

CITY OF YACHATS
RESOLUTION NO. 2013-11-01

WHEREAS, the Governmental Accounting Standards Board requires the management of any municipal government to provide a narrative summary in the financial statements for the year;

NOW THEREFORE, the City of Yachats resolves

The attached Management Discussion and Analysis - City of Yachats – 2012-2013 Budget Year, marked "Exhibit A" is hereby adopted and shall be included in the Financial Statements for the year.

PASSED AND ADOPTED at a regular meeting of the Yachats City Council held on this 12th day of November 2013.

Attest:

Ronald L. Brean, Mayor

Nancy Batchelder, City Recorder

Management Discussion and Analysis - City of Yachats – 2012-2013 Budget Year

Analysis of the government's overall condition

Yachats continues to be in good overall financial condition. The City is still heavily reliant on the room tax for the general fund operations, as well as streets, the Library, the Museum and the Community Center. However, the other types of revenue including the Urban Renewal District and the Food and Beverage tax have been successful at raising funds for the intended purpose.

- The Transient Room Tax, Prepared Food and Beverage Tax and the taxes received by the Urban Renewal District were all more than budgeted.
- Property Taxes, Business Licenses, Transient Rental Licenses, Cable Franchise Fees and State Revenue Sharing were all *over-budget* in the General Fund. Those items brought in about \$18,400 more than budgeted.
- Overall, the Revenues in the General Fund were slightly more than budgeted; and expenses in the General Fund were about 8% *under-budget* for the year.

The 2012-2013 budget included all the requests submitted by the Commissions, the Public Works Director, outside agencies, and local organizations. The budget was balanced; met all the requirements for the City operations for the year, and included significant transfers to the Capital Expenditure Reserve Fund.

Public works remained a top priority and the budget supported that priority, including protection of the watershed. The City purchased an excavator, a pickup, lab equipment for the wastewater treatment plant, and a control for the monitor at the water treatment plant. The siding on the Water Treatment Plant was replaced and a new water line on West 4th from Ocean View Drive to Hwy 101 was installed.

The City also replaced the flooring in several rooms in the Commons, replaced the computer system in City Hall, upgraded the electrical connections between the emergency generator and the Commons, and purchased supplies and equipment for the emergency storage containers.

The City was also able to assist community organizations meet the various needs of the community, with a minimal investment, by supporting the programs of other agencies: programs, including those ran by the Youth and Families Activities Program and Lincoln County Council on Aging.

Analysis of the balances & transactions of major individual funds

The balances of the major funds and all transactions are within the budget as adopted or amended. Other than the normal, day-to-day activities, most of the major changes are described elsewhere in this discussion.

Analysis of variations from the original and final amended budget for the general fund

The City's adopted budget was amended during the year by City Council approved resolutions.

Resolution No. 2012-11-01 adjusted the Street Fund because the City did not get funding from the Oregon Department of Transportation, and provided funding for the yard debris dump box City Council elected to have for the citizens to use as an alternative to burning.

Resolution No. 2013-01-01 corrected the adjustments to the Street Fund made in Resolution No. 2012-11-01 and made further adjustments.

Resolution No. 2013-01-02 adjusted the Reserve Fund allocations for Water and Sewer Equipment because the need for a Water Department Pickup was greater than the Sewer Department and to accept a Grant from the State of Oregon for children's books and to allocate the funds in the Library Fund.

A Supplemental Budget for 2012-2013 was adopted with Resolution No. 2013-04-01. Adjustments to the General Fund, Reserve Fund, Parks and Commons Fund, and the Sewer Fund were made.

Resolution No. 2013-06-03 moved Contingency Funds to Materials and Services lines in the Water Fund and the Sewer Fund.

Significant capital asset and long-term debt activity (i.e. major construction & bond issue)

There were no major construction projects during the fiscal year. The City maintains sufficient reserves to meet all bond and loan terms, and made all current payments on time. The loan payments for the Waste Water Treatment System Improvements continue to be funded with money from various sources such as Transient Rental Tax, Prepared Food and Beverage Tax, Urban Renewal Contributions, System Development Charges, and user fees. The voters have authorized the City to issue up to 5.9 million dollars in General Obligation Bonds to repay the loans for that project; however, there has not yet been any need to issue those bonds since the other sources have generated sufficient funds to make the payments.

