



MEMORANDUM

DATE: May 1, 2009
TO: Mayor, City Council, and Budget Committee
FROM: Marcia T. Baragary, Finance Director
Crystal Wooldridge, Senior Accountant
SUBJECT: Budget Overview Charts

Introduction --- The six charts following this memorandum summarize information contained in the 2009-2010 Proposed Budget and illustrate financial relationships and comparisons.

Chart #1 --- All City Funds – Revenue Summary: Chart #1 summarizes all City fund revenues excluding beginning fund balances and transfers in from other funds. Although total resources for all funds for the 2009-2010 Proposed Budget equal \$78,175,444, when beginning fund balances and transfers in are excluded, total revenues equal \$35,355,000. Chart #1 illustrates significant sources of City revenues and their percentage contribution toward funding City services. The most significant source of revenue for all City operations is property taxes, which is 27.2% of all revenues. The next significant source is Sewer Charges at 22.4% followed by Intergovernmental Revenues at 15.2%. Intergovernmental revenues include a Homeland Security Fire Grant, the McMinnville Rural Fire District (MRFPD) contract payments, Chemeketa Cooperative Regional

Library Service (CCRLS) reimbursement, and State shared revenues. Ambulance Charges account for 13.6% of the total. The remaining 21.6% consists of Franchise Fees, Miscellaneous Income, Charges and Fees, Property Taxes - Debt Service, and Outside Agency.

Chart #2 --- All City Funds – Expenditure Summary: Chart #2 summarizes all City fund expenditures excluding ending fund balances and transfers out to other funds. Although total requirements for all funds for the 2009-2010 Proposed Budget equal \$78,175,444, when ending fund balances and transfers out are excluded, total expenditures are \$42,488,000. Chart #2 illustrates significant uses of City resources. Public Safety Operations and Improvements, and Ambulance Operations account for 37.6% of total expenditures; Culture and Recreation, Community Development, Transportation, Administration and Finance, and Outside Agency account for 23.8%; Wastewater Operations, Debt Service and Capital Improvements account for 24.2%; and Park and Transportation Capital Improvements account for 14.4%. Note that General Obligation debt service payments are

Budget Overview Charts

included in the Public Safety and Park Capital Improvement numbers.

Total expenditures exceed total revenues by \$7,133,000. The deficit is primarily due to use of beginning fund balances to pay for capital improvement projects and to fund operations. Bond proceeds, which are included in the Park Development Fund and Public Safety Facilities Construction Fund beginning fund balances, were used to pay for Park and Public Safety Capital Improvements. In the General Fund and Building Fund, beginning fund balances were used to fund operations. Please refer to the *Budget Message* for discussion of the use of beginning fund balance in the General Fund.

Chart #3 --- Property Tax Supported Funds – Revenues by Sources: Chart #3 illustrates sources of revenues for the property tax supported funds (General Fund and Debt Service Fund), excluding beginning fund balances and transfers between those funds. Note that property taxes fund 53% of the operations of the General Fund. Licenses and Permits, which are primarily franchise fees, account for 11% of total revenues. Intergovernmental revenues account for 9%. Charges for Service, Fines and Forfeitures, Property Tax – Debt Service, Transfers In From Non-Property Tax Funds, and Miscellaneous revenue account for the remaining 27%.

This Chart illustrates the importance of property tax revenue to General Fund operations and the challenge that will be faced in the next few years as growth in the property tax base slows significantly.

Chart #3 also emphasizes the importance of franchise fees and State shared revenues in funding General Fund Operations. The 2009-2010 Proposed Budget predicts that these revenues will remain relatively flat compared to 2008 - 2009.

Chart #4A --- Property Tax Supported Funds – Expenditures by Department: Chart #4A illustrates how General Fund and Debt Service fund resources are used, excluding ending fund balances and transfers between those funds. Note that Police, Fire and Municipal Court operations account for 46% of total General Fund and Debt Service Fund expenditures. Administration, Finance, Engineering and Planning account for 15%. Parks and Recreation, Park Maintenance and Library account for 24%. Debt Service and Transfers Out to Non-Property Tax Funds account for the remaining 15%. This chart also includes information on the various programs that make up Parks and Recreation expenditures.

Chart #4A, which indicates that 24% of expenditures are for Parks and Recreation and Library services, reflects the City Council's commitment to enhancing the quality of life for the citizens of McMinnville.

