PUBLIC NOTICE
Budget Committee Meeting

Posted: May 05, 2021
(Frink's, City Hall, Community Center, Website, Polk IO)
A Regular Session of the Falls City Council will be held as follows:
Meeting Date: Wednesday, May 12, 2021 **Time:** 6:00 pm

All Budget Committee Meetings will be held via Zoom.

How to Attend/Participate:

1. **Call-in**:
   a. 1-253-215-8782 Meeting ID: 964 5436 6995, Passcode: 577114.
2. **Web Application: Zoom**
   a. https://zoom.us/j/96454366995?pwd=SnhWVXVXSGRUTTBuYnJ3dDZtVEFWZz09
   b. Meeting ID: 964 5436 6995,
   c. Passcode: 577114.
   d. You will be muted but may "raise your hand" to indicate you wish to comment.
   e. Address: 299 Mill St. Falls City, OR 97344
3. **Write-In:** Using regular mail or email.
   a. info@fallscityoregon.gov; 299 Mill St. Falls City, OR 97344

AGENDA

1. CALL TO ORDER/ROLL CALL

   City Council:

   Jeremy Gordon, Mayor___ Lori Jean Sickles___ Jennifer Drill ___

   Tony Meier___ Amy Houghtailing___ Dennis Sickles ___ TJ Bailey ___

   Budget Committee:

   Nick Backus___ Lynn Sampson-Bailey___ Guy Mack___

   Dana Schowalter___

   (Charlie Flynn___ Art Houghtailing___ Jason Evans___ Pending Council Appointment on Monday May 10, 2021)

2. PLEDGE OF ALLEGIANCE
3. MOTION TO ADOPT THE ENTIRE AGENDA
4. APPOINTMENTS
   a. Appointment of Budget Committee Chair, Vice-Chair, and Secretary

   FCMC 32.04.0101. *The budget committee members shall elect, at their first regular meeting, a chairperson, vice chairperson and secretary from their membership. Thereafter, the committee shall elect a chairperson at its first meeting each year, to serve for the calendar year and until the chairperson's successor has been elected; provided, however, that no member shall serve more than two consecutive terms as chairperson.*

5. PUBLIC HEARING ON THE BUDGET

a. Any member of the public may address the Budget Committee regarding the Budget. The Committee may not be able to provide an immediate answer or response, but may direct staff to follow up on any questions raised. Out of respect to the Committee and others in attendance, please limit your comment to three (3) minutes. Please state your name and city of residence for the record.

6. PUBLIC HEARING ON STATE REVENUE SHARING: ORS 221.70(1)(b)

   a. Any member of the public may comment or make requests to the Budget Committee regarding how state revenue sharing funds are proposed for expenditure in FY 2021-2022. State revenue sharing funds are a share of certain revenues of the State of Oregon that shall be apportioned among and distributed to the cities of the state for general purposes.

7. BUDGET COMMMITTEE DISCUSSIONS

   a. Budget Officer Reads Budget Message

   b. Budget Officer Introduces Each Fund

   c. Budget Committee Q & A

8. MOTIONS

   a. Motions to approve property taxes, local option levy, and the local budget.

      I move that the City of Falls City Budget Committee approve the permanent ad valorem tax rate of $2.9202 per $1,000 of assessed value.

      I move that the City of Falls City Budget Committee approve the Fire Levy ad valorem tax rate of $1.00 per $1,000 of assessed value.

      I move that the City of Falls City approve the FY 2020-2021 local budget [as presented] or [subject to the changes made by this Committee].

9. **ADJOURN**

The City of Falls City does not discriminate in providing access to its programs, services, and activities on the basis of race, color, religion, ancestry, national origin, political affiliation, sex, age, marital status, physical or mental disability, or any other inappropriate reason prohibited by law or policy of the state or federal government. Should a person need special accommodations or interpretation services, contact the City at 503.787.3631 at least one working day prior to the need for services and every reasonable effort to accommodate the need will be made.

FALLS CITY

End of the road, start of your adventure

Fiscal Year 2021-2022

Proposed Budget

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FY 2021-2022 FALLS CITY BUDGET COMMITTEE

BUDGET OFFICER FY 2021-2022

AJ Foscoli, City Manager

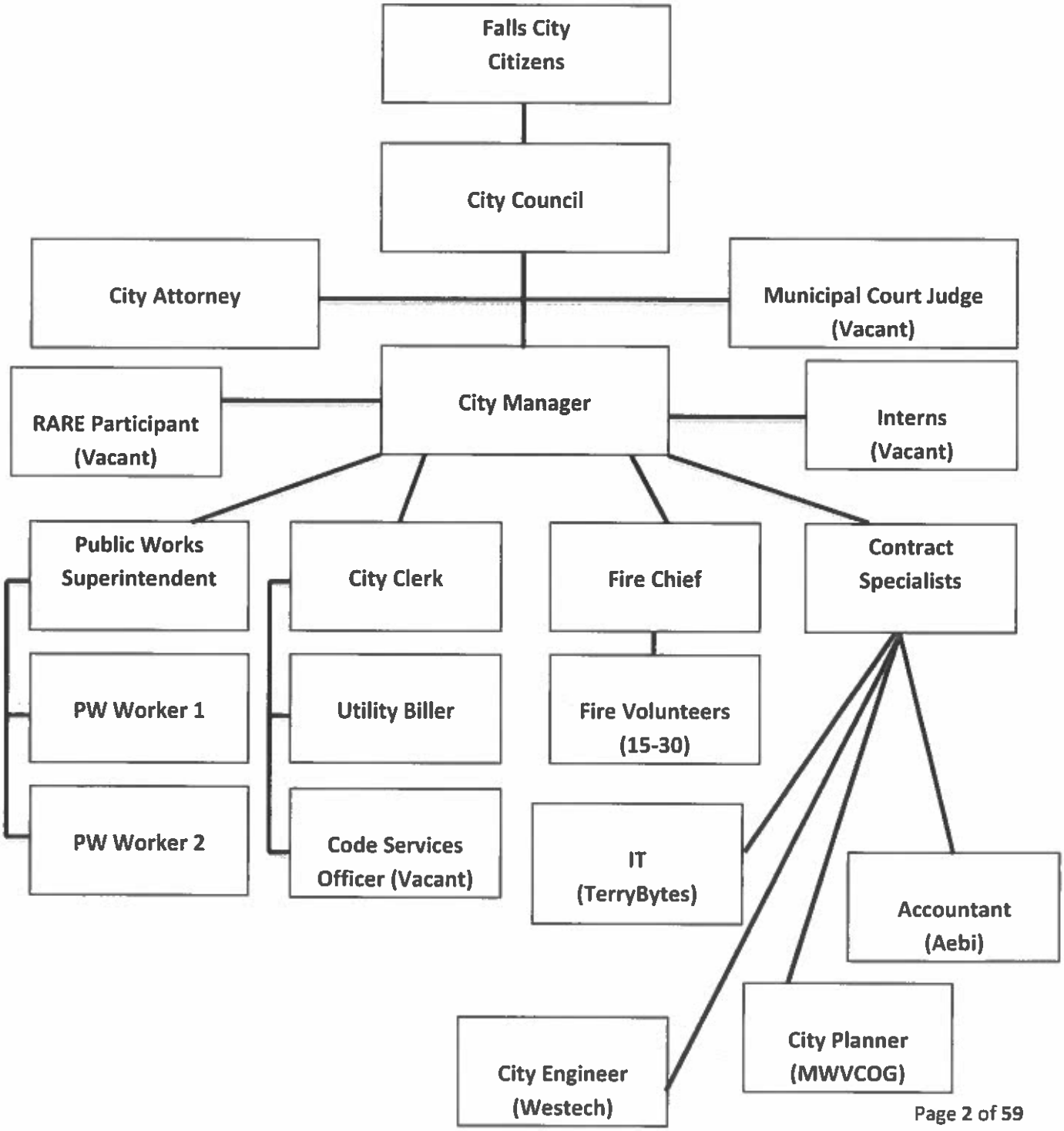
COUNCIL MEMBERS

Member	Elected	Expires
Jeremy Gordon, Mayor	January 2021	2023
Lori J. Sickles, Councilor	January 2018	2022
Dennis Sickles, Councilor	January 2021	2024
Jennifer Drill, Councilor	January 2018	2022
Tony Meier, Councilor	January 2018	2022
Cliff Lauder, Councilor	January 2021	2024
TJ Bailey, Councilor	January 2021	2024

CITIZEN MEMBERS

Member	Appointed	Expires
Nick Backus	2018	2021
Guy Mack	2018	2021
Dana Schowalter	2019	2022
Lynn Sampson-Bailey	2019	2022
Jason Evans	2021	2025
Art Houghtaling	2021	2025
Charlie Flynn	2019	2022

FALLS CITY ORGANIZATION CHART



City of Falls City

FY 2021-2022 PROPOSED BUDGET

BUDGET MESSAGE

DATE: April 23, 2021
TO: City Council, Budget Committee, Staff, and Citizens
FROM: AJ Foscoli, City Manager/Budget Officer
SUBJ: Fiscal Year 2021-2022 BUDGET MESSAGE

Introduction. Fiscal year 2020/2021 was heavily impacted by COVID-19 as the uncertainty that it created for the economic and physical well-being of all in 2020, carried on in 2021. The dynamic situation of rotating through three city managers in one fiscal year created some challenges in continuity of service, but nonetheless progress has been made on several fronts, leading to an encouraging outlook for our Community for the years to come.

City Council and Staff began the year by undertaking a review of council goals, in order to set the course for the governmental organization. The impacts of leadership change on Staff, along with job tasks evolving to better serve the residents have resulted in minor increases in employee costs to reflect additional responsibility, bringing wages ever closer to industry average. Last year's allocation increase for a Code Services Officer to $25,000 per year, will be maintained, with an eye to securing a part-time employee to manage code infractions in the coming fiscal year.

The City will continue to explore potential untapped revenue streams to help maintain existing infrastructure, and to develop new. As the City Council passed a Master Utility Right of Way Ordinance in 2020 to ensure telecommunications and other utilities that utilize the public rights of way are paying their fair share to maintain them; the process will be implemented in the coming Fiscal Year. Additionally, the City is continuing to explore ways to update the Systems Development Charges to ensure developers pay for added stress, and/or upgrades to city infrastructure.

City Staff was also able to obtain and administer approximately $600,000 in grant funding directly benefitting Falls City, and is in the process of securing an additional $120,000 in order to move to the next phase of its proposed Wastewater Treatment

Plant construction project. All of these measures have placed Falls City on the best financial path that could be asked for given the circumstances.

Due to the fluid situation in the past 6 months, this year, as with last year, is an opportunity to tackle financial hurdles to address Council concerns. It is still incumbent on the City to determine where the financial nexus between services and ability/desire to pay for them lies. As stated in last year's budget message, code services can only work if there's a sustainable program that is fully supported by the entire Council. Determining how the position will be funded long-term using heretofore unused avenues, or eliminating costs in other department(s) are still the only ways forward, and each must be supported through a comprehensive political campaign.

For now, our reserves are strong enough to see us through the current state of emergency, and allow us to forge ahead with a focus on code services. This past year has had its share of challenges for our governing organization and our community. You have all had your lives disrupted, personally and professionally, but you have persevered as has your city government. Through leadership change, forest fires, ice storms and deluges, we've all banded and have managed to prosper. We must stay the course for our community and its resident. Thank you all for taking the time to read this message and for actively participating in service of this community!

I present the proposed fiscal year (FY) 2021/2022 City of Falls City Budget for your consideration. The last three years in Falls City have seen significant staff turnover with the departure of the Mayor/Manager, the City Manager, two City Clerks, two Code Services Officers, a Utility Biller, and three Public Works Workers.

Each of these departed employees brought special skills and relationships to our small organization, and each is missed in their own way. However, I'm proud to say that your current City Staff is one of the most capable, creative, proficient, productive, and dependable groups this city has ever seen. We have created, and continue to create, a culture of continuous improvement, trust, and courage that allows us to measure up to every challenge. Look no further than staff's ability to keep services at normal operating levels despite the ongoing emergency and related direct impacts to City Hall. City Staff continues to ensure the city's plans progress while adapting to daily environmental changes.

City Staff has endeavored to present "good faith" estimates and respect fund boundaries in writing the FY 21-22 budget. That effort has allowed for a solid foundation

by which to judge and control expenditures. With the uncertainty surrounding the American Recovery Plan Act's impact on local budgets, we fully expect to have to make supplemental changes to the budget in the coming fiscal year, but we feel that the influx on funding support will be judiciously allocated to respond to the negative impacts that COVID has had on all of our lives.

