

CITY OF YACHATS
RESOLUTION NO. 2015-11-01

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 – 2014-2015 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 2015.

Attest:

Ronald L. Brean, Mayor

Nancy Batchelder, City Recorder

Management Discussion and Analysis - City of Yachats – 2014-2015 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.
- Overall, the Revenues in the General Fund were more than budgeted; and expenses in the General Fund were about 12.8% *under-budget* for the year.

The 2014-2015 budget included all the requests submitted by the Commissions, the Capital Improvement Plan, 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. A new roof was installed on the 250k gallon reservoir, tide gates were installed in the Quiet Water area, the generators were covered at the main pump station and the Wastewater Treatment Plant, and work began on the Horizon Hill Looping Project and the South Reservoir.

The City also completed the playground in the community park, ran electric power to the emergency supply storage containers, began work on the skatepark, and continued working on the Hwy 101 Street, Sidewalk and Utilities Improvement Project.

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 a Supplemental Budget adopted by City Council Resolution No. 20115-05-03. The necessary changes were explained with the following narrative:

Supplemental Budget 2014-2015

Fund 10 – General Fund

Revenues

- Cash Carry Forward changed to show actual amount.
- Franchise Fees changed to show actual amounts for Cable, Telephone and Garbage Service. Electric Franchise fee, Other local sources, cigarette tax, liquor tax and earnings from temporary investment changed based on expected year-end receipts based on the current receipt trend.

Expenditures

- Personnel Expenses have been changed to better reflect actual allocations of time.
- The City has more issues needing the City Attorney's involvement this year, so that line has been increased
- Other lines have been changed to more closely reflect actual expenses.
- Reductions in lines have meant an increase to the amount held in contingency.

Fund 15 – Capital Reserves

Revenues

- The transfer from the Sewer Fund has been eliminated due to a shortage in funds in the Sewer Fund.
- The transfer from the Water Fund has been reduced due to a shortage in funds in the Water Fund.

Expenditures

- It was determined that the ceiling tiles replacement project was not necessary as per the Fire Marshall. However, some of those funds are being used for other safety updates and modifications to the building that were required by the Fire Marshall.
- The Surfside Water Line and Reeves Circle Water Line will not be completed this year so they were removed. The Looping Project budget has been increased to \$180,000.
- The Fuel Tank project has been eliminated because it was not feasible as planned.
- All funds that will not be spent this year have been added to the amounts in reserve for future uses.

Streets

Revenues

- Cash Carried Forward and Other Local Sources have both been increased to reflect the actual amounts.

Expenditures

- Personnel Expenses, Insurance and System Maintenance have been increased to better

reflect the actual amounts and/or anticipated amounts by the close of the budget year.

Storm Drains

Revenues

- Cash Carried Forward has been changed to show the actual amount.

Expenditures

- Systems Operations have been increased to include 1/3 the rental cost for the Vac Truck public works is renting through the year and/or the cost of repairs to the City's Vac Truck if those repairs are completed before the end of the year and the rental truck is returned.

Water Fund

Revenues

- Cash Carried Forward has been changed to show the actual amount.

Expenditures

- Personnel Expenses have been changed to better reflect actual allocations of time.
- The Equipment Rental line has been increased to include 1/3 the rental cost for the Vac Truck public works is renting through the year and/or the cost of repairs to the City's Vac Truck if those repairs are completed before the end of the year and the rental truck is returned.
- The lines for Insurance, Office Materials, Travel, Equipment Operations, Equipment Repair, system Operations, Utilities, Maintenance, and tools were all changes to more accurately reflect the expenses.
- The transfer to the Reserve Fund was reduced due to the increases in the other expenditures.

Sewer Fund

Revenues

- Cash Carried Forward has been changed to show the actual amount.

Expenditures

- Personnel Expenses have been changed to better reflect actual allocations of time.
- The Equipment Rental line has been increased to include 1/3 the rental cost for the Vac Truck public works is renting through the year and/or the cost of repairs to the City's Vac Truck if those repairs are completed before the end of the year and the rental truck is returned.
- The lines for Insurance, Education and Training, Travel, Equipment Operations, Equipment Repair, Maintenance, System Operations, Utilities, Plant Maintenance and Tools were all changes to more accurately reflect the expenses.
- The transfer to the Reserve Fund was eliminated due to the increases in the other expenditures.

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

There were no major construction projects during the fiscal year that required a bond issue or a loan. 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.