Total expenditures for the General Fund and Debt Services Fund exceed total revenues by \$1,090,000. Please refer to the *Budget Message* for discussion of the use of beginning fund balance in the General Fund.

Chart #4B --- Property Tax Supported Funds – Expenditures by Category: Chart #4B provides additional information regarding the use of General Fund and Debt Service Fund resources. By category, 65% of total expenditures are for Personal Services; 18% are for Materials and Services; 3% are for Capital Outlay; 9% are for Debt Service; and 5% are for Transfers to Non-Property Tax Funds.

Chart #4B emphasizes the challenge faced in preparing a "hold the line" budget, as referred to in the City Manager's *Budget Message*. Because Personal Services expenditures are 65% of total expenditures, significant savings can generally only be obtained by impacting employees' salaries, wages and fringe benefits.

Budget Overview Charts

Chart #5 --- Budget Organization Chart: This chart should be reviewed in conjunction with the 2009-2010 Proposed Budget --- Fund Definitions Budget Basis memorandum which directly follows this section. Chart #5 segregates all City funds by fund type. Fund types include the General Fund, Enterprise Funds, Internal Services Funds, Capital Projects Funds, Special Revenue Funds, and Debt Service Funds. Note that this chart breaks out Operating PPT Funds and Wastewater Funds amounts used for debt service payments and includes them in the Debt Service column. Other Requirements, including Transfers In/Out Other Funds, Contingencies and Ending Fund Balances are generally not included in Chart #1 through Chart #4B.

Chart #5 provides for ease of comparison between the various funds and fund types. For example, the total of all Enterprise Funds (less debt service) is approximately \$4,000,000 or 24% less than the General Fund. The Transportation Fund is included in the Capital Project Fund type; however, expenditures are only \$40,000 because the majority of the City's share of American Recovery and Reinvestment Act (ARRA) project dollars are appropriated in the State of Oregon's budget. Special Revenue Funds make up almost 12% of the Operating Budget, primarily due to grant-funded projects in the Airport Maintenance Fund.

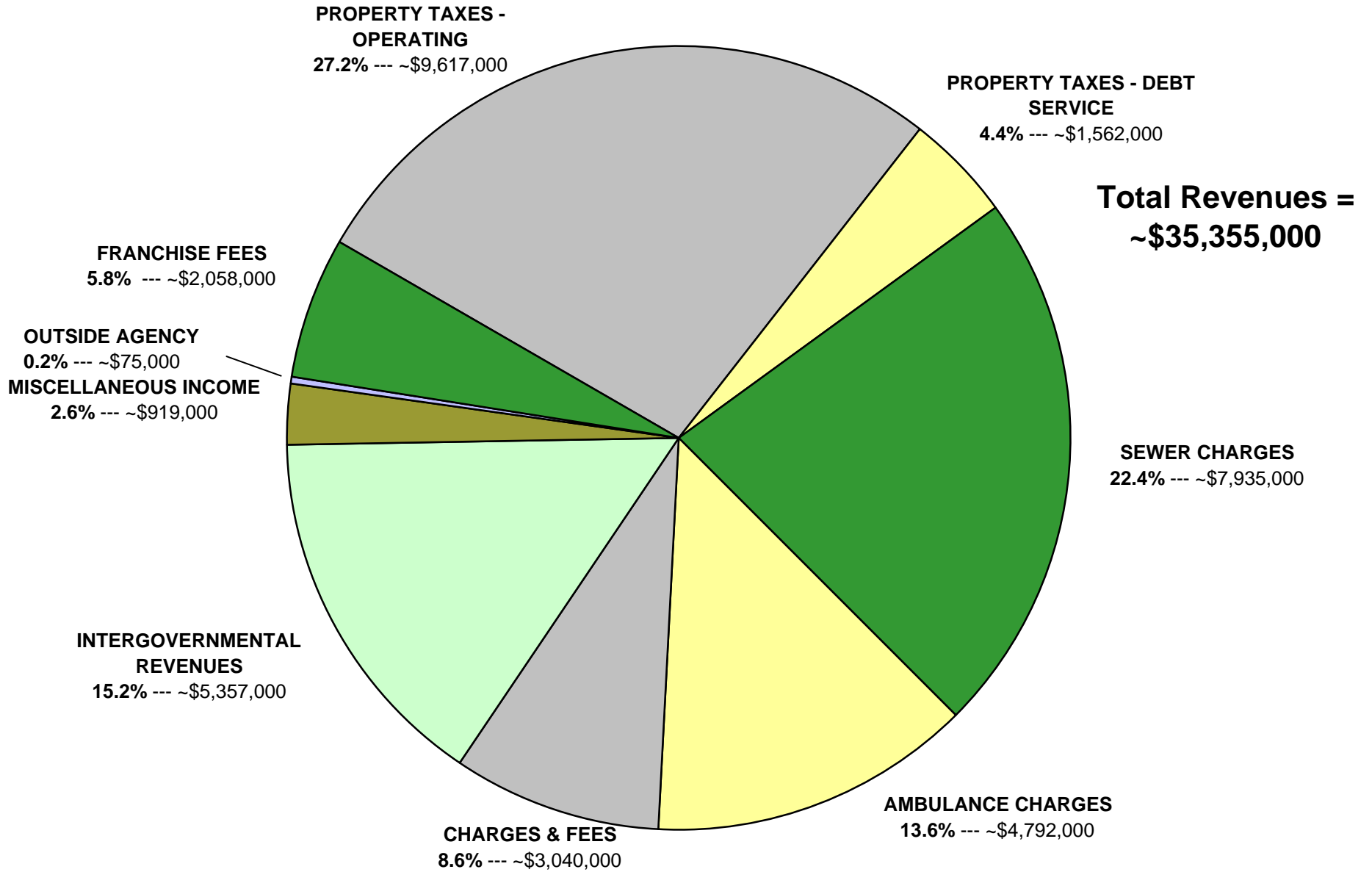
Summary --- These charts are intended to provide a general overview of the 2009 – 2010 Proposed Budget. They illustrate the major components of the City's budget and summarize the source of revenues and how those revenues are expended. They also reflect the priorities of the City Council and the challenges faced by the Management Team in preparing the 2009-2010 Proposed Budget.