Additionally, Community Development in Falls City has fallen a significant distance behind the status quo. This presents challenges, but also a great deal of opportunity. This year's budget projects continued investment in community development, especially of neglected assets and infrastructure. From the rehabilitation of the Luckiamute Clinic, to the development of the Elementary School to High School pathway, these projects not only help to develop the community, but also help stop the depreciation, wear and tear on existing city assets, and provide new roadway infrastructure.

The city, our country, and the world face the type and severity of uncertainty that shows itself once in a generation if at all. You can rest assured that your City Staff has budgeted with the ongoing emergency and every resulting contingency in mind. We can say with great confidence that we can and will continue to keep the city's government functioning at a full-service capacity, come what may.

Budget Summary. The Fiscal Year 2021-2022 proposed budget contains approximately $3 million in recommended funding for all expenses and liabilities, slightly lower than the $3.3 million in 2019-2020, and $3.5 million projected in 2020-2021. Of this, approximately $1 million (33%) is in projected grant funds for both infrastructure projects and equipment purchases; another $725,000 (24%) is in the contingency/reserve funds, a substantial reserve percentage to account for the continued COVID-19 related uncertainty.

It's also noteworthy that $1.4 million of the total (47%) is allocated to Capital Outlay and Debt Service, much of which is projected to receive grant financing or already has. This is a decrease in the funding we have provided to our systems and infrastructure, from a projected 122% from 2019-2020 to 2020-2021 to a projected 45% from 2021-2022 due to the Wastewater Treatment Plant Project being currently in the pre-construction phase (design is 95%). We have strong reserves/contingency at 24%, and with our upcoming increase in Capital Outlay in the 2022-2023 fiscal year, we are well positioned to expand and serve all the citizens of Falls City in the future.

Personnel, Materials & Services (PMS) costs are expected to remain relatively flat despite increased pay rates and reassessed responsibilities in multiple departments.

Conclusion. This budget continues to follow our recent trend of investing in capital outlay, while endeavoring to remain flat on Materials & Services, and Personnel. City Staff has been able to achieve these goals, and increase employee wages to the "living wage" realm while concurrently bringing them more in line with industry standards. Finally, a substantial contingency (36% of the overall grant adjusted budget, 24% of the overall budget) has been proposed, along with conservative estimates in revenues and expenses. These measures will provide the city with a firm position from which to take on the uncertainty of our current situation and turn-back, or embrace whatever may come!

Sincerely,

AJ Foscoli
City Manager and Budget Officer

City of Falls City

MISSION STATEMENT

Create an environment that supports rural community living at its best by mixing family, work, recreation and social opportunities while providing fiscally sound, and responsible municipal services.

CITY COUNCIL GOALS 2021

The City of Falls City will:

1. Upgrade Sewer Infrastructure

2. Finance City Code Services & Implement Beautification

3. Develop Falls City as a Destination & Gateway to Nature

4. Miscellaneous:
    a. Establish & Implement Systems Development Charges
    b. Council Training for All Council
    c. Housing Strategies
    d. Capital Improvement Plan
    e. Parks Development
    f. Road Maintenance and Repair

ABOUT FALLS CITY

The City of Falls City is a small, but thriving rural enclave filled with and surrounded by a vast array of recreational activities, scenic areas, forests, vineyards and farmland. Incorporated in 1891, the City encompasses 1.23 square miles in the Mid-Willamette Valley at the base of the Coast Mountain Range. Falls City is situated just 20 miles from Salem, the state capitol, and 68 from Portland, the state's largest city, making it a rare undiscovered jewel in the heart of Polk County, Oregon.

The City provides a range of services, including fire protection, construction and maintenance of streets, parks, cemeteries and utility infrastructure, recreational activities and cultural events, short and long-range planning and development review, and building permits. Certain services are provided by or in cooperation with regional organizations.

The City owns its water and sanitary sewer utilities, relying on surface water to supply distribution. Electricity, telephone and internet services, and trash disposal are provided by private businesses.

Falls City is part of the larger Falls City School District #57 that provides Pre-kindergarten through high school services.

Planning for future land uses, civic services, and infrastructure improvements is ongoing. The economy in the mid-Willamette Valley, where Falls City is located, is primarily agriculture and wine, but continues to see growth in tourism, and recreation largely associated with the wine and biking industries.

GOVERNMENT

On December 4, 2014 the City of Falls City adopted a new charter requiring a Council – Manager Form of government. The Charter invests the power of governance in an elected City Council comprised of a Mayor and six City Councilors. In exercising its authority and fulfilling its responsibility to govern the City, the Council may exercise administrative, legislative, or quasi-judicial authority. The Mayor serves a two year term, Councilors serve four year terms, and three of the six Councilor's terms expire each biennial election.

The City Manager and staff are responsible for carrying out the day-to-day operations of the City, developing administrative policies, developing and implementing planning documents, and preparing and managing the budget.

The City's fiscal year begins July 1 and ends June 30. Current information about City services and projects can be found on our website www.fallscityoregon.gov.

QUICK FACTS

- The median age is: 47.5 year old.
- The average household size is: 2.6 people.
- The top industries are: government, education, automotive repair, food service, retail trade, non-store retail, accommodation, and manufacturing.
- The top occupations are: healthcare, office/administration, management, education, construction, and transportation.
- The top commuting destinations are: Salem, Sheridan, and Dallas.
- The education breakdown is: 8% no high school diploma, 33% high school grad, 33% some college, 26% bachelor's degree or higher.

HOUSING

Much of the housing in Falls City has been designed with family life in mind. Approximately 82% of housing is owner occupied. The City has seen an increase in building permits and staff has been working to help create zoning changes that will encourage development. The assessed value of real property in Falls City, the amount off which property taxes are assessed, was $42,458,837 in 2018.

PROPERTY TAX RATE

The City's permanent tax rate is $2.9202 per $1,000 assessed valuation, as set by the passage of Measure 50 in 1997. Falls City Voters approved a fire levy in the May, 2018 election which approved a $1.00 per $1,000 assessed value levy for five (5) years.

THE BUDGET PROCESS

A budget as defined by Oregon State Law (Oregon Revised Statutes (ORS), Chapter 294), is a financial plan containing estimates of revenues and REQUIREMENTS for a given period or purpose, such as the fiscal year. The City is required to budget all funds and for each fund to have a balanced budget. The state of Oregon defines balanced budgets as one in which total resources, including beginning balances (Net Working Capital), current resources and debt proceeds, equal total requirements, including current year REQUIREMENTS, capital outlay, transfers, debt service and any other requirements such as debt service reserves.

As a rule, local governments in Oregon operate on a fiscal year that begins on July 1 and ends the following June 30. Falls City's budget operates on this schedule. Budgeting is critical to cities because it requires local governments to evaluate plans and establish priorities in relation to available financial resources. Also under ORS, a legally adopted budget is necessary to establish and justify a given rate and or amount of property taxes to be levied on the property within the city.

The City of Falls City's budget will accomplish each of the four major purposes of Oregon Local Budget Law (ORS 294.305 – 294.555 and 294.565) including:

- Establish standard financial procedures
- Outline programs and services in conjunction with the fiscal policy and implement those policies
- Provide methods of estimating revenue, REQUIREMENTS, and proposed tax levies
- Encourage public involvement in the budgeting process before budget adoption
- Falls City prepares and adopts its annual budget in accordance with the City Charter, Oregon Law and the Government Finance Officers Association budget guidelines.
- Before the budget can accomplish these goals a schedule for preparation is developed. This schedule is called the budget calendar.

2021-2022 BUDGET CALENDAR

May 7 ..... Budget Officer: prepares the budget message
May 12, May 19..... Budget Committee: meetings, hearing, and approval
June 12, nlt June 30..... City Council: meeting with public hearing for budget, and adoption

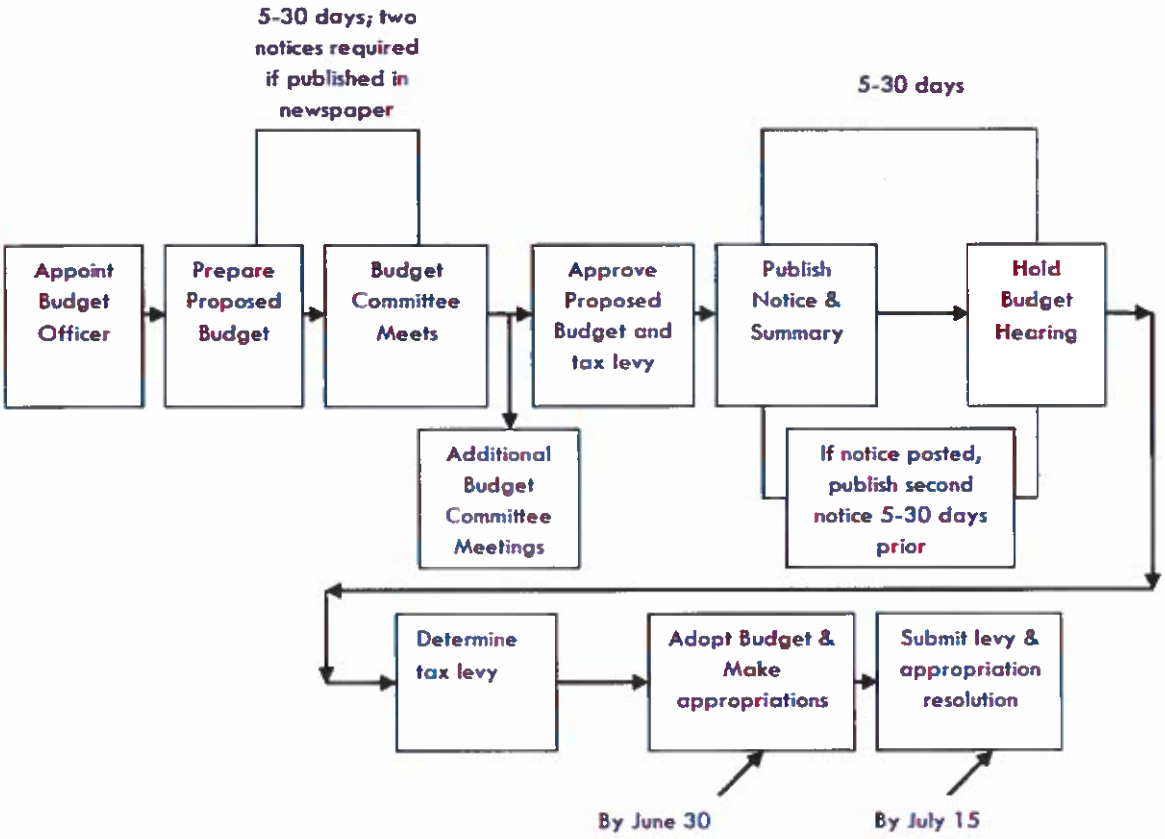
In December through March, meetings are held with City staff, the Mayor, and City Council to set goals and priorities for the upcoming year. In April, a preliminary budget is prepared and presented to the Budget Committee, which, by law, comprises the Mayor, City Councilors, and seven citizen members. A summary of the recommended budget is published in the local newspaper. The City Council holds a public hearing prior to July 1, which may result in further changes. If a change will increase property taxes or increase REQUIREMENTS within a fund by more than ten percent or $5,000, whichever is greater, the budget must be referred back to the Budget Committee. The City Council adopts the budget and levies taxes prior to June 30 each year. The adopted budget is filed with the county clerk and State of Oregon, and the Property Tax Levy is certified to the County Assessor by July 15 each year.

THE BUDGET AMENDMENT PROCESS

Oregon Budget Law allows for amendments to the City budget for reasons unforeseen at the time of adoption. The City Council may adopt resolution changes that decrease one existing appropriation and increase another. Certain changes of ten percent or more to any fund require a supplemental budget. All

changes over ten percent to any fund require a supplemental budget process similar to the annual budget requiring a public hearing. Further detail may be found in ORS Chapter 294.

THE BUDGET PROCESS FLOW CHART



Oregon's Local Budget Law is governed by Chapter 294 of the Oregon Revised Statutes (ORS 294). This law does two important things: (1) establishes the standard procedures for preparing, presenting and administering the budget, and (2) requires citizen involvement in the same. The above flowchart depicts this process

THE BUDGET COMMITTEE

The Budget Committee is composed of the Mayor, City Councilors, and seven citizen members appointed by the governing board.

