

# John Day Urban Renewal Agency



## Annual Budget Fiscal Year 2024-25

# **Annual Budget John Day Urban Renewal Agency**

Fiscal Year

July 1, 2024 – June 30, 2025

## *Urban Renewal Agency Board*

**Vacant, President**

**Sherrie Rininger, Board Member**

**David Holland, Board Member**

**Chris Labhart, Board Member**

**Eric Bush, Board Member**

**Edwin Newby, Board Member**

**Ron Phillips, Board Member**

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## *Budget Committee*

(URA Board plus Citizens listed below:)

<b>Heather Swank</b>	<b>Expires Jan 2026</b>
<b>Beth Spell</b>	<b>Expires Jan 2028</b>
<b>Bradley Hale</b>	<b>Expires Jan 2028</b>
<b>Tom Olson</b>	<b>Expires Jan 2028</b>
<b>Jody Moulton</b>	<b>Expires Jan 2028</b>
<b>Irene Jerome</b>	<b>Expires Jan 2028</b>

# Annual Budget John Day Urban Renewal Agency

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July 1, 2024 – June 30, 2025

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# Annual Budget John Day Urban Renewal Agency

## Reader's Guide to the Budget

This guide is intended to assist readers in finding information in the Agency's FY 2024-25 Annual Budget Book.

- Introduction: This section includes the Budget Message and demographical information.
- Policies and Budget Development: This section contains the Agency's financial and budgetary policies and guidelines, an overview of the budget process, the 2024-25 Budget calendar and budget frequently asked questions (FAQs). Budget Development Policies are reviewed annually by staff.
- Budget Detail: This section includes the itemized detail of the Agency's budget broken down by fund.
- References: This section includes a glossary of municipal finance terms. Additionally, this section contains the advertisements for budget committee meetings with affidavits, the city's resolution declaring municipal services, the city's resolution to receive state shared revenues, the city's appropriation resolution, and the city's LB-50 authorizing tax to be placed on the tax rolls.

# Introduction

## **John Day Urban Renewal Agency Annual Budget Message**

June 4, 2024

### **Members of the John Day Urban Renewal Agency Board and Budget Committee**

As the Budget Officer for the John Day Urban Renewal Agency I am pleased to provide you with the proposed Fiscal Year (FY) 2024-25 Budget. This budget is presented as required under Chapter 294 of the Oregon Revised Statutes.

This year it is my hope the public sees the Agency working for the citizens and reinvesting the tax increment dollars to generate further future returns. The Agency has made significant investments in development in the prior years and this is a rebuilding year in terms of capital to be able to continue its incentive programs.

One of the most notable changes in this budget is the change from the prior year budget of a net working capital of \$591,605 to the current year actual of a \$534,584 deficit.

### **Overall budget**

Agency staff has tried to project revenues and expenditures as close to expected throughout the Agency's budget given that tax receipts are reasonably estimable and the Agency will be taking a large loan from the City in order to replace its fund balance. On the expenditure side, the Agency is aware that it has large commitments related to investments previously agreed to and has budgeted all of the commitments that it expects to be able to accommodate and still provide a balanced budget. Normally revenues would be projected low and expenditures high, however, without a completed 22-23 audit, staff has projected as conservatively as possible.

### **Budget overview by Fund**

#### *General Fund*

The General Fund is the only fund of the Urban Renewal Agency and, due to its organization, the Urban Renewal Agency also reports its general fund as a blended component unit of the City of John Day. The General Fund Revenues change precipitously from the prior year's budget due to the previously described difference in beginning fund balance. In addition, the deficit fund balance is requiring the City to loan money to the URA from a loan with Business Oregon that the City is taking out based on investments that were performed by the URA. These investments are the cause of the depletion in fund balance.

The Business Oregon Loan is the remaining portion of the \$1.8 million dollars the City of John Day took out for the URA to subsidize 3 separate developments. Initially, only about half of the loan was obtained, but the full \$1.8 million was expended, creating a cash flow issue for the comingled City of John Day and URA funds. The remaining loan appropriation has been budgeted in the City to be loaned back into the URA to help balance the URA negative fund balance, thereby being reported as revenue in this Agency budget. It appears the City initially took out the loan on

behalf of the URA and passed the funds directly to the URA. A loan document setting up repayment between the agencies may need to be adopted.