Please contact Finance Director Marcia Baragary at 503-434-2350 with any questions or comments regarding these charts.

City of McMinnville - All City Funds

CHART #1

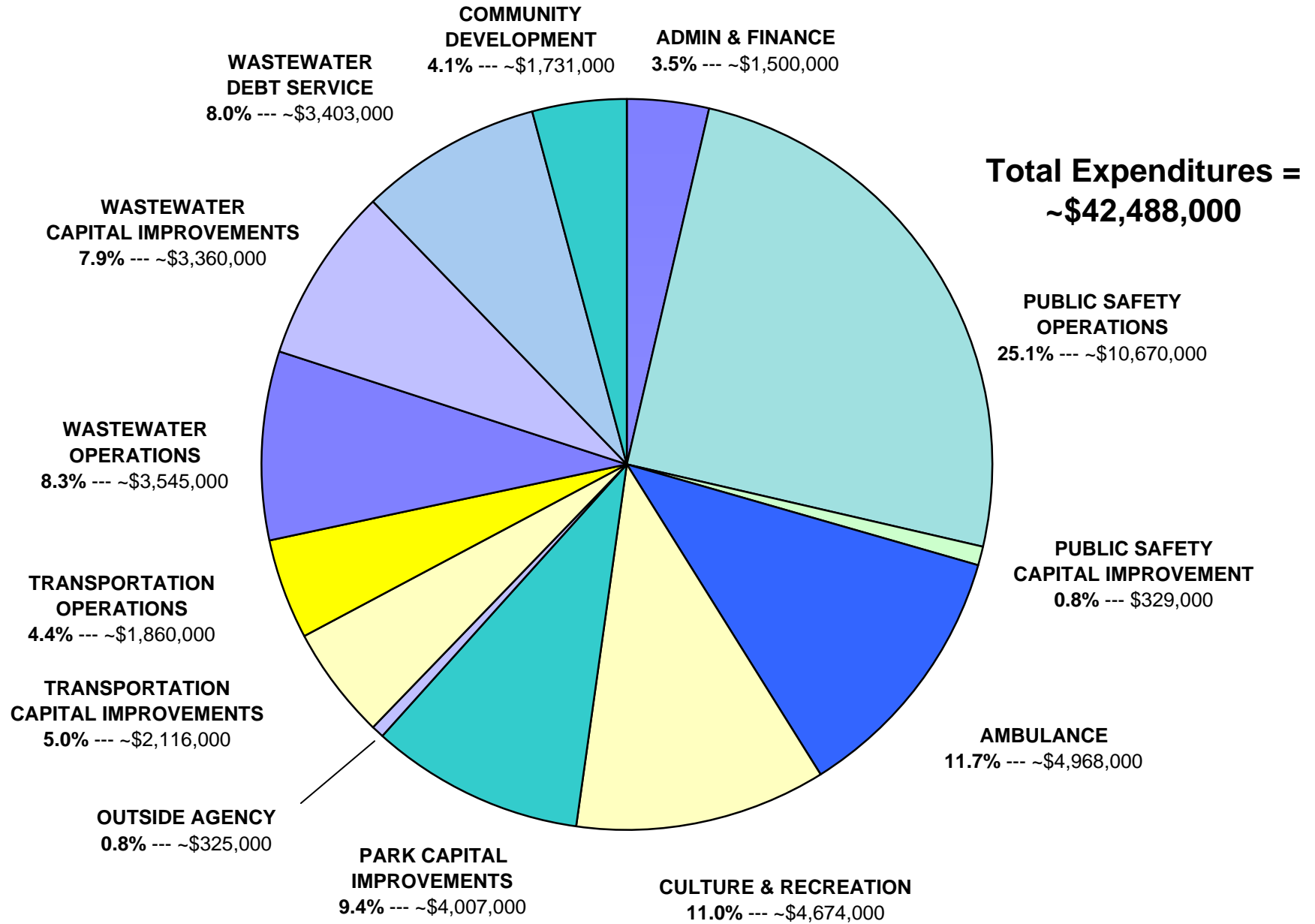
Revenues - Summary --- Without Beginning Fund Balances and Transfers In From Other Funds
2009 - 2010 Proposed Budget