The appointed members:

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

THE BUDGET BASIS

The budget is prepared using the modified cash method of accounting. This means that obligations of the City are budgeted as expenses when invoices are paid and income is recorded when received. The City of Falls City manages its finances in compliance with the modified cash basis and budget laws of the State of Oregon. During the year, requirements and revenues are closely monitored to ensure compliance with the adopted budget and state law. Quarterly financial reports will be prepared on the budgetary basis of accounting, distributed to the City Council, and the general public.

Annually, an audit is performed and filed with the State of Oregon by an independent certified public accountant. The City of Falls City publishes an annual financial report that documents the City's budgetary performance and the financial health of the City. This report compares budgeted to actual revenues and requirements, thus documenting the City's budgetary compliance.

The government-wide financial statements and the proprietary funds financial statements are reported using the economic resources measurement focus and the full modified cash basis of accounting as is the fiduciary fund financial statements. Revenues are recorded when received and expenses are recorded when paid. Grants and similar items are recognized as revenue as soon as received.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified cash basis of accounting. Revenues are recognized as available as soon as they are received.

Requirements are generally recorded when paid under cash accounting. Long term compensated absences are recorded only when payment made. Principal and interest on long-term debt are recorded as fund liabilities only when due, or when amounts have been accumulated in the debt service fund for payments to be made early in the following year.

THE BUDGET DOCUMENT

A budget as defined by Oregon State law is a "financial plan containing estimates of revenues and requirements for a single fiscal year." Local governments have the option of budgeting on a 24-month biennial budget period, or by fiscal year.

The City of Falls City operates on a fiscal year beginning on July 1 and ending the following June 30.

Budgeting requires local governments to evaluate plans and priorities in light of the fiscal resources available to meet those needs.

The budget document describes how the City of Falls City's government plans to meet the needs of the community and is a resource for citizens interested in learning more about the operations of their city government.

FUND ACCOUNTING

For accounting purposes, a local government is not treated as a single, integral entity. Rather, a local government is viewed instead as a collection of smaller, separate entities known as "funds". Fund accounting is different from multi-company commercial accounting. Fund accounting encompasses most aspects of commercial accounting. However, it goes beyond the requirements of a commercial system both in form and function.

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

All of the City of Falls City's funds are appropriated with the exception of closed funds which are no longer used because their reason for use has changed or expired. Historical information about these funds is included in the budget document.

Major Funds may be either business type funds, or governmental type funds based on the activities in the fund itself. Funds that receive this title represent the significant activities of the City of Falls City and basically include any fund whose assets, liabilities, revenues, or requirements are at least 10% of the corresponding total (assets, liabilities, etc.) for all funds of the same category or type (i.e. total governmental or total enterprise funds); and total assets, liabilities, revenues, or requirements/expenses of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds (business type funds) combined. All other funds are non-major funds.

Governmental Funds are supported by tax revenues, user fees, franchise fees, intergovernmental payments and other revenues. The accounting for a governmental-type activity focuses on available resources and the near-term demands upon them.

General Fund (Major Fund): This fund accounts for the general services provided by the City and Council.

Revenue is primarily generated through property taxes, state shared revenues, franchise fees, fines, fees and permits and grants.

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

Street and Pathways Fund (Major Fund): The Street and Pathways Fund provide the accounting for Streets and Pathways programs. The Streets and Pathways programs include repair, construction and maintenance of streets and pathways. No public works staff is funded in the Streets and Pathways Fund. Use of other departmental staff is charged through allocations to the general fund and the various enterprise funds. Funding sources include state highway gas tax, contributions and sharing.

Enterprise fund is a fund established to account for operations, including debt service that are financed and operated similarly to private businesses where the intent is the service is self-sufficient, with all costs supported predominantly by user charges. The City maintains two Enterprise Fund accounts for Water and Sewer activities. Enterprise fund revenues are restricted to be spent only on enterprise activities relating to their revenue source. For example water rate revenue can only be spent on water activities and projects.

Water Fund (Major Fund): This fund accounts for the operation of the City's water utility and engineering services. The principal sources of revenue are user fees. Requirements are for the operation, administration, maintenance, system betterments and expansion of the system.

Sanitary Sewer Fund (Major Fund): This fund accounts for the operation of the City's sewage utility. The principal sources of revenue are user fees. Requirements are for operation, administration, maintenance, system betterments and expansion of the system.

Special Revenue Fund is a fund set up for dedicated local option tax levies, and other dedicated funds when required by law or agreement.

Utility Reserve Fund (Major Fund): This fund accounts for Water and Sewer Capitol improvements financed using the City's utility reserve fee.

Fire Equipment and Operations Levy Fund (Major Fund): This fund accounts for the receipt of property tax revenues assessed for the 5 year fire operations levy passed May of 2018. The requirements are for operation, and equipment expenses.

Internal Service Fund is a fund set up to account for services provided by one department to another within the same local government agency.

Shared Services Fund (Major Fund): This fund accounts for the many materials and services shared by multiple departments within the City. This fund uses a consistent methodology to proportion shared liabilities amongst all benefitted funds. Its main facility is to simplify accounting for shared expenses, and to accurately allocate them to the funds receiving a benefit. The lone source of revenue for this fund is transfers in from the benefitted funds.

THE GENERAL FUND DEPARTMENTS

Administration

Fire Department

Parks & Cemeteries

Code Services & Municipal Court

City Council

Debt/Other

FUND GUIDE

Active Funds

1. General Fund (Major Fund)
   - City Council
   - Admin
   - Fire
   - Court
   - Parks and Cemeteries
   - Other/Non Departmental
2. Shared Services Fund (Major Fund)
3. Water Fund (Major Fund)
4. Sanitary Sewer Fund (Major Fund)
5. Streets and Pathways Fund (Major Fund)
6. Community Development Revolving Loan Fund (Major Fund)
7. City Utility Reserve Fund (Major Fund)
8. Wagner Library 80% Fund (Minor Fund)
9. Fire Equipment/Operations Levy (Major Fund)

REVENUE SOURCES

Budget preparation begins with revenue projections. Different forecasting techniques are used depending on the revenue sources unique characteristics. The following schedules show the City's major funds individually and non-major funds in aggregate. For the purpose of this discussion any fund whose revenue or requirements constitute more than 10 percent of the appropriated budget on a reoccurring basis are considered a major fund. All other funds are non-major funds. A description of the City of Falls City's revenue sources and how the budget amounts were determined follows:

Charges for Services

The cost of providing services such as water and sewer are charged to the residents through utility rates. Historical usage patterns, number of services and estimated growth applied to the utility rates determine the amount of revenue projected. A rate study has not been conducted in a number of years and as a result rates have not been adjusted as frequently as needed to keep up with the cost of providing service.

The rates for water and sewer will need to be increased to reflect the cost of providing service. A capital fee is charged to allow the city to "pay as we go" and save the ratepayers money in the long run since less debt will be issued to fund projects.

Transfers and Allocations

In prior years, allocations and transfers have been used to recover costs for services as well as to share the cost of liability payments. Beginning in fiscal year 2019-2020, a shared services fund has been set up to account for allocation of shared costs, and employees have been allocated to the departments in which they actually work. Many of the city funds have been receiving transfers from other funds for the purpose of debt payments and general operational funding with no expectation of repayment.

The shared services fund eliminates that concern. The amount charged to each department is determined on a use and resource basis for the given shared material, service, or capital. These are projected and totaled, then a transfer is made from the benefitted account to the shared services account in a proportion determined using the use and resource basis.

Property Taxes

These taxes are approved by voters. As a result of Oregon voters approving ballot measures 47 and 50, in 1996 and 1997, respectively, the state now has a property tax rate system rather than a property tax base system. A permanent tax rate was determined for each taxing jurisdiction and then applied to a taxable assessed value that is limited to a 3% annual increase plus any exceptions allowed by state statute. Property taxes are deposited into the General and Bonded Debt funds. Estimates for this revenue are generated by Polk County assessment and taxation and adjusted by the City for known or anticipated differences. The General Fund fixed tax rate is $2.9202/$1,000 assessed valuation. The county currently levis an additional local option levy for the City of Fall City in the amount of $1.00/$1,000 for a 5 year fire operations and equipment levy passed by the voters in May of 2018.

Other Taxes

Taxes other than property taxes are the base of this revenue source. This includes excise taxes, state shared revenues such as the cigarette tax.

Licenses, Permits, and Fees

This includes charges for permits, user fees, and business licenses. Anticipated building activity and business license renewal rates are indicators for projecting this revenue.

Franchise Fees

Falls City grants permission for the use of public rights of ways for the purpose of utilities. Private utilities operating in Falls City must pay a franchise fee based on a franchise agreement between the utility and the City.

Fines and Forfeitures

This revenue is generated from municipal citations and fines, such as code violations. The purpose is to promote safety and enforce compliance related issues.

PERSONNEL

City of Falls City Wage Correction & Employee Retention *CPI adjustment proposed for 2021-2022		
Position	Proposed Pay Rate	Approximate Total Cost
City Manager (1.0 FTE)	$ 65,000.00	$ 83,742.00
City Clerk (1.0 FTE)	$ 36,421.00	$ 64,507.00
Utility Biller (0.5 FTE)	$ 17,139.00	$ 20,200.00
Public Works Director (1.0 FTE)	$ 43,260.00	$ 75,630.00
Public Works Worker (1.0 FTE)	$ 34,278.00	$ 65,078.00
Code Services Officer	$ 17,139.00	$ 28,840.00
Fire Chief (N/A)	$ 4,800.00	$ 5,500.00
Total Personnel Cost FY 21-22		$ 343,497.00
Total Personnel Cost FY 20-21		$ 360,000.00
Total Personnel Cost FY 19-20		$ 450,000.00

GENERAL FUND

Mission Statement

The purpose of the General Fund is to record financial transactions relating to all activities for which specific types of funds are not required; it is the general operating fund for the local government.

Service Provided

she General Fund provides for operations and Capital outlay (such that a special revenue fund is not required) related to: Administration, Planning & Land Use, Community Development, Events, Fire Department, Parks & Cemeteries, Code Services, City Council, and Municipal Court.

Budget Narrative

The General Fund has an estimated beginning balance of $300,000.00 and anticipates revenue of $308,850; this sets total resources at $608,850.00. However, $79,000 of those revenues actually come from transfers-in from other funds, and specific purpose grant funds, which leaves approximately $529,850 in revenues to support the City Council, Court & Code Services, Fire, Administration, Parks & Cemeteries , and Debt Services Funds.

Budget Officer's Notes:

- With only $529,850 in recurring revenues, the City must explore options to raise additional revenues if it is to maintain service levels and add Code Services capacity. Those may include any of the following, or some combination:
    - A Code Services Tax Levy;
    - A Code Services Fee on Utility Bills;
    - A partnership with other municipalities to split Code Service costs and services;
    - A community/volunteer based code services initiative;
    - Significant cuts in some General Fund expenditures.
- The City currently has $300,000 projected in carryover/reserve funds. This money should not be used to fund a Code Services program as it is not a replenishing pool of money (once spent, it's gone).

01 GENERAL FUND				
RESOURCES	**ACTUAL 2018-2019**	**ACTUAL 2019-2020**	**ADOPTED 2020-2021**	**DRAFT 2021-2022**
BEGINNING FUND BALANCE	$ 280,295	$ 299,415	$ 275,000	$ 300,000
Interfund Transfers (IN)	$ 65,000	$ 17,000	$ 102,000	
DONATIONS				
Pride Donations		$ 250	$ 250	$ 250
LFR! Donations	$ 395	$ -	$ 250	$ 250
MISCELLANEOUS	$ 3,837	$ 10,306	$ 3,500	$ 3,500
TAXES				
Property Taxes- Current	$ 122,645	$ 124,949	$ 120,000	$ 120,000
Property Taxes- Prior	$ 849	$ 1,240	$ 1,000	$ 1,000
State Revenue Sharing	$ 12,817	$ 17,471	$ 12,000	$ 12,000
State Liquor Tax	$ 16,755	$ 15,596	$ 14,000	$ 14,000
State Cigarette Tax	$ 1,093	$ 1,068	$ 1,000	$ 1,000
INTEREST				
LGIP & Other	$ 33,152	$ 23,023	$ 20,000	$ 20,000
FEES (NON-FRANCHISE)				
Business License & OLCC Fees	$ 2,262	$ 2,304	$ 1,500	$ 1,500
Land Use/Permit Fees	$ 9,421	$ 5,027	$ 3,000	$ 3,000
Recreation & Rental Fees	$ 505	$ 315	$ 300	$ 300
Code Services Fines	$ 200	$ 371	$ 300	$ 300
Lien Search Fee	$ 910	$ 1,423	$ 1,000	$ 1,000
FRANCHISE FEES				
Pacific Power Franchise	$ 47,564	$ 42,700	$ 42,000	$ 42,000
Consumer Power Franchise	$ 38	$ 44	$ 50	$ 50
Republic Trash Franchise	$ 3,936	$ 4,190	$ 3,200	$ 3,200
Charter Franchise	$ 5,767	$ 5,860	$ 5,500	$ 5,500
Quest/Century Link Franchise	$ 1,170	$ 1,158	$ 1,000	$ 1,000
GRANTS	$ 17,789			
CLG Grant (Historical)		$ 4,441	$ 12,000	$12,000.00
Weyerhaeuser Grant (Fire)		$ 10,000		$10,000.00
Ford Family RARE Grant		$ 10,000	$ -	$ -
Pacific Power RARE Grant		$ 3,000	$ -	$ 3,000.00
Assistance to Firefighters Grant		$ 87,801	$ 90,000	$50,000.00
LEOF Grant		$ 29,410	$ -	$ -
DLCD Planning Grant		$ 1,000	$ -	$ 1,000.00
Pacific Power Energy Grant		$ 3,000	$ -	$ 3,000.00
CDBG Housing Grant		$ 5,000	$ 400,000	$ -
OCF Pocket Park Grant		$ 2,765	$ -	$ -
Ending Fund Balance		$ 348,781		$ -
Total Revenues	$ 346,105	$ 430,714	$ 833,850	$ 308,850
TOTAL FUND RESOURCES	**$ 626,400**	**$ 730,129**	**$1,108,850**	**$ 608,850**

GENERAL FUND REQUIREMENTS

CITY COUNCIL

MISSION STATEMENT

This fund is used to support City Council operations, activities, and training in an effort to create an environment that supports rural community living at its best by mixing family, work, recreation and social opportunities.

