

Restricted revenues are still governed by the City Council, but within their respective restrictions. For example, state law prevents the City from using the Wastewater Fund's dedicated money to hire more General Fund police officers, for example.

Our General Fund accounts for a little over \$13.1 million of the \$40 million budgeted for expenditure. The City's portion of your property taxes go into the General Fund, as do franchise fees, fines, etc. This money is used to fund our police department, recreation and parks, library services, aquatics and many other program areas. To many, the General Fund provides the types of services expected by a local government, but are completely discretionary under law.

Some people are surprised to learn that Woodburn's share of property taxes total roughly \$8 million annually. It costs \$7.3 million to run our police department. So, over 90 percent of every property tax dollar collected by the City goes toward funding the police department. That leaves about \$700,000 of remaining property tax revenue to allocate to other services. Obviously, we would not have our other quality of life services and programs (parks, library, aquatics, etc.) without additional revenue sources.

In Oregon, local government budgets are regulated via state budget law. We have to balance our budget the same way big cities like Portland or Eugene do, or smaller cities like Donald and St. Paul. I believe we have done a good job in Woodburn of using your tax dollars wisely. We have eliminated over 20 positions over the past several years. Because of our careful case-by-case approach to belt tightening, the public has not suffered visibly dramatic impacts to City programs. We expect to continue to be successful in managing our limited resources while preserving valuable public services to the greatest extent possible.

There continues to be financial challenges ahead, however. Primary revenue sources continue to be impacted by economic conditions, property tax compression and limited growth opportunities. In addition, expenditure growth in health care and PERS continue to outpace revenue growth. The City's General Fund's cash reserves will likely decrease in upcoming years. Unfortunately, we have no control over PERS and as we have seen, benefit and insurance costs will continue to rise.

Your City Council and Citizen Budget Committee have done a great job of keeping the citizens of Woodburn at the forefront of their thoughts as they scour the numbers and do what they feel is best for Woodburn. Nobody likes cuts or layoffs. We would love to have a lot of new industrial construction and provide all the services you want. But this is our reality and given the declining revenue, I believe we are doing a good job with what we have.

The FY 2016-17 Proposed Budget will be available on the City website on or before April 25, 2016. And finally, you are invited to attend the City of Woodburn's Budget Committee meeting scheduled for Saturday, May 7, beginning at 9 a.m. The meeting will be held at City Hall. As always, if you have any questions about the budget process, don't understand the numbers or have a suggestion, don't hesitate to give me a call at 503-982-5228.