City of McMinnville - All City Funds

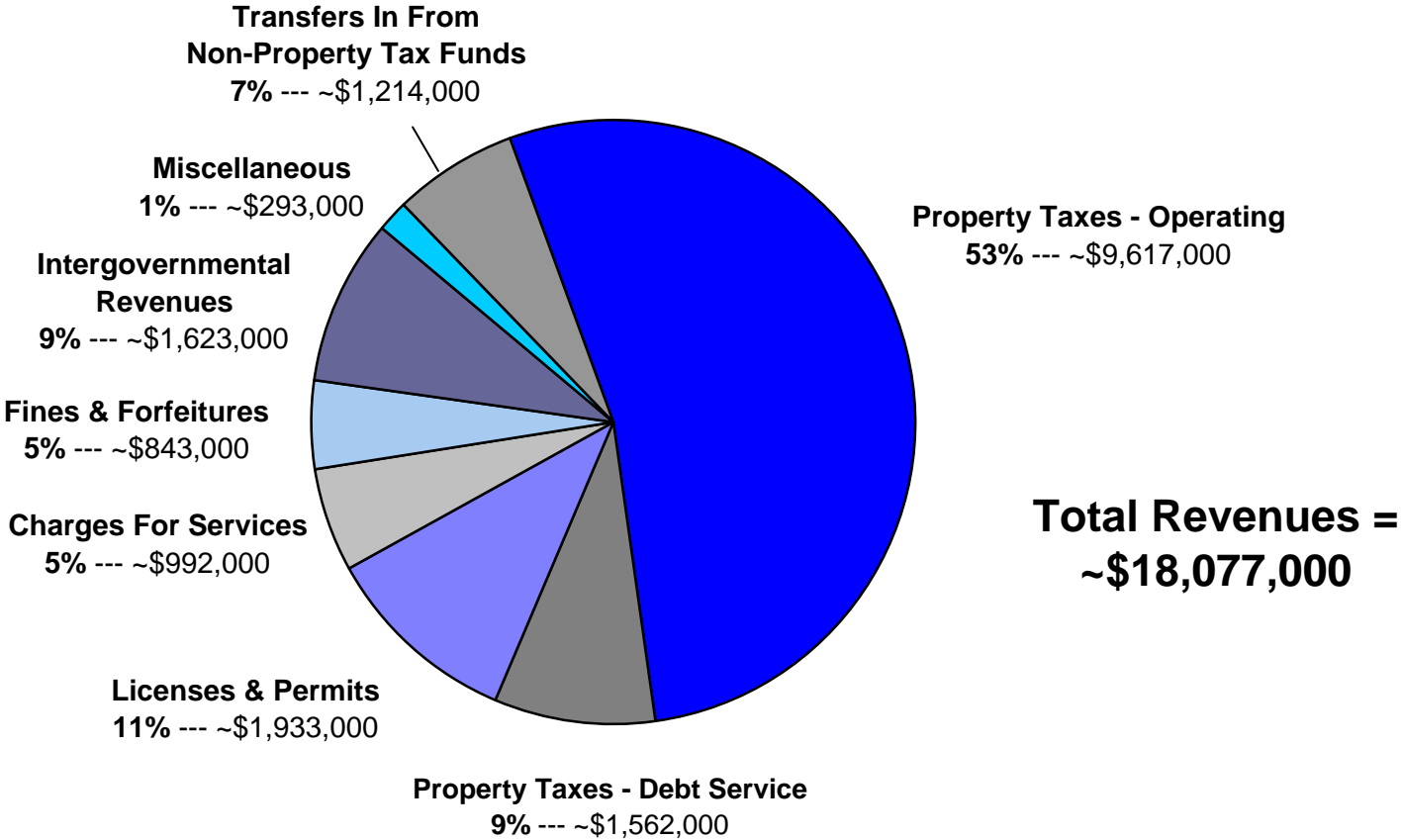
Expenditures - Summary --- Without Ending Fund Balances and Transfers Out To Other Funds
2009 - 2010 Proposed Budget