Service Provided

Supports the City Council in providing fiscally sound, responsible municipal services. This portion of the General Fund allows Council related expenses to be reflected separately from other activities. The Mayor and City Council members are volunteers elected by the registered voters of Falls City and do not draw salaries or receive benefits for their work.

Accomplishments 2020-2021

- Reviewed Goals
- Hired a permanent City Manager
- Managed a 100-year ice-storm disruption to services

Objectives 2021-2022

- Fill all committee vacancies
- Resume in-person meetings
- State of the City

Budget Narrative

This budget anticipates a total of $3,100 of expenditures in this department. This is a substantial increase from FY 19/20 due to the addition of facilitated goal setting sessions.

General Fund: 1.02 Council & Committees				
REQUIREMENTS	**ACTUAL 2018-2019**	**ACTUAL 2019-2020**	**ADOPTED 2020-2021**	**DRAFT 2021-2022**
MATERIALS & SERVICES				
Opearational Supplies		$ 69		
Professional Services	$ 304		$ 2,000	$ 2,000
Trvl, Trng, Dues, Statutory	$ 252	$ 111	$ 500	$ 500
Council Projects	$ 173		$ 500	$ 500
Worker's Comp	$ 84	$ 50	$ 100	$ 100
PROGRAM TOTAL	**$ 813**	**$ 230**	**$ 3,100**	**$ 3,100**

ADMINISTRATION

Mission Statement

The mission of the department is to provide consistent, efficient, and professional leadership and administrative services to the Falls City Council, city staff, and the citizens of our community.

Service Provided

This fund provides supervision and administration of all other funds and activities. Both the City Manager and City Clerk work out of this fund. The work performed in this department really touches every fund and department, but the following list provides a very general overview :

- Provide leadership and support to City government operations and the City Council.
- Directs the accomplishment of City Council goals.
- Development and Modification of Programs, Policies, and Procedures.
- Records retention and public records request fulfillment.
- Budgeting, Accounting, Bookkeeping, Audit support, overall Financial Management.
- Coordinates the City current debt payments and debt compliance.
- City Manager serves as Budget Officer, Elections Officer, Finance Director, Planning Director, Community Development Director, and Public Works Director.
- The City Clerk serves as the Operations Manager, Utility Billing Manager, Election clerk and Special Events Coordinator.
- Supports Committees and Commissions
- Supports building permits, planning and business licensing.

The Administration Department also provides for event planning and management, administration of city rentals, human resources, grant writing and management, personnel and volunteer management, technology, record keeping, and public outreach/reception.

Accomplishments 2020-2021

- Completed a Community Visioning and Economic Resiliency Plan
- Completed Luckiamute Clinic renovations
- Applied for and was granted the 2021 SCAG for 2021-$100,000.00
- Created a Cyber Security Policy and Resolution

Objectives 2021-2022

- Create and Implement Sustainable Code Services (Council Goal #2)
    - May require an alternate revenue source
- Find and Contract with a municipal court
- Implement the Master Utility Right of Way Ordinance
- Complete development of System Development Charges
- Focus on developing Falls City as a recreation hub & gateway to nature (Council Goal #3)
    - Valley of the Giants Access- Oregon Solutions
    - Develop a Skate Park

Personnel, Materials, and Services

The Administration Department Personnel is comprised of the City Manager and City Clerk (2.0 FTE). However, the majority of their remuneration, 60%, is transferred into General Fund Revenues from the City's other revenue funds (Streets, Sewer, Water) to pay the cost of the Manager and Clerk consistently working in those departments.

Materials and Services accounts for services of the City Attorney and Contract Planner, as well as training, the Manager's bond, projects taken on by the RARE participant (not in 2021-22), some non-capital grants, and office supply staples (e.g. toilet paper and pens).

General Fund: 1.01 Administrative				
REQUIREMENTS	**ACTUAL 2018-2019**	**ACTUAL 2019-2020**	**ADOPTED 2020-2021**	**DRAFT 2021-2022**
PERSONNEL				
Full Time Equivalent	2.5		2.0	2.0
Salaried	$ 112,134	$ 98,757	$ 119,000	$ 122,570
Benefits/Retirement	$ 35,921	$ 37,610	$ 42,000	$ 43,260
Payroll Expenses	$ 8,438	$ 7,491	$ 9,000	$ 9,270
Worker's Comp	$ 176	$ 200	$ 300	$ 300
Total Personnel	$ 156,669	$ 144,059	$ 170,300	$ 175,400
MATERIALS & SERVICES				
Operational Expenses	$ 3,545	$ 370	$ 500	$ 500
Professional Services	$ 42,265	$ 9,215	$ 6,000	$ 9,000
Facilities O & M	$ 2,739	$ 2,778	$ 2,000	$ -
Insurance	$ 1,038	$ 105	$ 150	$ 150
Trvl, Trng, Dues, Statutory	$ 4,483	$ 1,988	$ 2,500	$ 2,500
RARE Project			$ 6,500	$ -
Grant expenses	$ 15,590			0
Ford Family RARE Grant		$ 10,000	$ -	10000
Pacific Power RARE Grant		$ 12,987	$ -	3000
CLG Historic Grant		$ 3,696	$ 12,000	12000
LEOF Grant		$ 29,410	$ -	0
DLCD Planning Grant		$ 1,000	$ 1,000	1000
Pacific Power Energy Grant		$ 3,000	$ -	3000
CDBG Housing Grant				0
OCF Pocket Park Grant				
Misc. & Equipment	$ 92	$ 320		
Utilities	$ 10,346			
Council Projects				
Total Materials & Services	$ 80,098	$ 74,868	$ 30,650	$ 41,150
PROGRAM TOTAL	**$ 236,767**	**$ 218,927**	**$ 200,950**	**$ 216,550**

FIRE DEPARTMENT
(*SEE ALSO FIRE LEVY FUND*)

MISSION STATEMENT

Everything we do, we do for the people and communities we proudly serve. With education and training we prevent harm. With rapid and professional response, we protect lives and property. Through our desire to serve and courage to act, we are the model of a successful fire and rescue agency for the residents of Falls City, surrounding communities and the State of Oregon.

Service Provided

Primary duties and responsibilities include: fire suppression, emergency medical operations, hazard materials incidents, fire prevention, disaster preparedness, and fire/medical mutual aid to other fire departments.

Accomplishments 2020-2021

- Received $4,300 ODF grant for critical supplies
- Received $20,000 for participating in the Holiday Farm Fire
- Increased collaboration with regional partners
- Increased volunteer numbers

Objectives 2021-2022

- Create and implement a Fee for Service program aimed at the services already provided to un-covered properties immediately outside the city limits.
- Close the 2020 Assistance to Firefighter's Grant
- Apply for the 2021 Assistance to Firefighter's Grant.
- Re-engage SW Polk Rural Fire District to explore a contract for services in their area.

BUDGET NARRATIVE

This budget anticipates a total of $87,075 in the Fire Fund, offset by $54,500 in expected grants, for a total of $32,575 in expenditures against City funds. There is an additional $39,000 in operations and capital outlay expenses in the Fire Levy Fund which brings total non-grant Fire expenses to $71,575.

This is not a concerning number at present due to the existence of the Fire Levy which currently supports over 50% of fire equipment and operations, but will expire in 2023. This will leave a sizeable gap to fill with no particular source identified to fill it. Thus, the General Fund cost for fire would spike to nearly 33% of General Fund (non-grant, non-transfer) revenues, but likely higher due to the current, very conservative, budget in Fire.

General Fund: 1.07 Fire				
REQUIREMENTS	**ACTUAL 2018-2019**	**ACTUAL 2019-2020**	**ADOPTED 2020-2021**	**DRAFT 2021-2022**
PERSONNEL				
Full Time Equivalent	.1		0.1	0.1
Salaried	$ 4,800	$ 4,913	$ 4,950	$ 4,950
Payroll Expenses	$ 375	$ 378	$ 425	$ 425
Worker's Comp	$ 8,616	$ 5,583	$ 6,700	$ 6,700
Total Personnel	$ 13,791	$ 10,873	$ 12,075	$ 12,075
MATERIALS & SERVICES				
Equipment O & M	$ 14,504	$ 6,958	$ 4,000	$ 4,000
Insurance	$ 10,825	$ 9,124	$ 9,200	$ 9,200
FF Retention	$ -		$ 7,300	$ 7,300
Professional Services	$ 3,554	$ 5,470	$ -	$ -
Utilities	$ 13,053			
Operational Expenses	$ 1,966			
Facilities O & M	$ 2,695			
Education, Training, Dues	$ 85			
Intergovernmental Services	$ 13,807			
Miscellaneous	$ 4,269			
Total Materials & Services	$ 64,758	$ 21,552	$ 20,500	$ 20,500
CAPITAL OUTLAY				
Fire Truck Princ & Inter			$ -	$ -
Weyerhaeuser Grant (Fire)		$ 8,109	$ -	$ -
Assistance to Firefighters Match		$ 4,905	$ 4,500	$ 4,500
Assistance to Firefighters Grant		$ 88,595	$ 90,000	$ 50,000
Total Capital Outlay	$ -	$ 101,609	$ 94,500	$ 54,500
NON-ALLOCATED				
Adjustment to Audited Statement	$ -		$ -	$ -
Total Non-Allocated	$ -	$ -	$ -	$ -
PROGRAM TOTAL	**$ 78,549**	**$134,034**	**$127,075**	**$ 87,075**

CODE SERVICES & COURT

Mission Statement

The mission of the Municipal Court is to ensure that each person cited for a violation is guaranteed and provided all the constitutional rights to a fair and speedy judicial process in such a manner that it preserves both the dignity and rights of the defendant, as well as the citizens of Falls City.

The mission of Code Services is to identify and mitigate violations of the City's municipal code, especially those nuisances that harm other residents, and/or cause blight in the City.

Service Provided

The court provides a local forum for the resolution of City ordinance violations generated by the City's Code Enforcement Officer. The municipal court judge oversees the judicial process while staff from the City of Independence offers customer service, maintenance of all records, accounts receivables, and support in the process of all court and judicial matters.

Objectives 2021-2022

- To determine funding and program options that provides a sustainable Code Services program.
- To develop and implement a Code Services program.
- To develop a sustainable Municipal Court program.

BUDGET NARRATIVE

Other than the Sewer system, Code Services is the City Council's top priority this year. The current budget has some funds for a 0.40 Code Services officer (about 16 hours/week). The City is in talks with other jurisdictions to enter an IGA for part-time code services.

The City's Municipal Court Judge resigned without discussion in March of 2020. The City will also need research options and establish a sustainable Municipal Court. As mentioned above, the funds available for this program, without cutting other services, are menial and City Staff is reviewing options to fund a sustainable program. The crux is that increased funding combined with key partnerships is likely the only way forward in this arena at present.

Personnel

The City has allocated funds for a 0.4 time Code Services Officer, Court related costs (including personnel) will likely come from an intergovernmental agreement and be allocated to professional services.

