

**City of Amity**  
*Adopted*  
**Annual Budget**  
Fiscal Year July 1, 2019 – June 30, 2020  
[www.cityofamityoregon.org](http://www.cityofamityoregon.org)



## Budget Committee Members

<u>Council</u>	<u>Term Expires</u>
Mayor Michael Cape	December 2020
Vacant (5)	December 2020
Council President Caralyn Miller (1)	December 2020
Councilor Nickolas Wilkinson (3)	December 2020
Councilor Ryan Lehman (2)	December 2022
Councilor Robert Andrade (4)	December 2022
Councilor Joshua Simonson (6)	December 2022

<u>Members</u>	
Carmel Ball	December 2020
Debbie Miller	December 2020
Vacant	December 2021
Vacant	December 2021
Vacant	December 2021
Vacant	December 2021
Vacant	December 2021

## Budget Officer & Finance Department

Natasha Johnson, City Recorder/Treasurer

### Department Heads

Gary Mathis, Public Works Superintendent  
Marcia Robbins, Head Librarian

## Mission Statement

*The City of Amity will cultivate a sense of community and improved quality of life. The City will provide municipal services with quality customer service, proactive management, mindful stewardship and fiscal responsibility.*

## Our Vision

*The City of Amity is a welcoming community where people choose to live and visit. The City has a diverse mixture of thriving businesses supporting the residents and regional industry. Citizens are actively engaged in government and community activities/events. The City provides infrastructure to support continued growth and maintains strong and stable funding and reserves. Neighborhoods are family-friendly, walkable, and well-maintained. The City is recognized for its sense of community, parks, public art, and wine. Amity continues to be known for being friendly.*

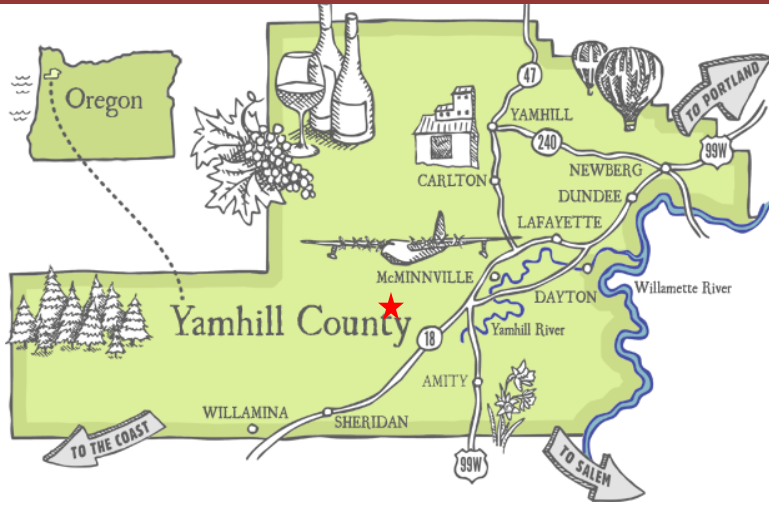
*Adopted June 7, 2017 by the Amity City Council*

*Councilor Dawn King, Councilor Caralyn Miller, Councilor Joshua Simonson, Councilor Rudy van Soolen, Councilor Max Walker and Mayor Michael Cape*

# 2019 CITY OF AMITY COUNCIL GOALS

1. STREETS / STORM DRAINS
  - Identify Problem Area/Inventory
  - Clean Ditches/Drains
  - Communicate Action
  - Street Repairs
2. LAW ENFORCEMENT
  - Enforce/Educate Ordinances
  - Improve Communication
  - Monitor YCSO Contract
  - Address Public Safety Fee
3. COMMUNITY INVOLVMENT
  - Bi-Annual Coffee w/
    - Sheriff's Office
    - City
    - Council
  - Junior Council
  - Public Education Services
4. WATER / SEWER
  - Public Education
  - Explore Utility Assistance Programs
5. BUSINESS DEVELOPMENT
  - Outreach
  - Streamline Processes
  - Amicable Approach
  - Explore Downtown Parking Options
6. PARKS
  - Park Safety
  - Explore Possible Park Additions
    - Splash Park
    - Dog Park
    - Community Garden
7. CITY HALL/COMMUNITY CENTER
  - Library
  - Identify Funding Sources
  - Evaluate Improvements to Current Facilities
8. STABILITY / LEADERSHIP / GROWTH
  - Transparency thru Education and Communication

## AMITY, OREGON



*Amity is a charming rural town that offers local artisan shops, great restaurants and wine tasting. Amity is a place where friendships begin and where residents enjoy the simplicity of a relaxed lifestyle in small town Oregon.*

## COMMUNITY HIGHLIGHT

Established in 1848 by two brothers who immigrated via the Oregon Trail, Amity is a place of beauty, taste and friendship. The City is nestled within the Eola-Amity Hills American Viticultural Area (AVA) and is located about an hour away from both Portland and the Oregon Coast. Eola-Amity Hills AVA is famous for its warm days and ocean breeze cooled nights that help produce ultra-premium pinot noir grapes. Amity offers a unique mix of dining options, whether you are looking for local specialties or a casual dining experience.

## QUICK FACTS

Population (2019).....	1,640
Labor Force.....	835
Median Household Income.....	\$61,797
Median Home Value.....	\$160,600
High School Graduates.....	91.3%
Bachelor's Degree or Higher.....	11.9%
Total Housing Units.....	670

Source: Portland State University and U.S. Census Bureau

## DISTANCES TO CITY

McMinnville	7 miles
Salem	18 miles
Monmouth	19 miles
Oregon Coast	45 miles
Corvallis	40 miles
Portland	54 miles
Eugene	86 miles
Seattle, WA	215 miles

## ACCESS

Automobile and truck transportation is the dominant method of mobility in the area. Highway 99W provides access to Portland, Interstate 5 and other points to the south. The Newberg Dundee Bypass has been completed and reduces travel time between Yamhill County and Portland.

- Air:** Portland International Airport (PDX) provides commercial air service. McMinnville Municipal Airport (MMV) serves General Aviation and Corporate Jet Aircraft.
- Ground:** Passenger rail service by Amtrak is available in Portland and Salem. Willamette and Pacific Railroad provides freight services and a number of motor freight and truck lines service the area.
- Transit:** Yamhill County Transit Area (YCTA) provides bus service throughout Yamhill County with Link Routes to Hillsboro/MAX, Sherwood/TriMet and Salem/SAMT. Amtrak facilities and connections are available in Woodburn, Salem and Portland.



## *Amity City Map*

Population: 1640

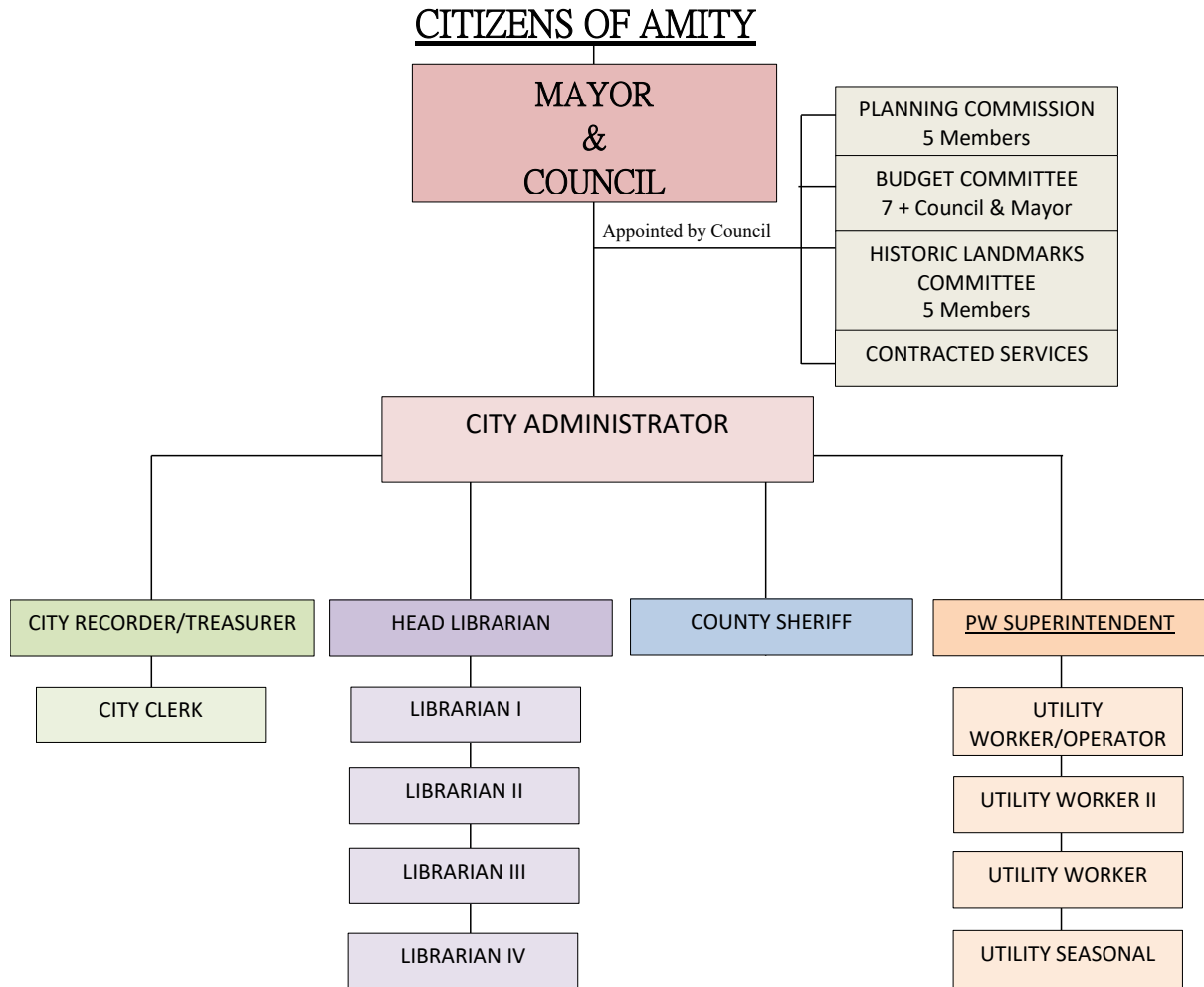


### **POPULATION**

Population has moderately increased in Amity. According to Portland State University's Center for Population Research, the City's certified population estimate from July 1, 2017 was 1,640. This is a 1.25% increase in population from 2016. Considering that infill is regularly occurring (development of vacant lots within a built-up area), the future development of a 16 unit subdivision, and the number of pre-application discussions held with builders it is anticipated that population will experience an even greater increase during FY 2019-2020. Already there are 22 housing units, including the subdivision, under construction or on the verge of being constructed, which is believed to generate an increase in

population of approximately 4.5% during FY 2019-2020. Population affects estimates for state shared revenues (cigarette and liquor taxes) and state gas taxes which are distributed on a per capita basis.

