DRAFT

North Powder Budget Committee Meeting Minutes
May 27, 2026
City Hall (340 E Street) 6PM

Attendance: Dave Hoene, Debby Shoeningh, Mike Shoeningh, Mary Jones, Alana West, Joyce Lawyer, Mayor Alan Brown, Councilors Don McClure and Lindsey Thompson, Budget Officer Jason Bingham, Assistant Dani Sturm, City Recorder Becky Sturm.
Absent: Midge Clause, Don Clark and Josh Guthrie.

The meeting was called to order by committee President Mike Shoeningh. Mary Jones motioned that Mike Shoeningh stay President, Alan Brown 2nd passed unanimously. Meeting was turned over to the Budget Officer, Jason Bingham.

Jason was appointed as Budget Officer on November 6, 2023. He began by asking everyone to give their names, so he knows who to call. He then started explaining the budget process and the role of the committee. As the budget officer, Jason proposed a budget for the committee to review and hopefully approve. If approved, it goes to the City Council to adopt. Once it is adopted, it becomes law and the city is held to not overspending the adopted budget. The budget calendar was reviewed. If the committee approves the proposed budget at this meeting, the next meeting will be with the City Council to adopt the budget on June 24, 2026. If it is not approved, another committee meeting will be held on June 3, 2026.
Jason stated that the big point he wants to make is that the budget does not change the rates or increase payroll or make any adjustments. The only thing the budget does is it gives the city officials the ability to change the rates or change payroll. If we don't give them a budget that they can work with and change rates or increase payroll or make adjustments here and there, the budget needs to have the flexibility to be able to do that. But we will not make that decision. We just propose to this council.
The budget message is a summary of what we will talk about. We spent less than we brough in, which is the first time in years. Most of that was due to grants that we haven't spent yet. There are a lot of library grants that haven't been spent, so we're in a positive position now. We will not need to make any budget resolutions. The 26-27 budget is also showing a $17,000 deficit. This is mostly due to us spending the grants that have come in. So, we have an overspending. We are in a positive position now. We will be spending those grants within the next year or budgeting to number 5. Your carryover cash is roughly $65,000. Most of this is held in reserve. This represents the operating cash carry forward, which is out ongoing operating cash. Liner 5, the city has reserve accounts, mostly the general reserve and the water sewer reserve. Those are roughly in those reserve accounts. The general is $98,000. The street has $51,000 and the water/sewer has $781,000. Line 6, we included a 5% increase in payroll mostly for cost of living, but we also included another 6% general increase in payroll. Total of 11% in the budget, again for the city council. Line nine, consider a $3.00 increase. I'll explain the pros and cons of doing that and whether we need to or not. But there is no adjustments needed for the sewer fund.
This is how you did this year. We brought in $224,000. We've spent $60,000 on payroll, $147,000 on operating expenses. So, the total cash out is %207,000. That means you are in a positive position of about a $16,000. Not water sewer because water sewer are their own entities; they've got to operate on their own. But this is the operating expenses of the city for the general, the library, the street, the fire.
2026-2027. This is what we're budgeting. That's much in revenue of $239,000. Payroll $94,000. Operating expenses are $166,000, so we are overspending by $20,000. And usually, I throw a big red flag, but you have such a big carryover that makes sense. From a budget standpoint, there.
Payroll. If you look at the fire, it'd be the fire contracts. Library grants spending of the library grants. It'd be street 15. We got to think that's all minor repairs and maintenance would be in that line. Things like snow removal and training and legal and contract labor and postage. I just oversimplified it by just try to get it on one page.
Page 6, I'd like to get the payroll done out of the way while we're still a little fresh because there's. Just so you understand, it's all Excel driven. It's all formula driven. The top right corner explains how the payroll is broken down and how the calculation is done. On the left side is the position and what the total payroll for the year is. In the middle, that's how we break it out between the general and water and sewer industry. For example, public works 40 hours a week for 52 weeks at $20.39, which is his current rate. If we add a 5% increase, that puts him at $21.00 and that equals $44,532. Broken out between those amounts there. Then there are those amounts there you'll see in

our budget as we get into it, which is the next page. Dave suggested putting another full-time employee in Public Works. Right now, we're already at a break even with our total income and outflows. So, if we're going to do another thirty to forty thousand, we've got to take it out of our reserves. That's the only thing we could do. We've got to find some money or take it out of reserves to do it. That's your call if that's what you want to spend your reserves on, that's fine. That's what they're there for.

There at the bottom, we break out health insurance for two employees and not three. If a third one's going to cost, we're going to have to really dip in or raise rates to get a third person on board or dip into reserves. Plus, PERS as well. I've got PERS calculations. That's what those yellow boxes and all that stuff filters back into the budget. So, you'll see it in other pages coming up. But again, I thought I would hit it now when we're a little fresh and not glazed over.