General Fund: 1.04 Code Services & Municipal Court				
REQUIREMENTS	**ACTUAL 2018-2019**	**ACTUAL 2019-2020**	**ADOPTED 2020-2021**	**DRAFT 2021-2022**
PERSONNEL				
Full Time Equivalent	.20		0.40	0.40
Salaried		$ 3,290	$ 20,500	$ 21,115
Payroll Expenses		$ 196	$ 4,600	$ 4,738
Worker's Comp	$ -	$ -	$ 400	$ 412
Total Personnel	$ -	$ 3,487	$ 25,500	$ 26,265
MATERIALS & SERVICES				
Operational Expenses	$ 28	$ 613	$ 1,000	$ 1,000
Professional Services	$ 2,304	$ 2,773	$ 3,500	$ 3,500
Equipment				$ 1,000
Insurance				$ 1,000
Travel, Training, Dues, Statutory	$ 34		$ 500	$ 500
Uniforms & Protective Gear	$ -		$ 500	$ 500
Total Materials & Services	$ 2,366	$ 3,386	$ 5,500	$ 7,500
PROGRAM TOTAL	**$ 2,366**	**$ 6,872**	**$ 31,000**	**$ 33,765**

PARKS AND CEMETERIES

Mission Statement

To provide attractive cemeteries, enjoyable, safe parks, and open spaces for the citizens of Falls City.

Service Provided

The major categories of service provided are parks maintenance and parks development.
Parks Maintenance: Primary duties and responsibilities include: coordinating and administering the parks reservation system, turf care, tree pruning, mulching around plants/trees, playground equipment repair, building maintenance, painting, and preparation for special events. In addition, we provide supervision for court appointed community service workers and support to volunteer groups such as the Parks Committee, SOLV, and other community groups. Parks Development: Primary duties and responsibilities include review of proposed plans for park improvements, recommends maintenance enhancement projects, oversee new development projects, and provide recommendations for the Parks Committee.

Objectives

- Maintain basic park maintenance at current levels
- Continue to support the Parks and Cemeteries Committee
- Address parks as part of the larger visioning and development process
- Develop Treehouses in George Kitchen Park to attract visitors to Falls City

BUDGET NARRATIVE

This budget anticipates a total of $33,122 of expenditures in the Parks and Cemeteries Department which includes Events, in addition to standard Park and Cemetery Maintenance services.
Our public works staff performs weekly general maintenance including mowing, edging, blowing-off sidewalks, raking and seasonal leaf and fallen debris management. Facility maintenance includes play equipment safety checks, restroom cleaning and garbage pick-up. Equipment is largely shared with the Water, Sewer and Street funds, therefore associated expenses are allocated in the Shared Services Fund. With the limited number of Public Works staff and increased infrastructure projects there is a need for volunteer help to keep our City Parks in good condition.
The City added a Park Host at the Upper Falls City Park. It is Council's hopes that this will help reduce vandalism and provide Public Works with help in keeping the Park's clean and ready for visitors.

Revenue

Parks rentals were infrequent and revenue has not been realized from the Parks Rental fees. Parks rental fees help recover the cost of frequently used maintenance supplies such as toilet paper, paper towels, and floor paint. At present the only realistic paths to development of our City parks and cemeteries are grant funds, and potential systems development charges.

Personnel

Parks and Cemeteries is allocated for a .25 time employee for general maintenance and upkeep. This fund provides 25% of the wages for PW1.

General Fund: 1.03 Parks & Cemeteries				
REQUIREMENTS	**ACTUAL 2018-2019**	**ACTUAL 2019-2020**	**ADOPTED 2020-2021**	**DRAFT 2021-2022**
PERSONNEL				
Full Time Equivalent	0		0.25	0.25
Wages			$ 9,300	$ 9,579
Benefits/Retirement			$ 7,000	$ 7,210
Payroll Expenses			$ 750	$ 773
Worker's Comp	$ 386		$ 1,500	$ 1,500
Total Personnel	$ 386		$ 18,550	$ 19,062
MATERIALS & SERVICES				
Operational Expenses	$ 337		$ 500	$ 500
Professional services	$ 1,605		$ 3,500	$ 3,500
Equipment O & M	$ 868		$ 500	$ 500
Facilities O & M			$ 500	$ 500
Insurance	$ 946		$ 1,550	$ 1,550
Utilities	$ 4,152		$ 4,800	$ 4,800
Miscellaneous				
City Events	$ 655		$ 2,000	$ 2,000
Reserved for Pride			$ 250	$ 250
Reserved for LFR! Memorial			$ 460	$ 460
Total Materials & Services	$ 8,563	$ -	$ 14,060	$ 14,060
PROGRAM TOTAL	**$ 8,949**	**$ -**	**$ 32,610**	**$ 33,122**

OTHER/DEBT

Mission Statement

The mission of this section of the budget to present the non-departmental expenses associated with the General Fund in a common location

Service Provided

This is a minor portion of the General Fund used merely to account for a contingency account, debt, transfers and other expenses not classified elsewhere.

Objectives

Continue to pay down debt.

Budget Narrative

This fund anticipates $4,763 in total requirements. The majority of the expenses are a transfer to the shared services fund to pay for shared expenses.

General Fund: 1.09 Debt Service & Other				
REQUIREMENTS	**ACTUAL 2018-2019**	**ACTUAL 2019-2020**	**ADOPTED 2020-2021**	**DRAFT 2021-2022**
Beginning Fund Balance	$ -	$ -	$ -	$ -
Debt Service				
Park Loan Principal (92211)	$ 1,950	$ 1,699	$ 1,715	$ 1,715
Park Loan Interest (92211)	$ 568	$ 543	$ 528	$ 528
M/H Park Loan Principal (79011)	$ 1,686	$ 2,044	$ 2,066	$ 2,066
M/H Park Loan Interest (79011)	$ 556	$ 475	$ 454	$ 454
Total Debt Service	$ 4,760	$ 4,760	$ 4,763	$ 4,763
Other				
Transfer Out to Shared Fund		$ 30,395	$ 34,000	
General Fund Contingency	$ 77,383	$ -	$ 275,352	$ 230,475
Ending Fund Balance	$ -	$ -		$ -
Total Other	$ 77,383	$ 30,395	$ 309,352	$ 230,475
PROGRAM TOTAL	**$ 82,143**	**$ 35,155**	**$314,115**	**$235,238**

STREETS AND PATHWAYS

Mission Statement

Design, construction and maintenance to ensure safe and dependable streets for Falls City, that includes paved and gravel roads using modern technology, standards, and cooperative contracting.

Budget Narrative

Capital expenditures are projected to be approximately $570,000 with $500,000 offset by grant awards, and the remaining $70,000 coming from State Gas Tax funds that are required to be spent on the city's transportation. system.

$22k to the General Fund for Manager and Clerk wages.

Services Provided

- Paved And Gravel Roadway Development, Maintenance & Repair
- Drainage Maintenance
- Street Sign Maintenance
- Emergency And Recreational Street Closures
- Maintain Maintenance Records
- Tie Property Development to Future Roadway Development
- Development, Maintain & Repair Pathways
- Provide Street Lighting

Accomplishments in FY 2020-2021

The City obtained grant funding to complete $750,000 in capital improvements on our roadways including:

- Bridge Placement at the Dutch Creek Culvert on Mitchell St.;
- Overlay of Chamberlain Rd.
- Reduced gravel road risk and maintenance costs through outsourcing.

Objectives for FY 2020-2021

Obtain 80-90% grant funding for $600,000 in capital improvements on our roadways, including:

- Sidewalk, curbs, gutters, and overlay on Mill St. from N. Main to Dayton St. in order to create safe and enhanced access to City Hall and the Downtown Parks/Business district;
- Execute transportation system plan to install roundabout at N. Main and Mitchell St. to slow heavy equipment, and create a safe walkway connecting the Falls and downtown for Children and others.
- Begin stage 1 development of Boundary St. from N. Main to Prospect St. by developing a walking path for utilization by children and others. This will formalize and allow for safe passage on a currently existing, informal pathway.

11 STREET FUND				
RESOURCES	ACTUAL. 2018-2019	ACTUAL. 2019-2020	ADOPTED 2020-2021	DRAFT 2021-2022
Beginning Fund Balance	$ 153,744	$ 218,277	200,000	180,000
State Gas Tax	$ 69,363	$ 68,480	70,000	70,000
FEMA Dutch Creek Grant	$ 0			
SCAG	$ 50,000	$ 95,496	200,000	100,000
Safe Routes/IOF			750,000	471,520
Chamberlain Partners			200,000	
Transfer from Water Fund	$ 10,000			
Total Revenue	$ 129,363	$ 163,976	$ 1,220,000	$ 641,520
TOTAL FUND RESOURCES	**$ 283,107**	**$ 382,253**	**$ 1,420,000**	**$ 821,520**
REQUIREMENTS				
PERSONNEL				
Full Time Equivalent	0		0.25	0.25
Wages			12,000	12,360
Benefits/Retirement			7,200	7,416
Payroll Expenses			900	927
Worker's Compensation	$ 1,013		1,500	1,545
Total Personnel	$ 1,013	$ -	$ 21,600	$ 22,248
MATERIALS & SERVICES				
Operational Expenses	$ 4,109		2,500	3,500
Professional Services	$ 4,062		10,000	8,000
Equipment O & M	$ 7,734		1,500	1,500
Insurance	$ 3,019		3,400	3,400
Utilities	$ 8,277		8,000	8,000
Miscellaneous	$ 110		1,000	1,000
Transfer Out			28,000	-
Total Materials & Services	$ 27,311	$ -	$ 54,400	$ 25,400
TOTAL STREETS PROGRAM	$ 28,324	$ -	$ 76,000	$ 47,648
CAPITAL OUTLAY & DEBT SERVICE		$ 137,726		
FEMA Dutch Creek	$ 21,556			
Building Improvements	$ 0			
Equipment	$ 6,168			
SCA Grants	$ 7,551		200,000	100,000
Safe Routes/IOF			750,000	471,520
Safe Routes & Chamberlain Match			300,000	
Total Capital & Debt	$ 35,275		1,250,000	571,520
NON-ALLOCATED				
Contingency		$ -	94,000	202,352
Ending Fund Balance	219508	174289	-	
Total Non-Allocated	$ 219,508	$ 174,289	$ 94,000	$ 202,352
TOTAL FUND REQUIREMENTS	**$ 283,107**	**$ 174,289**	**$ 1,420,000**	**$ 821,520**

WATER

Mission Statement

To provide 24-hour domestic and fire flow water service at a high degree of reliability to all customers within the Falls City and to a few customers outside the city limits.
The major categories of services provided are: system development, system maintenance, and system construction of capital projects.

Services Provided

The major categories of services provided are: system operation, maintenance, repair, compliance, and capital development/improvement.

Accomplishments 2020-2021

- Conducted system wide leak assessment (Leak Check)
- Repaired 3 main breaks
- Met or exceeded all state required water quality testing and reporting mandates, which include: lead/copper testing, asbestos testing, and HAA and THM monitoring.
- Performed required testing of all backflow devices

Objectives 2021-2022

- Institute a meter replacement program in accordance with the water master plan
- Repair broken main and plan for repair of more extensive broken main
- Public Works Staff to earn Water Operator's qualification
- Institute an annual rate renewal basis and policy

Budget Narrative

The Water Fund anticipates $200,000 in carry over funds and $300,000 in revenue for a total of $500,000.

Revenue

Primarily generated through water user fees, new connections, late fees, and a backflow testing fee. Rates and utility reserve charges should be adjusted annually to meet the needs of operations. Historically Water rates have not been reviewed annually to ensure they meet financial obligations related to providing service. Over time maintenance of the system increase as the system ages and the cost of operations have also increased due to increases in the cost of supplies.

Personnel Services

This fund is proposed to pay for 1.8 full-time equivalent employees:
PW Director (75% of 1.0) = 0.75 FTE
PW1 (50% of 1.0) = 0.50 FTE

PW2 (100% of 0.25) = 0.25 FTE
Utility Biller (65% of 0.50) = 0.33 FTE

Materials and Services

General Price increases are driving up operational costs such as fuel, pipe, and other related materials. These are the basic operating costs of the water treatment facility and associated infrastructure. Water leaks, treatment, testing, equipment/facilities upkeep, insurance, and certification, and utilities are the type of costs paid for with this line item. As a matter of housekeeping $42,500 to the General Fund for its proportionate share of the City Manager and City Clerk wages and benefits.

Capital Outlay

Water Bond principal and interest are the only capital outlay requirements from this fund. See Utility Improvement and Reserve Fund for additional water related capital outlay.

