our water service. The primary revenue source for the Water Fund is user fees.

**SEWER FUND:** The Sewer Fund comprises the other enterprise fund in the budget. This fund covers the expenditures for the City's sewer treatment and disposal system, including daily operations, maintenance, regulatory compliance, facility expansion and replacement and capital reserves. The primary revenue source for the Sewer Fund is user fees.

**SDC FUND:** This fund was established for the purpose of tracking and controlling money collected under the system development charges ordinance to be used for capital improvements to the Park System, Street System, Storm System, Water System, Sewer System. This fund is funded directly by the income received from, Park SDCs, Street SDCs, Storm SDCs, Water SDCs and Sewer SDCs.

**SIGNIFICANT ISSUES:**

- Inflation over the last year has increased our expenses across all funds and operations. Despite having strong revenues, our finances are tight because of higher costs.
- Our Water System Improvement project (intake, water treatment plant) should begin in 1<sup>st</sup> Quarter FY 22-23, but the total project cost is now estimated at \$9 million
  - Our water rates may need another adjustment to accommodate our loan payback
- We were able to secure \$600,000 in grant funds to offset the cost of the Salt Creek Bridge project
  - The estimated project cost also dropped by approximately \$200,000
- Results of a new sewer rate study to go into effect in by December 2022
  - New rates should stabilize sewer fund, despite increasing operating & maintenance costs

**FUTURE ISSUES:**

- Sewer and wastewater infrastructure will need improvements within 3-5 years
- Library will need significant renovations in 3-5 years, likely by FY 25-26
- City needs to seek ways to diversify and expand its business base to better weather future economic downturns