The third column is the current year, where we stand, where we spent so far. The fourth column is our budget that we're currently working under. Then the difference. The second to last column is what we expect. We have got two months to go, how much more do we expect to either collect or to spend? And given that knowledge, what does our proposed budget look like? We start off with our beginning cash. If you see your beginning cash on hand, that's how much you roll from one year to the next. And then you can see where our beginning cash number is slowly going down. When I say we've been using our cash reserves, there's evidence right there of our beginning cash slowly going down. And it won't go to zero because we'll limit how much we give to the other funds, but you can see that our beginning cash is down to $7,840, which is basically the cash we didn't spend last year rolls into this year. Now you can look down the column, and this is what we're proposing as our budget for the current year. You can see we start with $7,800; we add some interest income. You'll see me estimate per Becky. Poor Becky gets thrown under the bus. Hang in there, dear. You can handle it; you've got broad shoulders. She gives me we bounce back and forth with information. This is her best guess on a whole bunch of different varieties based on experience and where we think we're at. Things like building permits, and then we got city licenses, liquor tax, cigarette tax, and franchise fees. I try to break out the franchise fees. A lot of this stuff is the same from year to year. The transit room tax from the motel, then down there you see the payroll taxes, property taxes. Usually, they're about a 2% increase, and you can see the history on those. That's our revenue, $169,000. From that we take out the payroll expense.

One thing I wanted to show is that we see an additional 6% to help cover. In the past, we've got ourselves into a pickle. We had some overtime and for a variety of reasons, whatever it was, and we were over budget. This is probably a good chance to explain if we have a budget violation, it's not because a particular line item went over in budget. It's the total you see down three lines from the bottom, where it says 'total A payroll and payroll taxes. Total.' If that total of all the payroll is more than our budget, then we have a budget violation. You can spend more on public works and less on the mayor. So, we try really hard to have enough cushion in there so that if there's overtime or we have some issue or Per's doubles, then we've got the cushion to do that. I put this payroll adjustment in there that $2,428, which is roughly 6%. Another 6% increase. Just to cover overtime. And maybe you get a grant, and the grant says you can spend an extra $2,000 on payroll. We don't have a budget for it. So, then you are screwed. If you get this grant, which is the D L C D grant that says you can spend another $800 in payroll.

Page 8: the operating expenses. Same song and dance on the expenses. Again, looking at the history and where we think. And I don't doubt that we could cut some of these expenses, but I don't know how you guys want to cut expenses. Again, I like having a cushion to be able to spend it if you need to, but if we need to reallocate, I am totally fine with it. We've always budgeted for an ordinance officer as a contractor, not an employee. So that's in there. Your office expenses went up quite a bit to cover the merchant fees for credit card payments like that. And we addendum.

We'll see on the next page when we get to the library that it's got a nice, good beginning balance and it has got some good beginning balance. Healthy as it's ever been. It's probably a good time right down there towards the bottom. With the transfer to library, we're only transferring $9,500 into the library to get it to balance, probably because of variety of things, but it doesn't need anymore. That's all it needs to balance, and we'll see that here on the next page.

On page 7, you'll see a square in the middle of the page, grant miscellaneous. We budgeted to receive some grants worth $20,000. And to begin to keep our budget balanced, we've got to be able to spend that if you get it. So, if you get $20,000 of miscellaneous grants, we put a line item down here for $19,000, and the other part was on payroll to be able to spend those grants.

So, let's make sure you understand. This grant here is just for operating, so the general fund is just for operating day-to-day expenses. Then we have grants, big grants like millions of dollars budgeted for water sewer issues and for tearing down the library, a couple hundred thousand for buildings and streets. We got some big grants to take care of big stuff. This is to cover ongoing programs.

These are the particulars. So, make sure right towards the bottom. I don't want to gloss over that one on page eight towards the bottom. When the general fund brings in the money property taxes, mostly franchise fees and whatever. And then we have our operating expenses. And then we transfer money to other funds, library, street, fire and the general. $11,000 to the general capital. That's basically putting money into the savings account with $11,000 there. You'll see those transfers on the next coming up pages is what that is. And then the last thing down there is contingency I want to make sure you understand what that means. Contingency is if we do go over.

Say we're going to go over and have a budget violation. Say supplies are going to blow this completely out of the water. Then, we've got $4,700 and $4,734 of contingency without having to make a major budget resolution. But just one thing you guys vote for it, say yes, and it's done. We can move $4,700 into a particular line item up there, whether it's payroll or operating expenses. We've got $4,700 that we can use as contingency if a problem arises, so that we can push that in there too without having to reopen the budget. If it's a big problem, then we have to reopen the budget and go through this entire process again. If you get a big grant and we can't spend it, then we must reopen the budget and have all these meetings and publications and all this kind of stuff. Oh, on the bottom on page eight everything zeroed out. That's everything balanced. That's the balance of the budget right there to zero. Everything has a place.