## Organizational Chart



## Budget Message

To: Budget Committee Members and Citizens

From: Natasha Johnson, Budget Officer and Richard Howard, DRC

Date: May 8, 2019

Memorandum: Budget Message for the Adopted Budget for Fiscal Year 2019-20

We are pleased to present to you the Adopted budget for fiscal year (FY) 2019-20 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 2019-20. As required by Chapter 294, Sections 294.305 to 294.565 of Oregon Revised Statutes, the 2019-2020 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.

The overall purpose of a budget is to communicate and document how the city intends to use the resources entrusted to it by the people. The budget consists of 5 funds: the General Fund (General, Streets), Enterprise Funds (water and sewer), 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.

It is important to note that the past budgets were prepared using the "modified cash" method of accounting. This means that obligations of the City are budgeted as expenses when invoices are paid, and income is recorded when received. The next year's budget will be on a modified accrual basis.

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 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, Police, Municipal Court, Parks, Library, Community Development and Building. The General Fund has multiple revenue sources, however, is the only fund which included property taxes.

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

**WATER FUND:** The Water Fund comprises one of the main enterprise funds for expenditures for the City's water treatment, storage and distribution system, including daily operations, maintenance, regulatory compliance, facility expansion and replacement, and capital reserves. The primary revenue source for the Water Fund is user fees.

**SEWER FUND:** The Sewer Fund comprises another of the main enterprise funds set for 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 SDC's, Street SDC's, Storm SDC's, Water SDC's and Sewer SDC's.

#### **SIGNIFICANT ISSUES:**

- Contract with Yamhill County Sheriff's Office for Public Safety Support
- Water Project for Reservoir is carried over from this year
- New City Administrator starts July 1, 2019
- Accounting Upgrade
  - Migration to Quickbooks Online
  - Revised chart of accounts to match business process
  - Consolidated Funds from 26 to 5
  - Combined GL Accounts
  - Revised allocation method for payroll and shared expense
  - Change to modified accrual basis of accounting (from 590 accounts to 300)

#### **FUTURE ISSUES:**

- Establish revised reserve policy for fund balances

## **Budget Process**

The financial integrity of Amity City government is very important. City government is accountable to its citizens for the use of public dollars. Resources should be used wisely to ensure adequate funding for the services, public facilities and infrastructure necessary to meet the community's present and future needs.

The City will prepare an annual budget with the participation of all city departments. All budgetary procedures will conform to existing state and local regulations. Oregon Budget Law requires each local government to prepare a balanced budget and Oregon Administrative Rules state: 1) the budget must be constructed in such a manner that the total resources in a fund equal the total of expenditures and requirements for that fund and 2) the total of all resources of the budget must equal the total of all expenditures and all requirements.

### **Budget Document**

City staff works from January through March to compile the proposed budget. The Department Heads draft department material & services along with capital outlay figures. The City Recorder/Treasure prepares personnel services, debt services and transfers. Capital projects expenditures planned during the fiscal year are incorporated into the budget. With input from individual Department Heads, the Budget Officer writes department narratives. The City Recorder/Treasurer compiles the budget document.

The initial draft is reviewed by the Budget Officer, who directs any changes needed. The Budget Officer makes sure the budget document is consistent with Council goals, priorities and policies. The operating budget shall serve as the annual financial plan for the City. It will serve as the policy document of the City Council for implementing Council goals and objectives. The budget shall provide staff the resources necessary to accomplish City Council determined service levels. The Budget Officer shall annually prepare and present a proposed operating budget to the Budget Committee no later than May 30 of each year. Funds may not be expended or encumbered for the following fiscal year until the budget has been adopted by the City Council. The City's annual budget will be presented by fund, with a logical breakdown of programs and expenditures. The budget will focus on policy issues and will summarize expenditures at the Personnel, Materials & Services, Capital, Debt Service, and Interfund Transfer levels.

### **Adopting Budget**

Once the proposed budget is approved by the Budget Committee, it is forwarded to the City Council for adoption and a budget hearing is held. A "Notice of Budget Hearing" is published in the local newspaper. The City Council will hold the Budget Hearing on the date specified on the public notice and must allow for public testimony. City Council has the discretion to adopt the approved budget or to make changes. The budget must be adopted no later than June 30 of each year. The budget and tax levy certification are then filed with the County.

## Budget Changes after Adoption

Oregon Law requires all City funds to be appropriated. Appropriations may be changed during the fiscal year, within the limitations imposed by budget law. City staff monitors actual events and recommends changes as needed. The City Council makes changes by resolution transfers or supplemental budgets.

A resolution transfer decreases an existing appropriation and increases another by the same amount. A supplemental budget typically creates a new appropriation, funded by increased revenues. Supplemental budgets are used for occurrences or conditions which were not known at the time the budget was prepared which require a change in financial planning.

Supplemental budgets require a public hearing; resolution transfers do not. Department Heads may amend their budgets for individual accounts without Council approval so long as appropriations at the legal level of control are not changed.

## Budget Calendar

<b>Appoint Budget Officer (January)</b>	
<b>City Council Goal-Setting Session (February)</b>	<ul style="list-style-type: none"> <li>• Council reviews Annual Survey</li> <li>• Council sets goals for upcoming year</li> </ul>
<b>Budget Preparation (Jan-March)</b>	<ul style="list-style-type: none"> <li>• Forecasts Updated</li> <li>• Department Head meets with Budget Officer</li> <li>• Finance will create proposed budget document for Budget Committee</li> </ul>
<b>Appoint Budget Committee Members (7) (Early April)</b>	<ul style="list-style-type: none"> <li>• If any applications are received and meet requirements, the Council will appoint Budget Committee Members.</li> </ul>
<b>Budget Committee Meets (Apr-May)</b>	<ul style="list-style-type: none"> <li>• Distribute Proposed Budget</li> <li>• Committee Deliberates</li> <li>• Committee Approves Budget</li> </ul>
<b>Adopt Budget (June)</b>	<ul style="list-style-type: none"> <li>• Budget Hearing</li> <li>• City Council Adopts Budget</li> </ul>

## **Beginning and Ending Fund Balance – Budgetary Only**

Beginning fund balance is equal to the prior year's ending fund balance.

Ending fund balance is the difference between total estimated sources and total estimated uses. Ending fund balance is budgeted in three categories:

1. *Operating Contingency* is budgeted in the General Fund at 9% and 14% in the Water Fund. The Sewer Fund does not possess a contingency. Contingency funds can be spent once authorized by a supplemental budget or transfer appropriation.
2. *Un-appropriated* ending fund balance can only be spent in an emergency created by civil disturbance or natural disaster.
3. *Reserved for future years* are total sources less total expenses, contingency, and un-appropriated ending balance. Reserved for future years funds can only be spent if authorized by a supplemental budget.

## **Service Fees**

The City charges services fees for the water, sewer, waterline replacement, street maintenance, and public safety. The water and sewer fees are charged to customers based on usage of the systems. The rates collected for each fund can only be used to support that individual fund's operational and capital needs. Annual revenue projections are based on historical average increases, while taking into account any planned rate increases.

## **Property Taxes**

Each local government's tax rate was determined by the state. Amity's permanent property tax rate is \$3.6105 per \$1000 of assessed value. No action of the City can increase the permanent tax rate.

## **System Development Charges**

A System Development Charge (SDC) is a one-time fee imposed on new development and some types of redevelopment. The fee is intended to recover the costs of existing and planned future improvements to the water, sewer, storm water, transportation, and park systems that provide capacity needed to serve new growth. Oregon law (ORS 223.27-223.314) defines SDCs and specifies how they shall be calculated, applied, and accounted for by local government.

## **Franchise Fees/Privilege Taxes**

Fees are collected from utilities as compensation for use of the City's rights of way. These fees are based on utility revenue, so they generally increase with population growth. Franchise fee revenue is estimated based on prior year actuals plus an inflationary increase.

### Fines and Forfeitures

These fines are for traffic infractions and municipal code violations. Revenue estimates are based on the prior year actuals.

### Intergovernmental Revenue

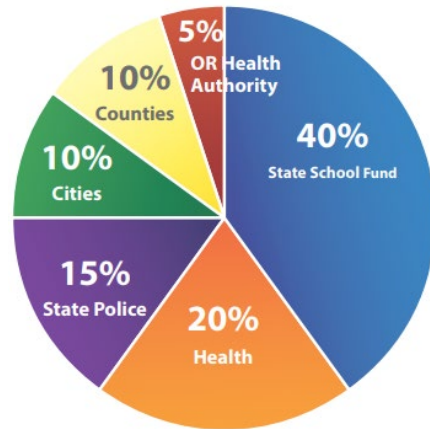
These include fees and taxes that are collected by other government agencies and passed through to the City.

