



ADOPTED
ANNUAL BUDGET
FISCAL YEAR 2016-17



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City of Cottage Grove, Oregon

2016-17 Annual Budget

BUDGET COMMITTEE MEMBERS

City Council

Thomas Munroe, Mayor

Jeff Gowing, Council President

Jake Boone

Garland Burback

Mike Fleck

Kenneth Roberts

Amy Slay

Citizen Members

Brad Borigo

Michael Grover

Greg Ervin

Chris Holloman

Pamela Reber

Gary Manly

Gary Williams

City Manager

Richard Meyers

Management Staff

Jan Wellman, Public Works Director

Pete Barrell, Community Services Director

Scott Shepherd, Interim Police Chief

Howard Schesser, Community Development Director

Roberta Likens, Finance Director





May 2, 2016

Dear Mayor, City Council and Budget Committee:

Attached is the 2016-17 Proposed Budget for your consideration.

As always, the purpose of this budget message is to introduce the Proposed Budget, provide some background information and supply a brief overview of the document and how it will address the challenges of the coming year. I welcome a much more detailed discussion of the budget as the Budget Committee reviews the document.

The 2016-17 Proposed Budget for the City of Cottage Grove is, as required by Oregon Law, a balanced budget. Expenditures for all funds total \$28,641,115 an increase of \$2,209,000 from the 2015-16 Budget. That increase can almost be entirely accounted for in the Reserve Fund Expenditures, specifically the Wastewater Reserve Fund, through loan proceeds to expand effluent irrigation so we can get out from under the continually tightening regulations regarding discharge into the river.

The City's permanent rate continues to be \$7.2087/\$1,000 of assessed value. This Proposed Budget was prepared using the City's full permanent levy amount. The City may levy less than the full rate without jeopardizing future opportunities to levy the full rate. However, the revenue that could be generated cannot be recovered in a future year. The proposed full levy is estimated to generate \$4,171,174 of collectable tax revenue, \$121,174 more than the budgeted property tax revenue in 2015-16.

As always a major portion of every annual budget for the City is the cost of personnel. We are a labor intensive organization. Many of our functions cannot be eliminated by automation, or we as citizens don't want the services to be automated. Personnel costs continue to increase. PERS, the Affordable Care Act, minimum wage and sick leave legislation are all impacting the costs associated with providing services. Even with these costs we have squeezed some additional personnel into the Budget to attempt to address goals and desires of the City Council.

We have added another part-time position into the Police Department. The additional Community Service Officer would address the needs of the department to prepare food for the jail, monitor parking and other administrative or office tasks that do not need to be performed by Patrol Officers but are currently pulling officers off the street to perform. We feel this part-time position will

result in freeing up officers equivalent to adding nearly a new officer to the schedule at a fraction of the cost of a new officer.

To address concerns surrounding the abatement of nuisance properties and to aid in tracking abandoned or “zombie” homes a part-time Code Enforcement Officer was added to the Community Development Department. The position would be dedicated to documenting and pursuing the clean-up of nuisance properties within the community.

The Proposed Budget includes wage adjustments for employees. Currently we are conducting negotiations with all three labor units. There are some significant issues that are still being resolved specifically with insurance benefits as a result of changes in the health insurance industry and federal laws. Police, Public Works and General Unit employees are budgeted to receive a 1.5% increase.

This Proposed Budget incorporates the utility rate adjustments pursuant to the approved 5-year financial plan. The proposed rates include the debt costs for projects completed and for projects that will be completed during 2016-17 through capital improvement revenue bonds.

	Water Base	Water Consumption /1000 gals.	Water Improvement	Wastewater Base	Wastewater Consumption /1000 gals.	Wastewater Improvement	Storm Drain /ESU	Storm Drain Improvement /ESU
Current Rates	\$16.74	\$1.33	\$23.93	\$8.04	\$4.26	\$18.91	\$3.64	\$5.56
Proposed Rates	\$17.04	\$1.35	\$24.36	\$8.29	\$4.26	\$19.50	\$3.93	\$6.00

The proposed rates result in a \$3.04 monthly increase for residential users using 5,000 gallons of water and a typically sized meter. The total increase will vary based on meter size, consumption and type of use. The rate increases are estimated to generate a total of \$54,300 in the Water funds (Water and Water surcharges), \$75,000 in the Wastewater funds (Wastewater and Wastewater surcharges) and a total of \$61,500 in the Storm Drain funds. Because we operate the utility funds with no profit margin, when electricity, fuel, supplies or other costs increase our rates must increase to continue to operate the service.