CHART #2



General Fund
Debt Service Fund

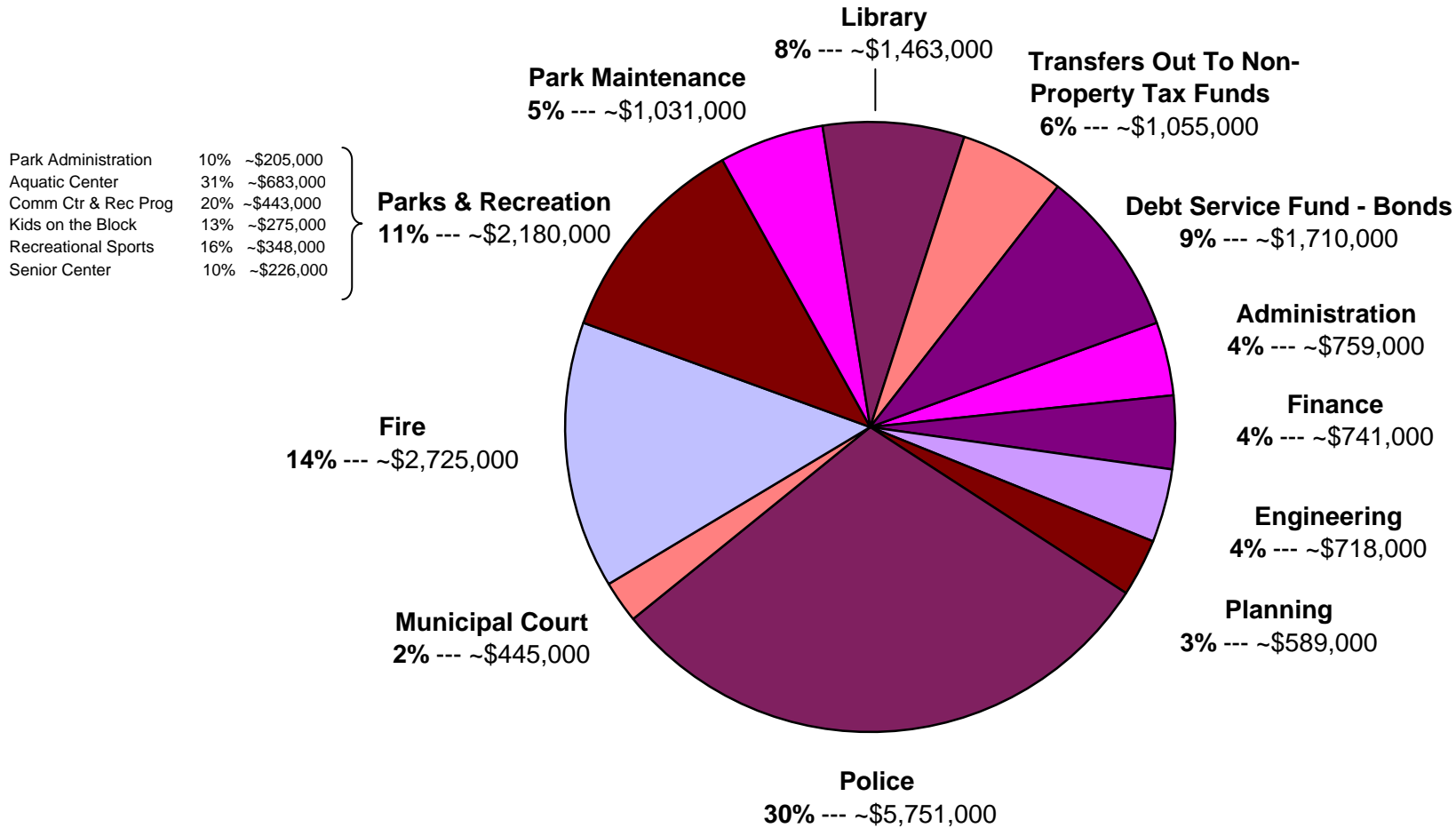
City of McMinnville
Property Tax Supported Funds
Revenues by Sources
2009 - 2010 Proposed Budget