Page 9 is the library. If you see, we began the year with quite a bit more cash, $42,000d in there. And that's due to monies that have been transferred in from the general and from carryover on the grants that haven't been spent yet. Which is like twenty-some-odd thousands of that. Then, we budgeted to receive those like again, more. Just what ifs, we've got $82,000 of Grants, which is $13,000 plus $9,000 plus $59,000, those three numbers add up to $82,000. That gives you again the flexibility to get $82,000 worth of grants for the ongoing operation of the library, not improvements, not tearing down a building, nothing like that. It's just the ongoing program: Union County Ready to Read, Leo Adler, Roundhouse, the Grand Community. And whatever else you come up with, it comes up to $82,000 of grants. And then way down there at the bottom, you'll see CY current year. That's where we would spend those grant dollars for the ongoing operation of the library. So again, we put it in the budget $82,000 possibility, and then we spend it down here at the bottom $82,000. Everything else is payroll.

Right at the very bottom on the bottom right, that's where we spend it. They don't have them all in there. So, the PY prior year, that's how much carryover we have $20,713. Those are prior year balances on those various grants. So, we still have $,6948 in Union County, $1,483 in Berkel, $2,000 and Ready to Read, $4,696 Oregon Community et cetera. So those add up; those are carryovers.

This is just a little one. I thought maybe we could resolve this, or we could kick it down the road another twenty years. Lori Hayes Memorial—that's thinking. $739 has been sitting there since I was a fifth grader. Do we know who she is and what it should be spent on, or can we just put it into the general fund and call it good? Or into the library and call it good. We'll kick the can down the road one more year, maybe. Or would we rather have it in contingency? Vote to move to contingency unanimously. So, I'll move it into contingency, and you can spend it on what you want.

Page 11. This one has a bit of a savings account to it. It is holding some cash to be used on street and sidewalk issues. So, it starts off with $65,000, and if you can see over the years, it's held that balance pretty close. You receive the revenue from the state on transportation. State revenue sharing goes into this fund. I believe the council approve of receiving that money? I think you guys had to do that. I think you have to update the Resolution saying, 'Yes, we'll take the money and we'll put it to the street fund.' Signed like we've done every year forever.

So then, here's your grant. One of you guys is asking about grants for the street. There's your $124,000, $800,000 right there plus any other grants you can think of for sidewalks and street issues, $750,000.

Page 12, So here is in the capital outlay, everything's on the audit when you actually audit everything's under. $7,500 capital, but we break it out so we can understand it. $33,000 and $18,000 is money you've got. It's here, it's available, it's in this fund, it's ready to go. Can be spent on anything to do with sidewalks or streets. So those monies can only be spent once you get the grant. The top ones can be spent now because the money's here.

Page 13, This is the fund that the money goes in, and the money goes out to the rural fire to take care of your fire needs. It's the best $23,000 you would ever spend, in my opinion.

Page 14, This is a savings account for the general fund. Again, we have not talked about water sewer yet. I save that to the end. But this is the savings account for the general. We're beginning the year with $83,000. It has been more in the past, but we've been using it to build the library building. And some other equipment repairs that need to