The Expenditures include budget estimates of overhead expenditures included in categories such as Audit, Insurance, Legal and Other professional Services. The Administration line item is for a payment to the City to cover the costs of staff time. Computers and Software includes the expected cost of the Casselle switchover as the URA uses the same software as the City due to its status as a blended component unit. Development Incentives are nearly impossible to budget for as the mechanisms which create the development incentive repayments are beyond the control of the Agency and depend largely on the amount of lots that are developed into houses. The Agency is required to make incentive payments for all homes built on certain developments. In March 2024, the Agency paused the incentives for otherwise qualifying development outside of these contractually obligated areas.

## **Conclusion**

It has been a pleasure working with Rob Gaslin CPA of Gaslin Accounting CPAs and putting together this document for the city. I hope the Citizens can appreciate that while there are some budget issues which will need to be addressed, we have tried to provide for the ultimate continued operation and successful recapitalization of the URA, while addressing its continued obligations.

Sincerely,

---

Melissa Bethel  
City Manager



# Policies and Budget Development

# Financial and Budgetary Policies and Guidelines

Sound financial, budgetary and economic principles are part of creating a solid financial plan. The Agency's budget incorporates the following long-term and short-term financial policies and guidelines. The city strives to comply with all state laws governing budgeting and financial transactions, with Generally Accepted Accounting Principles (GAAP) and Governmental Accounting Standards Board (GASB) statements. Listed below is a summary of the financial and budgetary policies adhered to by the John Day Urban Renewal Agency.

## General Policies

- Financial statements of the city are to be prepared in accordance with GAAP.
- The budget is to be prepared in accordance with Oregon local budget law. The budget is to be adopted annually, by resolution, no later than June 30th. In keeping with State law, the budget shall be balanced, in that expected revenues and anticipated expenditures align with each other.
- An external audit shall take place every year. The audit will be completed and submitted to the State no later than December 31st of the following fiscal year.
- The budget is prepared on the modified accrual basis. Under this accounting basis, revenues are recorded when they are measurable and available, generally within 60 days of year end. Expenditures are recognized when the liability is incurred except that future long-term obligations are not recognized until they are mature. For financial statement purposes reported under GAAP, all governmental funds are accounted for using the modified accrual basis for purposes of the audited financial statements.

## Revenues

- Property Tax increments based on the Urban Renewal Agency plan are received each year from the Agency's area.
- One-time revenues for the receipt of loan funds from the City of John Day.

## Expenditures

- The City Manager (URA Director) has the authority to approve expenditures up to \$25,000. Expenditures exceeding \$25,000 must be approved by the Agency Board.
- All fixed assets purchased and capital projects completed for and/or by the Agency with a cost of \$10,000 or more and with a useful life of more than one year will be capitalized.
- In no case may total expenditure of a particular category exceed that which was appropriated by the Agency Board without a budget amendment approved by the Agency Board or Budget Board, depending upon magnitude.

## **Debt**

- Long term debt shall not be issued to finance ongoing operations.

# **The Budget Process**

## **General**

The budget process is governed by the Agency Charter and State of Oregon Budget Laws. The initial tasks such as filing vacancies on the budget committee and setting the date for the first budget committee meeting usually begins in December or January. The majority of the budget adoption process takes place from February through June each year. The City staff work for the Agency in order to allocate spending parameters and estimate revenue from January through April to help develop a proposed budget. The Proposed Budget is then submitted to the Budget Committee which consists of the Agency Board and an equal number of citizen members.

## **Budget Committee Meeting**

Notice of the Budget Committee public hearings, which are usually held in May, are published in the Blue Mountain Eagle and on the City's website preceding the meeting. At the first budget committee meeting, it may be typical for the Budget Committee to hear community sponsorship requests. In addition to the sponsorship requests the Budget Officer delivers the Budget Message. The budget message explains the proposed budget and any significant changes in the Agency's financial position.

## **Public Comments**

At the second budget committee meeting, there is continued discussion on the details of the budget. Also at this meeting is a Public Hearing. The public is given a chance to comment or give testimony at either of these two meetings. For more information about public involvement, see "Citizen Involvement Opportunities" section below. When the Budget Committee is satisfied with the budget, including changes, additions to or deletions from the proposed budget, it approves the budget for submission to the Agency Board. When approving the budget, the Budget Committee also approves, by motion, the amount or rate of ad valorem taxes.

