

CITY OF YACHATS
RESOLUTION NO. 2011-12-03

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 – 2010-2011 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 December, 2011.

Attest:

Ronald L. Brean, Mayor

Nancy Batchelder, City Recorder

Management Discussion and Analysis - City of Yachats – 2010-2011 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 14% this year but the 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 14% *under-budget* for the year.
- Property Taxes, Business Licenses, Transient Rental Licenses, Cable Franchise Fees, Electric Franchise Fees, Cigarette Tax and State Revenue Sharing were all *over-budget* in the General Fund. Those items brought in about \$14,000 more than budgeted. The Cash Carried Forward from the previous year was also more than anticipated.
- Revenues in the General Fund were about 90% of budget; and expenses in the General Fund were about 11% *under-budget* for the year.
- The Prepared Food and Beverage Tax is 13% below budget.

The 2010-2011 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 completion of the East Hillside Local Improvement District projects. 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 authorized by Resolution No. 2010-12-03 acknowledged a grant from the State Department of Land Conservation and Development, increased the original allocation for professional services and reduced the amount for City Planner; allowing the City to hire a consultant to assist in developing the Yachats Streams, Wetland and Riparian Area Inventory and Assessment.

Changes authorized by Resolution No. 2011-01-03 acknowledged a grant from the State of Oregon for Children's Books and modified allocations due to a shortfall in Transient Rental Tax and Prepared Food and Beverage Tax revenue.

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

There was 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.