Budget Report

General Budget Notes and factors resulting in differences in Cash Carried Forward from 2012-2013 to 2013-2014 are described below:

Fund 10 – General Fund CCF was -13,820

- Fewer System Development Charges were paid and we processed fewer Passports than previous years so there was less revenue from Local Sources.
- The Department of Land Conservation and Development reduced the amount of the planning grant and the City has not received the payment for the second half of the year as of this date.
- More Property Taxes were received than budgeted.
- While Transient Rental License fees were under budget, Business Licenses, all of the Franchise Fees and Transient Room Taxes were up, resulting in an additional 24,625 in Permits and Fees.
- Payroll Expenses were less than budgeted, and the expenses related to capital improvements were capitalized.

Fund 12 – Visitors Amenities CCF was +17,677

- Less money was spent from the fund than I had thought when developing the budget because, once again the South Gateway sign was not constructed. The funds for that project have been carried forward to the 2013-2014 Fiscal Year.

Fund 15 – Capital Reserves CCF was +66,868

- Some Water and Sewer equipment was actually posted to Water and Sewer Operations instead of the Capital Fund because the Finance Committee had decided that should not be capitalized, which resulted in fewer expenditures in this fund.
- Food and Beverage Taxes were more than budgeted.
- Phase I of the Little Log Church and Museum should have been completed before the end of the Fiscal Year. It was not, and will need to be carried forward to the 2013-2014 Fiscal Year.

Fund 16 – System Development Charges CCF was -26,164

- Fewer System Development Charges payments were received during the year. While there were building permits issued most of those had either pre-paid the charges in prior years or had credits to apply to the fees so the only charge they paid for before building was the one for storm drains since that is a new charge.
- The expenses for the 4th Street Waterline Project had been budgeted using the engineer's estimate. Actual expenses for the project were much less because the project was done in-house.

Fund 21 – Streets CCF was +46

- The transfer amount from the General Fund was reduced by 12,000 because much less street improvements were completed that had been planned.

Fund 22 – Library CCF was -977

- When the budget was being developed, the Budget Officer was told that there would be funds to carry forward from the Oregon State Library Grant for the Summer Reading Program that would be spent in the next Fiscal Year. This was not the case as the books and supplies for that program were purchased before the end of the Fiscal Year in preparation for the start of the program.
- Fewer gifts and donations were received during the Fiscal Year than budgeted.

Fund 23 – Little Log Church CCF was +362

- Wedding and Rental fees were more, inventory sales were less and Gifts and Donations were more than budgeted.
- No operating materials, inventory items or equipment and furnishings were purchased so expenses were less than budgeted.

Fund 24 – Commons CCF was -11,040

- Fewer rents were received than budgeted.
- The flooring project in the Commons was expanded so the cost was more, however the community garden project, tool library and the chipper purchase were not completed. Little work was done on the Labyrinth and was carried forward to the next Fiscal Year.

Fund 30 – Storm Drains No significant changes from Budget

Fund 60 – Water Fund CCF was -11,658

- Water sales and installations charges exceeded budget amounts.
- Employee expenses related to capital projects were capitalized and transferred from the Water Fund to the Capital Fund.
- Funds were transferred from Contingency to cover expense lines that were over budget, mainly because some materials, services and equipment purchases planned for the next fiscal year were purchased before the end of this year.
- Some Water equipment was actually posted to Water Operations instead of the Capital Fund because the Finance Committee had decided that should not be capitalized, which resulted in more expenditures in this fund.

Fund 66 – GO Water Bond CCF was -1,300

- Tax receipts exceeded budget amount but not by as much as estimated when developing the budget.

Fund 70 – Sewer Fund

CCF was – 159,424

- Because of the change made to the base rate for sewer, less revenue from sales was posted to the Sewer Fund.
- Installation charges were more than budgeted.
- Funds were transferred from Contingency to cover expense lines that were over budget, mainly because some materials, services and equipment purchases planned for the next fiscal year were purchased before the end of this year.
- Some Sewer equipment was actually posted to Sewer Operations instead of the Capital Fund because the Finance Committee had decided that should not be capitalized, which resulted in more expenditures in this fund.
- The UV enclosure was not completed, so it will be carried forward to the new Fiscal Year when the Supplemental Budget is done.

I made a mistake when I was calculating the amount to carry forward. I am not sure where that mistake was made.

Fund 76 – Sewer Debt Service

No significant changes from budget

Fund 90 – URD

CCF -1,342

- Not as much tax revenue was received as budgeted.