## **City Council Approval**

After the Budget Committee approves the proposed budget, the Budget Officer publishes a financial summary and notice of budget hearing in the local newspaper. The hearing is held during a regular Agency Board meeting (usually the regular session in June). The purpose of the public hearing is to receive budget related testimony from citizens and provide an opportunity to discuss the approved budget with the Board. The Agency Board has the authority to make some changes

to the approved budget. The changes allowed include adjusting resources, reducing or eliminating expenditures and /or increasing expenditures on a limited basis. Increases of expenditures of the amounts approved by the budget committee are limited to not exceed more than \$5,000 or 10 percent; whichever is greater. Expenditure increases above those limits require a republishing of the budget and an additional hearing. In no case, however, may the Agency Board increase the taxes over the amount approved by the budget committee. The Agency Board then votes on a resolution, which formally adopts the budget, makes appropriations, and levies the taxes, not later than June 30.

### **Budget is Submitted to the County**

After the budget document is finalized, it is submitted to the County Clerk and the Department of Assessment and Taxation, distributed to all members of the budget committee, the Agency Board and City staff. The document is posted on the City's website [www.cityofjohnday.com](http://www.cityofjohnday.com).

### **Citizen Involvement Opportunities**

All meetings of the Budget Committee and Agency Board are open to the public. Citizens are encouraged to provide comment during any of these meetings during the Public Comment period of the agenda. Citizens may also testify before the Agency Board during the public hearing on the approved budget. The proposed budget document may be available for public review at City Hall and on the City's website for a reasonable amount of time prior to the first budget committee meeting, however, it may be handed out at the first budget meeting. Copies of the entire document, or portions thereof, may be requested through the normal process of requesting public records. Public Comment or testimony may be provided by: Submitting a written statement by mail, e-mail or at a meeting or public hearing; or, speaking to the Committee or Board at their meetings during the public comment opportunities.

### **Changes after Adoption**

Once the governing body has enacted the resolutions to adopt the budget, expenditures may not be made for any purpose in an amount greater than the amount appropriated, excepted as allowed by Oregon Revised Statute (ORS) (mainly 294.338, 463, 471, 473, and 478). Most changes require formal action in the form of a resolution or a supplemental budget. In some instances, a public hearing is required. The ORS sections mentioned above provide direction on which formal action is needed depending on the specific situation giving rise to the needed budget change; however, generally speaking, a supplemental budget is needed to create a new appropriation or a new fund transferring funds where a category of expense does not already exist in the adopted budget. Most other situations can be handled by resolution.

# Budget Calendar

Appoint Budget Officer	May 14 <sup>th</sup> , 2024
Appoint Budget Committee	May 14 <sup>th</sup> , 2024
<b>First</b> Published Notice of Budget Committee Meeting and Public Hearing for Comments from Public	May 8 <sup>th</sup> , 2024 May 15 <sup>th</sup> , 2024
<b>Second</b> Published Notice of Budget Committee Meeting and Public Hearing for Comments from Public	May 15 <sup>th</sup> , 2024 May 22 <sup>nd</sup> , 2024
Urban Renewal Agency Budget Message & Committee Meeting	June 4 <sup>th</sup> , 2024 5:00 PM
Publish Notice of Budget Hearing	TBD, 2024
Budget Hearing and Adoption of the Budget, Make Appropriations, Impose and Categorize Taxes ( <i>City Council</i> )	June 25 <sup>th</sup> , 2024 6:00PM

# Budget FAQs

## (Frequently Asked Questions)

### **What is a budget?**

A budget is a planning tool. It identifies the work plan for the city for the fiscal year and outlines the financial, material, and human resources available to complete the work plan. It also includes general financial information about the organization and identifies the policy direction of the City Council under which the budget was prepared. The budget is the city's means of planning and reporting what it intended to do with its financial resources and ensure that those dollars are spent as wisely and efficiently as possible. The city uses a fund-based budget, meaning that accounts of the city are organized on the basis of funds. A fund is a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources. Each fund is considered a separate entity accounted for with a separate set of self - balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures.

### **Why does a city create a budget?**

Oregon state law requires all cities and other governments in Oregon to adopt a budget annually. Oregon local budget law (Chapter 294 of Oregon Revised Statutes) gives budget provisions and procedures that must be followed during the budgeting process. The budget must be completed by June 30, the day before the start of the fiscal year to which the budget applies. Without a budget for the new fiscal year, the city has no authority to spend money or incur obligations. A local government's ability to impose a property tax is also tied to the budgeting process.