- State shared revenue, marijuana, liquor, and cigarette tax estimates are provided by the State.
- County distribution of gas tax
- Federal and State grants

### Marijuana Revenue Distributions to Cities

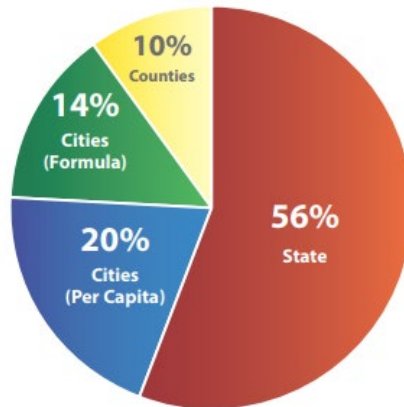
**Marijuana Revenue Distributions to Cities**

	Marijuana Tax Revenues (75% of City's Share)	Marijuana Tax Revenues (Based on Licenses, 25% of City's Share)
<b>2016-17 Estimates</b> (2017 SSR Report)	N/A <sup>1</sup>	N/A <sup>1</sup>
<b>2016-17 Actuals</b>	\$0 <sup>2</sup>	\$0 <sup>2</sup>
<b>2017-18 Estimates</b>	N/A <sup>3</sup>	\$3,452,887
<b>2018-19 Estimates</b>	\$2.51	\$2,033,551
<b>2019-20 Estimates</b>	\$2.99	\$2,423,277



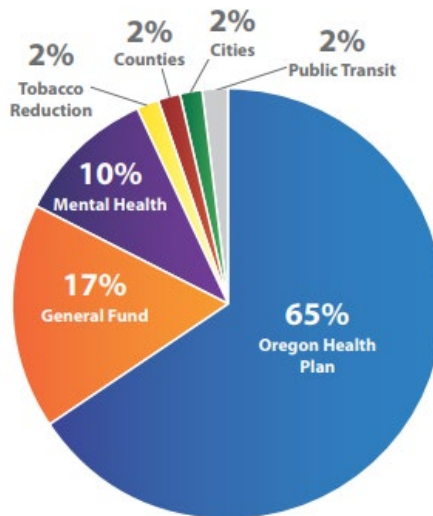
### Liquor Revenue Estimated Disbursements

**Distribution of Liquor Tax Revenues**



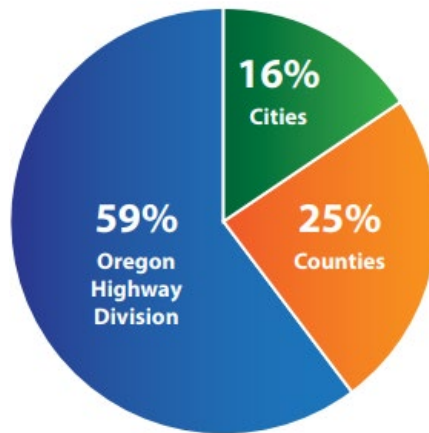
Cigarette Tax Revenue Estimated Disbursements

**Distribution of Cigarette Tax Revenues**



Gas Tax Revenue Estimated Disbursements

**Distribution of Highway Trust  
Fund Revenues**



### **Charges for Services/Other Revenue**

- Building and Planning revenue estimates are based on projected development activity.
- Business and liquor license revenue estimates are based on prior year actuals.
- Other revenue consists of interest earned on bank accounts, recreation fees, donations, local grants, and unperceived income. The increase in this fiscal year is from the Special City Allotment Grant for street improvements and SIPP Grant to conduct a leak detection study and GIS mapping of City infrastructure.

### **Transfers**

Transfers in from other funds.

### **Capital Outlay**

Capital outlay is recorded in the General Street, Water, and Sewer Fund.

Capital projects are for the acquisition and construction of major capital projects. The principal revenue sources are bond sale proceeds, and intergovernmental grants.

### **Debt Service**

The City's debt is separated into two categories: governmental activities and business-type activities.

Governmental activities include general obligation debt for the purchase of 407 S. Trade Street property in Amity.

Business-type activities include obligations for a 2002 Safe Drinking Water Revolving Fund, a 2009 Water/Wastewater Revolving Fund for improvements to the sewer treatment plant, and a Full Faith and Credit Refunding Obligation to refund the City's outstanding Oregon Bond Bank Loan, dated December 4, 2002.

## BUDGET SUMMARY

City of Amity Adopted Budget 2019-20	FY17 Actual	FY18 Actual	FY19 Budget	FY20 Proposed Revised	FY20 Approved	FY20 Adopted
<b>20 General</b>	<b>(9,533)</b>	<b>85,435</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>A Net Operating Income</b>	<b>(9,533)</b>	<b>85,435</b>	<b>54,536</b>	<b>86,859</b>	<b>67,574</b>	<b>81,559</b>
<b>20 4000 General Fund Revenue</b>	<b>500,160</b>	<b>570,738</b>	<b>637,896</b>	<b>695,500</b>	<b>699,470</b>	<b>715,500</b>
20 4005 Property Tax Revenue	255,521	269,005	272,000	285,000	285,000	285,000
20 4010 State Revenue	48,928	55,669	51,101	58,300	58,300	58,300
20 4030 Franchise Fees	80,770	114,567	130,195	132,200	136,170	132,200
20 4050 License	1,345	2,095	7,300	4,300	4,300	4,300
20 4080 Other General Revenue	25,429	36,746	28,200	37,200	37,200	37,200
23 4060 Public Safety Revenue	24,412	21,455	84,000	101,100	101,100	101,100
25 4070 City Facilities Revenue	5,746	10,657	8,000	8,500	8,500	8,500
26 4600 City Development Revenue	43,278	44,834	49,600	61,800	61,800	61,800
20 4800 General Grant & Debt Proceeds	9,732	8,803		-	-	-
27 4000 Tourism	5,000	6,908	7,500	7,100	7,100	27,100
<b>20 5000 General Operations</b>	<b>(509,693)</b>	<b>(485,303)</b>	<b>(583,360)</b>	<b>(608,641)</b>	<b>(631,896)</b>	<b>(633,941)</b>
20 5001 Administration Expense	(243,574)	(179,411)	(190,737)	(210,543)	(220,543)	(210,543)
23 5000 Police Services	(152,252)	(181,050)	(251,685)	(270,786)	(271,541)	(270,786)
23 6000 Court Expense	(8,784)	(9,608)	(9,680)	(9,680)	(9,680)	(9,680)
25 5100 Park Expense	(28,547)	(26,609)	(30,371)	(40,868)	(47,368)	(40,868)
25 5200 Library Expense	(22,769)	(22,182)	(23,897)	(28,179)	(34,179)	(28,179)
26 6000 Community Development Expense	(11,676)	(26,842)	(24,000)	(27,200)	(27,200)	(27,200)
26 6700 Building Expenses	(34,351)	(26,161)	(37,500)	(1,100)	(1,100)	(1,100)
28 8000 General Debt Service	(7,740)	(13,440)	(10,490)	(15,285)	(15,285)	(15,285)
27 6700 Travel Promotion Expense	-	-	(5,000)	(5,000)	(5,000)	(30,300)

## BUDGET SUMMARY

City of Amity Adopted Budget 2019-20		FY17 Actual	FY18 Actual	FY19 Budget	FY20 Proposed Revised	FY20 Approved	FY20 Adopted
<b>B Fund Balance</b>				<b>(54,536)</b>	<b>(86,859)</b>	<b>(67,574)</b>	<b>(81,559)</b>
4	Beg Fund Balance			114,445	164,688	164,688	164,688
	<b>General Fund</b>			<b>57,752</b>	<b>160,203</b>	<b>155,718</b>	<b>160,203</b>
	<b>General Fund, Debt</b>			<b>6,231</b>	-	-	-
	<b>General Fund, 911</b>			<b>428</b>	-	-	-
	<b>General Fund, Police Equipment</b>			<b>22,333</b>	-	-	-
	<b>General Fund, Building</b>			<b>22,865</b>	-	-	-
	<b>General Fund, Tourism</b>			<b>4,836</b>	<b>4,485</b>	<b>8,970</b>	<b>4,485</b>
5	Ending Fund Balance			(168,981)	(251,547)	(232,262)	(246,247)
	<b>General Fund, Debt</b>			<b>(5,951)</b>	-	-	-
	<b>General Fund, Building</b>			<b>(3,000)</b>	-	-	-
	<b>General Fund, Tourism</b>			<b>(4,485)</b>	<b>(11,585)</b>	<b>(23,170)</b>	<b>(11,585)</b>
	<b>General Fund, Contingency</b>			<b>(83,957)</b>	<b>(239,962)</b>	<b>(209,092)</b>	<b>(234,662)</b>
	<b>General Fund, Unrestricted</b>			<b>(51,395)</b>	-	-	-
	<b>General Fund, Library</b>			<b>(500)</b>	-	-	-
	<b>General Fund, Police</b>			<b>(16,693)</b>	-	-	-
	<b>General Fund, Parks</b>			<b>(3,000)</b>	-	-	-