20 WATER FUND				
RESOURCES	**ACTUAL 2018-2019**	**ACTUAL 2019-2020**	**ADOPTED 2020-2021**	**DRAFT 2021-2022**
Beginning Fund Balance	$ 211,048	$ 160,543	$ 200,000	$ 200,000
Water User Fees	$ 294,348	$ 318,392	$ 285,000	$ 285,000
Late Fees	$ 3,677	$ 155	$ 2,500	$ 2,500
Backflow Testing Fee	$ 11,337		$ 11,000	$ 11,000
Water Connection Fee	$ 1,800		$ 1,500	$ 1,500
Adjust Financial Statement	$ -			
Intergovernmental Grants	$ -			
Total Revenue	$ 311,162	$ 318,547	$ 300,000	$ 300,000
TOTAL FUND RESOURCES	**$ 522,210**	**$ 479,090**	**$ 500,000**	**$ 500,000**
REQUIREMENTS	**ACTUAL 2018-2019**	**ACTUAL 2019-2020**	**ADOPTED 2020-2021**	**DRAFT 2021-2022**
PERSONNEL				
Full Time Equivalent	2.0		1.8	1.8
Salaried	$ 94,857	$ 112,263	$ 78,200	$ 80,546
Benefits/Retirement	$ 51,406		$ 37,000	$ 38,110
Payroll Expenses	$ 7,774		$ 6,000	$ 6,180
Worker's Comp	$ 2,504		$ 3,000	$ 3,000
Total Personnel	$ 156,541	$ 112,263	$ 124,200	$ 127,836
MATERIALS & SERVICES				
Operational Expenses	$ 11,472	$ 103,511	$ 12,500	$ 12,500
Professional Services	$ 25,690		$ 18,000	$ 18,000
Equipment O & M	$ 14,154		$ 2,500	$ 2,500
Facilities O & M	$ 96			
Insurance	$ 12,152		$ 9,000	$ 9,000
Trvl, Trng, Dues, Statutory	$ 1,039		$ 3,000	$ 3,000
Utilities	$ 4,585		$ 4,750	$ 4,750
Miscellaneous	$ 76			
Transfer Out	$ 75,000		$ 87,500	$ 87,500
Total Materials & Services	$ 144,264	$ 103,511	$ 137,250	$ 137,250
TOTAL WATER PROGRAM	$ 300,805	$ 215,774	$ 261,450	$ 265,086
CAPITAL OUTLAY & DEBT SERVICE				
Water Bond Principal	$ 35,000	$ 35,000	$ 35,000	$ 35,000
Water Bond Interest	$ 29,212	$ 28,502	$ 26,800	$ 26,800
Total Capital & Debt	$ 64,212	$ 63,502	$ 61,800	$ 61,800
NON-ALLOCATED				
Contingency	$ -		$ 176,750	$ 173,114
Reserved for Water Debt	$ -			
Ending Fund Balance	$ 157,193	$ 199,814		$ -
Total Non-Allocated	$ 157,193	$ 199,814	$ 176,750	$ 173,114
TOTAL FUND REQUIREMENTS	**$ 522,210**	**$ 479,090**	**$ 500,000**	**$ 500,000**

SANITARY SEWER

Mission Statement

Provide 24-hour sanitary wastewater services for all houses and buildings on the system by efficiently operating and maintaining sanitary sewerage facilities consistent with the requirements the Department of Environmental Quality (DEQ).

Services Provided

The major categories of services provided are: system operation, maintenance, repair, compliance, and capital development/improvement.

Accomplishments 2020-2021

- Completed Sewer Rate Study
- Replaced UV light treatment mechanism
- Repaired broken pump at treatment plant
- Gained compliance with tank pumping program
- Continued to progress on CDBG funded system overhaul
- Obtained Mass Load Allocation increase for DEQ permit
- Acquired nearly all required land for lagoon and piping placement

Objectives 2020-2021

- Finalize 100% design of new plant, close existing CDBG grant
- Secure construction funding from USDA Rural Development
- Complete application and apply for construction phase of new plant.
- Qualify sewer operator from public works staff
- Institute an annual rate renewal process and policy

Budget Narrative

In the previous year, City Staff was able to eliminate a nearly 50% deficit between revenues and costs. This was completely resolved via the rate study included with the CDBG Wastewater project currently in execution.

It is notable that the budget portrays the least expensive possible staff allocation to this fund and it should be planned for approximately double the staff expenditure when the Rate Study is undertaken.

Personnel Services
This fund is proposed to pay for 0.5 full-time equivalent employees:
PW1 (25% of 1.0) = 0.25 FTE
Utility Biller (35% of 0.5) = 0.175 FTE

Materials & Services
This class of expenditures shows an increase of approximately $26,000, but this is largely due to the $42,500 transfer to General Fund Administration to pay for the proportionate expense of the Manager and Clerk.

13 SEWER FUND				
RESOURCES	**ACTUAL 2018-2019**	**ACTUAL 2019-2020**	**ADOPTED 2020-2021**	**DRAFT 2021-2022**
Beginning Fund Balance	$ 179,359	$ 170,735	$ 100,000	$ 100,000
Sewer User Fees	$ 113,314	$ 127,066	$ 110,000	$ 110,000
Sewer Connections				
Late Fees	$ 3,507		$ 3,000	$ 3,000
CDBG Grant (P17004)	$ 61,584	$ 193,714	$ 150,000	$ 120,000
Transfer from Water Fund	$ 15,000			
Total Revenue	$ 193,405	$ 320,780	$ 263,000	$ 233,000
TOTAL FUND RESOURCES	**$ 372,764**	**$ 491,515**	**$ 363,000**	**$ 333,000**
REQUIREMENTS	**ACTUAL 2018-2019**	**ACTUAL 2019-2020**	**ADOPTED 2020-2021**	**DRAFT 2021-2022**
PERSONNEL				
Full Time Equivalent	1.5		0.50	0.50
Salaried	$ 21,848	$ 74,216	$ 13,930	$ 14,348
Benefits	$ 36,985		$ 7,470	$ 7,694
Payroll Tax	$ 1,610		$ 1,200	$ 1,236
Worker's Comp	$ 1,420		$ 2,500	$ 2,500
Total Personnel	$ 61,863	$ 74,216	$ 25,100	$ 25,778
MATERIALS & SERVICES				
Operational Expenses	$ 7,750	$ 46,241		
Professional Services	$ 11,127		$ 21,000	$ 21,000
Equipment O & M	$ 7,865			
Facilities O & M				
Insurance	$ 7,250		$ 6,000	$ 6,000
Trvl, Trng, Dues, Statutory	$ 22,683			
Utilities	$ 5,120		$ 5,000	$ 5,000
Miscellaneous	$ 2,391		$ -	$ -
Transfers Out			$ 62,500	$ 62,500
Total Materials & Services	$ 64,186	$ 46,241	$ 94,500	$ 94,500
TOTAL SEWER PROGRAM	$ 126,049	$ 120,457	$ 119,600	$ 120,278
CAPITAL OUTLAY & DEBT SERVICE				
CDBG Grant (P17004) Outlay	$ 72,584	$ 239,320	$ 150,000	$ 120,000
Reserved for Sewer Plant				
Total Capital & Debt	$ 72,584	$ 239,320	$ 150,000	$ 120,000
NON-ALLOCATED				
Contingency	$ -	$ -	$ 93,400	$ 92,722
Ending Fund Balance	$ 174,131	$ 92,598	$ -	
Total Non-Allocated	$ 174,131	$ 92,598	$ 93,400	$ 92,722
TOTAL FUND REQUIREMENTS	**$ 372,764**	**$ 452,375**	**$ 363,000**	**$ 333,000**

CITY UTILITY RESERVE FUND

Mission Statement

To provide a reserve for future utility development and major utilities repair, and grant matching funds for the Water and Sanitary Sewer utilities.

Service Provided

Historically this fund has been used to collect Capital Fees and the late fees for all utility types. Late fees were then divided and transferred to the corresponding utility fund, we now budget the late fees to the Water and Sewer Fund.

Budget Narrative

This fund is used for major projects in water, wastewater, and as a reserve for grant funds. We expect at least three major expenditures from this fund this year: 1) water meter replacement program, 2) sewer plant repair program 3) expenditures related to the sewer system overhaul.

19 UTILITY RESERVE FUND				
RESOURCES	**ACTUAL 2018-2019**	**ACTUAL 2019-2020**	**ADOPTED 2020-2021**	**DRAFT 2021-2022**
Beginning Fund Balance	$ 313,938	$ 363,752	$ 370,000	$ 320,000
Utility Cap Improvement Fee	$ 52,139	$ 50,533	$ 50,000	$ 50,000
Miscellaneous		$ 31,174	$ -	$ -
Total Revenue	$ 52,139	$ 81,707	$ 50,000	$ 50,000
TOTAL FUND RESOURCES	**$ 366,077**	**$ 445,459**	**$ 420,000**	**$ 370,000**
REQUIREMENTS	**ACTUAL 2018-2019**	**ACTUAL 2019-2020**	**ADOPTED 2020-2021**	**DRAFT 2021-2022**
CAPITAL OUTLAY & DEBT SERVICE		$ 130,664		
Water Projects			$ 100,000	$ 170,000
Wastewater Projects			$ 50,000	$ 50,000
New Sewer Project Costs			$ 75,000	$ 75,000
Equipment-Operations	$ 375			
Total Capital & Debt	$ 375	$ 130,664	$ 225,000	$ 295,000
NON-ALLOCATED				
Contingency	$ -		$ 195,000	$ 75,000
Ending Fund Balance	$ 365,702	$ 314,795	$ -	
Total Non-Allocated	$ 365,702	$ 314,795	$ 195,000	$ 75,000
TOTAL FUND REQUIREMENTS	**$ 366,077**	**$ 445,459**	**$ 420,000**	**$ 370,000**

WAGNER LIBRARY TRUST FUND

Mission Statement

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

Service Provided

The Falls City council has closed the Wagner Public Library. In order to resume this service in the future, discussions with local library partners have begun to bring book check-in/check-out services at the Luckiamute Clinic building. Contributions from this fund will be kept to support the restoration Public Library services.

Budget Narrative

We are anticipating a beginning balance in the fund of $67,215 with no other revenue. We anticipate an expenditure of $10,000 during this budget cycle for heating system upgrade at the Luckiamute Clinic, the location of future library equipment to allow Falls City residents to check-in/check-out books.

71 WAGNER LIBRARY FUND				
RESOURCES	**ACTUAL 2018-2019**	**ACTUAL 2019-2020**	**ADOPTED 2020-2021**	**DRAFT 2021-2022**
Beginning Fund Balance	$ 60,015	$ 41,065	$ 41,000	$ 67,215
Miscellaneous		$ 26,150		
Total Revenue	$			
TOTAL FUND RESOURCES	**$ 60,015**	**$ 41,065**	**$ 41,000**	**$ 67,215**
REQUIREMENTS	**ACTUAL 2018-2019**	**ACTUAL 2019-2020**	**ADOPTED 2020-2021**	**DRAFT 2021-2022**
MATERIALS & SERVICES		$ -		
Professional Services	$ 18,950	$ -	$ -	$ 10,000
Total Materials & Services	$ 18,950	$ -	$ -	$ 10,000
NON-ALLOCATED				
Contingency	$ -	$ -	$ 41,000	$ 57,215
Ending Fund Balance	$ 41,065	$ 67,215	$ -	$ -
Total Non-Allocated	$ 41,065	$ 67,215	$ 41,000	$ 57,215
TOTAL FUND REQUIREMENTS	**$ 60,015**	**$ 67,215**	**$ 41,000**	**$ 67,215**

POLK CDC REVOLVING LOAN FUND

Mission Statement

To provide financial accounting for the Community Development Revolving Loan funds and to provide Falls City home and business owners with low interest loans for renovation projects.

Service Provided

Low interest loans for low income Falls City residents related to housing and building repairs. Administration provided by Polk Community Development Corporation.

Budget Narrative

Revenue for this fund is generated from interest earnings on the principal balance of the fund and from interest earnings from loans that are issued. Requirements in this fund are for the administration of the funds and any withdrawals by the City. It is managed by Polk County Community Development Corporation.