No other fee or rate increases are proposed in this Budget. During the year the City Council may review and adjust fees or charges but this Budget is not prepared relying on any increased revenues from other fees. Because the City Council is considering referring to the voters the creation of a 3% tax on the sale of recreational marijuana items this budget contains a line item to account for it if it goes into effect. If the tax is not enacted nothing would be collected.

Over all, this Proposed Budget continues the financial policies established by the City. Transfers to reserve funds continue, contingency funds and unappropriated ending fund balances continue to be maintained. Although it would be nice to have more revenue in all the funds to complete projects, make repairs or perform more of the services desired by the members of the community the funds are generally healthy and are able to continue current levels of service. The Reserve Funds are funding larger projects because funds have accumulated within those funds.

As previously mentioned the Wastewater Reserve Fund is funding a major expenditure to move forward with efforts to expand the use of irrigation with effluent from the wastewater treatment plant. Regulations continue to change and tighten regarding effluent discharged into the river and the need to be out of the river is increasing. In the long run, developing a system to distribute the effluent to more land for irrigation makes sense. We will not only save money from not needing to develop costly treatment processes to meet the ever changing regulations but we will also be able to reduce the use of treated drinking water for irrigation. Using water that is treated to meet safe

drinking water requirements for irrigation is a waste. In addition, as the community's needs for drinking water grows, we will have to expand the treatment system. If we could apply 20 million gallons of effluent to water the parks it could extend the life of some of our drinking water infrastructure and increase our ability to meet future drinking water needs.

Only two funds warrant special notes; the Building Inspection Fund and the Industrial Park Operations Fund. Once again, the General Fund is subsidizing the operation of the Building Inspection Fund by transferring \$25,000. The transfer is only part of the subsidy; it is actually more because the Administrative Fee, that should be about \$15,000, has been reduced to zero. This means that the fees charged for State required building permits and inspections are not covering the full cost of providing that service.

Last year I noted the challenges with Industrial Park Operations Fund and that was; that we have outstanding debt for the development of the industrial park and due to default on the debt owed to the City on one of the properties we would have difficulty in making debt payments for the park improvements in 2016-17 unless we sold a parcel in the park. The update is; we sold a lot last year and that extended the ability of the operations fund to pay debt for another year. So now the challenge is that without selling any additional parcels we will finish 2016-17 with \$33,785 in the fund. Debt payments drop to \$58,575 in fiscal year 2017-18. Unless we sell at least one of the remaining three lots we will have to transfer money from the General Fund to the Industrial Park Operations Fund to pay debt in 2017-18. If we sell all the remaining lots in the industrial park, we will be short about \$350,000 to satisfy all the remaining debt. I want to be sure that this need to cover the debt should not be seen as a failure of the development of the industrial park that started back in the mid 1990's. The resulting jobs and industry that have located in the park since its completion have benefited the community and the \$350,000 can be seen as a worthwhile investment in the economic development of Cottage Grove.

Now here is the part of the Budget Message where I wax a little poetic and try to convey how important this budget is and the impact of the services it funds. \$28,641,115 is a lot of money but think how this budget impacts your life. I would easily venture that every hour of every day each of us are impacted in some way by the City's budget. We are quite literally where the rubber hits the road. We are where the water is treated to be safe to drink. We are what makes it safe to walk the streets at night. All the state or federal laws or regulations don't create safe drinking water, make the discharge into the river clean or improve safety on the streets. We do that and it costs money. We do get some direct services from the state and federal governments but really nothing compares to the actual physical impact from our own local government.

As you leave this meeting tonight and every day I hope you can try to see the impact the City and this budget has on your life - - it helps you get places, it helps you know where you are, it helps keep you from getting sick, it helps you stay healthy, it can help you read, it helps your neighbors obey the laws, but overall it makes Cottage Grove a place that we can all love to live in.

As I do every year, I want to express my thanks to staff for the work that is done to prepare this budget. I also want to thank the members of the Budget Committee and public for their willingness to participate in the budget process. Sometimes it is not pleasant and we each may have slightly different priorities, but it is amazing how we can come together and develop this document to guide us for another year.