# BUDGET SUMMARY

City of Amity Adopted Budget 2019-20	FY17 Actual	FY18 Actual	FY19 Budget	FY20 Proposed Revised	FY20 Approved	FY20 Adopted
<b>30 Street</b>	<b>35,114</b>	<b>41,427</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>A Net Operating Income</b>	<b>35,114</b>	<b>41,427</b>	<b>(45,657)</b>	<b>10,216</b>	<b>40,807</b>	<b>10,216</b>
<b>30 4000 Street Fund Revenue</b>	<b>115,590</b>	<b>121,963</b>	<b>218,200</b>	<b>143,000</b>	<b>143,000</b>	<b>143,000</b>
30 4340 Str Maintenance Fee	18,237	18,486	18,000	19,000	19,000	19,000
30 4360 Str State Gas Tax	97,072	103,477	100,000	124,000	124,000	124,000
30 4384 Str Misc Income	280		200	-	-	-
30 4770 Str SCA Grant			100,000	-	-	-
<b>30 5000 Street Fund Expenditures</b>	<b>(80,476)</b>	<b>(80,536)</b>	<b>(263,857)</b>	<b>(132,784)</b>	<b>(102,193)</b>	<b>(132,784)</b>
30 5001 Street Pub Works Payroll	(27,794)	(24,271)	(36,811)	(43,127)	(43,127)	(43,127)
30 5010 Street Admin Payroll	(23,860)	(25,001)	(14,996)	(16,728)	(16,728)	(16,728)
30 6100 Street Admin Expense	(4,464)	(5,091)	(4,500)	(5,379)	(5,379)	(5,379)
30 6200 Street Operating Expense	(24,358)	(26,173)	(107,550)	(67,550)	(36,959)	(67,550)
30 7000 Street Grant Expense	-	-	(100,000)	-	-	-
<b>B Fund Balance</b>			<b>45,657</b>	<b>(10,216)</b>	<b>(40,807)</b>	<b>(10,216)</b>
4 Beg Fund Balance			94,126	48,469	48,469	48,469
<b>Street Fund</b>			<b>65,947</b>	<b>48,469</b>	<b>48,469</b>	<b>48,469</b>
<b>Street Fund, Reserve</b>			<b>27,179</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Street Fund, Sidewalk</b>			<b>1,000</b>	<b>-</b>	<b>-</b>	<b>-</b>
5 Ending Fund Balance			(48,469)	(58,685)	(89,276)	(58,685)
<b>Street Fund, Reserve</b>			<b>(4,806)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Street Fund, Sidewalk</b>			<b>(2,000)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Street Fund, Contingency</b>			<b>(31,698)</b>	<b>(58,685)</b>	<b>(89,276)</b>	<b>(58,685)</b>
<b>Street Fund, Unrestricted</b>			<b>(9,965)</b>	<b>-</b>	<b>-</b>	<b>-</b>

# BUDGET SUMMARY

City of Amity Adopted Budget 2019-20	FY17 Actual	FY18 Actual	FY19 Budget	FY20 Proposed Revised	FY20 Approved	FY20 Adopted
<b>40 Water</b>	<b>(15,940)</b>	<b>(439,268)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>A Net Operating Income</b>	<b>(15,940)</b>	<b>82,841</b>	<b>125,217</b>	<b>176,204</b>	<b>174,354</b>	<b>156,204</b>
<b>40 4001 Water Fund Revenue</b>	<b>562,710</b>	<b>632,119</b>	<b>7,040,690</b>	<b>2,368,900</b>	<b>2,373,900</b>	<b>2,368,900</b>
40 4440 Wtr Fees	383,815	468,707	520,000	504,900	504,900	504,900
40 4450 Wtr Line Replacement Fee	10,192	10,278	10,000	10,500	10,500	10,500
40 4460 Wtr Deposits	5,773	6,419	7,000	3,000	3,000	3,000
40 4484 Wtr Miscellaneous Income	2,100	810	2,500	-	-	-
40 4770 SIPP Grant GIS Revenue			20,000	13,000	18,000	13,000
40 4800 Wtr Grant & Debt Proceeds						
<b>40 4802 Wtr Capital Project Proceeds</b>	<b>476</b>		<b>2,141,853</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>40 4885 Wtr Cap Prj CDBG</b>	<b>160,354</b>	<b>121,743</b>	<b>1,837,499</b>	<b>1,837,500</b>	<b>1,837,500</b>	<b>1,837,500</b>
<b>40 8010 Wtr SDWRLF</b>		<b>24,163</b>	<b>554,000</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>40 5000 Wtr Cap Prj USAD-RUS</b>			<b>1,947,838</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>40 5000 Water Fund Expenditures</b>	<b>(578,650)</b>	<b>(549,279)</b>	<b>(7,035,427)</b>	<b>(2,192,696)</b>	<b>(2,199,546)</b>	<b>(2,212,696)</b>
40 5001 Water Pub Works Payroll	(65,828)	(57,483)	(75,260)	(102,143)	(102,143)	(102,143)
40 5010 Water Admin Payroll	(85,215)	(89,290)	(47,067)	(59,745)	(59,745)	(59,745)
40 6100 Water Admin Expense	(15,238)	(17,377)	(15,360)	(19,211)	(19,211)	(19,211)
40 6200 Water Operating Expense	(131,813)	(231,046)	(231,328)	(188,095)	(194,945)	(188,095)
40 7000 Water Grant Expense	-	-	(20,000)	(13,000)	(13,000)	(13,000)
40 8100 Water Capital Outlay						
<b>25 7060 OECD Water/System Improvements</b>	<b>(227,554)</b>	<b>(75,637)</b>	<b>(1,837,499)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>25 7510 Cap Proj SDWRLF</b>	<b>-</b>	<b>(25,444)</b>	<b>(554,000)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>25 7515 Wtrline Repl/Resv Imprv</b>	<b>-</b>	<b>-</b>	<b>(150,907)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>40 7060 Wtr Improvements</b>	<b>-</b>	<b>-</b>	<b>(2,103,166)</b>	<b>(1,757,500)</b>	<b>(1,757,500)</b>	<b>(1,757,500)</b>
<b>40 7001 Wtr Vehicle Acquisition</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(20,000)</b>
40 8500 Water Debt Service						
<b>45 7235 Wbd OECD Safe Drkg Water Pmt</b>	<b>(44,754)</b>	<b>(45,201)</b>	<b>(45,653)</b>	<b>(46,110)</b>	<b>(46,110)</b>	<b>(46,110)</b>
<b>45 7335 Wbd OECD Safe Drkg Water Int</b>	<b>(8,248)</b>	<b>(7,801)</b>	<b>(7,349)</b>	<b>(6,892)</b>	<b>(6,892)</b>	<b>(6,892)</b>
<b>USDA RUS Interim</b>			<b>(1,947,838)</b>	<b>-</b>	<b>-</b>	<b>-</b>

# BUDGET SUMMARY

City of Amity Adopted Budget 2019-20		FY17 Actual	FY18 Actual	FY19 Budget	FY20 Proposed Revised	FY20 Approved	FY20 Adopted
3	Transfer In				-	-	-
	Transfer to Water from Water SDC			119,954	-	-	-
	<b>B Fund Balance</b>		(522,109)	(125,217)	(176,204)	(174,354)	(156,204)
4	Beg Fund Balance			99,189	224,406	224,406	224,406
	<b>Water Fund</b>			(11,428)	224,406	224,406	224,406
	<b>Water Fund, Debt</b>			69,386	-	-	-
	<b>Water Fund, Waterline</b>			41,231	-	-	-
5	Ending Fund Balance		(522,109)	(224,406)	(400,610)	(398,760)	(380,610)
	<b>Water Fund, Debt</b>			(32,328)	-	-	-
	<b>Water Fund, Waterline</b>				-	-	-
	<b>Water Fund, Contingency</b>			(67,073)	(400,610)	(398,760)	(380,610)
	<b>Water Fund, Capital</b>		(522,109)	(13,263)	-	-	-
	<b>Water Fund, Unrestricted</b>			(111,742)	-	-	-

# BUDGET SUMMARY

City of Amity Adopted Budget 2019-20	FY17 Actual	FY18 Actual	FY19 Budget	FY20 Proposed Revised	FY20 Approved	FY20 Adopted
<b>50 Sewer</b>	<b>43,147</b>	<b>(8,385)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>A Net Operating Income</b>	<b>43,147</b>	<b>(8,385)</b>	<b>241,594</b>	<b>23,315</b>	<b>19,915</b>	<b>13,315</b>
<b>50 4001 Sewer Fund Revenue</b>	<b>437,522</b>	<b>446,475</b>	<b>497,810</b>	<b>467,400</b>	<b>467,400</b>	<b>467,400</b>
50 4450 Swr User Fees	426,514	439,175	489,890	461,700	461,700	461,700
50 4460 Swr Deposits	6,165	7,044	6,000	3,200	3,200	3,200
50 4584 Swr Miscellaneous Income	4,843	256	1,920	2,500	2,500	2,500
<b>50 5000 Sewer Fund Expenditures</b>	<b>(394,375)</b>	<b>(454,860)</b>	<b>(461,556)</b>	<b>(444,085)</b>	<b>(447,485)</b>	<b>(454,085)</b>
50 5001 Sewer Pub Works Payroll	(36,571)	(31,935)	(65,043)	(56,746)	(56,746)	(56,746)
50 5010 Sewer Admin Payroll	(44,312)	(46,431)	(34,152)	(31,067)	(31,067)	(31,067)
50 6100 Sewer Admin Expense	(8,492)	(9,684)	(8,560)	(9,990)	(9,990)	(9,990)
50 6200 Sewer Operations	(138,172)	(201,906)	(185,823)	(175,485)	(178,885)	(185,485)
50 8000 Sewer Debt Service	(166,828)	(164,904)	(167,978)	(170,797)	(170,797)	(170,797)
3 Transfer In				-	-	-
<b>Transfer to Sewer from Sewer SDC Imprv</b>			<b>39,357</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Transfer to Sewer from Sewer SDC Reimb</b>			<b>165,983</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>B Fund Balance</b>			<b>(241,594)</b>	<b>(23,315)</b>	<b>(19,915)</b>	<b>(13,315)</b>
4 Beg Fund Balance			(84,835)	156,759	156,759	156,759
<b>Sewer Fund</b>			<b>(86,247)</b>	<b>156,759</b>	<b>156,759</b>	<b>156,759</b>
<b>Sewer Fund, Debt</b>			<b>1,412</b>	<b>-</b>	<b>-</b>	<b>-</b>
5 Ending Fund Balance			(156,759)	(180,074)	(176,674)	(170,074)
<b>Sewer Fund, Contingency</b>			<b>(1,369)</b>	<b>(180,074)</b>	<b>(176,674)</b>	<b>(170,074)</b>
<b>Sewer Fund, Unrestricted</b>			<b>(155,390)</b>	<b>-</b>	<b>-</b>	<b>-</b>