60 COMMUNITY DEVELOPMENT REVOLVING LOAN FUND				
RESOURCES	**ACTUAL 2018-2019**	**ACTUAL 2019-2020**	**ADOPTED 2020-2021**	**DRAFT 2021-2022**
Beginning Fund Balance	$ 91,705	$ 113,691	$ 92,000	$ 200,000
Interest-Revolving Loan	$ -		$ 8,000	$ 7,000
Miscellaneous	$ -			
Total Revenue	$ -	$ -	$ 8,000	$ 7,000
TOTAL FUND RESOURCES	**$ 91,705**	**$ 113,691**	**$ 100,000**	**$ 207,000**
REQUIREMENTS	**ACTUAL 2018-2019**	**ACTUAL 2019-2020**	**ADOPTED 2020-2021**	**DRAFT 2021-2022**
MATERIALS & SERVICES		$ 19,154		
Professional Services	$ -			
Loans/Obligations	$ -		$ -	$ -
Total Materials & Services	$ -	$ 19,154	$ -	$ -
NON-ALLOCATED				
Transfer to General Fund		$ 17,000	$ -	$ -
Contingency			$ 100,000	
Ending Fund Balance	$ 91,705	$ 285,159	$ -	$ -
Total Non-Allocated	$ 91,705	$ 302,159	$ 100,000	$ -
TOTAL FUND REQUIREMENTS	$ 91,705	$ 321,313	$ 100,000	$ -

FIRE EQUIP & OPS LEVY

Mission Statement

To bear a portion of the equipment and operations costs for fire and emergency services provided to Falls City residents.

Service Provided

This fund augments the Fire portion of the General Fund. It provides for equipment, operations, and supplies exclusively for the Falls City Fire Service.

Budget Narrative

This fund was approved by voters on the May 15, 2018 ballot for equipment and operational funds to benefit the City Fire Department. A tax of $1.00 per $1,000 of property value was approved by voters for 5 years (ending in FY 22/23).

Revenues remain relatively stagnant near the $40,000 range. The main purchase with this fund was the new Fire Brush Truck, Engine 123. The payment and debt service on this piece of equipment accounts for approximately 48% of this fund's yearly revenues. Another 30% goes to utilities and 15% more is split between Professional Services and Equipment.

Combined with the Fire portion of the General Fund, the overall expenditures for Fire are $126,075. Of that, 43% is in grant funding, leaving the current overall cost to the city for Fire Services at $71,575, and the General Fund cost at $32,575, 14% of general fund non-grant, non-transfer revenues.

This is a positive development in the spending rate versus revenues, however problems may arise as the Fire Levy expires in 2023. The capital payment for Engine 123, approximately $19,000 will be fulfilled, but other expenses will remain. The loss of levy revenue will be approximately $39,000 per year without a fully offsetting cost decrease, that would be unsustainable long term.

82 FIRE EQUIPMENT & OPERATIONS LEVY FUND (5 years, 2018-2022)				
RESOURCES	**ACTUAL 2018-2019**	**ACTUAL 2019-2020**	**ADOPTED 2020-2021**	**DRAFT 2021-2022**
Beginning Fund Balance	$ -	(2,507.00)	$ -	$ -
Property Tax Levy	$ 40,626	$ 42,669	$ 39,000	$ 39,000
TOTAL FUND RESOURCES	**$ 40,626**	**$ 40,162**	**$ 39,000**	**$ 39,000**
REQUIREMENTS				
MATERIALS & SERVICES		$ 13,330		
Operational Expenses	$ 23	$ 113	$ 3,000	$ 3,000
Professional Services		$ 600	$ 3,800	$ 3,800
Facilities O & M		$ 1,051		
Trvl, Trng, Dues, Statutory		$ 160		
Utilities	$ 155	$ 11,349	$ 12,500	$ 12,500
Equipment	$ 3,772	$ 56		
Transfer to General Fund	$ 15,000			
Total Materials & Services	$ 18,950	$ 26,660	$ 19,300	$ 19,300
CAPITAL OUTLAY & DEBT SERVICE				
Engine 123 Payment	$ 15,500	$ 15,210	$ 16,075	$ 16,075
Engine 123 Interest		$ 3,751	$ 2,890	$ 2,890
Fire Capital	$ 4,750	$ 2,951		
Total Capital & Debt	$ 20,250	$ 21,912	$ 18,965	$ 18,965
NON-ALLOCATED				
Contingency			$ 735	$ 735
Ending Fund Balance	$ 1,426	$ 4,920	$ -	
Total Non-Allocated	$ 1,426	$ 4,920	$ 735	$ 735
TOTAL FUND REQUIREMENTS	**$ 40,626**	**$ 53,492**	**$ 39,000**	**$ 39,000**

SHARED SERVICES FUND

Budget Narrative

This was a new fund which centralized liabilities for shared materials, services, and capital assets. The fund accounts for expenses shared between any combination of two, or more, of the following: Water, Sewer, Streets, and General Funds. The proportionate allocation is calculated using a combination of use and resources that remains consistent over all expenditures.

The purpose of this fund was to ease accounting, allocate appropriate proportions of expenses to the appropriate funds, and increase managerial spending controls over day to day purchases. As this fund does not play a role in the overall financial picture, I have opted to discontinue the use of this fund for allocating expenditures. We will revert to the previous allocations for expenditures to increase transparency.

SHARED SERVICES FUND				
RESOURCES	**ACTUAL 2018-2019**	**ACTUAL 2019-2020**	**ADOPTED 2020-2021**	**DRAFT 2021-2022**
Beginning Fund Balance	$ -	$ 6,449	$ 10,000	$ -
Transfer in-Sewer		$ 103,425	$ 20,000	
Transfer in-Water			$ 45,000	
Transfer in-Streets			$ 11,000	
Transfer in-General Fund			$ 36,000	
Total Revenue	$ -	$ 103,425	$ 112,000	$ -
TOTAL FUND RESOURCES	**$ -**	**$ 109,874**	**$ 122,000**	**$ -**
REQUIREMENTS	**ACTUAL 2018-2019**	**ACTUAL 2019-2020**	**ADOPTED 2020-2021**	**DRAFT 2021-2022**
MATERIALS & SERVICES		$ 90,807		
Operational Expenses			$ 11,000	
Professional Services			$ 59,000	
Equipment O & M			$ 8,000	
Facilities O & M			$ 10,000	
Trvl, Trng, Dues, Statutory			$ 6,000	
Utilities			$ 11,500	
Total Materials & Services		$ 90,807	$ 105,500	$ -
CAPITAL OUTLAY & DEBT SERVICE				
PW Truck Payment		$ 5,870	$ 6,100	$ 6,100
PW Truck Interest		$ 299	$ 400	$ 400
Total Capital & Debt	$ -	$ 6,169	$ 6,500	$ 6,500
Non-Allocated				
Contingency		$ -	$ 10,000	
Total Non-Allocated	$ -	$ -	$ 10,000	$ -
Ending Fund Balance		$ 6,449	$ -	
TOTAL FUND REQUIREMENTS	**$ -**	**$103,425**	**$122,000**	**$ 6,500**

ACRONYMS

ADA	Americans with Disabilities Act
AFSCME	American Federation of State County and Municipal Employees Union
AV	Assessed Value
CAD	Computer Aided Dispatch
CAD	Computer Aided Drafting
CAFR	Comprehensive Annual Financial Report
CART	Crash Analysis Reconstruction Team
CCI	Construction Cost Index
CCIS	City County Insurance Services
CSO	Community Service Officer
CD	Community Development
CD	Compact Disk
CEP	Capital Equipment and Projects
CIP	Capital Improvement Program or Plan
CMFR	Comprehensive Monthly Financial Reports
CPR	Cardiopulmonary Resuscitation
COLA	Cost of Living Adjustment
COP	Certificates of Participation
CPA	Certified Public Accountant
CPI	Consumer Price Index
DEQ	Department of Environmental Quality
DLCD	Department of Land Conservation and Development

DUI	Driving Under the Influence
DVD	Digital Video Disk
EMS	Emergency Management Services
EPA	Environmental Protection Agency
EOP	Emergency Operations Plan
FASB	Financial Accounting Standards Board
FICA	Federal Insurance Contributions Act
FTE	Full-Time Equivalent
FY	Fiscal Year
GAAP	Generally Accepted Accounting Principles
GASB	Governmental Accounting Standards Board
GFOA	Government Finance Officers Association
GIS	Geographic Information Systems
GISSP	Geographic Information Systems Strategic Plan
HP	Horse Power
HR	Human Resources
HVAC	Heating, Ventilation, and Cooling Equipment
IGA	Intergovernmental Agreement
IGET	Interagency Gang Enforcement Team
IS	Information Systems
ISO	International Organization for Standardization
ISP	Internet Service Provider
IT	Information Technology
ITS	Intelligent Transportation System

LCDC	Land Conservation and Development Board of Commissioners
LID	Local Improvement District
LSTA	Library Services and Technology Act
MAV	Maximum Assessed Value
MG	Million Gallons
NFPA	National Fire Protection Association
NIIMS	National Inter-Agency Incident Management System
NPDES	National Pollutant Discharge Eliminating System
OAA	Older Americans Act
ODOT	Oregon Department of Transportation
OECDD	Oregon Economic and Community Development Department
ODOT	Oregon Department of Transportation
OR	Oregon
ORS	Oregon Revised Statutes
OSHA	Occupational Safety and Health Administration
OSU	Oregon State University
PC	Personal Computer
PDA	Personal Digital Assistant
PEG	Public Educational Government
PERS	Public Employees Retirement System
PIO	Public Information Officer
PRV	Pressure Release Valve
RFA	Rural Fire Assistance
RMV	Real Market Value

SCADA	Supervisory Control and Data Acquisition
SDC's	System Development Charges
SRO	School Resource Officer
TDM	Transportation Demand Management
UBG	Urban Growth Boundary
VFA	Volunteer Fire Assistance
VoIP	Voice-over Internet Protocol
WAN	Wide Area Network
WDOT	Washington Department of Transportation
WMD	Weapons of Mass Destruction
WWTP	Waste Water Treatment Plant

GLOSSARY

Actual

Actual, as used in the fund summaries, revenue summaries and department and division summaries within the budget document, represents the actual costs results of operations. This category is presented on a budgetary basis, and thus excludes depreciation and amortization and includes principal payments on debt.

Ad Valorem Tax
A tax based on the assessed value of a property.

Adopted Budget
Adopted, as used in the fund summaries and department and division summaries within the budget document, represents the final budget approved by the City Council. Adopted budget becomes effective July 1st. Subsequent to adoption; Council may make changes throughout the year.

Allocated Charges
Funding transferred from one fund to another to recover costs related to providing shared services from other funds for specific administrative functions, which benefit those funds (i.e., City Administrator, City Clerk, insurance, computer systems and software support, etc.).

Approved Budget
Approved, as used in the fund summaries, revenue summaries, and department budgets, represents the proposed budget with changes made by the Budget Committee, if any.

Appropriations
Legal authorization granted by the City Council to spend public funds. Appropriations within each program may not be exceeded.

Assessed Valuation (AV)
The value set on taxable property as a basis for levying property taxes. A tax initiative passed in 1997 that reduced AV below real market value and set a 3% maximum annual growth rate in the AV, exclusive of certain improvements.

Assets
Resources having a monetary value and that are owned or held by an entity.

Bond or Bond Issue
Bonds are debt instruments that require repayment of a specified principal amount on a certain date (maturity date), together with interest at a stated rate or according to a formula for determining the interest rate.

Bond Funds
Established to account for bond proceeds to be used only for approved bond projects.

Budget
A budget is a plan of financial operation embodying an estimate of proposed expenditures and the means of financing them. Used without any modifier, the term usually indicates a financial plan for a since fiscal year. In practice, the term budget is used in two ways. Sometimes it designates the financial plan presented for adoption and other times it designates the plan finally approved. It is usually necessary to specify whether the budget under consideration is preliminary and tentative, or whether the appropriating body has approved it.

Budget Calendar
The schedule of key dates, which a government follows in the preparation and adoption of the budget.

Budget Committee
A group comprised of the elected officials plus an equal number of concerned citizens for the purpose of reviewing the proposed budget and recommending changes leading to an approved budget.

Budget Document
A written report showing a government's comprehensive financial plan for a specified period, usually one year that includes both the capital and the operating budgets.

Budget Message
Written explanation of the budget and the City's financial priorities for the next fiscal year; prepared by the City Manager.

Budgetary Basis
Budgets are adopted on a basis consistent with Generally Accepted Accounting Principles (GAAP), with the exception that neither depreciation nor amortization is budgeted for proprietary funds and bond principal and interest in the enterprise funds is subject to appropriation.

Capital Budget
The City's budget for projects, major repairs, and improvements or additions to the City's fixed assets (streets, sidewalks, roads, sewers, parks, and buildings).