The 2016-17 Proposed Budget is big and there is a lot of stuff in here. Nothing is secret. Ask any question. Your careful review and consideration of the 2016-17 Proposed Budget is important and

essential to make sure that this budget meets the needs and desires of this community. If there is any information that you need in order to review and consider this Budget document, please ask questions or contact me and we will provide the information needed. I hope the information contained in this Budget document is useful and helpful for you as you review and consider the 2016-17 Proposed Budget.

I look forward to discussing the Proposed Budget and answering questions regarding the budget document.

Sincerely,

A handwritten signature in black ink, appearing to read "Richard Meyers", with a long, sweeping horizontal line extending to the right.

Richard Meyers
City Manager

BUDGET COMMITTEE CHANGES

FROM PROPOSED TO APPROVED BUDGET

After the presentation of the Budget Message the Budget Committee made three changes to the annual budget for Fiscal Year 2016-17. They are as follows:

In the General Fund, Community Promotions Department, the Budget Committee created a contribution to Team CG in the amount of \$500; and a contribution to Bohemia Mining Days in the amount of \$1,500. The net difference is \$2,000, adjusted through the decrease of the general fund contingency in the amount of \$2,000.

In the Water Fund, Non-Departmental Department, the Budget Committee increased the Watershed Council line item \$2,500, adjusting the contingency with a corresponding decrease of \$2,500.

	Proposed	Approved	Difference
General Fund			
Community Promotions Department			
Materials and Services			
Team CG	\$ -	\$ 500	\$ 500
Bohemia Mining Days	\$ -	\$ 1,500	\$ 1,500
Non-Departmental			
Contingency	\$ 348,927	\$ 346,927	\$ (2,000)
Total Fund	\$ 7,936,705	\$ 7,936,705	\$ -
Water Fund			
Non-Departmental Department			
Materials and Services			
Watershed Council	\$ 250	\$ 2,750	\$ 2,500
Contingency	\$ 299,600	\$ 297,100	\$ (2,500)
Total Fund	\$ 2,154,520	\$ 2,154,520	\$ -

The budget document reflects these changes in the approved column.

CITY COUNCIL CHANGES
FROM APPROVED TO ADOPTED BUDGET

The Fiscal Year 2016-17 Annual Budget approved by the Budget Committee was adopted by the City Council with no changes.

The budget document reflects the amounts adopted by the City Council in the adopted column.

ORGANIZATION OF THE BUDGET DOCUMENT

Local Governments have the option of budgeting on a 24-month biennial budget period, or by a fiscal year. The City of Cottage Grove operates on a fiscal year beginning July 1 and ending the following June 30. Priorities must be established based on the financial resources available to meet the needs of the community.

The budget document describes how the City plans to meet the priorities established and serves as a resource for citizens, city officials, and staff. The budget is divided into five major sections as described below:

General Information

This section contains an overview of the City, “City at a Glance” as well as the City’s budget process and calendar, and budget financial policies used to develop the Fiscal Year 2016-17 Budget. Budget amendment procedures are also discussed. Additionally, background information is provided such as economic information and demographics.

Budget Summaries

The City’s budget is organized on the basis of funds, and each is considered a separate accounting entity. This section includes a summary of resources and requirements of all city funds combined, and summaries of all individual funds.

Fund / Department Budgets

Fund and Department revenues and expenditures, as well as operational objectives, accomplishments, and performance measures are provided in this section. Historical financial information required by Oregon Budget Law for the two prior year’s actual, current year adopted, and next year’s proposed expenditures for each department is provided. This portion essentially provides actual adopted budget numbers. The City’s budget contains the following fund and fund types:

General Fund	Reserve Funds
Enterprise Funds	Debt Service Fund
Capital Projects	Trust Fund

Appendix

The appendix contains a variety of other budget-related information to assist with understanding the budget document. It includes listings of the various board members, and a glossary of terms and acronyms used in the budget document.

City at a Glance

Cottage Grove, the “Covered Bridge Capital of Oregon”, is located in the middle of western Oregon and in the southern part of Lane County, on Interstate 5 (I-5). Cottage Grove is approximately 20 miles from the major population center of the area (Eugene-Springfield) and serves an immediate labor market of approximately 35,000 people. Cottage Grove was selected as an All-America City in 1968 and 2004, one of only two cities in the State to have received the award twice.