# BUDGET SUMMARY

City of Amity Adopted Budget 2019-20	FY17 Actual	FY18 Actual	FY19 Budget	FY20 Proposed Revised	FY20 Approved	FY20 Adopted
<b>70 SDC</b>	<b>10,072</b>	<b>320,792</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>A Net Operating Income</b>	<b>10,072</b>	<b>103,716</b>	<b>(89,166)</b>	<b>166,128</b>	<b>96,128</b>	<b>166,128</b>
<b>70 4001 Governmental SDC Revenue</b>	<b>28,235</b>	<b>37,810</b>	<b>90,352</b>	<b>90,352</b>	<b>90,352</b>	<b>90,352</b>
71 4000 Park SDC Revenue	6,715	9,401	21,488	21,488	21,488	21,488
72 4000 Storm SDC Revenue	5,090	5,407	16,288	16,288	16,288	16,288
73 4000 Street SDC Revenue	16,430	23,002	52,576	52,576	52,576	52,576
<b>74 4000 Enterprise SDC Revenue</b>	<b>66,145</b>	<b>67,110</b>	<b>145,776</b>	<b>145,776</b>	<b>145,776</b>	<b>145,776</b>
74 4001 Water SDC Revenue	28,330	26,664	53,328	53,328	53,328	53,328
75 4000 Sewer SDC Revenue	37,815	40,446	92,448	92,448	92,448	92,448
<b>70 5000 Governmental SDC Expense</b>	<b>(35,423)</b>	<b>(1,204)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
73 5000 Street SDC Expense	(18,115)	-	-	-	-	-
71 5000 Park SDC Expense	(12,737)	(1,204)	-	-	-	-
72 5000 Storm SDC Expense	(4,571)	-	-	-	-	-
<b>74 5000 Enterprise SDC Expense</b>						
<b>75 5000 Sewer SDC Expense</b>						
75 5000 Sewer SDC Expense	(48,886)	-	-	-	-	-
75 5000 Sewer SDC Master Plan		-	-	(70,000)	(140,000)	(70,000)
3 Transfer Out				-	-	-
Transfer from Sewer SDC Imprv to Sewer			(39,357)	-	-	-
Transfer from Sewer SDC Reimb to Sewer			(165,983)	-	-	-
Transfer from Water SDC to Water			(119,954)	-	-	-
<b>B Fund Balance</b>		<b>217,076</b>	<b>89,166</b>	<b>(166,128)</b>	<b>(96,128)</b>	<b>(166,128)</b>
4 Beg Fund Balance						
<b>70 4001 Governmental SDC Revenue</b>		<b>217,076</b>	<b>103,416</b>	<b>199,414</b>	<b>199,414</b>	<b>199,414</b>
Street SDC			53,087	108,949	108,949	108,949
Storm SDC			15,870	33,175	33,175	33,175
Parks SDC		217,076	34,459	57,290	57,290	57,290

# BUDGET SUMMARY

City of Amity Adopted Budget 2019-20	FY17 Actual	FY18 Actual	FY19 Budget	FY20 Proposed Revised	FY20 Approved	FY20 Adopted
<b>74 4000 Enterprise SDC Revenue</b>			<b>195,768</b>	<b>10,604</b>	<b>10,604</b>	<b>10,604</b>
Prior Year SDC				(11,422)	(11,422)	(11,422)
Water SDC			88,654	22,026	22,026	22,026
Sewer SDC			107,114	-	-	-
5 Ending Fund Balance						
<b>70 5000 Governmental SDC Expense</b>			<b>(199,414)</b>	<b>(289,766)</b>	<b>(289,766)</b>	<b>(228,881)</b>
Street SDC			(108,949)	(161,525)	(161,525)	(100,640)
Storm SDC			(33,175)	(49,463)	(49,463)	(49,463)
Parks SDC			(57,290)	(78,778)	(78,778)	(78,778)
<b>74 5000 Enterprise SDC Expense</b>			<b>(10,604)</b>	<b>(86,380)</b>	<b>(16,380)</b>	<b>(147,265)</b>
Prior Year SDC			11,422	11,422	11,422	-
Water SDC			(22,026)	(75,354)	(75,354)	(75,354)
Sewer SDC			-	(22,448)	47,552	(71,911)
<b>Grand Total</b>	<b>62,860</b>	<b>0</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**Personnel Details****Salary & Benefits**

		Allocations				
		<b>General</b>	<b>Streets</b>	<b>Water</b>	<b>Sewer</b>	<b>Total</b>
Admin PR	<b>Budget Amt</b>	55%	7%	25%	13%	100%
Payroll	167,440	92,091	11,721	41,860	21,767	167,440
PERS	13,428	7,385	940	3,357	1,746	13,428
Tax	13,130	7,222	919	3,283	1,707	13,130
Benefits	42,480	23,364	2,974	10,620	5,522	42,480
WC	2,500	1,375	175	625	325	2,500
	238,978	131,438	16,728	59,745	31,067	236,478
		<b>Parks</b>	<b>Streets</b>	<b>Water</b>	<b>Sewer</b>	<b>Total</b>
PUB Works PR		11%	19%	45%	25%	100%
Payroll	149,780	16,476	28,458	67,401	37,445	149,780
PERS	12,810	1,409	2,434	5,764	3,202	12,810
Tax	10,714	1,179	2,036	4,821	2,679	10,714
Benefits	42,480	4,673	8,071	19,116	10,620	42,480
WC	11,200	1,232	2,128	5,040	2,800	11,200
	226,984	24,968	43,127	102,143	56,746	226,984
	<b>Library</b>					
Library	100%					
Payroll	17,968					
PERS	1,411					
Tax						
Benefits	-					
	19,379					
	485,341					

	Brkdwn Percent	Admin	Parks	Court	Com Dev	Bldg	Streets	Water	Sewer	
City Administrator		45%	10%				10%	25%	10%	100%
City Recorder		55%					5%	30%	10%	100%
City Clerk		15%		20%	10%	10%	5%	20%	20%	100%
PW Super			10%				20%	50%	20%	100%
Utility Worker			10%				15%	45%	30%	100%
Utility Worker			10%				15%	45%	30%	100%
Seasonal Worker			30%				50%	10%	10%	100%
	Salary	Admin	Parks	Court	Com Dev	Bldg	Streets	Water	Sewer	Total
City Administrator	66,324	29,846	6,632			0	6,632	16,581	6,632	66,324
City Recorder	58,656	32,261				0	2,933	17,597	5,866	58,656
City Clerk	42,460	6,369		8,492	4,246	4,246	2,123	8,492	8,492	42,460
PW Super	52,332		5,233				10,466	26,166	10,466	52,332
Utility Worker	42,414		4,241				6,362	19,086	12,724	42,414
Utility Worker	42,554		4,255				6,383	19,149	12,766	42,554
Seasonal Worker	12,480		3,744				6,240	1,248	1,248	12,480
	317,220	68,476	24,106	8,492	4,246	4,246	41,140	108,319	58,195	317,220
	PERS	Admin	Parks	Court	Com Dev	Bldg	Streets	Water	Sewer	Total
City Administrator	5,319	2,394	532			0	532	1,330	532	5,319
City Recorder	4,704	2,587				0	235	1,411	470	4,704
City Clerk	3,405	511		681	341	341	170	681	681	3,405
PW Super	4,197		420				839	2,099	839	4,197
Utility Worker	5,200		520				780	2,340	1,560	5,200
Utility Worker	3,413		341				512	1,536	1,024	3,413
Seasonal Worker	0		0				0	0	0	0
	26,239	5,492	1,813	681	341	341	3,069	9,396	5,107	26,239

**City of Amity *Adopted* Budget Document for Fiscal Year 2019-20**

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Proposed Budget Copy FY 2019-2020

Personnel Breakdown

	SS/Medicare	Admin	Parks	Court	Com Dev	Bldg	Streets	Water	Sewer	Total
City Administrator	5,074	2,283	507			0	507	1,268	507	5,074
City Recorder	4,487	2,468				0	224	1,346	449	4,487
City Clerk	3,248	487		650	325	325	162	650	650	3,248
PW Superintendent	4,003		400				801	2,002	801	4,003
Utility Worker	3,245		324				487	1,460	973	3,245
Utility Worker	3,255		326				488	1,465	977	3,255
Seasonal Worker	0		0				0	0	0	0
	<b>23,313</b>	<b>5,238</b>	<b>1,558</b>	<b>650</b>	<b>325</b>	<b>325</b>	<b>2,670</b>	<b>8,191</b>	<b>4,356</b>	<b>23,313</b>
	Unemployment	Admin	Parks	Court	Com Dev	Bldg	Streets	Water	Sewer	Total
City Administrator	60	27	6			0	6	15	6	60
City Recorder	53	29				0	3	16	5	53
City Clerk	38	6		8	4	4	2	8	8	38
PW Super	47		5				9	24	9	47
Utility Worker	38		4				6	17	11	38
Utility Worker	38		4				6	17	11	38
Seasonal Worker	0		0				0	0	0	0
	<b>274</b>	<b>62</b>	<b>18</b>	<b>8</b>	<b>4</b>	<b>4</b>	<b>31</b>	<b>96</b>	<b>51</b>	<b>274</b>
	WBF	Admin	Parks	Court	Com Dev	Bldg	Streets	Water	Sewer	Total
City Administrator	29	13	3			0	3	7	3	29
City Recorder	29	16				0	1	9	3	29
City Clerk	29	4		6	3	3	1	6	6	29
PW Super	29		3				6	15	6	29
Utility Worker	29		3				4	13	9	29
Utility Worker	29		3				4	13	9	29
Seasonal Worker	0		0				0	0	0	0
	<b>175</b>	<b>33</b>	<b>12</b>	<b>6</b>	<b>3</b>	<b>3</b>	<b>20</b>	<b>63</b>	<b>35</b>	<b>175</b>
	Health Ins.	Admin	Parks	Court	Com Dev	Bldg	Streets	Water	Sewer	Total
City Administrator	14,160	6,372	1,416			0	1,416	3,540	1,416	14,160
City Recorder	14,160	7,788				0	708	4,248	1,416	14,160