Capital Expenditures
The City defines a capital expenditure as using the following three criteria: (1) relatively high monetary value (for example: the City financial policies could set an amount equal or greater than $50,000), (2) long asset life (equal to or greater than 3 years useful life), and (3) results in the creation of a fixed asset, or the revitalization of a fixed asset.

Capital Improvement
A term defined in the ORS 310.410 (10) to include land, structures, facilities, machinery, equipment, or furnishings having a useful life of longer than one year.

Capital Improvement Project/Capital Project
Any project having assets of significant value and having a useful life of three years or more. Capital projects include the purchase of land, design, engineering and construction of buildings, and infrastructure items such as parks, streets, bridges, drainage, street lighting, water and sewer systems and master planning.

Capital Outlay
Includes the purchase of land, the purchase or construction of buildings, structures, and facilities of all types, plus machinery and equipment. It includes expenditures that result in the acquisition or addition of a fixed asset or increase the capacity, efficiency, span of life, or economy of operating as an existing fixed asset. For an item to qualify as a capital outlay expenditure it must meet all of the following requirements: (1) have an estimated useful life of more than one year; (2) typically have a unit cost of $1,000 or more; and (3) be a betterment or improvement. Replacement of a capital item is classified as capital outlay under the same code as the original purchase. Replacement or repair parts are classified under materials and services.

Cash Management
Management of cash necessary to pay for government services while investing temporary cash excesses in order to earn interest income. Cash management refers to the activities of forecasting inflows and outflows of cash, mobilizing cash to improve its availability for investment, establishing and maintaining banking

relationships, and investing funds in order to achieve the highest return available for temporary cash balances.

Charges for Service
Includes a wide variety of fees charged for services provided to the public and other agencies.

Comprehensive Annual Financial Report
The annual audited results of the City's financial position and activity.

Comprehensive Plan
An official statement of the goals, objectives and physical plan for the development of the city. Contains a narrative of goals, objectives and policies that describe the desired form, nature and rate of city development.

Consumer Price Index
A statistical description of price levels provided by the U.S. Department of Labor. The index is used as a measure of the increase in the cost of living (i.e., economic inflation).

Contingency
A budgetary reserve set aside for emergencies or unforeseen expenditures not otherwise budgeted. Contingency may be appropriated for a specific purpose by the City Council upon the approval of a resolution. The City separates contingencies into those that are designated for specific purposes and undesignated. (Also see Designated Contingency and Unappropriated Ending Fund Balance)

Debt Service
Interest and principal on outstanding bonds due and payable during the fiscal year.

Debt Service Fund
Established to account for the accumulation of resources and for the payment of general long-term debt principle and interest that are not services by the Enterprise funds. It does not include contractual obligations accounted for in the individual funds.

Department
The combination of divisions of the City headed by a general manager with a specific and unique set of goals and objectives (i.e., Police, Fire, Financial Services, Water Resources, etc.).

Depreciation
Expiration in the service life of capital assets attributable to wear and tear, deterioration, action of physical elements, inadequacy or obsolescence.

Designated Contingency
Amounts set aside for anticipated non-recurring cash flow needs. Includes items such as moving and remodeling, major building repairs, emergency management and capital project or equipment purchases.

Direct Debt
General Obligation debt imposed by the City of Falls City on its revenues and not usually bearing on properties outside the city limits.

Employee Benefits
Contributions made by a government to meet commitments or obligations for employee-related expenses. Such as medical and life insurance plans.

Encumbrance
Amount of money committed and set aside, but not yet expended, for the purchases of specific goods or services.

Enterprise Funds
Established to account for operations, including debt service that are financed and operated similarly to private businesses where the intent is the service is self-sufficient, with all costs supported predominantly by user charges. The City maintains two Enterprise Funds to account for Water, and Sewer, water activities. Enterprise fund revenues are restricted to be spent only on enterprise activities relating to their revenue source. For example water rate revenue can only be spent on water activities and projects.

Estimated Actual
A projection of the revenue or expenditure, as appropriate, to be recognized during the current fiscal period.

Expenditures
Represents decreases in net financial resources. They include current operating expenses, which require the current or future use of net current assets, debt services, and capital outlays.

Fees
Charges for specific services levied by local government in connection with providing a service, permitting an activity or imposing a fine or penalty. Major types of fees include business and non-business license, fines, and user charges.

Fiscal Management
A government's directive with respect to revenues, spending, reserves and debt management as these relate to governmental services, programs and capital investment. Financial policy provides an agreed upon set of principles for the planning and programming of governmental budgets and its funding.

Fiscal Year
A twelve-month period designated as the operating year for accounting and budgeting purposes in an organization. Falls City's fiscal year is July 1 through June 30.

Five-Year Financial Plan
An estimation of revenues and expenses required by the City to operate for the next five-year period.

Fixed Assets
Includes equipment, infrastructure, buildings, land, vehicles, furniture and fixtures, computer hardware and software with a cost basis in excess of $5,000.

Franchise Fee
Charged to utilities operating within the City and is a reimbursement to the general fund for the utility's use of City streets and right-of-ways.

Full-Time Equivalent
A calculation used to convert part-time hours to equivalent full-time positions. Full time employee salaries are based on 2,080 hours per year. The full-time equivalent of a part-time employee is calculated by dividing the number of hours budgeted by 2,080.

Fund
A fiscal and accounting entity with a self-balancing set of accounts. Records cash and other financial resources together with all related liabilities and residual equities or balances and changes therein. These are

segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.

Fund Balance
The balance of net financial resources that are spendable or available for appropriation.

General Fund
Primary operating fund of the City. It exists to account for the resources devoted to finance the services traditionally associated with local government. Included in these services are police protection, fire protection and prevention, emergency medical service, parks and recreation, library and any other activity for which a special fund has not been created.

General Long-term Debt
Represents any unmatured debt not considered to be a fund liability.

General Obligation Bonds (G.O. Bonds)
Bonds secured by the full faith and credit of the issuer. G.O. bonds issued by local units of government are secured by a pledge of the issuer's property taxing power (secondary portion). They are usually issued to pay for general capital improvements such as parks and City facilities.

Grant
A contribution by one government unit to another. The contribution is usually made to aid in the support of a specified function (i.e., library, parks or capital projects).

Infrastructure
Public domain fixed assets such as roads, bridges, streets, sidewalks and similar assets that are immovable.

Interfund Transfers
Appropriation category used in the City's budget resolution which includes amounts distributed from one fund to another fund. Transfers from the other funds appear as non-departmental expenditures called " Transfers".

Intergovernmental Revenues
Levied by one government but shared on a predetermined basis with another government or class of governments.

Internal Services Fund
The cost of the general administration of the City plus planning, engineering, building and grounds maintenance.

Levy
Gross amount of property taxes imposed on taxable property. The net amount received by a government will be less than the gross levy as a result of delinquent or uncollectible payments or early payment discounts. Budgets are developed on the basis of the projected amount of property taxes receivable.

Line Item Budget
The traditional form of budget, where proposed appropriations are based on individual objects of expense within a department or program.

Local Budget Law
Oregon Revised Statues (ORS) dictates local budgeting practices. ORS Chapter 294 contains Local Budget Law provisions.

Local Improvement District
Consists of property owners desiring improvements to their property. Bonds are issued to finance these improvements, which are repaid by assessments on their property. Local Improvement District debt is paid for by a compulsory levy (special assessment) made against certain properties to defray all or part of the cost of a specific capital improvement or service deemed to benefit primarily those properties.

Local Option Levy
Under Measure 50, local governments and special districts were given the ability to ask voters for temporary authority to increase taxes through approval of a local option levy. The maximum length of time for a local option levy is 10 years, depending on the purpose of the levy. A local option levy must be approved by a majority of voters at a general election or an election with a 50% voter turnout.

Materials and Services
Expendable items purchased for delivery and city services. This classification includes supplies, repair and replacement parts, small tools, and maintenance and repair materials that are not of a capital nature.

Measure 5
A constitutional limit on property taxes passed by voters in the State of Oregon in November 1990. The new law sets a maximum $10 tax rate on individual properties for the aggregate of all non-school taxing jurisdictions. Schools' maximum rate is $5.00 after FY 1995-96.

Measure 50
A 1997 voter approved initiative which rolled back assessed values to 90 percent of their levels in fiscal year FY 1995-96 and limits future annual increases to three percent, except for major improvements. Tax rates are now fixed and not subject to change. Voters may approve local initiatives above the fixed rates provided a majority approves at either (i) a general election in an even numbered year; or (ii) at any other election in which at least 50 percent of registered voters cast a ballot.

Mission
Defines the primary purpose of the City and is intended to guide all organizational decisions, policies and activities (internal and external) on a daily basis.

Net Working Capital
The net working capital is the residual non-restricted funds brought forward from the previous financial year (ending balance).

Objective
Something to be accomplished in specific, well-defined and measurable terms, and that is achievable within a specific time frame.

Operating Budget
The plan for current expenditures and the proposed means of financing them. The annual operating budget is the primary means by which most of the financing, acquisition, spending and service delivery activities of a government are controlled.

Operating Revenue
Funds that the government receives as income to pay for ongoing operations. It includes such items as taxes, fees from specific services, interest earnings and grant revenues. Operating revenues are used to pay for day-to-day services.

Ordinance
A formal legislative or policy enactment by the governing body of a municipality. If it is not in conflict with any higher form of law, such as the charter, a state statue or a constitutional provision, it has the full force and effect of the law within the boundaries of the municipality to which it applies.

Outstanding Debt
The balance due at any given time resulting from the borrowing of money or from the purchase of goods and services.

Overlapping Debt
The proportionate share of bonds outstanding and owed to other taxing jurisdictions attributable to city property owners. (e.g. Forest Grove School District, Hillsboro School District, Port of Portland)

Permanent Tax Rate
Under Measure 50, each school district, local government, and special district was assigned a permanent tax rate limit in Fiscal Year 1998. This permanent rate applies to property taxes for operations. The permanent tax rate for the City of

Falls City is $2.9202 per $1,000 of assessed value.

Personal Services
Includes the salaries and wages paid to employees plus the City's contribution for fringe benefits such as retirement, social security, health and workers' compensation insurance.

Property Tax
Based according to assessed value of property and is used as the source of monies to pay general obligation debt and to support the General Fund.

Project Manager
The individual responsible for budgeting for a project and managing project to its completion.

Proposed Budget
Combined operating, non-operating, and resource estimates prepared by the City Manager and submitted to the public and the Budget Committee for review and approval.

Real Market Value
The estimated value of property if sold. Within Cornelius, the average real market value exceeds the assessed value by 41%. This disparity is the result of voter approved tax initiative 50 passed in 1997.

Resolution
A special or temporary order of a legislative body requiring City Council action.

Resources
Total of revenues, interfund transfers in and beginning fund balance.

Retained Earnings
An equity account that reflects the accumulated earning of an enterprise or internal service fund.

Revenue
Funds received by the City from either tax or non-tax sources.

Revenue Bonds
Bonds payable from a specific source of revenue, which does not pledge the taxing authority of the issuer. Pledged revenues may be derived from operation of the financed project, utilities, grants, excise or other specified non-property tax.

Special Assessment
A compulsory levy made against certain properties to defray all or part of the cost of a capital improvement or service deemed to benefit primarily those properties. (Also see Local Improvement District)

Special Assessment Bond
A bond issue payable from the payments on special assessments imposed against properties that have been specially benefited by the construction of public improvements such as sidewalks, roads, or sewer systems.

Special Revenue Funds
Established to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

Supplemental Budget
Appropriations established to meet needs not anticipated at the time the budget was originally adopted. A supplemental budget cannot increase the tax levy.

System Development Charges
Charges paid by developers and builders to fund expansion of infrastructure systems necessary due to increased usage. Such charges are collected for water, sewer, storm drains, streets and parks and are paid by developers and builders as part of the permit process.

Taxes
Compulsory charges levied by a government for the purpose of financing services performed for the common benefit. This term does not include specific charges made against particular persons or property for current or permanent benefits such as special assessments. Neither does the term include charges for services rendered only to those paying such charges, such as water service.

Tax Levy
The total amount of property taxes needed to pay for General Fund operations and for principal and interest on bonds.

Tax Rate
The amount of tax levied for each $1,000 of assessed valuation.

Tax Revenue
Includes property taxes.

Tax Roll
The official list showing the amount of taxes levied against each property. Maintained by the Polk County Assessment and Taxation Department.

Transfers
The authorized exchange of cash or other resources between funds.

Unappropriated Ending Fund Balance
An account which records a portion of the fund balance. It must be segregated for future use and is not available for current appropriation or expenditure.

User Fees
The fee charged for services to the party or parties who directly benefits. Also called Charges for Service.