Cottage Grove has the council-manager form of government. There is a seven-member Council including the Mayor. The City provides twenty-four hour police coverage, operates the water and wastewater systems serving the City, operates a public library which is open six days a week, provides planning and development, park maintenance, and operates an 18-hole golf course. The City completed an \$11 million upgrade to the wastewater treatment system, and a \$9 Million upgrade to the water treatment plant in 2009. These facility upgrades reflect the community’s commitment to protecting and improving the environment.

The July 2014 certified population estimate from Portland State University for Cottage Grove was 9,840. Between 2000 and 2010, the population of Cottage Grove grew by 12.3% which is somewhat faster (0.60 faster) than the population increase in Oregon.

The average high temperature in July and August is 82 degrees with the average low on summer nights in the low 50’s. The coldest month is December, with an average low of 34 degrees and highs in the mid 40’s.¹

General Information

Date of Incorporation	February 11, 1887
Area in Square Miles	3.98
Elevation in Feet	641’
Annual Precipitation	46.28”

Police

Stations	1
Patrol Units	13
Sworn Officers	16
Physical Arrests, Juvenile and Adult (including traffic)	957
Traffic Violations	396
Parking Citations	192

Streets

Miles of Paved Streets	45.66
Miles of Gravel Streets	1.5
Miles of Storm Sewers	30.85

¹ Retrieved May 3, 2016 from <http://www.usclimatedata.com/climate.php?location=USOR007Z>.

Water		
Miles of Water Mains		49.05
Hydrants		539
Active Service Connections		3,721
Daily Average Production in Millions of Gallons		
	May – October	1.6
	November – April	1.0
Maximum Daily Capacity of Plant in Million Gallons		4.0
Wastewater		
Miles of Sanitary Sewers		45.72
Treatment Plant		1
Service Connections		3,584
Daily Average Treatment in Million Gallons		
	May – October	1.0
	Nov. – April	3.3
Maximum Daily Capacity in Million Gallons		13.0
Broadband		
Miles of Fiber (Figure includes fiber in Creswell)		7.54
Wi-Fi Radios Installed		103
Community Services		
Community Centers		1
Parks & Open Spaces		32
Park Acreage		243.58
Golf Courses		1
Skateboard Parks		1
Tennis Courts		2
Trails (miles)		10.3
Health Care		
Hospitals		1
Hospital Beds		21
Education		
Elementary Schools		2
Elementary School Instructors		51
Secondary Schools		3
Secondary School Instructors		89

Top Ten Taxpayers in the City of Cottage Grove²

<u>Taxpayer</u>	<u>Taxable Assessed Value</u>
Wal-Mart Real Estate Business Trust	\$ 9,620,767
Charter Communications	\$ 5,031,700
Safeway, Inc. Store #1458	\$ 5,023,597
Gregory A. Falk, LLC	\$ 4,366,125
Magnolia Gardens Assisted Living	\$ 3,981,143
Whittaker-Northwest Partners	\$ 3,577,356
Hone Investments LLC	\$ 3,331,815
GE Business Loan Pass Through Cert	\$ 3,447,441
PacifiCorp (PP&L)	\$ 3,121,000
StarFire Lumber Co	\$ 3,077,816

Ten Year Statistics

<u>Year</u>	<u>Assessed Value</u>	<u>Population</u>	<u>School Enrollment</u>
2004-05	\$349,406,767	9010	2827
2005-06	\$400,236,137	9110	2714
2006-07	\$426,789,165	9275	2724
2007-08	\$444,250,454	9345	2716
2008-09	\$483,168,933	9445	2835
2009-10	\$525,779,935	9705	2635
2010-11	\$537,670,091	9745	2761
2011-12	\$551,007,682	9745	2718
2012-13	\$546,268,728	9745	2639
2013-14	\$559,169,501	9785	2732
2014-15	\$585,890,795	9840	2613
2015-16	\$605,342,912	9845	2743

Petty Cash

Oregon Revised Statute 294.465 requires that each petty cash account and the amount thereof be listed in the budget document. The City of Cottage Grove has the following cash accounts:

Finance	\$750
Finance Petty Cash	\$200
Library	\$ 40
Police Department Petty Cash	\$100
Public Works Petty Cash	\$200
Golf Course	\$700

² Retrieved May 3, 2016 from <http://www.lanecounty.org/Departments/AssessmentandTaxation/pages/default.aspx>.