Even if there were no legal requirement to budget, the Agency would complete a budget anyway. Budgeting creates a work and spending plan, which help to ensure that public funds are spent wisely. The budget process allows city staff to review Agency Board goals and objectives in a formal setting, determine what will be required to meet those objectives, develop an implementation plan, and share that information with citizens and decision-makers.

### **What basis of accounting/budgeting does the Agency use?**

The budget is prepared on the modified accrual basis. Under this accounting basis, revenues are recorded when they are measurable and available, generally within 60 days of year end. Expenditures are recognized when the liability is incurred except that future long-term obligations are not recognized until they mature. Each year, the city's financial position is audited by an independent auditor licensed by the State of Oregon to conduct municipal audits. The audited financial statements are presented in accordance with Generally

Accepted Accounting Principles (GAAP), promulgated by the Government Accounting Standards Board (GASB). The Annual Financial Report presents fund revenue and expenditure on a GAAP basis to the budgetary basis for comparison purposes.

### **When does "budget season" start?**

The budget process for the Agency typically begins in late December each year. At this time, the Finance Department begins to review the rate and fee structures, increases in the cost of services and contracts, the proposed capital improvement program, and other financial plans. The Agency Board's goals and objectives guide the budget-making process.

However, the budget process for the Agency is actually an ongoing process throughout the year. During each fiscal year, new initiatives for services, new regulation, new funding sources, better methods for providing existing services, and new concerns are brought forward by citizens and staff to the Agency Board for discussion, study, or implementation. Typically, because we tend to budget very conservatively, new programs or initiatives need to wait until the next budget cycle or longer to be fully funded.

### **How do you know how much money the Agency will have?**

Staff develops projections each year for each type of revenue the Agency receives. These projections are based on knowledge of some factors and assumptions about others. For example, the Agency could be notified that it will receive a \$1 million reimbursement grant for a capital project. The capital project is scheduled to last from May in one year until September one year later. As a result of the construction schedule, this project will cross three fiscal years. As a result of the construction schedule, this project will cross three fiscal years. Before revenue projections can be finalized for each fiscal year, the project construction (expense) schedule must be set so that reimbursement dates for grant revenues may be determined and revenue budgeted as accurately as possible in each fiscal year.

Many revenue estimates must be made based on assumptions about general economic conditions and trends. For example, development related revenues (building permits, system development charges, and requests for new water service connections) are all based on assumptions about what development will do in the Agency's boundaries during the coming year. Revenues estimates are made cautiously since estimating too high may result in setting a budget that will not be supported by future revenues.

### **Is the budget ever evaluated?**

During the course of the fiscal year, the expenditures and revenues are monitored regularly and compared to the budget appropriations. Monthly operating reports are prepared by the Finance Director, and provided to the Agency Board at its periodic meeting.

At the close of the fiscal year, the Annual Financial Report is prepared which reports on the financial condition of the Agency. During the budget process, this information is used to compare the projections of

revenues and expenditures made during the prior fiscal year to the actual revenues and expenditures for a given fiscal year. Current year and future assumptions about revenues and expenditures may be changed depending on how close projections were to actual figures.

**Can the budget be amended once it is adopted?**

During the fiscal year, when the Agency is operating with the adopted budget, changes in appropriated expenditures sometime become necessary. These changes can be made mid-year by the Agency Board. The Board may amend the adopted budget either by passing a transferring resolution, or by adopting a supplemental budget. Changes that require moving an existing appropriation from one area of the budget to another can normally be made by resolution. A supplemental budget is most often required when new appropriation authority is needed.