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Proposed Budget Copy FY 2019-2020

Personnel Breakdown

City Clerk	14,160	2,124		2,832	1,416	1,416	708	2,832	2,832	14,160
PW Super	14,160		1,416				2,832	7,080	2,832	14,160
Utility Worker	14,160		1,416				2,124	6,372	4,248	14,160
Utility Worker/Oper	14,160		1,416				2,124	6,372	4,248	14,160
Seasonal Worker	0		0				0	0	0	0
	<b>84,960</b>	<b>16,284</b>	<b>5,664</b>	<b>2,832</b>	<b>1,416</b>	<b>1,416</b>	<b>9,912</b>	<b>30,444</b>	<b>16,992</b>	<b>84,960</b>
Total per class		95,585	33,171	12,668	6,334	6,334	56,842	156,510	84,736	452,180

Total of "non-split" employees 19,379

Combined Total 471,560

Total from Benefits Breakdown Sheet 471,560

Difference 0

FTE Calculation	Hours	Admin	Parks	Court	Com Dev	Bldg	Streets	Water	Sewer	
City Administrator	2080	0.73	0.05				0.05	0.12	0.05	100%
City Recorder	2080	0.55					0.05	0.20	0.20	100%
City Clerk	2080	0.15		0.20	0.10	0.10	0.05	0.20	0.20	100%
PW Super	2080		0.10				0.20	0.30	0.40	100%
Utility Worker	2080		0.10				0.15	0.45	0.30	100%
Utility Worker	2080		0.10				0.15	0.45	0.30	100%
Seasonal Worker	1040		0.15				0.25	0.05	0.05	50%
	Total FTE by Fund	1.43	0.50	0.20	0.10	0.10	0.90	1.77	1.50	

## **Appendix**

## **Financial Management Policies**

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### **I. PURPOSE**

These Comprehensive Financial Management Policies are the tools used to ensure that the City of Amity is financially able to meet its current and future service needs. The policies contained herein set a basis for both the financial planning, reporting and internal financial management of the City.

Municipal resources must be wisely used to ensure adequate funding for the services, operations, public facilities, and infrastructure necessary to meet immediate and long-term needs of the City. These policies safeguard the fiscal stability required to achieve the City Council's objectives and ensure the long-term financial health of the City.

These policies are adopted by City Council as the basic framework for overall financial management of the City, to guide day-to-day and long-range fiscal planning and decision making, and to achieve the following general financial goals.

1. Provide an adequate financial base to sustain a sufficient level of municipal services to maintain the social well-being and physical conditions of the City.
2. Deliver cost effective and efficient services to citizens.
3. Provide and maintain essential services, public facilities, utilities, and capital equipment.
4. Provide the financial stability needed to navigate through economic downturns, adjust to changes in the service requirements of the community and respond to other changes as they affect the city's residents.
5. Protect and enhance the City's credit rating so as to obtain the lowest cost of borrowing and also to assure taxpayers and the financial community that the City is well managed and financially sound.
6. Adhere to the highest standards of financial management and reporting practices as set by the Government Finance Officers Association, the Governmental Accounting Standards Board and other professional standards.
7. Fully comply with finance related legal mandates, laws and regulations including Oregon Revised Statutes and Oregon Budget Law.

To achieve these goals, fiscal policies generally cover areas of revenue management, operating and capital budgeting, financial planning and forecasting, investment and asset management, debt management, accounting and financial reporting, reserves and internal controls. These policies shall be reviewed every year as part of the annual budget preparation process.

## **II. OBJECTIVES**

1. To guide the City Council and management policy decisions that has significant fiscal impact.
2. To employ balanced revenue policies that provides adequate funding for services and service levels.
3. To maintain appropriate financial capacity for present and future needs.
4. To maintain sufficient reserves so as to maintain services levels during periods of economic downturn.
5. To promote sound financial management by providing accurate and timely information on the City's financial condition.
6. To ensure the legal use of financial resources through an effective system of internal controls.
7. To protect the City's credit rating and provide for adequate resources to meet the provisions of the City's debt obligation on all municipal debt.
8. To promote cooperation and coordination with other governments and the private sector in financing and delivery of services.

## **III. MANAGEMENT OF FISCAL POLICY**

The City Administrator is responsible for overseeing the management of the City's fiscal policies and monitor compliance. If the City Administrator discovers a material variation from policy, the City Administrator shall report it in writing to the City Council in a timely manner. The report will explain the impact of the material variation on the City's operations, service levels and/or finances and substantive impact of all recommendations to changes in fiscal policy.

As a part of the City's annual budget document, the City Administrator's budget message will identify (a) all major changes in policy since the previous budget year and (b) any material variations from policy in the ensuing year's budget. Fiscal policies and changes in policies will be approved by the City Council and adopted by resolution.

## **IV. ACCOUNTING, AUDITING, AND FINANCIAL REPORTING POLICY**

The City will maintain accounting practices in accordance with state and federal law and regulations, and financial reporting that conforms to Generally Accepted Accounting Principles (GAAP). Provide for, prepare and present regular reports that analyze and evaluate the City's financial performance and economic condition.

1. Accounting Practices and Principles

The City will maintain accounting practices in accordance with state and federal law and regulations, and annual financial reporting that conforms to GAAP as set forth by the Governmental Accounting Standards Board (GASB), the authoritative standard setting body for units of local government. The City's monthly financial reports will be reported on the budgetary basis. At year-end, the general ledger and financials will be adjusted to GAAP, and the annual financial reports and continuing disclosure statements will meet these standards.

2. A system of internal controls and procedures will be maintained to provide reasonable assurance of the safeguarding of assets and proper recording of financial transactions and compliance with applicable laws and regulations. When staffing limitations require it, staff duties will be assigned to maximize a system of financial checks and balances.

3. Annual Audit

- a. Pursuant to state law, the City will have an annual financial and compliance audit, and prepare financial statements based on the audited financial information. The audit will be performed by a certified public accounting (CPA) firm, licensed to practice as Municipal Auditors in the State of Oregon. The annual financial report, including the auditor's opinion and specific reports as required by Oregon state regulations, will be filed no later than six (6) months following the end of the fiscal year and will be presented to the City Council in that same time frame. The audit firm will also provide a Single Audit of Federal and State grants, when necessary. The City Administrator will be responsible for establishing a process to ensure timely resolution of audit recommendations, if any.
- b. As required by the Securities and Exchange Commission (SEC) Rule 15c2-12, when the City issues bonds with a principal amount greater than \$1 million, the City will provide certain annual financial information to the Municipal Securities Rulemaking Board (MSRB). This will include any periodic materials event notices as required by the MSRB or SEC. This requirement allows investors to have current information about issuers in order to decide whether to hold, sell or buy securities on the secondary market.

4. Financial and Management Reporting

- a. Monthly financial reports will be provided to the City Council, the City Administrator and department heads. These reports will include department revenues and expenditures actual to date with comparison to the budget. These reports will be distributed within thirty working days of the end of each month.
- b. A goal of the City is to eventually prepare a comprehensive annual financial report subjected to independent audit and prepared in a format that conforms to the standards of the Government Finance Officers Association *Certificate of Achievement for Excellence in Financial Reporting*. The report shall be shared with the City Administrator, City Council, Budget Committee and the Secretary of State. In accordance with state law the report shall be distributed no later than December 31<sup>st</sup> of the following fiscal year.

## **V. REVENUE POLICY**

1. The City will estimate its annual revenues by an objective, analytical process. Because most revenues are sensitive to conditions outside the City's control, estimates will be conservative.
2. The City should take advantage of every revenue-generating opportunity authorized by Oregon Revised Statutes and the Oregon Constitution.
3. The City shall pursue an aggressive policy of collecting delinquent accounts, including the use of collection agencies as authorized by the City Council.
4. Charges provided utility services will be sufficient to finance all operating, capital outlay and debt service expenses including operating contingency and reserve requirements. Rates will be adjusted as needed to account for major changes in consumption, capital improvements and cost increases.
5. System development charges will be established to pay for new capacity in infrastructure systems such as street, water, sewer, parks and stormwater facilities.
6. User fees and charges will be established for services provided that benefit specific individuals or organizations. User fees and charges will be set at a level sufficient to recover the full cost of service whenever practical to minimize subsidization by taxpayers. The City will systematically review user fees and charges to take into account the effects of additional service costs and inflation.
7. The City will maintain a current schedule of fees which will be reviewed annually and adopted by resolution.

## **VI. EXPENDITURE POLICY**

Expenditures will be controlled through appropriate internal controls, procedures, and regular monitoring of monthly budget reports. Management must ensure expenditures comply with the legally adopted budget. Each department head will be responsible for the administration of their department program budget. This includes accomplishing the goals and objectives incorporated into the budget and monitoring each department program budget for compliance with spending limitations.

1. The City Council will approve the budget by fund at the category or program level. Expenditures anticipated to be in excess of these levels require approval of the City Council resolution (i.e. supplemental budget process).
2. The City will follow the employee compensation practices that are consistent with the City's adopted Personnel Handbook and approved collective bargaining agreements.

