

City of Baker City

Description of Funds, Fund Accounting and Fund Types

The City has twenty-one funds for the 2020-21 budget year. Nineteen of those funds are appropriated in the 2020-21 budget (100 Year Trust cannot be spent until 2089 and the Wastewater Debt Reserve Fund cannot be spent). A fund is defined as a self-balancing set of accounts used to record resources and requirements for specific activities and objectives.

The following explains the basis of budgeting used by each category of funds:

Governmental Funds - The City uses a basis of accounting for budget consistent with the governmental fund financial statements found in the City's audited financial statements which use the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within two months after the end of the current fiscal year. Property taxes, franchise taxes, intergovernmental revenues, ambulance revenue, licenses, grants, airport fuel taxes and interest associated with the current fiscal period are considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the City. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service is recorded only when payment is due and capital asset acquisitions are reported as expenditures.

Proprietary Funds – The City uses a basis of accounting for budget consistent with the basis found in the City's audited financial statements which use the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

The City's funds are classified as follows:

General Fund (Governmental Fund)

Fund 101 (Major Fund) - This is the City's primary operating fund. It accounts for all financial resources except those *required* to be accounted for in another fund. It accounts for the City's administration, police, fire, parks, cemetery, airport, planning, hydro and community and economic development.

Enterprise Funds (Proprietary Funds)

The City has five enterprise funds which account for operations that are operated in a manner similar to private business enterprises where costs will be recovered through user charges.

Fund 104 (Major Fund) - Water Utility Fund – accounts for the operation and maintenance of the City's water service and distribution facilities.

Enterprise Funds (Proprietary Funds) - Continued

Fund 105 (Major Fund) - Wastewater Utility Fund – accounts for the operation and maintenance of the City’s wastewater system including the collection lines and sewage treatment lagoons.

Fund 132 (Non Major Fund) - Reclaimed Water Use Fund – this fund was previously used to account for a portion of the wastewater service fee that was restricted by Ordinance 3661 (\$2.00 per month of the residential fee and eight cents per unit of the commercial fee) to be used for the DEQ mandated wastewater effluent disposal project. The construction of this estimated \$10 million dollar project is included in the 2020-21 budget. A portion of this fund was budgeted to be transferred into a debt service reserve fund in the 2018-19 budget that will remain in reserve until the DEQ loan that will be used to pay for this project is paid in full. The remaining balance was budgeted to be transferred to the Wastewater Fund to be used to pay for the initial phases of the project. *This fund is consolidated with the Wastewater Fund in the audited financial statements.*

Fund 123 (Non Major Fund) - Golf Course Operations Fund – accounts for the operation and maintenance of the City’s 18 hole golf course. *This fund is considered a major fund in the audited financial statements.*

Fund 135 (Non-Major Fund) – Golf Course Capital Projects Fund – accounts for the purchase of golf course equipment and for capital projects at the golf course. *This fund is consolidated with the Golf Course Operations Fund in the audited financial statements.*

Fund 127 (Non Major Fund) - Building Inspections Fund – accounts for the operation of the City’s building inspections department. The City performs building inspection services both within the City and throughout Baker County. *This fund is considered a major fund in the audited financial statements.*

Internal Service Funds (Proprietary Funds)

The City has two internal service funds which are used to account for the financing of goods and services provided by one department to another department of the City on a cost reimbursement basis.

Fund 107 (Non Major Fund) - Central Stores Fund – accounts for public works inventory kept on hand to facilitate repairs and construction of City facilities and infrastructure.

Fund 108 (Non Major Fund) - Equipment and Vehicle Fund – accounts for the acquisition, maintenance and operation of City owned public works vehicles and equipment.

Reserve Fund (Proprietary Funds)

The City has one reserve fund which is mandated by DEQ loan covenants. These funds are required to be set aside until the DEQ loan which will be used to pay for the wastewater effluent project is paid in full.

Special Revenue Funds (Governmental Funds)

The City has eight special revenue funds which account for specific revenues that are legally restricted to expenditures for particular purposes.

Fund 102 (Major Fund) - State Tax Street Fund – accounts for gas tax apportionments from the State of Oregon. These funds are designated by State law for use in maintenance of the City’s street system. It also accounts for property taxes allocated by the City to be used for maintenance and repair of the City’s street system.

Fund 110 (Major Fund) - LID Repayment Fund – accounts for the payments and outstanding balances of local improvement district receivables. *This fund is considered a major fund in the audited financial statements.*

One Fund which Combines 134, 162, 166, 171, 174, 175 and 176 (Major Fund) - State and Federal Grants Fund – accounts for the receipt and disbursement of grant dollars.

Fund 115 (Non Major Fund) - Sam-O-Swim Maintenance Fund – accounts for property tax monies allocated by the City (temporary tax levy made permanent by Measure 50) and collected for the maintenance of the City’s swimming pool.

Fund 116 (Non Major Fund) - John Schmitz Memorial Trust Fund – accounts for monies left to the City by the late John Schmitz. His will designated these monies be used for cemetery maintenance. Interest earnings from this fund are transferred to the General Fund for cemetery maintenance.

Fund 129 (Non Major Fund) - Tree City Fund – accounts for sidewalk variance fees and OTEC vouchers designated for street tree planting. The Tree Board approves tree projects.

Fund 130 (Non Major Fund) - Sidewalk Utility Fund – accounts for sidewalk utility fees *previously* collected on City utility billings (\$1 per month residential and \$2 per month commercial). The remaining utility fees are used for property owner grants to repair and replace existing public sidewalks and for City sidewalk project. City Council designates the amount to be used for grants annually by Resolution.

Fund 177 (Non Major Fund) – Elkhorn View Industrial Park Economic and Community Development Fund – accounts for the proceeds from the sale of Elkhorn View Industrial Park land which is restricted by Resolution 3823 to be used for economic and community development projects in the City of Baker City.

Capital Projects Fund (Governmental Fund)

The City has one capital projects fund which accounts for the acquisition and construction of major capital facilities other than those financed by Proprietary Funds (Enterprise and Internal Service).

Fund 112 (Non Major Fund) - Fire Equipment Reserve Fund – accounts for the acquisition of major pieces of firefighting or EMS equipment.

Permanent Funds (Governmental Funds)

The City has three permanent funds which are used to report resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support the reporting government's programs.

Fund 114 (*Non Major Fund*) - *Mt. Hope Trust Fund* – by City Ordinance the principal may not be expended but the interest earned on the corpus is transferred to the General Fund to be used for cemetery maintenance.

Fund 113 (*Non Major Fund*) - *One Hundred Year Trust (2089)* – an investment account started with donations in 1989 which will accumulate interest to fund a community celebration and build a public amenity in 2089 as well as provide seed money for another one hundred year trust.

Fund 131 (*Non Major Fund*) - *Anthony Silvers Street Tree Trust* – created by a bequest from Anthony Silvers the principal can never be expended but the interest earned on the corpus is to be used solely for the purpose of the planting and/or replanting of street trees within the City of Baker City.