

CITY OF YACHATS
RESOLUTION NO. 2009-11-01

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 – 2009-2010 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 8th day of November, 2010.

Attest:

Ronald L. Brean, Mayor

Nancy Batchelder, City Recorder

Management Discussion and Analysis - City of Yachats – 2009-2010 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, and that revenue was down about 5% this year but the City alternate 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 is about 4% *under-budget* for the year. That is slightly better than the 5% I had originally anticipated.
- Business Licenses, Transient Rental Licenses, Cable Franchise Fees, Disposal Franchise Fees, and Permits and Filing Fees were all *over-budget* in the General Fund. Those items brought in about \$8,000 more than budgeted.
- Expenses in the General Fund were about 16% *under-budget* for the year.
- Water and sewer billings brought in about 12% less than budgeted. Part of that is probably related to the transient room tax deficit. But, we were still able to cover all operational expenses, pay the revenue bonds and transfer money into the capital reserve fund.
- The Prepared Food and Beverage Tax is 6.25% below budget. A lien was recorded with the County for one property that failed to pay. If the City is able to collect on the lien, the total receipts will be under-budget by less than 1%.
- Interest earned this past year fell short of budgeted amounts, but the City collected more System Development Charges and State Highway funds than expected.

The 2009-2010 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, street maintenance and improvements, and the continuing requirements for the Mutual Agreement and Order with the Department of Environmental Quality. The water and sewer funds collected sales revenue that was sufficient to operate the system, complete certain improvements, and provide some funds to be set aside for future City facilities.

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 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. Changes included increasing the original allocation for the Visitor Center by \$1,680; acknowledging a \$25,000 grant received from ODOT for street improvements, acknowledging a \$10,000 grant from the Lincoln County Board of Commissioners for improvements to the picnic shelter, and funds were reallocated from one line to another in the Parks and Commons Fund and the Sewer Fund to cover unanticipated expenses for maintenance at the Commons and DEQ fees for the sewer system permit.

A supplemental Budget was adopted to cover the additional revenue related to the contract with the United States Forest Service for services performed at the USFS facilities at Cape Perpetua and the Angell Job Corps. The Funds were allocated to the equipment line to cover the cost of a vactor truck.

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

The construction of the new sewer plant had been completed and approved by the Oregon Department of Environmental Quality so the first payments on the two direct loans from the Department of Environmental Quality and the Oregon Economic and Community Development Department were made. These loans are being paid by funds from a combination of sources, including revenue from the urban renewal district and a prepared food and beverage tax.

Voters approved issuing 5.9 million dollars in General Obligation bonds for the sewer plant project, but at this time the City does not have to issue any bonds to repay the loans.