BUDGET PROCESS AND CALENDAR

The process followed in the preparation of this budget complies with the Local Budget Law established by the State of Oregon (ORS Chapter 294). This process also applies to the Urban Renewal Agency's budget. The process and calendar are as follows:

Phase I – Budget Request

In this phase the Department Heads submit their needs for staffing, materials, and supplies. They also provide the text portion for their operations. The finance department computes the wages and benefits for all departments, except public works.

<u>Calendar</u>	<u>Process</u>
February 2016 Appoint Budget Officer ORS 294.331	The City Charter establishes the City Manager as the Budget Officer. The City Manager establishes the priorities for FY 2016-17 as well as identifies issues to be addressed by this year's budget.

Phase II – Budget Proposal Phase

The proposal phase entails reviews by the City Manager and Finance Director with each Department manager. Financial requests are reviewed for changes and inconsistencies from prior years. Increases/decreases are explained. The City Manager decides which additions/deletions are approved and provides guidance on the narrative and financial portions of each fund. During this phase the capital projects are also reviewed and all funds are balanced. At the conclusion of this phase the proposed budget document is prepared for printing and compilation.

<u>Calendar</u>	<u>Process</u>
Feb.-April 2016 Proposed Budget ORS 294.331	The Finance Director and City Manager meet with each department manager to review budget requests and ask questions about changes, enhancements, budget variances, and performance measures.
April 2016 Notices of Budget Committee Meeting ORS 294.426	Required public notices are published in the local newspaper no more than 30 days before the first meeting and city website. The City Manager's proposed budget is finalized and submitted to the Budget Committee Members for review and consideration. At least five days after the first public notice, but no less than five days before the first meeting, a second notice is published.

Phase III – Budget Approval Phase

During the Approval phase, the budget committee meets and is presented with the Budget Message from the City Manager. The Committee has the responsibility to evaluate the proposed budget and may make changes as they deem necessary. At the completion of their review, they are required to take formal action to approve the budget and refer it to the City Council for adoption.

<u>Calendar</u>	<u>Process</u>
May 2016 Budget Committee Meets ORS 294.426 ORS 294.428	Budget Committee meets to receive the FY 2016-17 Budget Message, to discuss funding issues, and to take public input. When the Committee is satisfied with the budget, including any deletions or additions, the proposed budget is approved.

Phase IV – Budget Adoption

The fourth and final phase of the process is adoption. The City Council may make additional changes if desired, within limitations set by statute, and then adopts a resolution to appropriate expenditures by fund, and set a tax levy.

<u>Calendar</u>	<u>Process</u>
June 2016 Publish Budget Summary & Notice of Budget Hearing ORS 294.448	After the Budget Committee has approved the proposed budget, a summary of the budget and a notice of the Budget Hearing to be held before the City Council is published in the local newspaper, five to thirty days before a public hearing for adoption.
Last Council Meeting In June 2016	A public hearing before the City Council is held to allow citizens to comment on the approved budget. After the hearing, the City Council may adopt the budget with no changes or they may make additions and reductions within certain limitations. A resolution is adopted making the appropriations and levying taxes.
July 15, 2016	The adopted budget for fiscal year 2016-17 becomes effective July 1, 2016. Certain reports, forms, and documentation are provided to the County Assessor's office by July 15.

BUDGET/FINANCIAL POLICIES

The development and eventual implementation of this budget are guided by the following policies:

OPERATING BUDGET POLICY

Personal Services –

Comply with existing union/association agreements, making sure the total compensation package is comparable to similar positions and communities.

Materials and Services –

Adopted increases for materials and services are targeted to remain level or increased only after substantiation and demonstration of need by the department manager.

Capital Outlay –

Capital outlay is reviewed on a case-by-case basis. Equipment requests are discussed with the City Manager.

Current Operating Revenues -

Current operating revenues will be sufficient to support current operating expenditures. Fund balance appropriated shall not exceed an amount that management can reasonable expect to save during the year.

Debt or Bond Financing-

Debt or Bond financing will not be used to finance current non-capital expenditures. Transfers to debt service for scheduled principal and interest payments, as well as estimates for new issues are estimated and included in the appropriate fund.