General Fund
Debt Service Fund

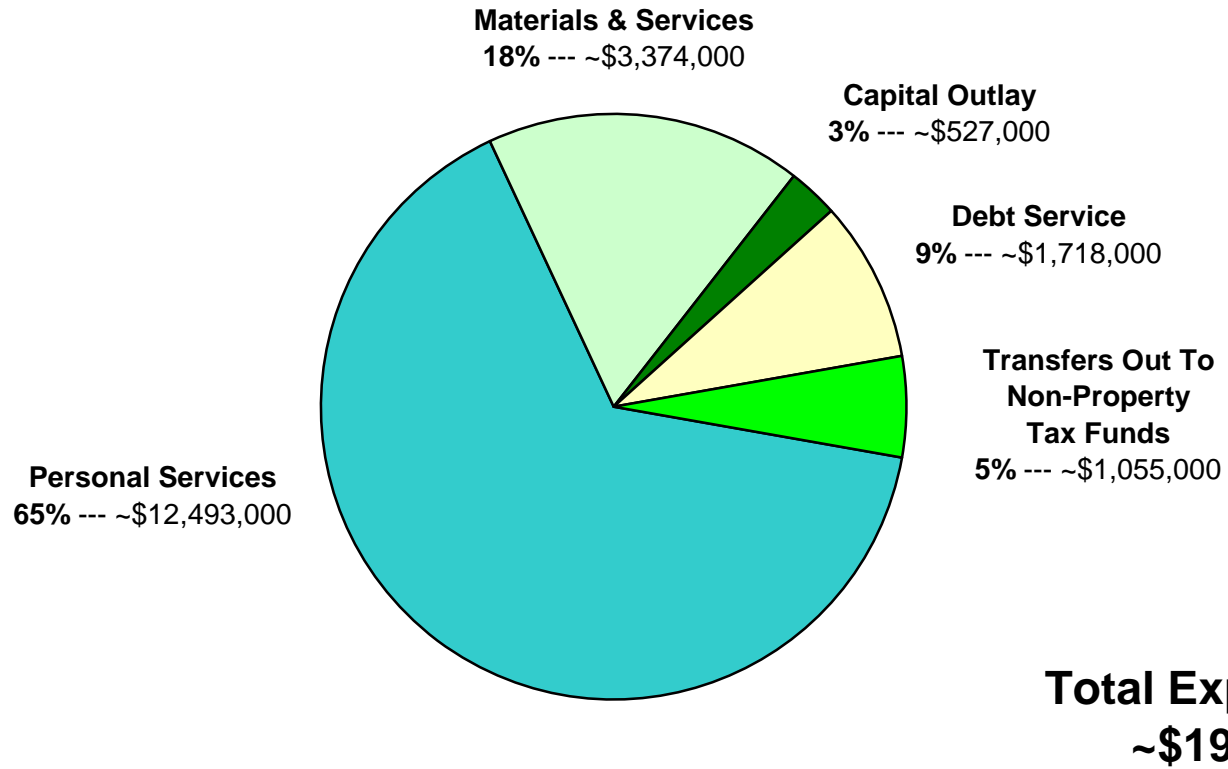
City of McMinnville
Property Tax Supported Funds
Expenditures by Department
2009 - 2010 Proposed Budget

Total Expenditures =
~\$19,167,000



City of McMinnville
Property Tax Supported Funds
Expenditures by Category
2009 - 2010 Proposed Budget

General Fund
Debt Service Fund





2009 – 2010 Proposed Budget --- Budget Organization Chart

**Total 2009 – 2010 Proposed Budget
\$78,175,444**