3. The operation of City utilities and streets and City property maintenance must have adequate funds to procure needed supplies and parts.
4. The City will maintain a purchasing ordinance for public procurements and improvements and set expenditure authorization levels for City staff.
5. All expenditure invoices must be reviewed and approved by the City Administrator, and/or the appropriate department head before going to the City Council for review. Two signatures are required on City checks if an amount that exceeds \$999.99.
6. The City will make every effort to control expenditures to ensure City services and programs provided to its citizens and taxpayers are cost effective and efficient.
7. Items costing \$5,000 or more, per item, will be budgeted and accounted as capital outlay and shall be tracked in the City's fixed assets records. Significant repair or maintenance that extends the useful life of existing assets will be included here provided the dollar threshold is met. The \$5,000 limit will apply to individual items unless a group of items are intended to function together as a unified system.

## **VII. CAPITAL IMPROVEMENT POLICY**

The City will prepare a five-year Capital Improvement Plan (CIP) encompassing all City facilities annually with the budget. The CIP will be composed of projects identified in the City's adopted facility master plans (e.g. parks, sewer, stormwater, transportation, water). The five-year CIP will be incorporated into the City's budget and long-range financial planning processes.

1. The City will maintain its physical assets at a level adequate to protect the City's capital investment and to minimize future operating maintenance and replacement costs. The City recognizes that deferred maintenance increases future capital costs, thus placing a burden on future residents. Therefore, the budget will provide for adequate maintenance and the orderly replacement of capital plant and equipment from current revenues when possible.
2. The City will determine the least costly funding method for its capital projects and will obtain grants, contributions and low-cost state or federal loans whenever possible.
3. The City will establish capital equipment reserves to provide for funding of vehicles and equipment. The City will also establish major repairs and replacement reserves to provide for funding of major repairs and replacements.
4. The City may utilize "pay-as-you-go" funding for capital improvements when current revenues and adequate fund balances are available for when issuing debt would adversely affect the City's credit rating or put the City in violation of its debt limitation provision in the City Charter.

5. The City will consider the use of debt financing for capital projects under the following circumstances:
  - a. When the project's useful life will exceed the terms of the financing.
  - b. When resources are deemed sufficient and reliable to service the long-term debt.
  - c. When market conditions present favorable interest rates for City financing.
  - d. When the issuance of debt will not adversely affect the City's credit rating, coverage ratios or City Charter limitation.
6. Special funds dedicated for capital improvements will be segregated in the accounting system and used only for the intended capital purposes.

## **VIII. OPERATING BUDGET POLICY**

The City will prepare an annual budget with the participation of all City departments. All budgetary procedures will conform to existing state and local regulations. Oregon Budget Law requires each local government to prepare a balanced budget and Oregon Administrative Rules state: 1) the budget must be constructed in such a manner that the total resources in a fund equal the total of expenditures and requirements for that fund and 2) the total of all resources of the budget must equal the total of all expenditures and all requirements.

1. A Budget Committee will be appointed in conformance with the City Charter and state statutes. The Budget Committee's chief purpose is to review the City Administrator's proposed budget and recommend a budget and tax levy for the City Council to adopt.
2. The City budget will support City Council goals and priorities and long-range needs of the City.
3. The City budget process will incorporate the proposed Capital Improvement Plan for the upcoming fiscal year.
4. Multi-year projections will be prepared in conjunction with the proposed budget to determine if adjustments in expenditures or revenues are needed.
5. The City will manage each fund as an independent entity in accordance with applicable statutes and with generally accepted accounting principles.
6. The City will allocate direct and administrative costs to each fund based upon the cost of providing these services.
7. The City will take immediate corrective action if at any time during the fiscal year financial monitoring indicates that an operating fund's anticipated expenditure are expected to exceed its anticipated revenues.

8. The use of fund balance, which is a one-time revenue source, may be used to fund an annual operating deficit only with approval of a plan to replenish the fund balance if its brought down below policy level (See Reserve Policy).
9. The City will work towards the goal of preparing a budget document which complies with the standards necessary to obtain the *Award for Distinguished Budget Presentation* from the Government Finance Officers Association (GFOA). The City will submit its budget for award consideration annually.

## **IX. LONG-RANGE FINANCIAL PLANNING POLICY**

The City will prepare a long-term financial plan to promote responsible planning for the use of its resources. The long-term financial plan will protect revenues, expenditures and reserve balances for the next five years. The analysis will incorporate the City's approved Capital Improvement Plan.

Long-term projections of revenues and expenditures will be realistic, conservative and based on best practices established by the Government Finance Officers Association.

## **X. DEBT MANAGEMENT POLICY**

1. Capital projects, financed through the issuance of bonds or other notes, will be financed for a period not to exceed the useful life of the project.
2. The City will use the most prudent methods of acquiring capital outlay items, including the use of lease-purchase agreements.
3. The City will not use long-term debt to fund current operations, to balance the budget or to fund projects that can be funded from current resources.
4. All bond issuances and promissory notes will be authorized by resolution of the City Council.
5. The City will comply with all statutory debt limitations imposed by the Oregon Revised Statutes and the City Charter.
6. The City will maintain its bond rating at the highest level fiscally prudent, so that future borrowing costs are minimized and access to the credit market is preserved.
7. The City will obtain and maintain a good credit rating.

## **XI. RESERVE AND CONTINGENCY POLICY**

Reserves and contingencies are an important indicator of the City's financial position and its ability to withstand adverse events. Maintaining reserves and contingencies are a prudent management practice. The following are examples of their use:

**Operating Contingency** – A budgetary account used to appropriate resources that can be used to address events or services needs that were unanticipated during budget development.

**Capital Asset Reserve** – A reserve established to accumulate resources that will be used to replace capital assets and to provide for major customer service enhancements, where procurement will be budgeted in a future year. The City will maintain equipment and infrastructure capital reserves sufficient to replace assets at the end of their useful lives.

**Debt Service Reserve** – A reserve established as a requirement of a bond covenant, or covenant in another debt instrument.

The City will maintain sufficient contingency and reserves in each fund to be able to:

1. Mitigate short-term volatility in revenue.
2. Absorb unanticipated operating needs that arise during the fiscal year but were not anticipated during the budget process.
3. Sustain City services in the event of an emergency.
4. Meet operating cash flow requirements before the collection of property taxes, grant proceeds and other operating revenues.
5. Meet major facility and equipment repair and maintain needs.
6. Meet future capital projects needs so as to minimize future debt obligations and burden on future citizens.

The City will maintain a contingency of no less than 15% of total operating expenses for the General Fund and no less than 15% of total operating expenses for the other operational (Sewer, Street, and Water) funds.

In the event that reserves and contingencies decrease to levels below the levels established by this policy, the City will develop a plan to restore reserves and contingencies to the required levels.

## **XII. INVESTMENTS**

All City funds shall be invested to provide safety of principal and a sufficient level to meet cash flow needs. One hundred percent of all idle cash will be continuously invested in the Local Government Investment Pool maintained by the State Treasurer.

## Appendix

## Glossary and Acronyms

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(Adapted from the Local Budgeting Manual published by the Oregon Department of Revenue. Oregon Revised Statutes (ORS) are referenced here and are available on line at [www.oregon.gov](http://www.oregon.gov)).

**Adopted budget.** Financial plan that is the basis for appropriations. It is adopted by the governing body (ORS 294.435).

**Ad valorem tax.** A property tax computed as a percentage of the assessed value of taxable property.

**Appropriation.** Authorization to spend a specific amount of money for a specific purpose during a fiscal year. It is based on the adopted budget, including supplemental budgets, if any. It is presented in a resolution or ordinance adopted by the governing body [ORS 294.311(3)].

**Approved budget.** The budget that is approved by the budget committee. The data from the approved budget is published in the Financial Summary before the budget hearing (ORS 294.406).

**Assessed value.** The value set on real and personal property as a basis for imposing taxes. It is the lesser of the property's maximum assessed value or real market value.

**Assessment date.** The date on which the value of property is set, January 1 (ORS 308.210, 308.250)

**Audit.** The annual review and appraisal of a municipal corporation's accounts and fiscal affairs conducted by an accountant under contract (ORS 297.425).

**Audit report.** A report in a form prescribed by the Secretary of State made by an auditor expressing an opinion about the propriety of a local government's financial statements, and compliance with requirements, orders and regulations.

**Budget.** Written document showing the local government's comprehensive financial plan for one fiscal year or biennium. It must include a balanced statement of actual revenues and expenditures during each of the last two years and estimated revenues and expenditures for the current and upcoming year [ORS 294.311(4)].

**Budget committee.** Fiscal planning board of a local government, consisting of the governing body plus an equal number of legal voters appointed from the city (ORS 294.336).

**Budget message.** Written explanation of the budget and the local government's financial priorities. It is prepared and presented by the executive officer or chairperson of the governing body (ORS 294.391).

**Budget officer.** Person appointed by the governing body to assemble budget material and information and to physically prepare the proposed budget (ORS 294.331).

**Budget transfers.** Amounts moved from one fund to finance activities in another fund. They are shown as expenditures in the originating fund and revenues in the receiving fund.

**Capital outlay.** Items which generally have a useful life of one or more years, such as machinery, land, furniture, equipment, or buildings [ORS 294.352(6)].

**Capital projects fund.** A fund used to account for resources, such as bond sale proceeds, to be used for major capital item purchase or construction [OAR 150-294.352(1)].

**Cash basis.** System of accounting under which revenues are accounted for only when received in cash, and expenditures are accounted for only when paid [ORS 294.311(9)]. The City of Amity uses cash basis accounting.

**Cash Carryover.** The accumulated unspent resources carried forward from the prior year into the next fiscal year. These can be used to support the appropriations for the next fiscal year.