**Who do I contact for more information?**

All requests for public information for the Agency are handled by the Administrative Assistant and the John Day City Manager. Please call (541) 575-0028 or visit our website at [www.cityofjohnday.com](http://www.cityofjohnday.com)



# Budget Worksheets

# **Urban Renewal Agency – General Fund**

# CITY OF JOHN DAY

## REVENUES

### URBAN RENEWAL AGENCY

Historical Data		Current Year		URBAN RENEWAL AGENCY REVENUES		Budget For Next Year 2024-25		
Actual		Budget	Estimated			Proposed By Budget Officer	Approved By Committee	Adopted By Council
2021-22	2022-23	2023-24	2023-24					
				Account #				
2,855	(598,678)	591,605	(534,584)	40110	NET WORKING CAPITAL	(819,186)	-	-
					REVENUES - URBAN RENEWAL			
-	-	-	-	45287	APPLICATION FEES	-	-	-
60,900	73,642	62,300	85,000	42100	PROPERTY TAXES - CURRENT	93,000	-	-
4,800	2,142	-	-	42200	PROPERTY TAXES - DELINQUENT	-	-	-
-	924,699	960,797	-	44520	CITY OF JOHN DAY LOAN	925,000	-	-
-	60,000	-	-	44661	DLCD GRANT	-	-	-
25	-	-	-	45290	REFUNDS	-	-	-
276	-	200	-	45450	INTEREST INCOME	-	-	-
-	-	-	-			-	-	-
-	-	-	-			-	-	-
68,856	461,805	1,614,902	(449,584)		TOTAL REVENUES - URBAN RENEWAL	198,814	-	-
68,856	461,805	1,614,902	(449,584)		TOTAL REVENUES	198,814	-	-

Historical Data		Current Year		SUMMARY		Budget For Next Year 2024-25		
Actual		Budget	Estimated			Proposed By Budget Officer	Approved By Committee	Adopted By Council
2021-22	2022-23	2023-24	2023-24					
68,856	461,805	1,614,902	(449,584)		TOTAL REVENUES	198,814	-	-
(667,534)	(996,389)	(1,614,902)	(369,603)		EXPENDITURES - URBAN RENEWAL	(198,814)	-	-
(598,678)	(534,584)	-	(819,186)		TOTALS	(0)	-	-

# CITY OF JOHN DAY

## EXPENDITURES

### URBAN RENEWAL AGENCY

Historical Data		Current Year		URBAN RENEWAL AGENCY EXPENDITURES		Budget For Next Year 2024-25		
Actual		Budget	Estimated			Proposed By Budget Officer	Approved By Committee	Adopted By Council
2021-22	2022-23	2023-24	2023-24					
				Account #	MATERIALS AND SERVICES			
1,047	-	750	-	62100	ADVERTISING	-	-	-
4,140	-	9,500	-	62300	AUDIT	15,000	-	-
276,881	916,186	1,411,592	258,082	62495	DEVELOPMENT INCENTIVES	140,214	-	-
525	291	360	200	63300	INSURANCE	600	-	-
6,593	7,000	7,000	7,000	63360	ADMINISTRATION	5,000	-	-
185	-	-	-	63420	LAND USE PLANNING EXPENSE	-	-	-
300	11,114	20,000	20,000	63450	LEGAL	25,000	-	-
88	-	100	-	63460	LICENSES AND FEES	-	-	-
-	-	100	-	63650	OFFICE SUPPLIES	-	-	-
6,487	48,021	15,000	7,500	63825	OTHER PROFESSIONAL SERVICES	10,000	-	-
759	-	500	-	64000	COMPUTERS & SOFTWARE	3,000	-	-
7,354	-	-	-	64115	SDC PD FOR OWNER	-	-	-
-	-	-	-			-	-	-
-	-	-	-			-	-	-
304,359	982,613	1,464,902	292,782		TOTAL MATERIALS AND SERVICES	198,814	-	-

				Account #	CAPITAL OUTLAY			
277,464	-	-	76,821	65225	CHAROLIAIS HEIGHTS EXTENSION	-	-	-
-	-	-	-			-	-	-
-	-	-	-			-	-	-
277,464	-	-	76,821		TOTAL CAPITAL OUTLAY	-	-	-

				Account #	NONDEPARTMENTAL			
-	-	150,000	-	67100	OPERATING CONTINGENCY	-	-	-
-	-	-	-			-	-	-
-	-	150,000	-		TOTAL NONDEPARTMENTAL	-	-	-

				Account #	DEBT SERVICE			
-	13,776	-	-	68900	CITY OF JOHN DAY	-	-	-
33,468	-			68510	OWFCU LOC	-	-	-
52,243	-			68515	OWFCU LOAN	-	-	-
-	-	-	-			-	-	-
85,711	13,776	-	-		TOTAL DEBT SERVICE	-	-	-

667,534	996,389	1,614,902	369,603		TOTAL URBAN RENEWAL	198,814	-	-
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