happen, equipment stuff. So, this is where the big things happen. That's not water sewer. So, you've got $83,000 in the bank, you earn some interest. So, we started the year with $83,000 and then we'll add $23,000 to it. It gives us up to what we were this year or last year. And then we put the miscellaneous grants. There's your $2 million for anything else that we could possibly think of: miscellaneous grants, city hall, parks, streets, library, anything like that. Library demolition: $100,000. There's that line item. Again, this is just the 'what ifs.' And then I budgeted that down there at the bottom only if these miscellaneous grants come in right there. Those other numbers down there, city money, the seventy-three and the twenty and the five—that's money. That's what you can spend on what you your needs are for the city. Big, this is the savings account. So spend it once and you're done kind of thing. Equipment purchases or overhaul of some kind. And that brings us to zero.
Page 15, So that concludes the general funds of the city. We've talked about the general library, street, fire and then the savings account. That concludes everything. These next funds we talk about are enterprise funds. They stand alone. They stand on their own. They operate on their own, other than payroll is allocated to these, but this is they stay on their own here. I'm almost tempted to do the sewer first. Let's do the sewer first.
This is your sewer fund. It has a good beginning cash balance. Some of the expenses we budgeted for didn't pan out, things like engineering and testing, and some other expenses. It has a pretty good beginning balance. It charges $61.30 per month, which is enough to cover all the expenses. You start off with $75,000. These are our collections, 221 users, at $61. Then there are some other users that get a special rate, like the school, cafe, the RV park, motel. They have these different rates, and that's $20,000. And then we budgeted a little income in case you rent out the jetter. That's your revenue for the sewer. There is your allocated payroll. Again, I've got the 5% cushion in there for overtime and other adjustments. And it goes on down to page eighteen, the next page. You can see some of our expenses weren't as much as we had budgeted for, like chemicals. And that's where our big beginning balance came from. That pushes us down to $86,000 worth of expenses. And then we transferred since we have a good beginning balance, we're transferring that extra cash into the savings account. You were wondering why we had so much in the reserve water sewer reserve was part of it because we didn't spend as much, and we were able to put some in the savings account. So, you can see the history of how much we've been putting into savings over the years from the sewer. And that brings us down to our special black box. So, this one has its own black box. Does the sewer fund contain itself? It brings in $185,000. It's got operating payroll and operating expenses, and then it has depreciation of $28,000, and that's an arbitrary number. That's why I want to make sure you guys understand that I'm in the very bottom right corner. That depreciation means how much money should at a minimum, how much money should we be putting aside for future needs for catastrophic major issues. We're to the good $7,100. The sewer fund is basically carrying the water fund.
The water fund seems to have more expenses, and its fees are quite a bit lower, so it starts a year with $29,000. It has some fee or collections and hookups, whatever, but it only charges $43.50 per user. You can see in summer at different rates for the different size of pipes that are used: three quarter inch versus one inch versus on up. Those are our collections. We also budgeted for some estimated overages. When people use more to water their lawns, you get charged extra, which has been the same for a few years now. I put in a three dollar increase just to see how it plays out. There's $3 right there at 236 users, it would generate about $8,500 of income. We take that. Then all the other expenses are there. Your payroll, you know, hammer that out. Payroll pers get down there to get some expenses. You can see the expenses down in the bottom right water testing. Utilities, chemicals, page sixteen. See your insurances, budget auditing, accounting —all that business equipment repair got some of that budgeted in there. It brings you to $84,000-88,000 thousand. It had some cash left over, so it was able to transfer some into savings. But there is our black box at the bottom. This is what I want to make sure you understand. You brought in $152,000. We budgeted to bring in $153,000. We're spending $53,000 on payroll, $88,000 on operating expenses. So, we're down to those top three lines, we're down to the good $11,000. That's with $8,500. So right now, we're not covering all of our depreciation. You guys are seeing a negative $16,000. So, we're not covering all of our depreciation with how much we're generating. Based on our budget, now if we don't spend all that, then we'll put some into savings. But right now, we're budgeting not to be collecting enough to put enough into savings. So that's $3.00 I started.
The sewer is carrying it, so that's why you have a nice balance in your reserves because the sewer. So really if you want to make things balanced, you would drop your sewer and increase your water rate. And that would almost be eliminated because we're still putting money into savings. But if we want the water to fund to sustain itself and put money into savings at this kind of a rate, we'd need to increase your water rates, almost $10 to get it completely balanced, to bring that bottom right back of that box. That would be a tough sale to make. I don't want to be sitting

in this room when that gets announced. But the $3.00, I think cost of living is all these costs are going up. So, I think we should at least entertain a $3.00 rate and let the city council decide if they want to use it or not. That's my thoughts, but you guys can do whatever you want here. I've hopefully explained to you the need for it, if you even want to do it.

There was discussion on other ways for the city to bring more money. All of which would have to go before council for approval.

Page 55. This is the savings account for the water sewer, so the water sewer combines their savings accounts, other cities break them out. It just becomes work. It works out just fine to do it this way.

Reserves. This is our reserve account, so you can see over the we're adding some more and we added some more to it. So right now, we start at $651,000. It collects most of the interest on the LGIP, so that's nice. I put that big 1.5 million grant, just in case something happens. And you can see a few years ago, you did have a big grant back in the 2023-2024 timeframe. There's a loan that you guys took out a few years ago for $390,000, and the payment we You'll see that on the next page. That $38,000 thousand represents the loan payment.

The bottom right is capital outlay of. Again, if you get the one point five that line item, the rest of it is city money. We've got an R P A, whatever that stands for. I can't remember what it was, but there's our reserves. That's what this city had originally wanted to spend the savings on; those line items down there. But it's all under one line item. It's all under 7500 capital O A. This is just a sample text. Be spent on whether its equipment purchases or even a portion of the office equipment or just improvements to the general water sewer system.

Turn the page. I've added this. Hopefully, you guys have this QuickBooks thing on page 21. So, this just summarizes everything we talked about. If you are entering, how much in total are we spending on or receiving on whatever, these are the reports that Dani will be helping with monthly, keep reconciled. It breaks down everything we've talked about into two pages.

Dave Hoene motioned to approve proposed budget, Mary Jones 2nd, Approved unanimously.

Meeting adjourned at 7:40 pm