**Consolidated billing tax rate.** The combined total of the billing rates for all taxing Districts in a code area. Does not include the billing rate for any urban renewal special levies or non-ad valorem taxes, fees, or other charges.

**Constitutional limits.** The maximum amount of tax on property that can be collected from an individual property in each category of limitation (Art. XI, sect. 11b, OR Const.).

**Contingency.** An amount appropriated in anticipation that some operating expenditures will become necessary which cannot be foreseen and planned in the budget. A general operating fund may contain one line for operating contingency. (ORS 294.352)

**Debt service fund.** A fund established to account for payment of general long-term debt principal and interest [OAR 150-294.352(1)].

**Division of tax.** Division of tax refers to the process of and revenue from, apportioning tax to urban renewal agencies based on the relationship of the excess to frozen value, a.k.a. tax increment revenue.

**Double majority.** A term that refers to an election where at least 50 percent of the registered voters eligible to vote in the election cast a ballot and more than 50 percent voting approve the question.

**Education category.** The category for taxes that will be used to support the public school system and are not used to pay exempt bonded indebtedness [ORS 310.150(2)].

**Encumbrance.** An obligation chargeable to an appropriation and for which part of the appropriation is reserved [ORS 294.311(10)].

**Enterprise fund.** A fund established to account for operations that are financed and operated in a manner similar to private business enterprises. They are usually self-supporting.

Examples of enterprise funds are those for water, gas, and electric utilities, swimming pools, airports, parking garages, transit systems, and ports [OAR 150-294.352(1)].

**Estimate.** (v) To arrive at a rough calculation or an opinion formed from imperfect data. (n) The resulting amount.

**Excluded from limitation category.** The category for taxes used to pay principal and interest on exempt bonded indebtedness [ORS 310.150(2)].

**Exempt bonded indebtedness.** 1) Bonded indebtedness authorized by a specific provision of the Oregon Constitution, or 2) bonded indebtedness issued as a general obligation on or before November 6, 1990, incurred for capital construction or capital improvements, or 3) bonded indebtedness issued as a general obligation after November 6, 1990, incurred for capital construction or capital improvements with the approval of the electors of the local government. Bonded indebtedness issued to refund or refinance any bonded indebtedness described above is also included [ORS 310.140(15)].

**Expenditures.** Total amount incurred if accounts are kept on an accrual basis; total amount paid if accounts are kept on a cash basis [ORS 294.311(16)].

**Fiscal year (FY).** A 12-month period to which the annual operating budget applies. The fiscal year is July 1 through June 30 for local governments [ORS 294.311(17)].

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

**Fund balance.** The fund equity of government funds.

**Fund type.** One of nine fund types: General, special revenue, debt service, capital projects, special assessment, enterprise, internal service, trust and agency, and reserve [OAR 150-294.352(1) and ORS 280.100].

**General fund.** A fund used to account for most fiscal activities except for those activities required to be accounted for in another fund [OAR 150-294.352(1)].

**General government category.** The category for taxes used to support general government operations other than schools that are not for the purposes of paying exempt bonded indebtedness [ORS 310.150(1)].

**Good Faith.** The standard for estimating budget resources and requirements. Good faith estimates are reasonable and are reasonably likely to prove accurate, based on the known facts at the time.

**Governing body.** County court, board of commissioners, city council, school board, board of trustees, board of directors, or other managing board of a local government unit [ORS 294.311(15)].

**Grant.** A donation or contribution in cash by one governmental unit to another unit which may be made to support a specified purpose or function, or general purpose [ORS 294.311(19)].

**Interfund loans.** Loans made by one fund to another and authorized by resolution or ordinance (ORS 294.460).

**Interfund transfer.** Transfer from an existing appropriation category in one fund to another existing appropriation category in another fund. (ORS 294.450)

**Intrafund transfer.** Transfer from one existing appropriation category to another within the same fund. (ORS 294.450)

**Internal service fund.** A fund used to account for fiscal activities when goods or services are provided by one department or agency to other departments or agencies on a cost-reimbursement basis (ORS 294.470).

**Legal opinion.** The opinion as to legality rendered by an authorized official, such as the Oregon attorney general or city attorney.

**Levy.** (v) To impose a property tax. (n) Ad valorem tax certified by a local government.

**Liability.** Debt or other legal obligation arising from transactions in the past which must be liquidated, renewed, or refunded at a future date; does not include encumbrances.

**Local government.** Any city, county, port, school district, education service district, community college, special district, public or quasi-public corporation (including a municipal utility or dock commission) operated by a separate board or commission; a municipality or municipal corporation under ORS 294.311(25).

**Local option tax.** Voter-approved taxing authority that is in addition to the taxes generated by the permanent tax rate. Local option taxes can be for general operations, a specific purpose or capital projects. It is limited to five years unless it is for a capital project, then it is limited to the useful life of the project or 10 years, whichever is less [Art. XI, section 11(4)].

**Maximum assessed value (MAV).** A constitutional limitation on the taxable value of real or personal property. It can increase a maximum of 3 percent each year. The 3 percent limit may be exceeded if there are qualifying improvements made to the property, such as a major addition or new construction.

**Measure 5.** A constitutional amendment (Art. XI, section 11b) passed in 1990 that limits the amount of operating tax that can be imposed on a property to \$5 per \$1,000 of real market value for education and \$10 per 1,000 for general government.

**Measure 50.** A constitutional amendment (Art. XI, section 11) passed in 1997 that limits the growth in a property's assessed value to 3% per year. It also limits a local government's taxing authority by creating permanent rate limits.

**Object classification.** A grouping of expenditures, such as personal services, materials and services, capital outlay, debt services, and other types of requirements [ORS 294.311(28)].

**Operating rate.** The rate determined by dividing the local government's operating tax amount by the estimated assessed value of the local government. This rate is needed when a local government wants to impose less tax than its permanent rate will raise.

**Ordinance.** A formal legislative enactment by the governing board of a local government.

**Organizational unit.** Any administrative subdivision of the local government, especially one charged with carrying on one or more specific functions (such as a department, office or division) [ORS 294.311(30)].

**Personal services expenses.** Expenses related to the compensation of salaried employees, such as, health and accident insurance premiums, Social Security and retirement contributions, civil service assessments.

**Permanent rate limit.** The maximum rate of ad valorem property taxes that a local government can impose. Taxes generated from the permanent rate limit can be used for any purpose. No action of the local government or its voters can change a permanent rate limit.

**Principal act.** The Oregon Revised Statutes that describe how a certain type of municipal corporation is formed and selects its governing body, and the powers it may exercise and the types of taxing authority that its voters may authorize.

**Prior years' tax levies.** Taxes levied for fiscal years preceding the current one.

**Property taxes.** Ad valorem tax certified to the county assessor by a local government unit.

**Proposed budget.** Financial plan prepared by the budget officer. All funds must balance. It is submitted to the public and the budget committee for review.

**Publication.** Public notice given by publication in a newspaper of general circulation within the boundaries of the local government; mailing through the U.S. Postal Service by first class mail to each street address within the boundaries of the local government; and hand delivery to each street address within the boundaries of the local government [ORS 294.311(34)].

**Real Market Value (RMV).** The amount in cash which could reasonably be expected by an informed seller from an informed buyer in an arm's-length transaction as of the assessment date. For most properties, the value used to test the constitutional limits (ORS 308.205).

**Reserve fund.** Established to accumulate money from year to year for a specific purpose, such as purchase of new equipment (ORS 294.525).

**Reserve for Future Expenditure.** An amount budgeted, but not appropriated, that is not anticipated to be spent in the fiscal year, but rather carried forward into future fiscal years. The correct way to "save" money under Local Budget Law.

**Resolution.** A formal order of a governing body; lower legal status than an ordinance.

**Resource.** Estimated beginning funds on hand plus anticipated receipts (ORS 294.361).

**Special levy.** A special levy is an ad valorem tax, imposed for an urban renewal plan on the entire municipality that adopted the plan. It is not a result of a division of tax.

**Special revenue fund.** A fund used to account for the proceeds of specific revenue sources (other than special assessments, expendable trusts, or major capital projects) that are legally restricted to expenditure for specific purposes [OAR 150-294.352(1)].

**Special payment.** A budget expenditure category for pass-through payments, grants made to other organizations and other one-time or unusual expenditures that do not fall into the other categories of personal services, materials and services, capital outlay, etc.

**State revenue sharing.** A share of certain State revenues that is distributed to the City for general purposes as provided in this section. [Adapted from ORS 221.770]

**Supplemental budget.** A financial plan adopted during a budget period to meet unexpected needs or to appropriate revenues not anticipated when the regular budget was adopted. It cannot be used to authorize a tax (ORS 294.480).

**Tax increment financing.** A financial mechanism for urban renewal plans which captures the tax from the growth in property value within a designated geographical area by dividing the taxes of local governments.

**Tax on property.** Any tax, fee, charge or assessment imposed by any government unit upon property or upon a property owner as a direct consequence of ownership of that property [ORS 310.140(1)].

**Tax rate.** The amount of tax stated in terms of a unit of tax for each \$1,000 of assessed value of taxable property.

**Tax roll.** The official listing of the amount of taxes imposed against each taxable property.

**Tax year.** The fiscal year from July 1 through June 30.

**Trust fund.** A fund used to account for fiscal activities of assets held in trust by a local government.

**Unappropriated.** An amount set aside in the budget to be used as a cash carryover to the next year's budget to provide needed cash flow until other money is received.

**Unappropriated ending fund balance.** Amount set aside in the budget to be carried over to the next year's budget. It provides the local government with cash until tax money or other revenues are received later in the year. This amount cannot be transferred by resolution or used through a supplemental budget, unless necessitated by a qualifying emergency (ORS 294.398, renumbered from 294.371; ORS 294.481, renumbered from 294.455).