Performance Measures –

The City will continue to develop and integrate performance measures and productivity indicators with the annual budget.

Risk Management –

The City will continue to develop the risk management program to provide for protection against loss and a reduction in exposure to liability. The comprehensive safety program will also be enhanced to minimize the City's exposure to liability and thereby reduce the number of claims filed.

Balanced Budget –

The requirement of local budget law is such that the sum of each fund's resources equal its appropriations and unappropriated ending fund balance.

Accounting Standards –

It is the City's policy that the operating budget be prepared in accordance with Generally Accepted Accounting Principles.

REVENUE POLICY

Assessed Valuation –

Shall be estimated based on historical trends and growth patterns in a conservative manner.

Fees –

The City sets fees that will maximize user charges in lieu of Ad Valorem Taxes for services that can be individually identified and where the costs are directly related to the level of service:

- a. To the extent possible, user charges for water, sewer, and storm drainage will be sufficient to finance all operating, capital and debt service costs for said services.
- b. The Community Center will operate in a manner such that 10% of budgeted operating costs will be financed through user charges.
- c. Golf Course operations and maintenance will be funded from user charges for all programs for which it is practical to charge. Fees will represent at least 100% of the operating and debt service costs.
- d. Building and code enforcement activities will be funded through user charges in the form of building permits, inspections, and plan review fees. These fees should represent 100% of operating costs.
- e. To the extent practical, any general city service, which is of a higher level or benefits specific recipients, shall be supported by user fees designed to recover costs from such recipients.
- f. Where user fees are based on cost recovery, said costs shall be reviewed annually and fees adjusted as practicable.

DEBT POLICY

Capital Projects –

Financing for capital projects through the issuance of bonds shall be financed for a period not to exceed the expected useful life of the project.

General Obligation Bonds –

The general obligation debt of the City will not exceed 3% of the real market value of all taxable property within City boundaries as provided in ORS 287.004.

Debt Service –

Total debt service on tax-supported debt of the City will not exceed 15% of total general government operating revenue.

Bond Rating –

The City will maintain its financial condition to maintain a minimum AA bond rating.

Avoidance of Unfunded Liabilities –

The City's debt policy will be comprehensive and the City will not knowingly enter into any contracts creating significant unfunded liabilities.

RESERVE POLICY

Unappropriated Fund Balance –

The City will maintain an unappropriated fund balance of 8% of fund operating budgets (excluding capital outlay). These funds will be used to avoid cash-flow interruptions, generate investment interest income, eliminate need for short-term borrowing, and assist in maintaining an investment-grade bond rating.

Contingency –

The City will establish a contingency in each operating fund to provide for unanticipated expenditures of nonrecurring nature or to meet unexpected increases in service delivery costs. The contingency amount will be budgeted at 5% of the fund revenues estimated for that fiscal year. The contingency funds cannot be spent without an action by the City Council.

ACCOUNTING POLICY

Accounting System –

The City will establish and maintain the accounting system in accordance with Local Budget Law and Generally Accepted Accounting Principles. Financial systems will be maintained to monitor expenditures and revenues on a monthly basis.

Audit –

An annual audit will be performed by an independent public accounting firm which will issue an official opinion on the annual financial statements, with a management letter detailing areas that need improvement if required. Full disclosure will be provided in the financial statements and bond representations.

The City's Comprehensive Annual Financial Report (CAFR) will be prepared according to the standards necessary to obtain the Certificate of Achievement of Excellence in Financial Reporting from GFOA.

BUDGET AMENDMENT PROCESS

Procedures to be followed to amend the budget as events occur after budget adoption is set forth in Oregon Local Budget Law. The type of event determines the procedure to be followed.

The adopted budget appropriates certain amounts for contingencies in each fund to be used at the discretion of the governing body. Contingencies in each fund can only be appropriated for specific unforeseen events by approval of a resolution by the City Council. Specific appropriations of contingencies may include funding for service level changes, unforeseen catastrophic events, or redirection of resources.

State law allows the adoption of a supplemental budget. When the supplemental budget will adjust a current fund's budget by ten percent or less of that fund's expenditures, the supplemental budget can be acted on by the City Council at a regularly scheduled meeting. If the supplemental budget includes any changes greater than ten percent in any fund, a public hearing must be held to adopt the supplemental budget.